

**NEW ISSUE  
BOOK-ENTRY ONLY**

**RATINGS: (AG Insured) S&P: AA (stable outlook)  
(Underlying Rating) S&P: A (stable outlook)**

*In the opinion of Bond Counsel, based on existing statutes, regulations, rulings and court decisions, the interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025 Bonds, and the Series 2025 Bonds and interest thereon are exempt from all Arkansas state, county and municipal taxes. In the opinion of Bond Counsel, interest on the Series 2025 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Series 2025 Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. See **LEGAL MATTERS, Tax Exemption** herein.*

**\$94,340,000  
CITY OF FORT SMITH, ARKANSAS  
SALES AND USE TAX BONDS  
SERIES 2025**

Dated: Date of Delivery

Due: November 1, as shown below

The Series 2025 Bonds will not be general obligations of the City of Fort Smith, Arkansas (the "City"), but will be special obligations, secured by a pledge of and payable from (i) 37.5% of the collections from a 1% sales and use tax levied by the City and (ii) 83.3% of the collections from a 0.75% sales and use tax levied by the City. Interest on the Series 2025 Bonds is payable semiannually on May 1 and November 1 in each year, commencing May 1, 2026 and the Series 2025 Bonds mature (on November 1 of each year), bear interest and are priced to yield as set forth on the inside front cover.

**(FOR THE MATURITY SCHEDULE, SEE THE INSIDE FRONT COVER)**

The scheduled payment of the principal of and interest on the Series 2025 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2025 Bonds by **ASSURED GUARANTY INC.**



The Series 2025 Bonds of each maturity will be initially issued as a single registered bond registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York. The Series 2025 Bonds will be available for purchase in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Except in limited circumstances described herein, purchasers of the Series 2025 Bonds will not receive physical delivery of Series 2025 Bonds. Payments of principal of and interest on the Series 2025 Bonds will be made by Simmons Bank, Pine Bluff, Arkansas, as the Trustee, directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2025 Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the Series 2025 Bonds, all as further described herein.

The Series 2025 Bonds are offered, subject to prior sale, when, as and if issued and received by the Underwriters named below, subject to the approval of legality by Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel, and subject to certain other conditions. Certain matters will be passed upon for the City by its counsel, Daily & Woods, P.L.L.C., Fort Smith, Arkansas. It is expected that the Series 2025 Bonds will be available for delivery on or about October 30, 2025.

This cover page contains information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



**Stephens Inc.**

**RAYMOND JAMES®**

Dated: September 30, 2025.

## MATURITY SCHEDULE

\$46,670,000 Serial Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rate (%)</u>	<u>Yield (%)</u>
2026	\$1,400,000	5.00	2.41	2036	\$2,300,000	5.00	3.45*
2027	1,485,000	5.00	2.33	2037	2,415,000	5.00	3.61*
2028	1,555,000	5.00	2.34	2038	2,535,000	5.00	3.70*
2029	1,635,000	5.00	2.43	2039	2,665,000	5.00	3.81*
2030	1,715,000	5.00	2.53	2040	2,795,000	5.00	3.95*
2031	1,800,000	5.00	2.70	2041	2,935,000	5.00	4.09*
2032	1,890,000	5.00	2.86	2042	3,080,000	5.00	4.20*
2033	1,985,000	5.00	2.95	2043	3,235,000	5.00	4.30*
2034	2,085,000	5.00	3.12	2044	3,400,000	5.00	4.39*
2035	2,190,000	5.00	3.28*	2045	3,570,000	5.00	4.45*

\$20,805,000 5.25% Term Bonds Due November 1, 2050 to Yield 4.56%\*

\$26,865,000 5.25% Term Bonds Due November 1, 2055 to Yield 4.61%\*

---

\* Priced to first optional redemption date, May 1, 2035.

Assured Guaranty Inc. (the "Insurer" or "AG") makes no representation regarding the Series 2025 Bonds or the advisability of investing in the Series 2025 Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under the heading **BOND INSURANCE** and Exhibit B, Specimen Municipal Bond Insurance Policy.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or other solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds by any persons in any state in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion 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.

TABLE OF CONTENTS

INTRODUCTION TO OFFICIAL STATEMENT 1

THE SERIES 2025 BONDS 3

    Book-Entry Only System 3

    Generally 5

    Redemption 5

    Purposes for the Series 2025 Bonds 6

    Security 7

THE CITY AND THE COUNTY 8

    Location 8

    Population 8

    Transportation 8

    Government 8

    City Services 8

    Medical Facilities 8

    Financial Institutions 9

    Education 9

    Economy 9

    Litigation 9

    Consent Decree 10

    County Economic Data 10

    Construction Activity and Estimated Values 11

PENSION PLANS AND OTHER POST EMPLOYMENT BENEFITS 11

    Pension Plans 11

    Other Post Employment Benefits 13

THE TAXES 14

    Generally 14

    Administration 15

    Historical Tax Receipts 15

Future Tax Receipts	16
BOND INSURANCE	16
Bond Insurance Policy	16
Assured Guaranty Inc.	16
THE AUTHORIZING ORDINANCE	18
Rights of Insurer	18
The Revenue Fund	18
The Bond Fund	19
Investments	20
Certain Covenants	21
Defaults and Remedies	21
Defeasance	22
Additional Bonds	22
The Trustee	23
Supplemental Ordinances	23
CONTINUING DISCLOSURE AGREEMENT	23
Purpose of the Continuing Disclosure Agreement	24
Definitions	24
Provision of Annual Report	25
Content of Annual Report	25
Reporting of Listed Events	26
Termination of Reporting Obligation	27
Dissemination Agent	27
Amendment; Waiver	27
Additional Information	27
Default	28
Duties of Trustee and Dissemination Agent and Right of Indemnity	28
Beneficiaries	28
DEBT SERVICE COVERAGE	29
DEBT SERVICE REQUIREMENTS	30
LEGAL MATTERS	31
Legal Proceedings	31
Legal Opinions	31
Tax Exemption	31
MISCELLANEOUS	32
Underwriting	32
Financial Advisor	32
Enforceability of Remedies	33
Ratings	33
Information in Official Statement	33
EXHIBIT A – Summary of State Sales and Use Tax Provisions for Local Government	
EXHIBIT B – Specimen Municipal Bond Insurance Policy	

## OFFICIAL STATEMENT

**\$94,340,000**  
**CITY OF FORT SMITH, ARKANSAS**  
**SALES AND USE TAX BONDS**  
**SERIES 2025**

### INTRODUCTION TO OFFICIAL STATEMENT

This Introduction is subject in all respects to the more complete information contained in this Official Statement. The offering of the bonds to potential investors is made only by means of the entire Official Statement, including the cover page and inside cover page hereof and the exhibits hereto. A full review should be made of the entire Official Statement, as well as the Authorizing Ordinance described herein.

This Official Statement of the City of Fort Smith, Arkansas (the "City") is furnished in connection with the offering by the City of its \$94,340,000 principal amount of Sales and Use Tax Bonds, Series 2025 (the "Series 2025 Bonds"). The Series 2025 Bonds are being issued for the purpose of financing the costs of betterments and improvements to the City's sewer system including particularly, without limitation, consent decree sewer improvements (the "Improvements") and paying expenses of issuing the Series 2025 Bonds. See **THE SERIES 2025 BONDS**, Purposes for the Series 2025 Bonds and **THE CITY AND THE COUNTY**, Consent Decree.

The City is a city of the first class duly organized under the laws of the State of Arkansas (the "State") and is located in Sebastian County, Arkansas, which is in northwestern Arkansas. The City is authorized under Amendment No. 62 to the Constitution of the State ("Amendment 62") and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation") to issue capital improvement bonds and to expend the proceeds thereof for the intended purposes. See **THE CITY AND THE COUNTY**.

The Series 2025 Bonds are not general obligations of the City, but are special obligations payable solely from a first and prior pledge of (i) 37.5% of the collections from a sales and use tax levied by the City at a rate of 1% under Ordinance No. 72-85, adopted August 13, 1985, as amended (most recently by Ordinance No. 19-25, adopted February 21, 2025), under the authority of Title 26, Chapter 75, Subchapter 2 of the Arkansas Code of 1987 Annotated (the "Existing 1% Tax"); and (ii) 83.3% of the collections from a sales and use tax levied by the City at a rate of 0.75% under Ordinance No. 20-22, adopted February 22, 2022, as amended by Ordinance No. 20-25, adopted February 21, 2025, under the authority of Title 26, Chapter 75, Subchapter 2 of the Arkansas Code of 1987 Annotated (the "Existing 0.75% Tax" and, together with the Existing 1% Tax, the "Taxes").

Collections of the Existing 1% Tax may be used as follows: (a) 37.5% for betterments and improvements to the City's sewer system and consent decree sewer purposes and the pledge of such collections to repay and secure bonds issued to finance capital improvements for such purposes and (b) 62.5% for purposes approved by the voters (currently for streets, bridges and associated drainage) (collectively, the "Existing 1% Tax Uses"). Collections of the Existing 0.75% Tax may be used as follows: (a) 83.3% for betterments and improvements to the City's sewer system and consent decree sewer purposes and the pledge of such collections to repay and secure bonds issued to finance capital improvements for such purposes and (b) 16.7% for purposes approved by the voters (currently for police department purposes and the pledge of such collections to repay and secure bonds issued to finance capital improvements for such purposes) (the "Existing 0.75% Tax Uses"). The term "Pledged Tax Receipts" as used herein shall mean 37.5% of the collections of the Existing 1% Tax and 83.3% of the collections of the Existing 0.75% Tax.

The issuance of the Series 2025 Bonds and the pledging of the Pledged Tax Receipts to the payment of the principal of and interest on the Series 2025 Bonds were approved at a special election held May 13, 2025. The Series 2025 Bonds are being issued pursuant to and in full compliance with Amendment

62 and the Authorizing Legislation and Ordinance No. 63-25, adopted on September 23, 2025 (the "Authorizing Ordinance"). See **THE AUTHORIZING ORDINANCE**.

The scheduled payment of the principal of and interest on the Series 2025 Bonds when due will be guaranteed under a municipal bond insurance policy (the "Insurance Policy") to be issued by Assured Guaranty Inc. (the "Insurer" or "AG") simultaneously with the delivery of the Series 2025 Bonds. A specimen Insurance Policy is attached hereto as Exhibit B. It is expected that, based upon the commitment of the Insurer to insure the Series 2025 Bonds, S&P Global Ratings ("S&P") will assign a rating of "AA" (stable outlook) to the Series 2025 Bonds. However, there is no guarantee that such rating will be received. See **BOND INSURANCE** and **MISCELLANEOUS, Ratings**. So long as the Insurer is not in default under the Insurance Policy, it is subrogated to, and may enjoy and exercise, all rights and remedies of the owners of the Series 2025 Bonds and may direct the Trustee in the exercise of any remedies set forth herein. No remedy set forth herein may be exercised by the Trustee or by any owner of any of the Series 2025 Bonds while the Series 2025 Bonds are outstanding without the prior written approval of the Insurer. See **THE AUTHORIZING ORDINANCE, Defaults and Remedies**.

The Series 2025 Bonds will be initially issued in book-entry form and purchasers of Series 2025 Bonds will not receive certificates representing their interest in the Series 2025 Bonds purchased. See **THE SERIES 2025 BONDS, Book-Entry Only System**. The Series 2025 Bonds will contain such other terms and provisions as described herein. See **THE SERIES 2025 BONDS, Generally**.

The Series 2025 Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or integral multiple thereof. Interest is payable May 1, 2026, and semiannually thereafter on each May 1 and November 1. Principal is payable at the principal office of Simmons Bank, Pine Bluff, Arkansas, as trustee and paying agent for the Series 2025 Bonds (the "Trustee"). Interest is payable by check mailed by the Trustee to the registered owners as of the record date for each interest payment date. The record date for payment of interest on the Series 2025 Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. A Series 2025 Bond may be transferred, in whole or in part (in integral multiples of \$5,000), but only upon delivery of the Series 2025 Bond, together with a written instrument of transfer, to the Trustee. See **THE SERIES 2025 BONDS, Generally**.

The Series 2025 Bonds are subject to optional redemption on and after May 1, 2035. The Series 2025 Bonds maturing on November 1 in each of the years 2050 and 2055 are subject to mandatory sinking fund redemption as described herein. The Trustee shall give at least thirty (30) days notice of redemption. See **THE SERIES 2025 BONDS, Redemption**.

The City has reserved the right in the Authorizing Ordinance to issue additional bonds on a parity of security with the Series 2025 Bonds ("Additional Parity Bonds"). The City may also issue additional bonds secured by a pledge of the Pledged Tax Receipts subordinate to the pledge in favor of the Series 2025 Bonds. See **THE AUTHORIZING ORDINANCE, Additional Bonds**.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) interest on the Series 2025 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Series 2025 Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations and (iii) the Series 2025 Bonds and interest thereon are exempt from all State, county and municipal taxes. See **LEGAL MATTERS, Tax Exemption**.

It is expected that the Series 2025 Bonds will be available for delivery on or about October 30, 2025, through the facilities of the Depository Trust Company in New York, New York.

The City and the Trustee will enter into a Continuing Disclosure Agreement in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Continuing Disclosure Agreement"). See **CONTINUING DISCLOSURE AGREEMENT**.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Authorizing Ordinance and the Continuing Disclosure Agreement summarized herein are available upon request from Stephens Inc., 111 Center Street, Suite 100, Little Rock, Arkansas 72201, Attention: Public Finance.

## **THE SERIES 2025 BONDS**

Book-Entry Only System. The Depository Trust Company ("DTC"), New York, New York, or its successor, will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2025 Bond certificate for each maturity will be issued in the principal amount of the maturity, and will be deposited with DTC.

DTC 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 securities that its 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 between 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, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing 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 Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2025 Bond (referred to herein as "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. Beneficial Owners are, however, 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 2025 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 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 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series

2025 Bonds are credited, which may or may not be the Beneficial Owners. Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If fewer than all of the Series 2025 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and premium, if any, payments on the Series 2025 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 the 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 principal, interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2025 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, Series 2025 Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2025 Bonds will be printed and delivered.

The information concerning DTC and DTC's book-entry system set forth above has been obtained from DTC. Neither the Underwriters nor the City make any representation or warranty regarding the accuracy or completeness thereof.

**So long as the Series 2025 Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Series 2025 Bonds for all purposes under the Authorizing Ordinance, including receipt of all principal of and interest on the Series 2025 Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Authorizing Ordinance. The City and the Trustee have no responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Series 2025 Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Authorizing Ordinance to be given to owners of Series 2025 Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Series 2025 Bonds.**

Generally. The Series 2025 Bonds are dated, mature and bear interest as set forth on the inside front cover page hereof. The principal of the Series 2025 Bonds is payable upon presentation and surrender at the principal office of the Trustee. Payment of interest on the Series 2025 Bonds will be made to each registered owner thereof by check or draft mailed by the Trustee to such owner at his address as such name and address appear on the registration book of the City kept by the Trustee on the record date which is the fifteenth day of the calendar month next preceding the calendar month in which such interest payment date falls. All such payments will be made in lawful money of the United States of America.

The Series 2025 Bonds are issuable in the form of registered Series 2025 Bonds without coupons in the denomination of \$5,000 each or any integral multiple thereof, interchangeable in accordance with the provisions of the Authorizing Ordinance. In the event any Series 2025 Bond is mutilated, lost or destroyed, the City shall, if not then prohibited by law, execute and the Trustee may authenticate a new Series 2025 Bond in accordance with the provisions therefor in the Authorizing Ordinance.

Each Series 2025 Bond is transferable by the registered owner thereof or by his attorney duly authorized in writing at the principal office of the Trustee. Upon such transfer a new fully registered Series 2025 Bond or Series 2025 Bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

No charge shall be made to any owner of any Series 2025 Bond for the privilege of registration, but any owner of any Series 2025 Bond requesting any such registration shall pay any tax or other governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new Series 2025 Bond upon each exchange or transfer and any other expenses of the City or the Trustee incurred in connection therewith shall be paid by the City. Neither the City nor the Trustee shall be required to transfer or exchange any Series 2025 Bonds selected for redemption in whole or in part.

The person in whose name any Series 2025 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or interest of any Series 2025 Bond shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2025 Bond to the extent of the sum or sums so paid.

In any case where the date of maturity of interest on or principal of the Series 2025 Bonds or the date fixed for redemption of any Series 2025 Bonds shall be a Saturday or Sunday or shall be in the State a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after the date of maturity or date fixed for redemption.

Redemption. The Series 2025 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as follows:

(1) Optional Redemption. The Series 2025 Bonds are subject to redemption at the option of the City, from funds from any source, on and after May 1, 2035, in whole or in part at any time, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Series 2025 Bonds shall be called for redemption, the particular maturities to be redeemed shall be selected by the City in its discretion. If fewer than all of the Series 2025 Bonds of any one maturity shall be called for redemption, the particular Series 2025 Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

(2) Mandatory Sinking Fund Redemption. To the extent not previously redeemed, the Series 2025 Bonds maturing on November 1 in the years 2050 and 2055 are subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall determine, on November 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

Series 2025 Bonds Maturing November 1, 2050

<u>Year</u>	<u>Principal Amount</u>
2046	\$3,745,000
2047	3,945,000
2048	4,150,000
2049	4,370,000
2050 (maturity)	4,595,000

Series 2025 Bonds Maturing November 1, 2055

<u>Year</u>	<u>Principal Amount</u>
2051	\$4,840,000
2052	5,090,000
2053	5,360,000
2054	5,640,000
2055 (maturity)	5,935,000

In the case of any redemption of Series 2025 Bonds prior to maturity, the Trustee shall mail, or send via other acceptable standard means, including facsimile or electronic communication, a copy of the redemption notice to the registered owners of the Series 2025 Bonds to be redeemed, in each case not less than 30 nor more than 60 days prior to the date of redemption. After the date for redemption no further interest shall accrue on any Series 2025 Bond called for redemption if funds for redemption of such Series 2025 Bond have been deposited with the Trustee as provided in the Authorizing Ordinance.

Notwithstanding the above, so long as the Series 2025 Bonds are issued in book-entry only form, if fewer than all the Series 2025 Bonds of an issue are called for redemption, the particular Series 2025 Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Series 2025 Bonds are issued in book-entry only form, notice of redemption will be given only to Cede & Co., as nominee for DTC. **The Trustee will not give any notice of redemption to the Beneficial Owners of the Series 2025 Bonds.**

Purposes for the Series 2025 Bonds. At a special election held March 13, 2025, there was approved the issuance of bonds (including the Series 2025 Bonds and additional bonds expected to be issued in the future as Additional Parity Bonds) in the aggregate principal amount of \$385,000,000 for the purpose of financing the Improvements.

The balance of the voter-approved bonds are expected to be issued as Additional Parity Bonds in 2027 and 2029, and after taking into account the principal amount plus original issue premium paid in connection with the Series 2025 Bonds, will be limited to approximately \$284,095,000 in aggregate principal amount.

The proceeds of the Series 2025 Bonds plus a contribution by the City from Pledged Tax Receipts collected prior to the issuance of the Series 2025 Bonds are estimated by the City as follows:

<b>SOURCES:</b>	
Principal Amount of Series 2025 Bonds	\$94,340,000
Original Issue Premium	6,563,065
City Contribution from Pledged Tax Receipts	<u>3,125,838</u>
<b>Total Sources</b>	<b><u>\$104,028,903</u></b>
<b>USES:</b>	
Costs of Improvements	\$100,000,000
Debt Service Reserve Account	3,125,838
Insurance Policy Premium and Costs of Issuance	525,661
Underwriters' Discount	<u>377,404</u>
<b>Total Uses</b>	<b><u>\$104,028,903</u></b>

The payment of Underwriters' discount, the premium for the Insurance Policy and the costs of issuing the Series 2025 Bonds relating to the payment of professional fees will be contingent on the Series 2025 Bonds being issued. See **MISCELLANEOUS, Underwriting** for a description of the Underwriters' discount. The City will deposit the net proceeds of the Series 2025 Bonds (principal amount plus original issue premium and less Underwriters' discount, the Insurance Policy premium and certain issuance costs) into a special fund established with the Trustee and designated "2025 Sewer Improvement Construction Fund" (the "Construction Fund"). Moneys contained in the Construction Fund will be disbursed solely in payment of costs of the Improvements, paying necessary expenses incidental thereto and paying expenses of issuing the Series 2025 Bonds. Disbursements shall be on the basis of requisitions which shall contain at least the following information: the person to whom payment is being made; the amount of the payment; and the purpose by general classification of the payment. For a description of how the Series 2025 Bond proceeds are to be invested pending use and the provisions governing those investments, see **THE AUTHORIZING ORDINANCE, Investments**.

**Security.** The Series 2025 Bonds are not general obligations of the City but are special obligations, secured by a first and prior pledge of the Pledged Tax Receipts, which consist of (i) 37.5% of the collections of the Existing 1% Tax (the "Pledged 1% Tax Receipts") and (ii) 83.3% of the collections of the Existing 0.75% Tax ("Pledged 0.75% Tax Receipts"). Pledged 0.75% Tax Receipts will be used to pay the scheduled principal of and interest on the Series 2025 Bonds and Additional Parity Bonds, pay any arbitrage rebate due under Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), maintain a debt service reserve at the required level, pay the Trustee's fees and expenses and other administrative charges in connection with the Series 2025 Bonds and pay the Insurer for any amounts owed with respect to the Insurance Policy (collectively, the "Bond Payments"). Pledged 0.75% Tax Receipts not needed for such purposes shall be released from the pledge in favor of the Series 2025 Bonds and may be used by the City for other Existing 0.75% Tax Uses. Pledged 1% Tax Receipts will be used to make the Bond Payments if Pledged 0.75% Tax Receipts are insufficient for such purposes. The balance of the Pledged 1% Tax Receipts shall be released from the pledge in favor of the Series 2025 Bonds and may be used by the City for other Existing 1% Tax Uses. The Series 2025 Bonds are secured under the Authorizing Ordinance. For a summary of the terms of the Authorizing Ordinance, see **THE AUTHORIZING ORDINANCE**.

A debt service reserve will be maintained in the Bond Fund in an amount equal to one-half of the maximum annual debt service requirements on the Series 2025 Bonds and the Additional Parity Bonds. The debt service reserve will initially be funded with a contribution of cash from the City derived from Pledged Tax Receipts accumulated prior to the issuance of the Series 2025 Bonds. See **THE AUTHORIZING ORDINANCE, The Bond Fund**.

## THE CITY AND THE COUNTY

Location. The City, incorporated in 1842, is located in Sebastian County (the "County") and in northwest Arkansas, on the Oklahoma state line and 159 miles west of Little Rock, Arkansas and 145 miles southeast of Tulsa, Oklahoma. The City is the seat of government for the upper district of the County and serves as the central focus for a six-county economic and trade region in the west central area of Arkansas and the east central area of Oklahoma.

Population. Population trends of the City and the County since 2020 are set forth below:

<u>Year</u>	<u>City</u>	<u>County</u>
2020 <sup>(1)</sup>	89,142	127,799
2021 <sup>(2)</sup>	89,411	128,223
2022 <sup>(2)</sup>	90,038	128,400
2023 <sup>(2)</sup>	90,862	129,059
2024 <sup>(2)</sup>	90,507	130,035

<sup>(1)</sup> Census

<sup>(2)</sup> Estimate as of July 1

Transportation. The City is served by U.S. Highways Nos. 64, 71 and 271 as well as Interstate Nos. 40, 540 and 549. The City is also served by two short line railroads with access to three Class I railroads, more than 30 motor freight carriers and an airport served by one mainline commercial carrier with approximately 60,000 enplanements per year. The City is located on the Arkansas River and has available a public port with a barge-rail terminal.

Government. Since 1967, the City has operated under a City Administrator-Director form of government. Four directors are elected from wards, three are elected at large, and the Mayor is elected at large. Jeff Dingman is the Acting City Administrator, a position he has held since February 2025.

The following are the Mayor and the members of the Board of Directors, their occupations and their terms of office:

<u>Name</u>	<u>Occupation</u>	<u>Term Expires</u>
George B. McGill, Mayor	Retired	December 31, 2026
Jarred Rego	Director of Advancement, ACHE	December 31, 2028
André Good	Federal Express Corp.	December 31, 2028
Lee Kemp	Pastor	December 31, 2028
George Catsavis	Restaurant Owner	December 31, 2028
Christina Catsavis	Retail Owner	December 31, 2026
Kevin Settle	Industrial Management	December 31, 2026
Neal Martin	Director of Information Technology	December 31, 2026

City Services. The City provides through its budget the following services: administrative, code enforcement, police protection, fire protection, parks and recreation, downtown parking, public transit, water and sewer, solid waste disposal and collection, planning, airport, district court, street construction and maintenance, library, convention center and information technology services.

Medical Facilities. The City serves as a regional medical center with St. Edward Mercy Medical Center having approximately 268 staffed beds and Baptist Health-Fort Smith having approximately 492 staffed beds. In addition, a 54-bed rehabilitation center is located in the City. There are over 190 physicians practicing in the area.

Financial Institutions. The City is served by one bank having its principal offices in the City and by fifteen (15) banks that have branch offices in the City. Bank deposits in the County have been as follows for the years indicated:<sup>(1)</sup>

<u>Year</u>	<u>Total Deposits</u>	<u>Percent Change</u>
1970	\$ 150,086,000	--
1980	459,908,000	206.43
1990	862,752,000	87.59
2000	1,786,774,000	107.10
2010	2,417,335,000	35.29
2020	3,467,253,000	43.43

Education. The Fort Smith School District ("FSSD") system (elementary and secondary) has approximately 29 schools. There are several private schools in the City providing education for kindergarten through high school. The southernmost area of the City is serviced by the Greenwood School District.

University of Arkansas-Fort Smith, with an enrollment of approximately 5,506 (expressed as FTE) for the fall semester of 2023, has bachelors and masters level degree programs and continues its collaboration with other universities to offer graduate degrees locally.

The Arkansas Colleges of Health Education ("ACHE") was established by the Degen Foundation after it sold Sparks Hospital (formerly St. John's hospital, named after St. John's Church and the work of its founder, George F. Degen) in 2009. The Degen Foundation's mission is "Providing for our region's health care needs, by investing in practical solutions today, with a vision for tomorrow." ACHE established the Arkansas College of Osteopathic Medicine in 2014 and enrolled its inaugural class of 170 students in the fall of 2017. ACHE reported a total enrollment of 826 students in 2023.

Economy. The economy of the City is a mixture of industrial, medical, corporate and commercial trade. According to the Fort Smith Chamber of Commerce, the ten largest employers in the City are as follows:

<u>Employer</u>	<u>Business or Product</u>	<u>Number of Employees</u>
Mercy-Fort Smith	Hospital	3,413
Fort Smith Public Schools	Primary and Secondary Education	2,424
ArcBest	Trucking	2,020
O.K. Foods, Inc. d/b/a Bachoco USA	Livestock and Poultry Feed	1,900
Baptist Health	Hospital	1,850
ABB (formerly Baldor Electric Co.)	Electric Motors	1,632
Walmart	Retail	1,561
Rheem Manufacturing	Commercial Heating and Cooling Equipment	1,171
City of Fort Smith	Government	1,119
University of Arkansas at Fort Smith	Higher Education	1,089

Litigation. The City is a party to multiple matters of litigation and regulatory proceedings arising from the City's various governmental activities. In the course of business, a number of claims and lawsuits arise from individuals seeking compensation for personal injury, death, and/or property damage resulting from accidents occurring in the City. In addition, the City has been named as a defendant in a number of lawsuits relating to personnel and contractual matters. Management does not believe that the outcome of these claims will have a material adverse effect on the City's financial position. The City appropriates funds as necessary to meet settlements and awards.

---

<sup>(1)</sup> Source: Federal Deposit Insurance Corporation.

Consent Decree. In 2015, the City entered into a Consent Decree (the "Consent Decree") with the United States Environmental Protection Agency ("EPA"), the United States Department of Justice ("DOJ") and the State. The Consent Decree addresses the City's compliance with the federal Clean Water Act involving dry and wet weather overflows from the City's sewer system and ongoing maintenance. The Consent Decree provided a twelve-year implementation period (through December 31, 2027).

The City increased sewer rates by 167 percent from 2015-2017 in order to fund the obligations of the Consent Decree. However, it became apparent that the program costs would be much higher than the parties anticipated when the Consent Decree was entered. Beginning in September 2016, the City began the process to request a modification to the consent decree to update the scope of work and to obtain additional time to implement the program. The request was initially denied in November 2019. The City has continued to press for additional time based upon a historic 2019 flood, COVID pandemic, and increased program costs. In April 2022, the City, the DOJ and the EPA met at EPA Region 6 headquarters to continue modification discussions. Since that meeting, the technical requirements for the modification have been mostly settled. The DOJ, the EPA and the City continue to discuss an extended implementation period. While the parties have a conceptual agreement to a ten-year extension, the City remains hopeful that it will, ultimately, be given some additional time – beyond the 10-year extension - to ensure it will be able to deliver the updated program in accordance with the Consent Decree. The City expects to reach agreement on a Consent Decree modification by the end of calendar year 2025.

The City has raised rates and has dedicated sales and use tax collections, which it projects will fund the consent decree obligations within the ten-year extension period assuming program costs remain as projected.

The Consent Decree, like all federal consent decrees, imposes stipulated penalties for sewer overflows that occur during program implementation. The City was assessed and paid \$800,000 and \$590,000 in stipulated penalties associated with the Consent Decree in 2023 and 2024, respectively. The City is hopeful that additional stipulated penalties for sewer overflows will not be assessed going forward.

County Economic Data. Per capita personal income estimates for the County and the State are as follows for the years indicated:<sup>(1)</sup>

Year	County		State	
	Per Capita Personal Income	Average Annual Growth (Decline) (%)	Per Capita Personal Income	Average Annual Growth (Decline) (%)
2019	\$42,756	--	\$43,737	--
2020	45,169	5.64	47,103	7.69
2021	48,400	7.15	52,845	12.19
2022	48,589	0.39	55,323	4.68
2023	50,348	3.62	57,635	4.17

[Remainder of page intentionally left blank]

<sup>(1)</sup> Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Total personal income estimates for the County and the State are as follows for the years indicated:<sup>(1)</sup>

Year	County		State	
	Total Personal Income	Average Annual Growth (Decline) (%)	Total Personal Income	Average Annual Growth (Decline) (%)
2019	\$5,465,186,000	--	\$131,394,751,000	--
2020	5,772,905,000	5.64	141,985,729,000	8.06
2021	6,211,747,000	7.60	160,036,742,000	12.71
2022	6,273,225,000	0.98	168,534,750,000	5.31
2023	6,499,811,000	3.61	176,809,081,000	4.90

The annual average unemployment rates for the County and the State since 2020 are as follows according to the Arkansas Department of Workforce Services:

Year	Annual Average Unemployment Rate(%)	
	County	State
2020	5.7	6.1
2021	3.5	4.0
2022	2.8	3.2
2023	3.2	3.1
2024	3.4	3.5

Construction Activity and Estimated Values. The following are the construction activity for the years indicated and the estimated real property values resulting from construction in the City:<sup>(2)</sup>

Year	Commercial Construction		Residential Construction	
	Number of Permits	Value	Number of Permits	Value
2020	643	\$182,644,543	1,449	\$ 76,741,977
2021	560	226,999,826	1,302	69,957,476
2022	686	279,641,957	3,852	108,933,903
2023	727	327,181,216	3,841	125,285,116
2024	790	150,835,693	1,909	90,414,131

**PENSION PLANS AND OTHER POST EMPLOYMENT BENEFITS**

Pension Plans. The City participates in four defined benefit pension plans. Such plans are comprised of two agent multiple- employer defined benefit pension plans and two cost-sharing multiple-employer defined benefit pension plans. The City also contributes to the Arkansas Public Employees Retirement System on behalf of the Fort Smith District Court Clerk (the "Clerk").

- (a) *Arkansas Public Employees Retirement System ("APERS").*

APERS is administered by the State as a defined benefit plan. The employer contribution rate was 15.32% of covered payroll for 2024. The Clerk’s contribution rate was 5.5% of covered payroll for 2024. The City’s contributions to APERS for the year ended December 31, 2024 were \$17,360. Net pension liabilities are reported in the table below.

<sup>(1)</sup> Source: Bureau of Economic Analysis, U.S. Department of Commerce.  
<sup>(2)</sup> City of Fort Smith Building Department Estimate.

(b) *Fire Relief and Pension Plan ("FRPF" or the "Old Fire Plan").*

The Old Fire Plan is an agent multiple-employer defined benefit pension plan for employees of the fire department who were hired prior to January 1, 1983. LOPFI assumed responsibility for administration and a portion of the obligation of the Old Fire Plan in 1990.

State statutes require the City to contribute the actuarially required normal costs and amortized costs of the unfunded actuarial accrued liability. In addition, active employees are required to make contributions equal to 6% of their gross salary. The contributions for the 2024 plan year were based upon the December 31, 2023 actuarial report. Contributions to the Old Fire Plan by the City equaled \$1,603,368 for the year ended December 31, 2024. Net pension liabilities are reported in the table below.

(c) *Police Relief and Pension Plan ("PRPF" or the "Old Police Plan").*

The Old Police Plan is an agent multiple-employer defined benefit pension plan for employees of the police department who were hired prior to January 1, 1983. LOPFI assumed responsibility for administration and a portion of the obligation of the Old Police Plan in 1990.

State statutes require the City to contribute the actuarially required normal costs and amortized costs of the unfunded actuarial accrued liability. In addition, active employees are required to make contributions equal to 6% of their gross salary. The contributions for the 2024 plan year were based upon the December 31, 2023 actuarial report. Contributions to the Old Police Plan by the City were \$1,697,760 for the year ended December 31, 2024. Net pension liabilities are reported in the table below.

(d) *Arkansas Local Police and Fire Retirement System ("LOPFI").*

LOPFI is a statewide cost-sharing multiple employer defined benefit pension plan that provides retirement, disability and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. Contributions to LOPFI are made by both the member and the employers. Member contributions rates are established by the LOPFI Board of Trustees. The employer contributions are actuarially determined on an annual basis.

The City contributes 24% of covered employee salaries to the new plan for firefighters and 22.29% of covered employee salaries to the new plan for police officers. Employees contributed \$2,115,989 to the contributory plan for the year ended December 31, 2024. City contributions to the LOPFI plan for the year ended December 31, 2024, were \$5,162,792 and were equal to 100% of the required contributions for each year.

Net pension liabilities are reported in the table below.

Aggregate amounts measured as of December 31, 2023 for FRPF, PRPF and LOPFI as well as June 30, 2024 for APERS are reported in the City's Annual Comprehensive Financial Report ("ACFR") for the year ended December 31, 2024 as follows:

	<u>APERS</u>	<u>FRPF</u>	<u>PRPF</u>	<u>LOPFI</u>	<u>Total</u>
Net Pension Liability	\$119,983	\$17,840,393	\$15,755,211	\$42,924,080	\$76,639,667
Deferred Outflows of Resources	14,547	0	0	10,809,144	10,823,691
Deferred Outflows of Resources— Contributions	8,836	1,603,368	1,697,760	5,162,792	8,472,756
Deferred Inflows of Resources	5,030	511,942	345,139	3,022,689	3,884,800
Pension Expense	19,873	1,488,270	502,730	5,678,693	7,689,566

The City also contributes to the Public Employees Retirement System ("PERS"). Effective April 1, 1997, PERS was converted to a money purchase retirement plan, a defined contribution plan that is qualified under Section 401(a) of the Code. All full-time, non-uniformed City employees with the exception of the three district judges and the Clerk are covered by PERS. Plan provisions and contribution rates are established by an agreement between the City and ICMARC, the plan administrator. City employees make no contributions to the plan; however, the City makes contributions equal to 5% of each covered employee's earnings. Employer contributions to the PERS plan totaled \$1,726,819 for 2024.

Other Post-Employment Benefits. The City sponsors and administers an informal single-employer defined benefit healthcare plan that provides coverage for medical, dental and vision benefits. Arkansas statutes provide that any municipal city official or employee vested in any of the City's retirement plans with 20 years of service and attains 55 years of age may continue to participate in the City's healthcare plan after retirement. In addition, members employed at least five years with age plus service exceeding 70 at retirement are eligible for benefits.

The contribution requirements of plan members are established by the City and may be amended as needed. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City's health insurance plans. Employees are required to elect the coverage at the time of termination. The City is not required to make contributions to the plan on behalf of the retirees. The Plan has 890 active participants and 27 retirees and beneficiaries receiving benefits who pay monthly premiums between \$520 for single coverage and \$1,326 for family coverage. Administrative costs of the plan are financed through investment earnings and employer contributions.

[Remainder of page intentionally left blank]

The following table show the components of the City's net Other Postemployment Benefits ("OPEB") liability for the year ended December 31, 2024:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance at January 1, 2024	\$17,326,117	\$1,586,357	\$15,739,760
Changes for the year:			
Service cost	1,178,721	-	1,178,721
Interest	730,713	-	730,713
Contributions - employer	-	478,733	(478,733)
Differences between expected and actual experience	920,175	-	920,175
Changes of assumptions	(635,704)	-	(635,704)
Net investment income	-	64,281	(64,281)
Administrative fees	-	(16,091)	16,091
Benefit payments	(478,733)	(478,733)	-
Net Changes	1,715,172	48,190	1,666,982
Balance at December 31, 2024	<u>\$19,041,289</u>	<u>\$1,634,547</u>	<u>\$17,406,742</u>
Plan fiduciary net position as a percentage of the total OPEB liability	8.58%		

The net OPEB obligation is recorded in the government-wide statement of net position as non-current liabilities due in more than one year for governmental activities at \$11,169,799 and for business-type activities at \$6,236,944. Furthermore, the obligation for business-type activities is reflected on the statement of fund net position for a proprietary funds as non-current liabilities for the Water and Sewer Fund (\$4,554,859) and for the Sanitation Fund (\$1,682,085).

**INFORMATION REGARDING THE PENSION PLANS AND OPEB IS FOUND IN NOTES 10 AND 11 TO THE ACFR FOR THE YEAR ENDED DECEMBER 31, 2024**, which is located on the City's website and can be viewed by visiting [www.fortsmithar.gov/index.php/departments/finance/purchasing](http://www.fortsmithar.gov/index.php/departments/finance/purchasing) and clicking on the "Annual Comprehensive Financial Reports."

### THE TAXES

Generally. The Taxes are levied as follows: the Existing 1% Tax under Ordinance No. 72-85, adopted August 13, 1985, as amended (most recently by Ordinance No. 19-25, adopted February 21, 2025), under the authority of Title 26, Chapter 75, Subchapter 2 of the Arkansas Code of 1987 Annotated; and the Existing 0.75% Tax under Ordinance No. 20-22, adopted February 22, 2022, as amended by Ordinance No. 20-25, adopted February 21, 2025, under the authority of Title 26, Chapter 75, Subchapter 2 of the Arkansas Code of 1987 Annotated. The Taxes are taxes within the City on all items which are subject to taxation under The Arkansas Gross Receipts Act of 1941 and a tax on the receipts from storing, using or consuming tangible personal property under The Arkansas Compensating (Use) Tax Act of 1949. Pursuant to the Authorizing Ordinance, the City has pledged the Pledged Tax Receipts to the payment of the Series 2025 Bonds. The Taxes were approved as security for the Bonds at the special election held May 13, 2025. The Taxes expire on December 31, 2059.

The Streamline Sales and Use Tax Agreement ("Streamline") has been adopted by Arkansas and became effective on January 1, 2008. Streamline amended Arkansas sales and use tax law to allow the State to collect sales and use taxes from internet sales from vendors outside the State. Streamline limits the collection of the local sales and use tax on the first \$2,500 of sales proceeds only on the following sales: motor vehicles, aircraft, watercraft, modular homes, manufactured homes or mobile homes. There is no limit of the amount of local sales and use tax to be paid on all other items. The State allows businesses, nonprofits and governmental entities to file for a credit or rebate on a local sales and use tax if the amount on an invoice totals more than \$2,500 on certain qualified purchases. Claims for credit or rebates must be filed with the Arkansas Department of Finance and Administration ("DF&A") within one year from the date of purchase or one year from the date of payment, if later. DF&A will then cause the State Treasurer to withhold the amount of the refund from future disbursements to the local government levying the sales and use tax.

Pursuant to Act 757 of 2011 (the "Sales Tax Holiday Act"), the State has created an annual sales tax holiday in which clothing (which are less than \$100 per item), clothing accessories or equipment (which are less than \$50 per item), school art supplies, school instructional materials and school supplies are exempt from taxation under The Arkansas Gross Receipts Tax Act of 1941. The annual sales tax holiday is from 12:01 a.m. on the first Saturday in August until 11:59 p.m. the following Sunday.

Set forth in Exhibit A attached hereto is a summary of certain provisions of the statutes authorizing the Taxes. The summary does not purport to be complete statements of the laws. Reference is made to the Arkansas Code Annotated §§26-52-101 et seq. and 26-53-101 et seq. for the full text and complete descriptions of such provisions.

Administration. The Commissioner of Revenues of the State (the "Commissioner") performs all functions incidental to the administration, collection, enforcement and operation of the Taxes. The Commissioner is entitled to retain 3% of the gross receipts of the Taxes for administrative services. The Pledged Tax Receipts shall be remitted by the State Treasurer to the Trustee monthly for deposit into the Revenue Fund. See **THE AUTHORIZING ORDINANCE**, The Revenue Fund.

Historical Tax Receipts. According to the Office of the State Treasurer, collections of the Taxes since 2020 are shown below. Based on collections of the Taxes, Pledged Tax Receipts would have been as follows since 2020:

<u>Year</u>	<u>Existing 1% Tax Collections</u>	<u>37.5% of the Existing 1% Tax Collections (A)</u>	<u>Existing 0.75% Tax Collections</u>	<u>83.3% of the Existing 0.75% Tax Collections (B)</u>	<u>Pledged Tax Receipts (A+B)</u>
2020	\$22,601,276	\$ 8,475,479	\$16,950,957	\$14,120,147	\$22,595,626
2021	25,841,622	9,690,608	19,381,217	16,144,554	25,835,162
2022	28,637,370	10,739,014	21,478,028	17,891,197	28,630,211
2023	29,958,345	11,234,379	22,468,759	18,716,476	29,950,855
2024	29,465,802	11,049,676	22,099,351	18,408,759	29,458,435

Collections of the Taxes for the twelve-month periods ended August 31 since 2021 are shown below. Based on such collections, Pledged Tax Receipts would have been as follows for the periods indicated:

<u>Period (Ended August 31)</u>	<u>Existing 1% Tax Collections</u>	<u>37.5% of the Existing 1% Tax Collections (A)</u>	<u>Existing 0.75% Tax Collections</u>	<u>83.3% of the Existing 0.75% Tax Collections (B)</u>	<u>Pledged Tax Receipts (A+B)</u>
2021	\$24,797,765	\$ 9,299,162	\$18,598,324	\$15,492,404	\$24,791,566
2022	27,653,419	10,370,032	20,740,064	17,276,473	27,646,505
2023	29,826,226	11,184,835	22,369,670	18,633,935	29,818,770
2024	29,707,217	11,140,206	22,280,412	18,559,583	29,699,789
2025	29,163,213	10,936,205	21,872,410	18,219,717	29,155,922

Future Tax Receipts. Pledged Tax Receipts 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 surrounding trade areas. Also, Pledged Tax Receipts may be affected by changes to transactions exempted from the Taxes 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 the Taxes, such as food sales, which, if adopted, would materially reduce Pledged Tax Receipts. The City has no control over actions of the General Assembly or the people of the State and cannot predict whether changes to the Taxes may be made. Accordingly, the City cannot predict with certainty the expected amount of Pledged Tax Receipts to be received and, therefore, there can be no assurance that Pledged Tax Receipts will be sufficient to pay the principal of and interest on the Series 2025 Bonds.

The United States Supreme Court held in *S. Dakota v. Wayfair, Inc.*, No. 17-494, 2018 WL 3058015 (U.S. June 21, 2018) that in certain circumstances retailers can be required to collect sales tax even in states where they have no physical presence. The Arkansas General Assembly passed Act 822 of 2019, which was signed by the Governor of the State on April 9, 2019, that requires out-of-state sellers without a physical presence in the State to collect and remit sales and use taxes to the State on annual sales of more than \$100,000 from products and services delivered into the State. Alternatively, such sellers would be required to collect and remit sales and use taxes to the State if sales of products and services for delivery in the State consist of 200 or more transactions. These thresholds are identical to those imposed by the United States Supreme Court in *S. Dakota v. Wayfair, Inc.*

## **BOND INSURANCE**

### Bond Insurance Policy.

Concurrently with the issuance of the Series 2025 Bonds, AG will issue the Insurance Policy. The Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2025 Bonds when due as set forth in the form of the Insurance Policy included as an exhibit to this Official Statement.

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

### Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P, "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market

price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Insurance Policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

#### *Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.*

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

#### *Current Financial Strength Ratings*

On August 4, 2025, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

#### *Capitalization of AG*

At June 30, 2025:

- The policyholders' surplus of AG was approximately \$3,514 million.
- The contingency reserve of AG was approximately \$1,453 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,437 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commission of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserves, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

#### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed by AGL with the SEC on February 28, 2025);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 21, 2025 (filed by AGL with the SEC on May 9, 2025); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025 (filed by AGL with the SEC on August 8, 2025).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2025 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption **BOND INSURANCE**, Assured Guaranty Inc. or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

#### *Miscellaneous Matters*

AG makes no representation regarding the Series 2025 Bonds or the advisability of investing in the Series 2025 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading **BOND INSURANCE**.

### **THE AUTHORIZING ORDINANCE**

Set forth below is a summary of certain portions of the Authorizing Ordinance. This summary does not purport to be comprehensive and reference is made to the full text of the Authorizing Ordinance for a complete description of its provisions. Unless the context clearly indicates otherwise, all references under this heading to (a) the "Bonds" shall include the Series 2025 Bonds and any Additional Parity Bonds and (b) the "Insurer" shall include AG or any successor thereto and any insurer of any Additional Parity Bonds. The City will covenant as set forth below in the Authorizing Ordinance.

Rights of Insurer. Various rights of the City and the holders of the Bonds are subject to rights and powers granted to the Insurer pursuant to the Authorizing Ordinance.

The Revenue Fund. The Trustee shall deposit all Pledged Tax Receipts as and when received by it into a special fund of the City held by the Trustee which is created by the Authorizing Ordinance and designated "Sales and Use Tax Revenue Fund" (the "Revenue Fund"). There is created in the Revenue Fund the following accounts: Pledged 1% Tax Account and Pledged 0.75% Tax Account. Pledged Tax Receipts received by the Trustee shall be deposited when received as follows: Pledged 1% Tax Receipts shall be deposited into the Pledged 1% Tax Account and Pledged 0.75% Tax Receipts shall

be deposited into the Pledged 0.75% Tax Account. Moneys in the Pledged 0.75% Tax Account in the Revenue Fund shall be applied each month within five (5) business days after deposit therein in the following order of priority:

- (1) 1/6 of the interest on the Bonds next due - Debt Service Account in the Bond Fund; and
- (2) 1/12 of the principal of the Bonds next due at maturity or upon mandatory sinking fund redemption - Debt Service Account in the Bond Fund; and
- (3) the Trustee's and Insurer's fees and expenses and other administrative charges next due - Expense Account in the Bond Fund; and
- (4) the amount which may be necessary to increase the Debt Service Reserve Account to the required level - Debt Service Reserve Account in the Bond Fund; and
- (5) the amount necessary to pay any arbitrage rebate due under Section 148(f) of the Code - Expense Account in the Bond Fund.

Any balance remaining in the Pledged 0.75% Tax Account in the Revenue Fund after making the deposits required by clauses (1) through (5) above shall be immediately transferred to the City for other Existing 0.75% Tax Uses.

The deposits made into the Debt Service Account in the Bond Fund shall be reduced in order to take into account as a credit (a) interest earnings and (b) transfers from the Debt Service Reserve Account.

Moneys in the Pledged 1% Tax Account in the Revenue Fund shall be applied by the Trustee within five (5) business days of receipt by the Trustee in the following order of priority:

- (1) in the event moneys in the Pledged 0.75% Tax Account are insufficient to make the deposits required by clauses (1) through (5) above, moneys in the Pledged 1% Tax Account shall be used for such purposes in the order of priority listed above; and
- (2) the balance shall be transferred to the City for other Existing 1% Tax Uses.

The Bond Fund. There is created by the Authorizing Ordinance a special fund of the City in the Trustee which is designated "Sales and Use Tax Bond Fund" (the "Bond Fund") for the purpose of providing funds for the payment of principal of and interest on the Bonds as they become due at maturity or at redemption prior to maturity, any arbitrage rebate due the United States under Section 148(f) of the Code, the Trustee's fees and expenses and other administrative charges in connection with the Bonds and any amounts owed to the Insurer for amounts owed with respect to the Insurance Policy. There shall be established in the Bond Fund the following accounts into which moneys shall be deposited: Debt Service Account and Expense Account. Moneys in the following Bond Fund accounts shall be used on each interest payment date in the following order of priority as and when necessary:

- (1) to pay the Trustee's and Insurer's fees and expenses and other administrative charges then due - Expense Account; and
- (2) to pay the interest on the Bonds then due - Debt Service Account; and
- (3) to pay the principal of the Bonds then due at maturity or upon mandatory sinking fund redemption - Debt Service Account.

In addition, moneys in the Expense Account in the Bond Fund shall be used to pay, when due, any arbitrage rebate under Section 148(f) of the Code.

There shall also be established and maintained in the Bond Fund a Debt Service Reserve Account in an amount equal to one-half of the maximum annual debt service requirements on the Bonds (the "required level"). The City shall fund the Debt Service Reserve Account at the times the Bonds are issued. Moneys in the Debt Service Reserve Account shall be used to make the payments described in clauses (2) and (3) above if moneys in the Debt Service Account in the Bond Fund are not otherwise sufficient for that purpose. Moneys in the Debt Service Reserve Account over and above the required level shall be immediately transferred from the Debt Service Reserve Account into the Debt Service Account in the Bond Fund. Moneys in the Debt Service Reserve Account shall be used to make the final payment of principal and interest on the Bonds, whether at maturity or at redemption prior to maturity.

When the moneys in the Bond Fund shall be and remain sufficient to pay (1) the principal of all the Bonds then outstanding, (2) interest on the Bonds until the next interest payment date, (3) the Trustee's fees and expenses and other administrative charges in connection with the Bonds, (4) all arbitrage rebate payments due the United States under Section 148(f) of the Code and (5) any amount due the Insurer with respect to the Insurance Policy, there shall be no obligation to make any further payments into the Bond Fund and any Pledged Tax Receipts remaining in the Bond Fund after the principal of, premium, if any and interest on the Bonds have been paid may be used by the City for any Existing 1% Tax Uses or Existing 0.75% Tax Uses, as applicable.

Investments. (a) Moneys held for the credit of the Construction Fund may be invested and reinvested at the direction of the City, and in the Trustee's discretion in the absence of any direct instructions from the City, in Permitted Investments or other investments from time to time permitted by law which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when such money will be required for the purposes intended.

(b) Moneys held for the credit of the Bond Fund (other than the Debt Service Reserve Account therein) and the Revenue Fund shall be invested and reinvested at the direction of the City, and in the Trustee's discretion in the absence of any direct instructions from the City, in Permitted Investments, which will mature, or which will be subject to redemption by the holder thereof at the option of the holder, not later than the date or dates on which the money shall be required for the payment of the principal of and interest on the Bonds when due.

(c) Moneys held for the credit of the Debt Service Reserve Account shall be invested and reinvested at the direction of the City, and in the Trustee's discretion in the absence of any direct instructions from the City, in Permitted Investments, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than seven (7) years after the date of investment or the final maturity date of the outstanding bonds, whichever is earlier.

(d) Obligations purchased as an investment of any fund or account shall be deemed at all times a part of such fund. Any profit or loss realized on investments of moneys in any fund shall be charged to said fund.

(e) "Permitted Investments" are defined as (i) direct or fully guaranteed obligations of the United States of America ("Government Securities"), (ii) direct obligations of an agency, instrumentality or government-sponsored enterprise created by an act of the United States Congress and authorized to issue securities or evidences of indebtedness, regardless of whether the securities or evidences of indebtedness are guaranteed for repayment by the United States Government, (iii) certificates of deposit or demand deposits of banks, including the Trustee, which are insured by the Federal Deposit Insurance Corporation ("FDIC") or, if in excess of insurance coverage, collateralized by Government Securities or other securities authorized by State law to secure public funds or (iv) money market funds invested exclusively in Government Securities and the obligations described in (ii) above.

Certain Covenants. The City covenants that: (a) it will not take, suffer or permit any action which may cause the interest payable on the Series 2025 Bonds to be included in gross income for federal income tax purposes, including any use of proceeds of the sale of the Series 2025 Bonds or Pledged Tax Receipts directly or indirectly in such manner as to cause the Series 2025 Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code.

(b) It will not use or permit the use of the Improvements financed with proceeds of the Series 2025 Bonds or the proceeds of the Series 2025 Bonds in such manner as to cause the Series 2025 Bonds to be private activity bonds within the meaning of Section 141 of the Code.

(c) It will faithfully and punctually perform all duties with reference to the Taxes and the Bonds, required by the Constitution and laws of the State and by the Authorizing Ordinance, including the collection of the Taxes, as therein specified and covenanted, the segregating of the Pledged Tax Receipts and the applying of the Pledged Tax Receipts as provided in the Authorizing Ordinance.

(d) It will make any arbitrage rebate payments due the United States under Section 148(f) of the Code from moneys in the Bond Fund.

Defaults and Remedies. (a) Subject to the provisions of subparagraph (g) below, if there be any default in the payment of the principal of and interest on the Bonds, if the City defaults in the performance of any covenant contained in the Authorizing Ordinance, the Trustee may, and upon the written request of (1) the Insurer or (2) with the consent of the Insurer, the owners of not less than 10% in principal amount of the Bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State, under the Authorizing Ordinance, to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

(b) No owner of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or in law for the protection or enforcement of any right under the Authorizing Ordinance or under the Constitution and laws of the State unless (1) such owner or the Trustee shall have given written notice of such default to the Insurer and (2) such owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than 10% in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted by the Constitution and laws of the State, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the cost, expense and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time, and such notification, request and offer of indemnity are in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trust of the Authorizing Ordinance or to any other remedy thereunder. No one or more owners of the Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Authorizing Ordinance, or to enforce any right thereunder except in the manner therein provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the benefit of all owners of the outstanding Bonds, and any individual rights of action or other right given to one or more of such owners by law are restricted by the Authorizing Ordinance to the rights and remedies therein detailed.

(c) All rights of action under the Authorizing Ordinance or under any of the Bonds secured thereby, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name and for the benefit of all the owners of the Bonds, subject to the provisions of the Authorizing Ordinance.

(d) No remedy conferred upon or reserved to the Trustee, the Insurer or the owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Authorizing Ordinance or given by any law or by the Constitution of the State.

(e) No delay or omission of the Trustee, the Insurer or any owners of the Bonds to exercise any right or power accrued upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by the Authorizing Ordinance to the Trustee, the Insurer and the owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(f) With the prior written consent of the Insurer, the Trustee may, and with the prior written consent of the Insurer and upon the written request of the owners of not less than a majority in principal amount of the Bonds then outstanding shall, waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted under the provision of the Authorizing Ordinance or before the completion of the enforcement of any other remedy, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

(g) Notwithstanding the above, the Insurer shall be deemed to be the sole holder of the Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the owners of the Bonds are entitled to take pursuant to the Authorizing Ordinance.

Defeasance. The Bonds shall be deemed paid when there has been deposited with the Trustee an amount sufficient to pay the principal or redemption price of and interest on the Bonds to the date of maturity or redemption. The Bonds shall also be deemed paid if there shall be irrevocably deposited with the Trustee (i) cash fully insured by the FDIC and/or fully collateralized with Government Securities which are noncallable direct obligations of the United States of America sufficient to make such payment and/or (ii) Government Securities which are noncallable direct obligations of the United States of America 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 with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

On the payment of any Bonds within the meaning of the Authorizing Ordinance, the Trustee shall hold in trust, for the benefit of the owners of such Bonds, all such moneys and/or Government Securities.

When all the Bonds shall have been paid within the meaning of the Authorizing Ordinance, if the Trustee has been paid its fees and expenses or provision has been made therefor, if all arbitrage rebate payments due the United States under Section 148(f) of the Code have been paid or provision made therefor and if there are no other amounts due the Insurer with respect to the Insurance Policy, the Trustee shall take all appropriate action to cause (i) the pledge and lien of the Authorizing Ordinance to be discharged and cancelled, (ii) all moneys held by it pursuant to the Authorizing Ordinance and which are not required for the payment of such Bonds, to be paid over or delivered to or at the direction of the City.

Additional Bonds. The City covenants that it will not issue any additional bonds, or incur any other additional obligations, secured by a lien on or pledge of Pledged Tax Receipts senior to the Series 2025 Bonds. The City covenants that it will not issue any additional bonds, or incur any other obligations, secured by a lien on or pledge of Pledged Tax Receipts on a parity with the Series 2025 Bonds, other than Additional Parity Bonds. Additional Parity Bonds may be issued so long as the City has received Pledged Tax Receipts for a 12 month period that ends not less than 30 and not more than 90 days prior to the date that the Additional Parity Bonds are authorized by the Board of Directors of the City to be issued, in an amount equal to or in excess of 125% of the maximum annual debt service requirement for the Series 2025 Bonds, any outstanding Additional Parity Bonds and the Additional Parity Bonds

proposed to be issued. Notwithstanding the above, nothing shall be construed to prohibit the City from refunding any Series 2025 Bonds or Additional Parity Bonds and pledging Pledged Tax Receipts to the refunding bonds on a parity with the non-refunded Series 2025 Bonds or Additional Parity Bonds.

The City may issue bonds or incur obligations secured by a lien on and pledge of Pledged Tax Receipts expressly subordinate to the lien and pledge in favor of the Bonds.

The Trustee. The Trustee shall be responsible for the exercise of good faith and ordinary prudence in the execution of its trusts and duties. The recitals in the Authorizing Ordinance and in the Bonds are the recitals of the City and not of the Trustee. The Trustee shall not be required to take any action unless it shall have been requested to do so in writing by the Insurer or the owners of not less than 10% in principal amount of Bonds then outstanding and shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any time by 60 days notice in writing to the City, the Insurer and the owners of the Bonds. The Insurer, the majority in principal amount of the owners of the outstanding Bonds or the City, so long as it is not in default under the Authorizing Ordinance, in each case with the consent of the Insurer, may at any time, with or without cause, remove the Trustee. In the event of a vacancy in the office of Trustee either by resignation or by removal, the City shall forthwith designate a new Trustee. The Trustee and any successor Trustee shall file a written acceptance and agreement to execute the trusts and duties imposed upon it by the Authorizing Ordinance, but only upon the terms and conditions set forth in the Authorizing Ordinance and subject to the provisions of the Authorizing Ordinance, to all of which the respective owners of the Bonds agree. Such written acceptance shall be filed with the City and the Insurer, and a copy thereof shall be placed in the bond transcript. Any successor Trustee shall have all the powers herein granted to the original Trustee.

Supplemental Ordinances. The terms of the Authorizing Ordinance constitute a contract between the City and the owners of the Bonds and no variation or change in the undertaking set forth in the Authorizing Ordinance shall be made while any of the Bonds are outstanding, except as hereinafter set forth. The owners of not less than 75% in aggregate principal amount of the Bonds then outstanding and the Insurer shall have the right, from time to time, to consent to and approve the adoption by the City of a supplemental ordinance as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Authorizing Ordinance or in any supplemental ordinance. The Trustee, with the prior written consent of the Insurer, may consent to any change without the consent of 75% of the owners of the aggregate principal amount of Bonds outstanding that the Trustee determines is not to the material prejudice of the owners of the Bonds, or in order to cure any ambiguity or formal defect or omission in the Authorizing Ordinance or any amendment thereto, provided, however, that nothing therein contained shall permit or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond issued thereunder, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) the creation of a pledge of the Pledged Tax Receipts other than a pledge created or permitted by the Authorizing Ordinance, 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 ordinance.

## **CONTINUING DISCLOSURE AGREEMENT**

During the past five years the City has been obligated to comply with continuing disclosure agreements entered into in connection with seven bond issues. Such agreements require the City to file annual reports with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system ("EMMA") within certain time periods set forth in the agreements. The following constitutes a non-exhaustive summary of the City's compliance with its continuing disclosure obligations over the past five years.

As part of each annual report, the City has been obligated to file annual audited financial statements of the City's general purpose funds or annual audited financial statements of the City's water and sewer (combined) system, both of which are contained in the City's Annual Comprehensive Financial Report

("ACFR"). The City filed the ACFR on EMMA on a timely basis for each of the fiscal years ended December 31, 2020 through 2024.

All of the continuing disclosure agreements have required that certain supplemental financial and operating data be provided as part of the annual report. The supplemental data to be provided varies depending on the type of bond issue and how each is secured. The supplemental data was filed on EMMA on a timely basis in each of the fiscal years ended December 31, 2020 through 2024; however, the supplemental data for the fiscal year ended December 31, 2020 was not timely filed on all applicable CUSIPs.

The continuing disclosure agreements also obligated the City to file a notice of the occurrence of any event listed in Securities and Exchange Commission, Rule 15c2-12(b)(5). During the past five years, all such notices were filed on EMMA on a timely basis.

Notices concerning the City's failure to comply with its continuing disclosure obligations as summarized above were not filed on EMMA.

Set forth below is a summary of certain portions of the Continuing Disclosure Agreement. This summary does not purport to be comprehensive and reference is made to the full text of the Continuing Disclosure Agreement for a complete description of its provisions.

Purpose of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement is executed and delivered by the City and the Trustee for the benefit of the Beneficial Owners of the Series 2025 Bonds and in order to assist the Underwriters in complying with the Securities and Exchange Commission, Rule 15c2-12(b)(5).

Definitions. In addition to the definitions set forth in this Official Statement, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any annual report provided by the City pursuant to, and as described in, the Continuing Disclosure Agreement.

"Beneficial Owner" of a Series 2025 Bond shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent, 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" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Financial Obligation" shall mean a

- (A) debt obligation;
- (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (C) guarantee of obligations described in (A) or (B).

The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Financial Statements" shall have the meaning assigned to such term in Content of Annual Report below.

"Listed Events" shall mean any of the events listed hereunder.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Provision of Annual Report. (a) The City shall, or cause the Dissemination Agent to, not later than 270 days after the end of the City's fiscal year (presently December 31), commencing with the report after the end of the 2025 fiscal year, provide to the Insurer and the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. The Annual Report shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the Continuing Disclosure Agreement; provided that the Financial Statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such Financial Statements shall be submitted within thirty (30) days after receipt thereof by the City. If the City's fiscal year changes, it shall give notice of such change in the manner as for a Listed Event.

(b) Not later than fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the City and the Dissemination Agent to determine if the City is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report (containing the information set forth in 1 and 2 under Content of Annual Report, below) has been provided to the MSRB by the date required in subsection (a), the Trustee shall file a notice with the MSRB.

Content of Annual Report. The City's Annual Report shall contain or incorporate by reference the following:

1. Information of the type set forth in this Official Statement (a) under the caption **THE CITY AND THE COUNTY** with respect to (i) City and County population in the latest year for which available and the four (4) previous years for which figures are available; (ii) unemployment rates in the latest year for which available and the four (4) previous years; and (iii) major employers at the City on the date of the report.

2. Tax receipts for the latest calendar year and the four (4) previous years, if available.

3. The annual financial statements of the City presented in accordance with accounting principles generally accepted in the United States of America and audited in accordance with generally accepted auditing standards (the "Financial Statements").

Any or all of the items above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

Reporting of Listed Events. (a) This caption describes the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.
7. Modifications to rights of security holders, if material.
8. Series 2025 Bond calls (excluding mandatory sinking fund redemptions), if material.
9. Defeasances and tender offers.
10. Release, substitution, or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the obligated person.
13. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) After the occurrence of a Listed Event (excluding an event described in (a)8 above), the City shall promptly notify the Dissemination Agent (if other than the City) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence.

(c) After the occurrence of a Listed Event (excluding an event described in (a)8 above), whether by notice from the Trustee or otherwise, the City shall file (or shall cause the Dissemination Agent to file), in a timely manner not in excess of ten (10) business days after the occurrence of such

Listed Event, a notice of such occurrence with the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any other similar system that is acceptable to the Securities and Exchange Commission, with a copy to the Trustee (if the Trustee is not the Dissemination Agent) and the Insurer. Each notice of the occurrence of a Listed Event shall be captioned "Notice of Listed Event" and shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. In the event of a Listed Event described in (a)8 above, the Trustee shall make the filing in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event.

Termination of Reporting Obligation. The City's obligations under the Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all the Series 2025 Bonds.

Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Continuing Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Continuing Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

Amendment; Waiver. Notwithstanding any other provision of the Continuing Disclosure Agreement, the City and the Trustee may amend the Continuing Disclosure Agreement, and any provisions of the Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the requirements for providing an Annual Report, to the contents of the Annual Report or the reporting of Listed Events, it may only be 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 an obligated person with respect to the Series 2025 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2025 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Series 2025 Bonds in the same manner as provided in the Authorizing Ordinance for amendments to the Authorizing Ordinance with the consent of Beneficial Owners, or (ii) does not, in the opinion of the Trustee, materially impair the interests of the Beneficial Owners of the Series 2025 Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason of the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing Financial Statements, (i) notice of such change shall be given in the same manner as for a Listed Event, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the Financial Statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Additional Information. Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which

is required by the Continuing Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, the City shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Default. In the event of a failure of the City or the Trustee to comply with any provision of the Continuing Disclosure Agreement, the Trustee, the City, the Insurer or any Beneficial Owner may (and the Trustee, at the request of the Underwriters or the Beneficial Owners of at least 25% aggregate principal amount of outstanding Series 2025 Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Trustee, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed a default under the Authorizing Ordinance, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City or the Trustee to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

Duties of Trustee and Dissemination Agent and Right of Indemnity. The Dissemination Agent (if other than the Trustee) and the Trustee in its capacity as Dissemination Agent shall have only such duties as are specifically set forth in the Continuing Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the Trustee's gross negligence or willful misconduct.

Beneficiaries. The Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Underwriters, the Insurer and the Beneficial Owners and shall create no rights in any other person or entity.

[Remainder of page intentionally left blank]

## DEBT SERVICE COVERAGE

Set forth below is the debt service coverage information for the Series 2025 Bonds. In arriving at the amount of annual Pledged Tax Receipts for this calculation, the City examined year collections of the Taxes for the twelve-month period ended August 31, 2025. See **THE TAXES**, Historical Tax Receipts.

Actual Pledged Tax Receipts collected by the City will depend upon, among other things, the level of retail activity within the City, the economic health of the City and surrounding trade area, possible future actions by the people of the State or General Assembly of the State defining transactions subject to the Taxes and granting exemptions from the Taxes, such as exemptions for food sales. The figure set forth below is only an estimate and there can be no assurance that actual Pledged Tax Receipts will equal the estimate shown below. See **THE TAXES**, Future Tax Receipts.

The City currently estimates that the remaining authorized, but not issued, bonds for the Improvements (approximately \$284,095,000) will be issued as Additional Parity Bonds in 2027 and 2029. There is no assurance that Additional Parity Bonds will be issued in such years.

Based upon the pledge of 100% of estimated Pledged Tax Receipts, debt service coverage for the Series 2025 Bonds is as follows:

Estimated Pledged Tax Receipts Available for Debt Service <sup>(A)</sup>	\$29,155,922
Maximum Annual Debt Service for Series 2025 Bonds <sup>(B)</sup>	6,251,675
Debt Service Coverage <sup>(A/B)</sup>	4.66x

[Remainder of page intentionally left blank]

## DEBT SERVICE REQUIREMENTS

The following table shows amounts required to pay scheduled principal and interest on the Series 2025 Bonds during each year:

Year (December 31)	Series 2025 Bond Principal	Series 2025 Bond Interest	Total Debt Service
2026	\$1,400,000	\$4,849,608.82	\$6,249,608.82
2027	1,485,000	4,766,175.00	6,251,175.00
2028	1,555,000	4,691,925.00	6,246,925.00
2029	1,635,000	4,614,175.00	6,249,175.00
2030	1,715,000	4,532,425.00	6,247,425.00
2031	1,800,000	4,446,675.00	6,246,675.00
2032	1,890,000	4,356,675.00	6,246,675.00
2033	1,985,000	4,262,175.00	6,247,175.00
2034	2,085,000	4,162,925.00	6,247,925.00
2035	2,190,000	4,058,675.00	6,248,675.00
2036	2,300,000	3,949,175.00	6,249,175.00
2037	2,415,000	3,834,175.00	6,249,175.00
2038	2,535,000	3,713,425.00	6,248,425.00
2039	2,665,000	3,586,675.00	6,251,675.00
2040	2,795,000	3,453,425.00	6,248,425.00
2041	2,935,000	3,313,675.00	6,248,675.00
2042	3,080,000	3,166,925.00	6,246,925.00
2043	3,235,000	3,012,925.00	6,247,925.00
2044	3,400,000	2,851,175.00	6,251,175.00
2045	3,570,000	2,681,175.00	6,251,175.00
2046	3,745,000	2,502,675.00	6,247,675.00
2047	3,945,000	2,306,062.50	6,251,062.50
2048	4,150,000	2,098,950.00	6,248,950.00
2049	4,370,000	1,881,075.00	6,251,075.00
2050	4,595,000	1,651,650.00	6,246,650.00
2051	4,840,000	1,410,412.50	6,250,412.50
2052	5,090,000	1,156,312.50	6,246,312.50
2053	5,360,000	889,087.50	6,249,087.50
2054	5,640,000	607,687.50	6,247,687.50
2055	<u>5,935,000</u>	<u>311,587.50</u>	<u>6,246,587.50</u>
Totals:	\$94,340,000	\$93,119,683.82	\$187,459,683.82

## LEGAL MATTERS

Legal Proceedings. There is no litigation pending seeking to restrain or enjoin the Taxes or the issuance or delivery of the Series 2025 Bonds, or questioning or affecting the legality of the Taxes or the Series 2025 Bonds or the proceedings and authority under which the Series 2025 Bonds are to be issued, or questioning the right of the City to adopt the Authorizing Ordinance or to issue the Series 2025 Bonds or the levy and pledge of the Pledged Tax Receipts by the City.

Legal Opinions. Legal matters incident to the authorization and issuance of the Series 2025 Bonds are subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel. Certain matters will be passed upon for the City by its counsel, Daily & Woods, P.L.L.C., Fort Smith, Arkansas.

Tax Exemption. In the opinion of Friday, Eldredge & Clark, LLP, Bond Counsel, under existing law the interest on the Series 2025 Bonds is exempt from all Arkansas state, county and municipal taxes.

Also, in the opinion of Bond Counsel, interest on the Series 2025 Bonds under existing law is excludable from gross income for federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Series 2025 Bonds may be taken into account for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. These requirements generally relate to arbitrage, the use of the proceeds of the Series 2025 Bonds and the Improvements financed with proceeds of the Series 2025 Bonds. Failure to comply with certain of such requirements could cause the interest on the Series 2025 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2025 Bonds. The City has covenanted to comply with all such requirements in the Authorizing Ordinance.

Prospective purchasers of the Series 2025 Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 2025 Bonds, (ii) interest on the Series 2025 Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income including interest on the Series 2025 Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Series 2025 Bonds.

Prospective purchasers of the Series 2025 Bonds should be further aware that Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2025 Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Series 2025 Bonds, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code).

As shown on the inside front cover page of this Official Statement, the Series 2025 Bonds are being sold at a premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period

and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2025 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Series 2025 Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any legislative proposals or clarification of the Code or court decisions may affect, perhaps significantly, the market price for, or marketability of, the Series 2025 Bonds. Prospective purchasers of the Series 2025 Bonds should consult their own tax advisors regarding any proposed or enacted federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2025 Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

### **MISCELLANEOUS**

Underwriting. Stephens Inc., on behalf of itself and the other Underwriters shown on the cover page hereof (the "Underwriters"), have agreed, pursuant to a Bond Purchase Agreement (the "Agreement"), subject to certain conditions set forth therein, to purchase the Series 2025 Bonds from the City at an aggregate purchase price of \$100,525,661.84 (principal amount less \$377,403.51 of Underwriters' discount and plus \$6,563,065.35 of original issue premium). The Agreement provides that the Underwriters will purchase all of the Series 2025 Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Series 2025 Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the Series 2025 Bonds or any proceedings in connection with the issuance thereof, and the absence of material adverse changes in the financial or business condition of the City.

The Underwriters intend to offer the Series 2025 Bonds to the public initially at the offering prices set forth on the inside front cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2025 Bonds to the public. The Underwriters may offer and sell Series 2025 Bonds to certain dealers (including dealers depositing Series 2025 Bonds into investment trusts) at prices lower than the public offering price.

The City has agreed to indemnify the Underwriters against certain civil liabilities in connection with the offering and sale of the Series 2025 Bonds, including certain liabilities under federal securities laws.

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

Financial Advisor. PFM Financial Advisors LLC ("PFM") is employed by the City to perform professional services in the capacity of financial advisor. In its role as financial advisor to the City, PFM has provided advice on the plan of financing and structure of the Series 2025 Bonds, and reviewed certain legal and disclosure documents, including this Official Statement, for financial matters. PFM has not independently verified the factual information contained in this Official Statement, but relied on the information supplied by the City and other sources and the City's certification as to the Official Statement.

Enforceability of Remedies. Rights of the registered owners of the Series 2025 Bonds and the enforceability of the remedies available under the Authorizing Ordinance may depend on judicial action and may be subject to the valid exercise of the constitutional powers of the United States of America and of the sovereign police powers of the State or other governmental units having jurisdiction, and to the application of federal bankruptcy laws or other debtor relief or moratorium laws in general. Therefore, enforcement of those remedies may be delayed or limited, or the remedies may be modified or unavailable, subject to the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Authorizing Ordinance resulting from the application of state or federal bankruptcy, insolvency, reorganization, moratorium or similar debtor relief laws affecting creditors' rights which are presently or may from time to time be in effect. The City is authorized by State law to file for bankruptcy under the United States Bankruptcy Code.

Ratings. S&P Global Ratings ("S&P") is expected to assign its municipal bond rating of "AA (stable outlook)" to the Series 2025 Bonds with the understanding that upon delivery of the Series 2025 Bonds, the Insurance Policy insuring the payment when due of the principal of and interest on the Series 2025 Bonds will be issued by the Insurer. The underlying credit rating for the Series 2025 Bonds is "A (stable outlook)" by S&P. Any explanation of such ratings may only be obtained from S&P. Generally, rating agencies base their ratings upon information and materials supplied to them and on their own investigations, studies and assumptions. There is no assurance that such ratings, once assigned, will remain for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change or withdrawal of the ratings assigned to the Series 2025 Bonds by S&P may have an adverse effect on the market price of the Series 2025 Bonds. The Underwriters and the City have undertaken no responsibility after issuance of the Series 2025 Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

Information in Official Statement. 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 2025 Bonds.

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 undersigned the 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 therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The execution of this Official Statement has been duly authorized by the City.

CITY OF FORT SMITH, ARKANSAS

By /s/ George McGill  
Mayor

Dated: As of the Cover Page hereof.

## EXHIBIT A

### SUMMARY OF STATE SALES AND USE TAX PROVISIONS FOR LOCAL GOVERNMENT

Local Sales Tax. The sales tax portion of the Taxes is generally levied upon the gross proceeds and receipts derived from all sales to any person within the City of the following (list not exclusive):

- (a) (i) Tangible personal property;
- (ii) Specified digital products sold;
- (iii) Digital codes;
- (b) Natural or artificial gas, electricity, water, ice, steam, or any other tangible personal property sold as a utility or provided as a public service;
- (c) (i) 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;
- (ii) 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 installation, service, rental, repair and other charges having any connection with the providing of the said services;
- (iii) 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 maintenance or repair of railroad parts, railroad cars and equipment brought into the City solely and exclusively for the purpose of being repaired, refurbished, modified, or converted within the City, (B) the service of alteration, addition, cleaning, refinishing, replacement or repair of commercial jet aircraft or commercial jet aircraft components or subcomponents, (C) the repair or remanufacture of industrial metal rollers or platens that have a remanufactured non-metallic material covering on all or a part of the roller or platen surface, (D) the initial installation, alteration, addition, cleaning, refinishing, replacement or repair of non-mechanical, passive or manually operated components of buildings or other improvements or structures affixed to real estate, (E) services performed on watches and clocks received by mail or common carrier from outside this state and which, after the service is performed, are returned by mail or common carrier or in the repairer's own conveyance to points outside this state, (F) services performed by a temporary or leased employee or other contract laborer on items owned or leased by the employer, or (G) service of initial installation of any property that is specifically exempted from the tax imposed by this chapter;
- (iv) 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; lawn care and landscaping 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; and the service of providing indoor tanning at a tanning salon;
- (d) Printing of all kinds, types and characters, including the service of overprinting, and photography of all kinds;

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

(ii) Membership dues paid to a hunting or fishing club that are paid to obtain access to land for the primary purpose of hunting or fishing are excluded from the tax imposed by this chapter;

(f) Dues and fees to health spas, health clubs and fitness clubs; dues and 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;

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

(h) 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;

(i) Prepaid calling service or prepaid wireless calling service and the recharge of such services;

(j) Beer, wine, liquor, or any intoxicating beverages;

(k) Tangible personal property, specified digital products, a digital code, and services sold to financial institutions;

(l) Wrecker and towing services;

(m) Collection and disposal of solid wastes;

(n) Cleaning of parking lots and gutters;

(o) Dry cleaning and laundry services;

(p) Industrial laundry services;

(q) Body piercing, tattooing, and electrolysis services;

(r) Pest control services;

(s) Security and alarm monitoring services;

(t) Boat storage and docking fees;

(u) Furnishing camping spaces or trailer spaces at public or privately-owned campgrounds, except for federal campgrounds, on less than a month-to-month basis;

(v) Locksmith services;

(w) Pet grooming and kennel services; and

(x) Portable toilet lease or rental and services associated with the lease or rental of portable toilets.

(y) (i) Computer software, including prewritten computer software;

in any form; (ii) Service of repairing or maintaining computer equipment or hardware

(iii) However, gross receipts or gross proceeds derived from the sale of a computer software maintenance contract are not taxable;

(z) (i) Any intrastate, interstate, and international telecommunications service that is sourced in this state;

(ii) Any ancillary service; and

(iii) Any installation, maintenance, or repair service of telecommunication equipment;

(aa) The sale of new or used heavy equipment;

(bb) A fishing guide service provided as a part of a guided fishing trip if the fishing guide service is purchased in conjunction with the sale or lease of taxable tangible personal property by the person providing the fishing guide service;

(cc) Withdrawals from stock; and

(dd) Food and food ingredients.

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

(a) New or used house trailers, mobile homes, aircraft, motor vehicles, trailers or semi-trailers and a used house trailer, mobile home, aircraft, motor vehicle, trailer or semi-trailer is taken as a credit or part payment of the purchase price, when the total consideration is less than the following: \$2,000 for aircraft, house trailers and mobile homes (or \$10,000 in case the house trailer or mobile home is a "manufactured home"); and \$4,000 for motor vehicles, trailers and semi-trailers;

(b) 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;

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

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

(e) Food in public, common, high school or college cafeterias and lunchrooms operated primarily for teachers and pupils, and not operated primarily for the public or for profit;

(f) Newspapers;

(g) Property or services to the United States Government; motor vehicles and adaptive equipment to disabled veterans who have purchased said vehicles or equipment with financial assistance of the United States Department of Veterans Affairs; specified digital products, a digital code, tangible personal property to and leasing of cars used in promoting scouting or services to the Boy Scouts of America, the Girl Scouts of America or any of the Scout Councils in the State; tangible personal property, specified digital products, a digital code, or service to the Salvation Army, Heifer International, Inc., or Habitat for Humanity; tangible personal property, specified digital products, a digital code, or service to the Boys & Girls Club of America, to the Poets' Roundtable of Arkansas, to

4-H Clubs and FFA Clubs, to the Arkansas 4-H Foundation, the Arkansas FFA Foundation and the Arkansas Division of the Future Farmers of America;

(h) 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 on which a tax has been paid and biodiesel fuel;

(i) Property resales to persons regularly engaged in the business of reselling the articles purchased;

(j) Advertising space in newspapers and publications, billboard advertising services, or on a public transit bus;

(k) Gate admissions 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;

(l) Property or services which the State is prohibited by the constitution or laws of the United States or by the constitution of the State from taxing or further taxing;

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

(n) 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, where such sale is made by the producer of such 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;

(o) Foodstuffs to governmental agencies for free distribution to any public, penal and eleemosynary institutions or for free distribution to the poor and needy, and the rental or sale of medical equipment, for the benefit of persons enrolled in and eligible for Medicare or Medicaid programs;

(p) Tangible personal property, specified digital products, a digital code, or services provided to any hospital or sanitarium operated for charitable and nonprofit purposes or any 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 if the machinery and equipment is used to (i) create new manufacturing or processing plants or facilities in the State, (ii) expand existing manufacturing or processing plants or facilities in the State or (iii) replace existing machinery and equipment;

(t) Property consisting of machinery and equipment required by State or federal law or regulations to be installed and utilized by manufacturing or processing plants or facilities, cities or towns in the State 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 and sale of articles sold on the premises of the veterans' homes;

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

(w) Bagging and other packaging and tie materials sold to and used by cotton gins for packaging and/or tying baled cotton and from the sale of twine which is used in the production of tomato crops;

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

(y) Property or services to humane societies;

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

(aa) 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;

(bb) Agricultural fertilizer, agricultural limestone, agricultural chemicals, and water purchased from a public surface-water delivery project to reduce or replace water used for in-ground irrigation or reduce dependence on ground water for agriculture;

(cc) Sale of tickets or admissions, by municipalities and counties, 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;

(dd) New and used farm machinery and equipment;

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

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

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

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

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

(jj) Modular homes constructed from materials on which the State sales tax has been paid;

- (kk) The first 500 kilowatt hours of electricity per month and the total franchise tax billed to each residential customer whose household income is less than \$12,000 per year;
- (ll) Electricity and natural gas to qualified steel manufacturers;
- (mm) Tangible personal property lawfully purchased with food stamps, food coupons, food instruments or vouchers in connection with certain Federal programs;
- (nn) Publications sold through regular subscriptions;
- (oo) 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;
- (pp) Durable medical equipment, mobility enhancing equipment, a prosthetic device, and disposable medical supplies prescribed by a physician;
- (qq) Insulin and test strips for testing blood sugar levels in humans;
- (rr) Telephone instruments sent into the State for refurbishing or repair and then shipped back to the state of origin;
- (ss) Industrial metal rollers sent into the State for repair or remanufacture and then shipped back to the state of origin;
- (tt) New motor vehicles purchased by non-profit 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) vehicles meet minimum State specifications and (ii) vehicles are used for transportation under the Department of Human Services' programs for the aging, individuals with disabilities, individuals with mental illness, and children and family services;
- (uu) 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;
- (vv) Parts or other tangible personal property incorporated into or which become a part of commercial jet aircraft component or subcomponents;
- (ww) Transfer of fill material by a business engaged in transporting or delivering fill material;
- (xx) Long-term leases, thirty days or more, of commercial trucks used for interstate transportation of goods under certain conditions;
- (yy) Foodstuffs to nonprofit agencies;
- (zz) 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;
- (aaa) Natural gas used as a fuel in the process of manufacturing glass;
- (bbb) Sales to Community Services Clearinghouse, Inc. of Fort Smith;

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

(ddd) Railroad rolling stock used in transporting persons or property in interstate commerce;

(eee) 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;

(fff) 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;

(ggg) Gas produced from biomass and sold for the purpose of generating steam, hot air or electricity to be sold to the gas producer;

(hhh) Fuel packaging materials sold to a person engaged in the business of processing hazardous and non-hazardous waste materials into fuel products at an approved site and machinery and equipment, including analytical equipment and chemicals used directly in the processing and packaging of hazardous and non-hazardous waste materials into fuel products at an approved site;

(iii) Electricity and natural gas used in the manufacturing of wall and floor tile by approved manufacturers;

(jjj) Textbooks, library books, and instructional materials purchased by an Arkansas school district or the State for free distribution to Arkansas school districts or Arkansas public schools;

(kkk) Tangible personal property, specified digital products, a digital code, or services to the Arkansas Symphony Orchestra, Inc.;

(lll) Electricity used for the production of chlorine and other chemicals using a chlor-alkali manufacturing process;

(mmm) Tangible personal property, specified digital products, a digital code, or services to a qualified museum;

(nnn) Livestock reproduction equipment or substances;

(ooo) Natural gas and electricity used in the manufacturing of tires in the State;

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

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

(rrr) Certain new or used trucks to be engaged in interstate commerce;

(sss) Tangible personal property, specified digital products, a digital code, or services to the Arkansas Black Hall of Fame Foundation;

(ttt) Sale, lease or rental of kegs used to sell beer wholesale by a wholesale manufacturer of beer;

- (uuu) Repair parts and labor for pollution control machinery and equipment;
- (vvv) Sales by commercial farmers of certain baling twine, net wrap, silage wrap, and similar products;
- (www) Sales of tangible personal property, specified digital products, a digital code, or a service to a nonprofit blood donation organization;
- (xxx) Sales of utilities used by a qualifying agricultural structure and qualifying aquaculture and horticulture equipment;
- (yyy) Sales of utilities used by a grain drying and storage facility;
- (zzz) Dental appliances sold by or to dentists or certain other professionals;
- (aaaa) Machinery, new and used equipment, and related attachments that are sold to or used by a person engaged primarily in the harvesting of timber;
- (bbbb) Sales of tangible personal property at a concession stand operated by a nonprofit youth organization;
- (cccc) (i) Tangible personal property, specified digital products, or a digital code 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; (ii) services to a car wash operator; (iii) ancillary services by a car wash operator; and (iv) a car wash operator through an automatic car wash, car wash tunnel, or self-service bay;
- (dddd) Water that is used exclusively in the operation of a poultry farm;
- (eeee) Sale of a washer-extractor to a fire department or intergovernmental council of a county;
- (ffff) Coins or currency or bullion;
- (gggg) Tangible personal property, specified digital products, a digital code, or a service to the Disabled American Veterans Organization;
- (hhhh) (i) Data center equipment;
- (ii) Eligible data center costs;
- (iii) Services purchased for the purpose of and in conjunction with developing, acquiring, constructing, expanding, renovating, refurbishing, and operating a qualified data center; and
- (iv) Electricity used by a qualified data center;
- (iiii) Sale of a service providing for electronic transmission of a drug prescription directly to a pharmacy; and
- (jjjj) Sale of a new or used mortality composting device to a person engaged in the commercial production of livestock or poultry.

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 portion of the Taxes.

Local Use Tax. The use tax portion of the Taxes is levied on every person for the privilege of storing, using, distributing or consuming in the City any article of tangible personal property, specified digital products, a digital code, or a taxable service purchased for storage, use, distribution or consumption. The use tax portion of the Taxes applies to the use, distribution, storage or consumption of every article of tangible personal property except as hereinafter provided. The use tax portion of the Taxes does not apply to aircraft, aircraft equipment, and railroad parts, cars, and equipment, nor to tangible personal property owned or leased by aircraft, automotive or railroad companies brought into the City solely and exclusively for refurbishing, conversion, or modification within the City or storage for use outside or inside the City regardless of the length of time any such property is so stored in the City. The use tax portion of the Taxes is levied on the following described tangible personal property:

- (a) Tractors, trailers, semi-trailers, 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) Railroads (except fuel) consumed in the operation of railroad rolling stock;
- (c) 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) Airplanes and navigation instruments used directly in or becoming a part of flight aircraft engaged in transportations of persons or property in regular scheduled intrastate or interstate common carrier transportation;
- (e) Exchange equipment, lines, boards and all accessory devices used directly in and connected to the primary facility engaged in the transmission of messages;
- (f) Transmission and distribution pipelines and pumping or pressure control equipment used in connection therewith used directly in primary pipeline facility for the purpose of transporting and delivering natural gas;
- (g) Transmission and distribution lines, pumping machinery and controls used in connection therewith in 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;
- (i) Computer software;
- (j) Tangible personal property, specified digital products, a digital code, and services provided to a financial institution; and
- (k) Food and food ingredients.

Exemptions from Local Use Tax. Some of the property exempted from the use tax portion of the Taxes by the General Assembly of the State is as follows:

- (a) Property, the storage, use 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, a digital code, or services on which the tax under the Arkansas Gross Receipts Act of 1941 is levied;

- (c) Tangible personal property, specified digital products, a digital code, or services which is exempted from the sales tax 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 of articles of commerce at manufacturing or processing plants or facilities in the State, including facilities and plants for manufacturing feed, processing of poultry and/or 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 law 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, 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 or for storage for use outside or inside the State;
- (i) Vessels, barges, and towboats of at least 50 tons load displacement and parts and labor used in the repair and construction of them;
- (j) Sales of motor fuels 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;
- (k) Agricultural fertilizer, agricultural limestone, agricultural chemicals, including agricultural pesticides and herbicides used in commercial production of agricultural products, and vaccines, medications, and medicinal preparations, used in treating livestock and poultry being grown for commercial purposes and other ingredients used in the commercial production of yeast;
- (l) All new and used motor vehicles, trailers or semi-trailers that are purchased for a total consideration of less than \$4,000;
- (m) Any tangible personal property 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;
- (n) Durable medical equipment, mobility enhancing equipment, a prosthetic device, and prescriptive disposable medical supplies prescribed by a physician;
- (o) 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;
- (p) Electricity and natural gas used in the manufacturing of wall and floor tile by approved manufacturers;

(q) 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;

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

(s) Sales to Community Services Clearinghouse Inc. of Fort Smith;

(t) Prepaid telephone calling cards or prepaid authorization numbers and the recharge of such cards or numbers;

(u) Foodstuffs to nonprofit agencies;

(v) Tangible personal property, specified digital products, a digital code or services for a qualified museum;

(w) Certain new or used trucks to be engaged in interstate;

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

(y) Sales of tangible personal property or a service to a nonprofit blood donation organization;

(z) Sales of utilities used by a qualifying agricultural structure and qualifying aquaculture and horticulture equipment;

(aa) Sales of utilities used by grain drying and storage facilities;

(bb) Dental appliances sold by or to dentists or certain other professionals;

(cc) Coins or currency or bullion;

(dd) (i) Data center equipment;

(ii) Eligible data center costs;

(iii) Services purchased for the purpose of and in conjunction with developing, acquiring, constructing, expanding, renovating, refurbishing, and operating a qualified data center; and

(iv) Electricity used for a qualified data center; and

(ee) Sale of a new or used mortality composting device to a person engaged in the commercial production of livestock or poultry.

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

**EXHIBIT B**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**



# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

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

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By \_\_\_\_\_  
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)