

OFFICIAL STATEMENT

NEW ISSUE BOOK-ENTRY ONLY

*RATINGS: (BAM Insured) S&P “AA” (stable outlook)
Underlying: S&P “A” (stable outlook)

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2022 Bonds (including any original issue discount properly allocable to the owner of a Series 2022 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is of the opinion that the Series 2022 Bonds and the interest thereon are exempt from all state, county and municipal taxes in the State of Arkansas. For a more complete description, see the caption “TAX MATTERS” herein.

\$38,785,000
CITY OF CONWAY, ARKANSAS
RESTAURANT GROSS RECEIPTS TAX
CAPITAL IMPROVEMENT AND REFUNDING BONDS
SERIES 2022

Dated: Date of Delivery

Due: June 1, as shown on inside front cover

The Restaurant Gross Receipts Tax Capital Improvement and Refunding Bonds, Series 2022 (the “Series 2022 Bonds”), are being issued by the City of Conway, Arkansas (the “City”) for the purpose of (i) refunding the City’s outstanding Restaurant Gross Receipts Tax Refunding Bonds, Series 2017 (the “Series 2017 Bonds”), (ii) acquiring, constructing and equipping a community center and soccer fields, (ii) paying the premiums for the Insurance Policy (defined herein) and the Reserve Policy (defined herein), and (iv) paying certain expenses in connection with the issuance of the Series 2022 Bonds. See the captions “SOURCES AND USES OF FUNDS,” “THE PROJECTS” and “PLAN OF REFUNDING” herein.

The Series 2022 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal, premium, if any, and interest payments on the Series 2022 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2022 Bonds. Individual purchases of the Series 2022 Bonds will be made only in book-entry form, in denominations of \$5,000 or integral multiples thereof. Individual purchasers (“Beneficial Owners”) of Series 2022 Bonds will not receive physical delivery of bond certificates. See the caption “BOOK-ENTRY ONLY SYSTEM” herein.

The Series 2022 Bonds shall bear interest from their dated date, payable on June 1 and December 1 of each year, commencing December 1, 2022. All such interest payments shall be payable to the persons in whose name such Series 2022 Bonds are registered on the bond registration books maintained by Bank OZK, Little Rock, Arkansas, as trustee (the “Trustee”), as of the fifteenth day of the calendar month preceding the calendar month in which the applicable interest payment date falls. Principal of and premium, if any, on the Series 2022 Bonds shall be payable at the principal corporate trust office of the Trustee. So long as DTC or its nominee is the registered owner of the Series 2022 Bonds, disbursement of such payments to DTC Participants is the responsibility of DTC, and the disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants or Indirect Participants, as more fully described herein.

Pursuant to a Trust Indenture dated as of the date of delivery of the Series 2022 Bonds (the “Indenture”), between the City and the Trustee, the payment of the principal of, premium, if any, and interest on the Series 2022 Bonds is secured by a pledge of (i) 75% of the receipts from a one percent (1.00%) tax levied upon the gross receipts from the sale of prepared food and beverages within the City, and (ii) 100% of the receipts from an additional one percent (1.00%) tax levied upon the gross receipts from the sale of prepared food and beverages within the City (collectively, the “Tax Receipts”). See the caption “SECURITY FOR THE BONDS” herein. The Series 2022 Bonds are subject to optional and mandatory redemption prior to maturity as more fully described herein under the caption “THE SERIES 2022 BONDS - Redemption.”

The scheduled payment of principal of and interest on the Series 2022 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2022 Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.



The Series 2022 Bonds are special obligations of the City secured by and payable solely from the Tax Receipts. The Series 2022 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Series 2022 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2022 Bonds, except as described herein with respect to the Tax Receipts.

The Series 2022 Bonds are offered when, as and if issued by the City and are subject to the final approving opinion of Kutak Rock LLP, Little Rock, Arkansas, Bond Counsel. Certain matters will be passed upon for the City by its counsel, Charles Finkenbinder, Esq., City Attorney. It is expected that the Series 2022 Bonds will be available for delivery in New York, New York, on or about May 17, 2022.

Crews & Associates

Stephens Inc.

The date of this Official Statement is April 12, 2022.

* See the caption “RATINGS” herein.

MATURITY SCHEDULE

Maturity (June 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP**
2023	\$645,000	4.000%	2.040%	102.003%	212594 BD6
2024	735,000	4.000%	2.310%	103.346%	212594 BE4
2025	760,000	4.000%	2.480%	104.422%	212594 BF1
2026	795,000	4.000%	2.580%	105.412%	212594 BG9
2027	825,000	4.000%	2.680%	106.182%	212594 BH7
2028	855,000	4.000%	2.780%	106.738%	212594 BJ3
2029	890,000	4.000%	2.900%	106.957%	212594 BK0
2030	925,000	4.000%	2.920%	106.825%*	212594 BL8

\$1,955,000 3.000% Term Bonds due June 1, 2032 - Yield: 3.150% Price: 98.716% CUSIP: 212594 BM6**

\$5,530,000 4.000% Term Bonds due June 1, 2037 - Yield: 3.400% Price: 103.726%* CUSIP: 212594 BN4**

\$6,725,000 4.000% Term Bonds due June 1, 2042 - Yield: 3.510% Price: 103.031%* CUSIP: 212594 BP9**

\$18,145,000 4.000% Term Bonds due June 1, 2052 - Yield: 4.000% Price: 100.000% CUSIP: 212594 BQ7**

* Priced to the first optional redemption date of June 1, 2029.

** CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the registered owners of the Series 2022 Bonds. The City and the Underwriters are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness by the City on the Series 2022 Bonds and by the Underwriters on the Series 2022 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2022 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2022 Bonds.

CITY OF CONWAY, ARKANSAS

Issuer

City Council

Bart Castleberry, Mayor

David Grimes

Andrew Hawkins

Sheila Isby

Theodore Jones, Jr.

Mark Ledbetter

Shelley Mehl

Mary Smith

Anne Tucker

Tyler Winningham, Finance Officer

Michael O. Garrett, City Clerk

Charles Finkenbinder, City Attorney

Advertising and Promotion Commission

Travis Mulhearn, Chairman

Esther McClellan, Vice Chairman

Mike Coats

Jeremy Gardner

Danny Patel

Andrew Hawkins

Sheila Isby

BANK OZK

Little Rock, Arkansas

Trustee and Paying Agent

KUTAK ROCK LLP

Little Rock, Arkansas

Bond Counsel

CREWS & ASSOCIATES, INC.

Little Rock, Arkansas

STEPHENS INC.

Little Rock, Arkansas

Underwriters

No dealer, broker, salesman or other person has been authorized by the City or by Crews & Associates, Inc. or Stephens Inc. (collectively, the “Underwriters”) to give any information or to make any representations, other than those contained herein; and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of any Series 2022 Bonds in any jurisdiction in which such offer is not authorized, or in which the person making such offer, solicitation or sale is not qualified to do so, or to any person to whom it is unlawful to make such offer, solicitation or sale. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Series 2022 Bonds or the advisability of investing in the Series 2022 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and Appendix B – Specimen Municipal Bond Insurance Policy.

THE SERIES 2022 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE TRUST INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS FROM SUCH REGISTRATION AND QUALIFICATION CONTAINED IN SUCH LAWS.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

\$38,785,000
CITY OF CONWAY, ARKANSAS
RESTAURANT GROSS RECEIPTS TAX
CAPITAL IMPROVEMENT AND REFUNDING BONDS
SERIES 2022

INTRODUCTORY STATEMENT

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

This Official Statement, including the cover page and the Appendices hereto, is furnished in connection with the offering by the City of Conway, Arkansas (the “City”) of its Restaurant Gross Receipts Tax Capital Improvement and Refunding Bonds, Series 2022, in the principal amount of \$38,785,000 (the “Series 2022 Bonds”).

The City is a city of the first class organized and existing under the laws of the State of Arkansas (the “State”). The City is authorized under the laws of the State, including particularly, the Advertising and Promotion Commission Act, Arkansas Code Annotated (2020 Repl.) §§26-75-601 *et seq.* (as from time to time amended, the “A&P Act”), and the Local Government Bond Act of 1985, Arkansas Code Annotated (1998 Repl. & 2021 Supp.) §§14-164-301 *et seq.* (as from time to time amended, the “Local Government Bond Act”), to issue and sell its bonds for the purpose of financing and refinancing the costs of acquiring, constructing and equipping parks and recreation improvements.

Pursuant to the authority of the A&P Act and the Local Government Bond Act, and after approval of the voters of the City at an election held June 12, 2007, the City has previously issued its Restaurant Gross Receipts Tax Capital Improvement Bonds, Series 2007 (the “Series 2007 Bonds”), which Series 2007 Bonds were subsequently refunded by the City’s Restaurant Gross Receipts Tax Refunding Bonds, Series 2017 (the “Series 2017 Bonds”), of which \$6,730,000 in principal amount are presently outstanding.

The Series 2022 Bonds are to be issued by the City pursuant to the A&P Act, the Local Government Bond Act and Ordinance No. O-22-36, adopted and approved on April 12, 2022 (the “Authorizing Ordinance”), for the purpose of (i) refunding the outstanding Series 2017 Bonds, (ii) acquiring, constructing and equipping a community center and soccer fields, (iii) paying the premiums for the Insurance Policy (hereinafter defined) and the Reserve Policy (hereinafter defined), and (iv) paying certain expenses in connection with the issuance of the Series 2022 Bonds. See the captions “SOURCES AND USES OF FUNDS,” “THE PROJECTS” and “PLAN OF REFUNDING” herein.

The Series 2022 Bonds are not general obligations of the City, but are special obligations payable solely from and secured by a pledge (i) 75% of the receipts from a one percent (1.00%) tax levied upon the gross receipts from the sale of prepared food and beverages within the City pursuant to the A&P Act and Ordinance No. O-05-97 adopted on August 16, 2005 (“A&P Tax No. 1”), and (ii) 100% of the receipts from a one percent (1.00%) tax levied upon the gross receipts from the sale of prepared food and beverages within the City pursuant to the A&P Act and Ordinance No. O-05-98 adopted on August 16, 2005 (“A&P Tax No. 2”) (collectively, the “Tax Receipts”). See the captions “SECURITY FOR THE BONDS” and “HISTORICAL TAX RECEIPTS.”

The faith and credit of the City are not pledged to the payment of the Series 2022 Bonds, and the Series 2022 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Series 2022 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2022 Bonds, except as described herein with respect to the Tax Receipts.

The scheduled payment of the principal of and interest on the Series 2022 Bonds when due will be guaranteed under a municipal bond insurance policy (the “Insurance Policy”) to be issued by Build America Mutual Assurance Company (the “Insurer” or “BAM”) simultaneously with the delivery of the Series 2022 Bonds. A specimen municipal bond insurance policy is attached hereto as Appendix B. It is expected that S&P Global Ratings,

a business unit of Standard & Poor's Financial Services, LLC ("S&P") will assign a rating of "AA/Stable" to the Series 2022 Bonds based upon the issuance of the Insurance Policy by the Insurer at the time of delivery of the Series 2022 Bonds. However, there is no assurance that such rating will be received. See the captions "BOND INSURANCE" and "RATINGS" herein.

Additional Bonds may be issued on a parity of security with the Series 2022 Bonds under certain circumstances set forth in the Indenture (hereinafter defined). The Series 2022 Bonds and any such Additional Bonds are herein collectively referred to as the "Bonds." See the caption "THE SERIES 2022 BONDS - *Additional Bonds*" and " - *Superior Obligations Prohibited*" herein.

The Series 2022 Bonds are subject to redemption prior to maturity as provided under the caption "THE SERIES 2022 Bonds - *Redemption*" herein.

Pursuant to the provisions of a Continuing Disclosure Agreement dated as of the date of delivery of the Series 2022 Bonds, by and between the City and the Trustee (the "Continuing Disclosure Agreement"), the City has undertaken certain obligations with respect to providing ongoing disclosure of certain financial and operating data concerning the City and the Tax Receipts and of the occurrence of certain material events. See the caption "SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT" herein.

This Official Statement contains brief descriptions or summaries of, among other matters, the City, the Series 2022 Bonds, the Tax Receipts, the Continuing Disclosure Agreement and the Trust Indenture dated as of the date of delivery of the Series 2022 Bonds (the "Indenture"), by and between the City and Bank OZK, Little Rock, Arkansas, as trustee and paying agent (the "Trustee"), pursuant to which the Series 2022 Bonds are issued and secured. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture and the Continuing Disclosure Agreement are qualified in their entirety by reference to each such document, and all references to the Series 2022 Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto included in the Indenture. Copies of the Continuing Disclosure Agreement, the Indenture, and the form of Series 2022 Bond included therein, are available from the City by writing to the attention of the Conway City Clerk, City Hall, 1111 Main Street, Conway, Arkansas 72032 and, during the initial offering period only, from the representative of the Underwriters, Crews & Associates, Inc., 521 President Clinton Avenue, Suite 800, Little Rock, Arkansas 72201. Certain data regarding the Tax Receipts has been provided by the City from the audited records of the City and certain demographic information has been obtained from other sources which are believed to be reliable.

THE SERIES 2022 BONDS

Description. The Series 2022 Bonds will be initially dated as of their date of delivery, and will bear interest payable semiannually on June 1 and December 1 of each year, commencing December 1, 2022, at the rates set forth on the inside cover page hereof. The Bonds will mature on June 1 in the years and in the principal amounts set forth on the inside cover page hereof.

The Series 2022 Bonds are issuable only in the form of fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal, premium, if any, and interest payments on the Series 2022 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2022 Bonds. Individual purchases of the Series 2022 Bonds will be made only in book-entry form, in denominations of \$5,000 or integral multiples thereof. Individual purchasers ("Beneficial Owners") of Series 2022 Bonds will not receive physical delivery of bond certificates. See the caption "BOOK-ENTRY ONLY SYSTEM" herein.

All interest payments on the Series 2022 Bonds shall be payable to the persons in whose name such Series 2022 Bonds are registered on the bond registration books maintained by the Trustee, as of the fifteenth day of the calendar month preceding the calendar month in which the applicable interest payment date falls. Principal of and premium, if any, on the Series 2022 Bonds shall be payable at the principal corporate trust office of the Trustee. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2022 Bonds to the extent of the sum or sums so paid. So long as DTC or its nominee is the registered owner of the Series 2022 Bonds, disbursement of such payments to DTC Participants is the responsibility of DTC, and the disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants or Indirect Participants, as more fully described herein.

Redemption. (a) The Series 2022 Bonds are subject to redemption prior to maturity, at the option of the City, in whole or in part at any time on and after June 1, 2029, in such maturities as shall be selected by the City,

from funds from any source, at a redemption price equal to 100% of the principal amount being redeemed, plus accrued interest to the date of redemption.

(b) The Series 2022 Bonds shall be redeemed prior to maturity, in whole or in part, on any Interest Payment Date, in inverse order of maturity and by lot in such manner as the Trustee shall determine within a maturity, at a redemption price equal to 100% of the principal amount being redeemed, plus accrued interest to the date of redemption, from Project Fund moneys in excess of the amount needed to complete the Projects or portion thereof being financed with the proceeds the Series 2022 Bonds.

(c) The Series 2022 Bonds maturing on June 1, 2032 are subject to mandatory sinking fund redemption prior to maturity in part, on June 1 in the years and principal amounts set forth below at a redemption price equal to 100% of the principal amount being redeemed plus accrued interest to the date of redemption.

Year	Principal Amount
2031	\$ 965,000
2032 (maturity)	\$ 990,000

(d) The Series 2022 Bonds maturing on June 1, 2037 are subject to mandatory sinking fund redemption prior to maturity in part, on June 1 in the years and principal amounts set forth below at a redemption price equal to 100% of the principal amount being redeemed plus accrued interest to the date of redemption.

Year	Principal Amount
2033	\$1,020,000
2034	\$1,060,000
2035	\$1,105,000
2036	\$1,150,000
2037 (maturity)	\$1,195,000

(e) The Series 2022 Bonds maturing on June 1, 2042 are subject to mandatory sinking fund redemption prior to maturity in part, on June 1 in the years and principal amounts set forth below at a redemption price equal to 100% of the principal amount being redeemed plus accrued interest to the date of redemption.

Year	Principal Amount
2038	\$1,240,000
2039	\$1,290,000
2040	\$1,345,000
2041	\$1,395,000
2042 (maturity)	\$1,455,000

(f) The Series 2022 Bonds maturing on June 1, 2052 are subject to mandatory sinking fund redemption prior to maturity in part, on June 1 in the years and principal amounts set forth below at a redemption price equal to 100% of the principal amount being redeemed plus accrued interest to the date of redemption.

Year	Principal Amount
2043	\$1,510,000
2044	\$1,570,000
2045	\$1,635,000
2046	\$1,700,000
2047	\$1,770,000
2048	\$1,840,000
2049	\$1,910,000
2050	\$1,990,000
2051	\$2,070,000
2052 (maturity)	\$2,150,000

At its option, to be exercised on or before the 45th day next preceding any mandatory sinking fund redemption date for any Series 2022 Bonds maturing June 1, 2032, 2037, 2042 or 2052 (the “Term Bonds”), the City may deliver to the Trustee for cancellation Term Bonds, or portions thereof (\$5,000 or any integral multiple thereof), in any aggregate principal amount desired. Each such Term Bond, or portion thereof, so delivered or previously redeemed (otherwise than through mandatory sinking fund redemption) and cancelled by the Trustee shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the City with respect to each such Term Bond on such mandatory sinking fund redemption date, and any excess over such amount shall be credited on future

mandatory sinking fund redemption obligations with respect to such Term Bond in chronological order, and the principal amount of the corresponding Term Bonds so to be redeemed shall be accordingly reduced.

Partial Redemption of a Series 2022 Bond. If less than all of the Series 2022 Bonds of a maturity are called for redemption, the particular Series 2022 Bonds or portions of Series 2022 Bonds to be redeemed shall be selected by lot in such manner as the Trustee in its discretion may deem fair and appropriate. So long as DTC or its nominee is the sole registered owner of the Series 2022 Bonds, the procedures established by DTC shall control with respect to the selection of the particular Series 2022 Bonds to be redeemed.

Notice of Redemption. Notice of the call for any redemption, identifying the Series 2022 Bonds or portions thereof being called and the date on which they shall be presented for payment, shall be mailed by the Trustee by first class mail (or, so long as DTC or its nominee is the sole registered owner of the Series 2022 Bonds, by any other means acceptable to DTC, including facsimile) to the registered owner of each such Series 2022 Bond addressed to such registered owner at his registered address and placed in the mails not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2022 Bond with respect to which no such failure or defect has occurred. Any notice mailed as provided above shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

Additional Bonds. The City may issue from time to time one or more series of Additional Bonds for the purpose of (i) financing Project Costs in connection with the acquisition, construction and/or equipping of an Additional Project, (ii) refunding the Series 2022 Bonds or any series of Additional Bonds, in whole or in part, or (iii) any combination thereof. Additional Bonds to finance Project Costs are subject to approval by the voters of the City. Additional Bonds shall be secured equally and ratably with the Series 2022 Bonds and any other series of Additional Bonds theretofore issued and then Outstanding, except insofar as any terms or conditions of redemption or purchase established under the Indenture may afford additional benefit or security for the Bonds of any particular series, and except that Accounts within the Debt Service Reserve Fund shall secure only the corresponding series of Bonds. Furthermore, the security afforded by any municipal bond insurance obtained with respect to a particular series of Bonds shall secure only such series of Bonds. Before any Additional Bonds are authenticated, there shall be delivered to the Trustee the items required for the issuance of Bonds by the Indenture, plus a Certificate of the Finance Director of the City certifying that, based upon necessary investigation, the Tax Receipts deposited into the Revenue Fund during the most recent twelve (12) months were not less than (i) 150% of the maximum Annual Debt Service on all then Outstanding Bonds, plus the Additional Bonds then proposed to be issued, and (ii) the amount, if any, needed to make required deposits to the Debt Service Reserve Fund. No Additional Bonds shall be issued unless there is no default at the time of issuance under the Indenture.

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

Transfer or Exchange. The Series 2022 Bonds may be transferred on the books of registration kept by the Trustee by the registered owner in person or by the owner's duly authorized attorney, upon surrender thereof, together with a written instrument of transfer duly executed by the registered owner or the owner's duly authorized attorney. Upon surrender for transfer of any Series 2022 Bond at the principal corporate office of the Trustee, the City shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of the same aggregate principal amount and of any authorized denomination or denominations.

Transfers of registration or exchanges of Series 2022 Bonds shall be without charge to the Holders of such Series 2022 Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Series 2022 Bond requesting such transfer or exchange as a condition precedent to the exercise of such privilege.

The Trustee shall not be required to transfer or exchange any Series 2022 Bond during the period from and including a Record Date to the next succeeding interest payment date of such Series 2022 Bond nor to transfer or exchange any Series 2022 Bond after the mailing of notice calling such Series 2022 Bond for redemption has been made, and prior to such redemption.

So long as DTC or its nominee is the sole registered owner of the Series 2022 Bonds, transfers of beneficial interests in the Series 2022 Bonds shall be in accordance with the rules and procedures of DTC and its direct and indirect participants. See the caption "BOOK-ENTRY ONLY SYSTEM" herein.

SECURITY FOR THE BONDS

Tax Receipts. The Bonds, including the Series 2022 Bonds, are special obligations of the City secured by and payable solely from (i) 75% of the receipts from a one percent (1.00%) tax levied within the City pursuant to the A&P Act and Ordinance No. O-05-97 adopted on August 16, 2005 ("A&P Tax No. 1"), and (ii) 100% of the receipts from a one percent (1.00%) tax levied within the City pursuant to the A&P Act and Ordinance No. O-05-98 adopted on August 16, 2005 ("A&P Tax No. 2") (collectively, the "Tax Receipts"). A&P Tax No. 1 and A&P Tax No. 2 are each levied upon the gross receipts received by restaurants, cafes, cafeterias, delicatessens, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, grocery store-restaurants and similar businesses from the sale of prepared food and beverages for on-premises and off-premises consumption. Pursuant to the A&P Act and the Local Government Bond Act, the Tax Receipts have been pledged to secure the payment of Debt Service on the Bonds pursuant to Ordinance No. O-22-36, duly adopted by the City Council of the City on April 12, 2022 (the "Authorizing Ordinance"). The Advertising and Promotion Commission of the City (the "Commission") has approved such pledge, as required by statute. The collection of A&P Tax No. 1 and A&P Tax No. 2 each commenced on November 1, 2005. See the caption "HISTORICAL TAX RECEIPTS" herein.

The City has covenanted in the Indenture that, for so long as there are Outstanding Bonds, neither A&P Tax No. 1 nor A&P Tax No. 2 will be repealed and the current tax rate of 1.00% with respect to each will not be reduced. In addition, the City has covenanted that all necessary action will be taken, from time to time, to collect A&P Tax No. 1 and A&P Tax No. 2 in the full amount due and to apply the Tax Receipts in the manner provided in the Indenture.

The Indenture provides that, on or before the 15th day of each month, the portion of the Tax Receipts derived from A&P Tax No. 2 shall first be applied to satisfy the City's obligations with respect to Debt Service on the Bonds, Debt Service Reserve Fund deficiencies, required Rebate Fund deposits and Trustee and Paying Agent fees and expenses. To the extent said receipts are insufficient to satisfy all such obligations, the portion of the Tax Receipts derived from A&P Tax No. 1 will then be utilized for such purposes. Following satisfaction of the City's aforementioned monthly obligations, the Indenture provides that remaining Tax Receipts may be used for any lawful purpose permitted by the A&P Act and as determined by the Commission. Additional Bonds of the City may be issued and secured by the Tax Receipts on a parity basis with the pledge thereof securing the Series 2022 Bonds on the terms and subject to the conditions set forth in the Indenture. See the caption "THE SERIES 2022 BONDS – *Additional Bonds*" herein.

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

Debt Service Reserve. From the proceeds of sale of each series of the Bonds, there shall be deposited into the appropriate Account within the Debt Service Reserve Fund an amount sufficient to cause the amounts on deposit therein to be equal to the Reserve Requirement established with respect to such series of Bonds in the Indenture or in a Supplemental Indenture.

The Series 2022 Account of the Debt Service Reserve Fund will be funded with a municipal bond debt service reserve insurance policy (the "Reserve Policy") issued by the Insurer. The face amount of the Reserve Policy will be an amount equal to 50% of the maximum Annual Debt Service on the Series 2022 Bonds in any Bond Year thereafter (the "Reserve Requirement"). For all purposes of the Indenture, the Reserve Requirement with respect to the Series 2022 Bonds may be satisfied by the deposit of cash or by the deposit of the Reserve Policy or any combination thereof.

Amounts on deposit in Accounts within the Debt Service Reserve Fund shall be used solely to pay the principal of and interest on the related series of Bonds as due for which there are no available funds in the Bond Fund to make such payments.

If the amount in the an Account of the Debt Service Reserve Fund is ever reduced below the Reserve Requirement, it shall be reimbursed to an amount equal to the applicable Reserve Requirement through monthly payments, beginning not later than the fifteenth day of the month in which the Account of the Debt Service Reserve Fund was reduced below the applicable Reserve Requirement, and continuing not later than the fifteenth day of each month thereafter until such reimbursement shall have been accomplished, from any funds in the Revenue Fund (after making the required deposits into the Bond Fund, as provided in the Indenture). If a surplus shall exist in an Account of the Debt Service Reserve Fund over and above the applicable Reserve Requirement, such surplus shall be deposited into the Bond Fund.

COVID-19 and Other Emergency Events. Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the operations and effectiveness of entities such as the City.

One such external event is the global outbreak of COVID-19, a respiratory disease declared in 2019 to be a Pandemic (the “Pandemic”) by the World Health Organization and an emergency by federal and state governments. Since the start of the Pandemic, Presidential administrations, Congress, the State and various federal and State agencies and regulatory bodies have enacted legislation and/or issued orders or directives (collectively, “Governmental Actions”) to alleviate the effects of the Pandemic. Some of such Governmental Actions have been extended and/or modified, and others have expired or been enjoined. While it is generally expected that new legislation may be enacted, new orders may be issued, and existing and new orders may be extended, modified, litigated or allowed to expire, no guarantee can be made with regards to the duration and/or effectiveness of any such Governmental Actions.

The Governmental Actions, and other future federal, State and local measures, may have both adverse and positive effects on the operations and financial condition of the City. In addition, unemployment in the City and its region, business closures and/or restrictions, and stock market fluctuations may have adverse effects as well. The City continues to assess the economic and social effects of the Pandemic and its impact on its operations and financial condition. At present, the City has not experienced materially adverse financial impacts from the Pandemic. However, the City cannot predict (i) the duration or extent of the Pandemic or any other outbreak emergency or (ii) whether and to what extent the Pandemic or other outbreak or emergency could disrupt the local or global economy, manufacturing or supply chain, or whether any such disruption could adversely impact the operations and financial condition of the City or collection of the Tax Receipts.

BOND INSURANCE

Bond Insurance Policy. Concurrently with the issuance of the Series 2022 Bonds, Build America Mutual Assurance Company (“BAM” or the “Insurer”) will issue its Municipal Bond Insurance Policy for the Series 2022 Bonds (the “Insurance Policy”). The Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2022 Bonds when due as set forth in the form of the Insurance Policy included as Appendix B to this Official Statement.

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

Build America Mutual Assurance Company. BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

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

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

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be

obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2022 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2022 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2022 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Insurance Policy), and BAM does not guarantee the market price or liquidity of the Series 2022 Bonds, nor does it guarantee that the rating on the Series 2022 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$481.5 million, \$183.4 million and \$298.1 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

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

BAM makes no representation regarding the Series 2022 Bonds or the advisability of investing in the Series 2022 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

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

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2022 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2022 Bonds, whether at the initial offering or otherwise.

HISTORICAL TAX RECEIPTS

The levy of A&P Tax No. 1 and A&P Tax No. 2 each commenced on November 1, 2005. Set forth below is a table showing historical Tax Receipts for the most recent ten Fiscal Years.

Year	Historical Tax Receipts ⁽¹⁾
2012	\$2,642,050
2013	\$2,700,000
2014	\$2,867,832
2015	\$3,059,649
2016	\$3,119,289
2017	\$3,215,901
2018	\$3,461,056
2019	\$3,607,582
2020	\$3,328,806
2021	\$4,182,687

(1) 75% of the gross receipts of A&P Tax No. 1 and 100% of the gross receipts of A&P Tax No. 2.

BOOK-ENTRY ONLY SYSTEM

The Series 2022 Bonds will be issued only as one fully registered Series 2022 Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), as registered owner of all the Series 2022 Bonds. The fully registered Series 2022 Bonds will be retained and immobilized in the custody of DTC.

DTC (or any successor securities depository) or its nominee for all purposes under the Indenture will be considered by the City and the Trustee to be the owner or holder of the Series 2022 Bonds.

Owners of any book entry interests in the Series 2022 Bonds (the “book entry interest owners”) described below, will not receive or have the right to receive physical delivery of the Series 2022 Bonds, and will not be considered by the City and the Trustee to be, and will not have any rights as, owners or holders of the Series 2022 Bonds under the bond proceedings and the Indenture except to the extent, if any, expressly provided thereunder.

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

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides custody and asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 120 countries and territories) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges among Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, the National Securities Clearing Corporation and the Fixed Income Clearing Corporation, all of which are registered 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 companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings’ rating of “AA+.” The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2022 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but

Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2022 Bonds, except in the event that use of the Book-Entry System for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 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 2022 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Bonds, DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Series 2022 Bonds within a maturity are to be redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2022 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy will assign Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2022 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payment of debt service and redemption proceeds with respect to the Series 2022 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and debt service to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

BENEFICIAL OWNERS SHOULD CONSULT WITH THE DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS FROM WHOM THEY PURCHASE A BOOK ENTRY INTEREST TO OBTAIN INFORMATION CONCERNING THE SYSTEM MAINTAINED BY SUCH DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS TO RECORD SUCH INTERESTS, TO MAKE PAYMENTS, TO FORWARD NOTICES OF REDEMPTION AND OF OTHER INFORMATION.

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

The Trustee and the City, so long as a book entry method of recording and transferring interest in the Series 2022 Bonds is used, will send any notice of redemption or of any Indenture amendment or supplement or other notices to Bondholders under the Indenture only to DTC (or any successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participants, or of any Direct Participants or Indirect Participants to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series 2022 Bonds called for redemption, the Indenture amendment or supplement, or any other action premised on notice given under the Indenture.

The City and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Series 2022 Bonds made to DTC or its nominee as the registered owner of the Series 2022 Bonds, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as securities depository with respect to the Series 2022 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

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

THE PROJECTS

\$27,083,788.96 of the proceeds of the Series 2022 Bonds will be deposited into the Community Center Account of the Project Fund to provide for the acquisition, construction and equipping of a community center within the City, including the acquisition of an existing building of approximately 124,000 square feet located on approximately 14 acres of land owned by the City, the renovation, rehabilitation and equipping thereof, and the acquisition, construction and equipping of structures and related facilities adjacent thereto (the “Community Center Project”). Components of the Community Center Project are expected to include aquatic features such as indoor and/or outdoor pools, lazy river, tot pool, zero-entry area, play features, vortex, climbing wall, bubble bench, waterslides, tanning edge and concession area, as well as volleyball and pickleball courts, an indoor track, party rooms, multi-purpose rooms and the City’s Parks and Recreation offices, and any necessary utility, landscaping, road and parking improvements related thereto.

\$5,451,348.66 of the proceeds of the Series 2022 Bonds will be deposited into the Soccer Fields Account of the Project Fund to provide for the acquisition, construction and equipping of additional soccer fields on approximately 57 acres of land leased by the City off Museum Road within the City (the “Soccer Fields Project”), which may also include related structures and amenities and any necessary utility, landscaping, road and parking improvements related thereto.

REFUNDING PROGRAM

A portion of the proceeds of the Series 2022 Bonds and other available moneys will be used to accomplish a current refunding of \$6,730,000 outstanding principal amount of the City’s Restaurant Gross Receipts Tax Refunding Bonds, Series 2017, dated as of November 22, 2017 (the “Series 2017 Bonds”). The Series 2017 Bonds were issued to refund prior bonds originally issued to finance the costs of various parks and trail improvements within the City.

Upon delivery of the Series 2022 Bonds, certain proceeds thereof will be deposited with Bank OZK, Little Rock, Arkansas, as trustee for the Series 2017 Bonds, and will be utilized to redeem the entire outstanding principal amount of the Series 2017 Bonds. Said proceeds of the Series 2022 Bonds to be deposited with the Trustee will be held as cash in trust for the owners of the Series 2017 Bonds and will be utilized to redeem the Series 2017 Bonds in full, with interest thereon, on May 17, 2022. After such deposit with the Trustee, the Series 2017 Bonds will no longer be deemed to be outstanding and will be secured solely by the amounts held by the Trustee. See the caption “SOURCES AND USES OF FUNDS” herein.

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SOURCES AND USES OF FUNDS

The proceeds of the Series 2022 Bonds and other available funds are expected to be used as follows:

Sources of Funds

Par Amount of Series 2022 Bonds	\$38,785,000.00
Series 2017 Bond Fund	613,014.78
Net Reoffering Premium	<u>732,585.35</u>
Total Sources:	<u>\$40,130,600.13</u>

Uses of Funds

Redemption of Series 2017 Bonds	\$ 6,796,143.51
Deposit to Community Center Account of Project Fund	27,083,788.96
Deposit to Soccer Fields Account of Project Fund	5,451,348.66
Bond Insurance and DSR Insurance Premiums	195,814.95
Costs of Issuance, including Underwriters' Discount	<u>603,504.05</u>
Total Uses:	<u>\$40,130,600.13</u>

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DEBT SERVICE REQUIREMENTS

As of the date of closing, the Series 2022 Bonds will constitute the only debt obligations secured by the Tax Receipts. The following table sets forth the amounts required to pay scheduled principal of and interest on the Series 2022 Bonds during each Bond Year ending June 1.

Bond Year	Series 2022 Principal ⁽¹⁾	Series 2022 Interest	Total Debt Service
2023	\$ 645,000.00	\$ 1,591,421.95	\$ 2,236,421.95
2024	735,000.00	1,506,050.00	2,241,050.00
2025	760,000.00	1,476,650.00	2,236,650.00
2026	795,000.00	1,446,250.00	2,241,250.00
2027	825,000.00	1,414,450.00	2,239,450.00
2028	855,000.00	1,381,450.00	2,236,450.00
2029	890,000.00	1,347,250.00	2,237,250.00
2030	925,000.00	1,311,650.00	2,236,650.00
2031	965,000.00	1,274,650.00	2,239,650.00
2032	990,000.00	1,245,700.00	2,235,700.00
2033	1,020,000.00	1,216,000.00	2,236,000.00
2034	1,060,000.00	1,175,200.00	2,235,200.00
2035	1,105,000.00	1,132,800.00	2,237,800.00
2036	1,150,000.00	1,088,600.00	2,238,600.00
2037	1,195,000.00	1,042,600.00	2,237,600.00
2038	1,240,000.00	994,800.00	2,234,800.00
2039	1,290,000.00	945,200.00	2,235,200.00
2040	1,345,000.00	893,600.00	2,238,600.00
2041	1,395,000.00	839,800.00	2,234,800.00
2042	1,455,000.00	784,000.00	2,239,000.00
2043	1,510,000.00	725,800.00	2,235,800.00
2044	1,570,000.00	665,400.00	2,235,400.00
2045	1,635,000.00	602,600.00	2,237,600.00
2046	1,700,000.00	537,200.00	2,237,200.00
2047	1,770,000.00	469,200.00	2,239,200.00
2048	1,840,000.00	398,400.00	2,238,400.00
2049	1,910,000.00	324,800.00	2,234,800.00
2050	1,990,000.00	248,400.00	2,238,400.00
2051	2,070,000.00	168,800.00	2,238,800.00
2052	<u>2,150,000.00</u>	<u>86,000.00</u>	<u>2,236,000.00</u>
Totals:	<u>\$38,785,000.00</u>	<u>\$28,334,721.95</u>	<u>\$67,119,721.95</u>

⁽¹⁾ Including mandatory sinking fund redemptions.

ESTIMATED DEBT SERVICE COVERAGE

The following table shows estimated maximum annual debt service coverage with respect to the Series 2022 Bonds utilizing Tax Receipts for the twelve months ended December 31, 2021.

Historical Tax Receipts ⁽¹⁾	\$4,182,687.00
Maximum Annual Debt Service on the Series 2022 Bonds ⁽²⁾	\$2,241,250.00
Maximum Annual Debt Service Coverage	<u>1.87X</u>

⁽¹⁾ Tax Receipts for the twelve-month period ended December 31, 2021.

⁽²⁾ Preliminary; subject to change. For the Bond Years ended June 1, 2026, as shown under the caption "DEBT SERVICE REQUIREMENTS" above.

THE COVERAGE NUMBERS SET FORTH ABOVE ARE BASED ON HISTORICAL TAX RECEIPTS. FUTURE TAX RECEIPTS WILL DEPEND ON NUMEROUS FACTORS, AND THERE CAN BE NO ASSURANCE THAT FUTURE TAX RECEIPTS AVAILABLE TO PAY DEBT SERVICE ON THE SERIES 2022 BONDS WILL APPROXIMATE SUCH HISTORICAL RESULTS.

THE CITY

General. The City is a city of the first class organized and existing under the laws of the State of Arkansas. The City is the seat of government of Faulkner County (the “County”) and is among the eight largest cities in the State. The City is located in the central portion of the State and is approximately 35 miles north of Little Rock, Arkansas, the State capitol.

The City is a regional trade and distribution center located on U.S. Interstate 40 and positioned at the intersection of U.S. Highways 64 and 65. A number of State highways serve the area. The City is also served by Cadron Port, a slack water harbor located on the Cadron Creek about one mile from the Arkansas River, and by the Union Pacific Railroad. The Conway Municipal Airport at Cantrell Field is located approximately 10 miles southwest of the City’s center. Opened in 2014, the airport features a 5,500-foot runway and is equipped for night service with beacon and runway lights. The Little Rock Regional Airport is located approximately 40 minutes from downtown Conway and provides major commercial airline service to points throughout the United States.

The University of Central Arkansas, a State university founded in 1907, which currently has an enrollment of approximately 10,100 students, Hendrix College, a private college founded in 1884, which currently has an enrollment of approximately 1,100 students, and Central Baptist College, founded in 1952, which currently has an enrollment of approximately 600 students, are all located in the City.

The City is served by (i) a 150-bed acute-care hospital, Conway Regional Medical Center, expanded and improved in 1990, 1992, 2000, 2012 and 2019, and (ii) Baptist Health Medical Center - Conway, a 264,000 square foot hospital featuring 111 beds, 8 operating rooms and a Level III trauma-center emergency room.

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

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

Name	Office	Term Expires
Bart Castleberry	Mayor	12/31/24
Charles Finkenbinder	City Attorney	12/31/22
Michael Garrett	City Clerk	12/31/24
David Grimes	Alderman	12/31/22
Andrew Hawkins	Alderman	12/31/24
Sheila Isby	Alderman	12/31/22
Theodore Jones, Jr.	Alderman	12/31/24
Mark Ledbetter	Alderman	12/31/24
Shelley Mehl	Alderman	12/31/22
Mary Smith	Alderman	12/31/22
Anne Tucker	Alderman	12/31/24

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

Year	City of Conway	Faulkner County	State of Arkansas
1960	9,791	24,303	1,786,272
1970	15,510	31,578	1,923,322
1980	20,375	46,192	2,286,435
1990	26,481	60,006	2,350,624
2000	43,167	86,014	2,673,400
2010	59,908	113,237	2,915,918
2020	64,134	123,498	3,011,524

Economic Data. Per capita personal income figures for the County and the State of Arkansas are as follows:

Year	Faulkner County	State of Arkansas
2010	\$31,671	\$32,017
2011	31,792	34,089
2012	32,692	36,423
2013	32,514	36,698
2014	33,445	37,751
2015	34,235	38,257
2016	35,159	39,345
2017	35,918	41,063
2018	36,068	42,566
2019	n/a	44,788
2020	n/a	47,235

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Unemployment figures for the County and the State of Arkansas, according to the Arkansas Department of Workforce Services, has averaged as follows:

Year	Faulkner County	State of Arkansas
2013	7.0%	7.5%
2014	5.7%	6.1%
2015	5.0%	5.3%
2016	3.8%	4.0%
2017	3.4%	3.4%
2018	3.9%	3.7%
2019	3.1%	3.7%
2020	5.4%	6.1%
2021*	2.0%	3.1%

* December 2021 only; preliminary, not seasonally adjusted.

Some of the major employers in the City, their products and services and average employment range are as follows:

Employer	Product or Service	Employee Range
Axiom LLC	Information Technology	1,000-2,499
University of Central Arkansas	Education	1,000-2,499
Conway Regional Medical Center	Healthcare	1,000-2,499
Conway Human Development Center	Institutional Care	1,000-2,499
Conway Public School District	Education	1,000-2,499
Gainwell Technologies	Information Technology	500-999
Walmart	Department Store	500-999
Virco Manufacturing Corp.	Institutional Furniture	500-999
Nabholz Companies	Construction	500-999
Snap-On Equipment	Diagnostic Equipment	500-999
City of Conway	Government	300-499
Hendrix College	Education	300-499
Tokusen, U.S.A., Inc.	Steel Tire Cord	300-499
Kroger	Grocery Store	300-499
WestRock Co.	Folding Cartons	300-499

Source: Conway Chamber of Commerce

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

Year	Real Property	Personal Property	Total
2012	\$728,382,645	\$232,876,600	\$961,259,245
2013	754,745,406	241,487,490	996,232,896
2014	770,031,399	246,188,760	1,016,220,159
2015	783,039,131	226,479,870	1,009,519,001
2016	805,741,505	228,091,050	1,033,832,555
2017	837,332,403	226,133,440	1,063,465,843
2018	873,438,756	222,900,220	1,096,338,976
2019	892,115,677	213,555,410	1,105,671,087
2020	892,603,526	226,689,130	1,119,292,656
2021	954,243,388	243,459,960	1,197,703,348

Source: Faulkner County Tax Assessor’s Office. The assessed value represents 20% of the appraised value of property.

Building permits issued by the City are shown below for the years indicated:

	2018	2019	2020	2021
Residential Building Permits	205	267	348	409
Commercial Building Permits	17	20	31	23
Value of All Building Permits	\$138,082,693	\$129,669,247	\$159,545,244	\$167,506,461

Source: City of Conway

THE COMMISSION

Pursuant to the authority of the A&P Act, the Advertising and Promotion Commission of the City of Conway, Arkansas (the “Commission”) was created by Ordinance No. O-00-01 of the City adopted on January 25, 2000. The Commission is responsible for the advertising and promotion of the City and its environs. The Commission is composed of four members appointed by the City Council, who are hotel, motel or restaurant owners or managers. The three remaining members are two aldermen on the City Council and one member from the public at large. The present members of the Commission are as follows:

Member	Term Expires
Travis Mulhearn, Chair	May 31, 2024
Esther McClellan, Vice Chair	May 31, 2022
Mike Coats	May 31, 2024
Jeremy Gardner	May 31, 2025
Danny Patel	May 31, 2023
Andrew Hawkins	Alderman, Ex Officio
Sheila Isby	Alderman, Ex Officio

DEFINITIONS OF CERTAIN TERMS

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

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

“Additional Bonds” means Bonds in addition to the Series 2022 Bonds which are issued under the provisions of Section 212 of the Indenture.

“Additional Project” means land, buildings, structures, machinery, furniture, fixtures, equipment and all related or necessary tangible property constituting the types of improvements which are permitted to be financed under the provisions of the A&P Act and the Local Government Bond Act.

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

“A&P Act” means the Advertising and Promotion Commission Act, Arkansas Code Annotated (2020 Repl.) §§ 26-75-601 *et seq.*, as from time to time amended.

“A&P Tax No. 1” means the one percent (1%) tax levied by the City pursuant to Ordinance No O-05-97 adopted on August 16, 2005, as amended, on the portion of gross receipts or gross proceeds received by restaurants, cafes, cafeterias, delicatessens, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, grocery store-restaurants and similar businesses within the City from the sale of prepared food and beverages for on-premises or off-premises consumption.

“A&P Tax No. 2” means the one percent (1%) tax levied by the City pursuant to Ordinance No O-05-98 adopted on August 16, 2005, as amended, on the portion of gross receipts or gross proceeds received by restaurants, cafes, cafeterias, delicatessens, drive-in restaurants, carry-out restaurants, concession stands, convenience stores, grocery store-restaurants and similar businesses within the City from the sale of prepared food and beverages for on-premises or off-premises consumption.

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

“Authorizing Ordinance” means Ordinance No. O-22-36, adopted by the City on April 12, 2022, which authorized the issuance of the Series 2022 Bonds pursuant to the Indenture.

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

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

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

“Bonds” means the Series 2022 Bonds and all Additional Bonds, if any, authenticated and delivered under the Indenture.

“Bond Year” means the 12-month period ending on June 1 of each year.

“Book-Entry System” means the book-entry system maintained by the Securities Depository and described in the Indenture.

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

“Certificate” means a document signed by an Authorized Representative of the City attesting to or acknowledging the circumstances or other matters therein stated.

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

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

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

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

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

“Community Center Project” means the community center facilities and improvements and related property to be financed with a portion of the proceeds of the Series 2022 Bonds.

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

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement between the City and the Dissemination Agent, dated the date of issuance and delivery of the Series 2022 Bonds, as originally executed and as amended from time to time in accordance with the terms thereof.

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

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

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

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

“Dissemination Agent” means the entity designated as dissemination agent in the Continuing Disclosure Agreement and its successor or successors as such Dissemination Agent.

“Election Ordinance” means Ordinance No. O-21-117, adopted by the City Council on November 23, 2021, which provided for the holding of an election on the issuance of the Series 2022 Bonds.

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

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

“Fund” means a fund established by the Indenture.

“Government Securities” means direct obligations of (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

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

“Indenture” means the Trust Indenture dated May 17, 2022, between the City and the Trustee, pursuant to which the Bonds are issued, and any amendments and supplements thereto.

“Insurance Policy” means the municipal bond insurance policy to be issued concurrently with the delivery of the Series 2022 Bonds by the Insurer. A specimen of the Insurance Policy is attached hereto as Appendix B.

“Insurer” or “BAM” means Build America Mutual Assurance Company, a New York domiciled mutual insurance corporation, or any successor thereto.

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

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

(a) Government Securities;

(b) bonds, debentures, notes or other evidence of indebtedness issued or generated by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

- (1) U.S. Export-Import Bank (Eximbank) – direct obligations or fully guaranteed certificates of beneficial ownership;
- (2) Farmers Home Administration (FmHA) – certificates of beneficial ownership;
- (3) Federal Financing Bank;
- (4) Federal Housing Administration Debentures (FHA);
- (5) General Services Administration – participation certificates;
- (6) Government National Mortgage Association (GNMA or “Ginnie Mae”) –
 - (a) GNMA – guaranteed mortgage-backed bonds
 - (b) GNMA – guaranteed pass-through obligations;
- (7) U.S. Maritime Administration – guaranteed Title XI financing; and
- (8) U.S. Department of Housing and Urban Development (HUD) – Project Notes; Local Authority Bonds; New Communities Debentures – U.S. government guaranteed debentures; U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds;

(c) bonds, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

- (1) Federal Home Loan Bank System – senior debt obligations;
- (2) Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”) – participation certificates and senior debt obligations;
- (3) Federal National Mortgage Association (FNMA or “Fannie Mae”) – mortgage-backed securities and senior debt obligations;
- (4) Student Loan Marketing Association (SLMA or “Sallie Mae”) – senior debt obligations;
- (5) Resolution Funding Corp. (REFCOPR) obligations; and
- (6) Farm Credit System – consolidated systemwide bonds and notes;

(d) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G, AAA-m or AA-m, and if rated by Moody’s rated Aaa, Aa1 or Aa2;

(e) certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral;

(f) certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF; and

(g) bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies.

“Levying Ordinance” means, collectively, (i) Ordinance No. 0-05-97 adopted on August 16, 2005, as subsequently amended, levying A&P Tax No. 1 and (ii) Ordinance No. 0-05-98 adopted on August 16, 2005, as subsequently amended, levying A&P Tax No. 2.

“Local Government Bond Act” means the Local Government Bond Act of 1985, codified as Arkansas Code Annotated (1998 Repl. & 2021 Supp.) §§14-164-301 *et seq.*, as from time to time amended.

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

“Moody’s” means Moody’s Investors Service, and any successor thereto.

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

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

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

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

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

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

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

“Project” means the Community Center Project, the Soccer Fields Project and any Additional Project eligible for financing under the A&P Act and the Local Government Bond Act that may be acquired, constructed or equipped in the future with the proceeds of Bonds.

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

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

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

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

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

“Requisition” means a written requisition of the City, consecutively numbered, signed by an Authorized Representative including, without limitation, the following with respect to each payment requested:

- (i) the name of the person or party to whom payment is to be made and the purpose of the payment;

- (ii) the amount to be paid thereunder;
- (iii) to which Project the payment requested relates;
- (iv) that such amount has not been previously paid by the City and is justly due and owing to the person(s) named therein as a proper payment or reimbursement of a Project Cost; and
- (v) that no Event of Default exists under the Indenture and that, to the knowledge of the Authorized Representative, no event has occurred and continues which with notice or lapse of time or both would constitute an Event of Default under the Indenture.

“Reserve Policy” means the municipal bond debt service reserve insurance policy to be issued concurrently with the delivery of the Series 2022 Bonds by the Insurer and deposited in the Debt Service Reserve Fund.

“Reserve Requirement” means, with respect to the Series 2022 Bonds, an amount equal to 50% of the maximum Annual Debt Service on the Series 2022 Bonds in any Bond Year thereafter.

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

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services, LLC, and any successor thereto.

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

“Series 2017 Bonds” means the City’s Restaurant Gross Receipts Refunding Bonds, Series 2017, issued in the original aggregate principal amount of \$9,115,000.

“Series 2022 Bonds” means the City’s Restaurant Gross Receipts Tax Capital Improvement and Refunding Bonds, Series 2022, issued in the original aggregate principal amount of \$38,785,000.

“Soccer Fields Project” means the soccer field facilities and improvements and related property to be financed with a portion of the proceeds of the Series 2022 Bonds.

“State” means the State of Arkansas.

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

“Tax Receipts” means collectively (i) 75% of the receipts derived by the City from the levy of A&P Tax No. 1 and (ii) 100% of the receipts derived by the City from the levy of A&P Tax No. 2.

“Tax Compliance Agreement” means that Tax Compliance Agreement of the City relating to maintenance of the excludability of interest on the Series 2022 Bonds from gross income for federal income tax purposes, delivered in connection with the issuance of the Series 2022 Bonds.

“Trustee” means the trustee and paying agent for the time being, whether original or successor, with the same institution to always occupy both positions, and with the original trustee and paying agent being Bank OZK, Little Rock, Arkansas.

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

SUMMARY OF THE INDENTURE

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

Rights of Insurer. Various rights of the City and owners of the Series 2022 Bonds are subject to rights and powers granted to the Insurer pursuant to the Indenture.

Funds and Accounts. The Tax Receipts are pledged by the Indenture to the payment of the principal of and interest on the Bonds. The Indenture creates the Revenue Fund, and an A&P Tax No. 1 Account and an A&P Tax No. 2 Account therein, to be held by the City. In addition, the following Funds and Accounts have been established with the Trustee in connection with the Bonds:

Funds and Accounts

Project Fund (and a Community Center Account and Soccer Fields Account therein);

Bond Fund;

Debt Service Reserve Fund (and a 2022 Account therein);

Cost of Issuance Fund; and

Rebate Fund.

Application of Tax Receipts. The application of Tax Receipts shall be as follows:

(a) Revenue Fund. All Tax Receipts shall, as and when received, be deposited into the appropriate Account of the Revenue Fund. The Revenue Fund is to be maintained by the City as a segregated fund. Moneys at any time on deposit in the Revenue Fund are to be applied, as needed, on a monthly basis to provide for the payment of Debt Service on the Bonds, to the maintenance of the Debt Service Reserve Fund, to the payment of any arbitrage rebate due under Section 148(f) of the Code, and to the payment of fees and expenses of the Trustee, at the times and in the amounts set forth below. Monthly transfers shall be made first from the A&P Tax No. 2 Account. In the event there shall be insufficient moneys on deposit in the A&P Tax No. 2 Account in a particular month to make the required transfers, then such transfers shall be made from the A&P Tax No. 1 Account in the same order of priority set forth below in an amount sufficient to satisfy any deficiencies. In the event there shall be insufficient moneys in the A&P Tax No. 2 Account and the A&P Tax No. 1 Account of the Revenue Fund in a particular month to make the required transfers set forth below, any deficiencies shall be added to required deposits during the subsequent month. Following the required monthly transfers described below, any moneys remaining in the A&P Tax No. 1 Account and the A&P Tax No. 2 Account may be used for any lawful purpose permitted by the A&P Act as determined by the Commission.

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

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

(c) Debt Service Reserve Fund. The Reserve Policy issued by the Insurer shall be deposited into the Series 2022 Account of the Debt Service Reserve Fund, which shall be in a face amount equal to the Reserve Requirement. See the caption "SECURITY FOR THE BONDS – *Debt Service Reserve*" herein.

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

(e) Cost of Issuance Fund. A portion of the proceeds of the Series 2022 Bonds shall be deposited to the credit of the Cost of Issuance Fund. The Trustee shall pay those Costs of Issuance as directed by the City pursuant to a Certificate delivered on a Closing Date. After all Costs of Issuance have been paid, any remaining moneys in the Cost of Issuance Fund shall be transferred to the Bond Fund.

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

years from the date of investment therein. Moneys in separate Funds or Accounts may be commingled for the purpose of investment.

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

Valuation of Funds and Accounts. Investments in any Fund or Account shall be evaluated monthly by the Trustee. For the purpose of determining the amount in any Fund or Account, the City and the Trustee shall value all Investment Obligations credited to such Fund or Account at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. The fair market value of certificates of deposit and bankers' acceptances shall be equal to the face amount thereof plus accrued interest thereon.

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

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

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

Tax Covenants. The City shall not use or permit the use of any Bond proceeds or any other funds of the City, directly or indirectly, in any manner, and will not take or permit to be taken any other action or actions which would adversely affect the exclusion of interest on any Bond from gross income for federal income tax purposes. No part of the proceeds of the Bonds shall at any time be used, directly or indirectly, to acquire securities or obligations the acquisition of which would cause any of such Bonds to be an "arbitrage bond" as defined in Sections 148(a) and (b) of the Code. The City agrees that so long as any of the Bonds remain Outstanding, it will comply with the provisions of the applicable Tax Compliance Agreement.

Defeasance. Any Bond shall be deemed to be paid within the meaning of the Indenture when payment of the principal of and premium, if any, and interest on such Bond (whether at maturity or upon redemption as provided in the Indenture, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Government Securities (provided that such deposit will not affect the tax-exempt status of the interest on any of the Bonds or cause any of the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148(a) of the Code, as reflected in an opinion of Bond Counsel delivered to the Trustee), maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

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

- (a) Default in the due and punctual payment of any interest on any Bond;
- (b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;
- (c) Default in the payment of any other amount required to be paid under the Indenture or the performance or observance of any other of the covenants, agreements or conditions contained in the Indenture, or in the Bonds issued under the Indenture, and continuance thereof for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied, shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding, unless the Trustee, or the

Trustee and Holders of an aggregate principal amount of Bonds not less than the aggregate principal amount of Bonds the Holders of which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within such period and is being diligently pursued;

(d) The filing of a petition in bankruptcy by or against the City under the United States Bankruptcy Code or the commencement of a proceeding by or against the City under any other law concerning insolvency, reorganization or bankruptcy; and

(e) If the State has limited or altered the rights of the City pursuant to the Local Government Bond Act or the A&P Act, as in force on the date of the Indenture, to fulfill the terms of any agreements made with the Trustee or the Bondholders or in any way impaired the rights and remedies of the Trustee or the Bondholders while any Bonds are Outstanding.

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

Remedies of the Insurer. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Series 2022 Bonds or the Trustee for the benefit of the owners of the Series 2022 Bonds under the Indenture. No Event of Default may be waived without the Insurer’s written consent.

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

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

If an Event of Default shall have occurred, and if it shall have been requested so to do by the Holders of 51% in aggregate principal amount of Bonds Outstanding and if it shall have been indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred upon it by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

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

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

Rights and Remedies of Bondholders. No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which by the Indenture it is deemed to have notice, nor unless such default shall have become an Event of Default and the Holders of not less than 51% in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit, or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted, or to institute such action, suit, or

proceeding in its own name; and such notification, request and offer of indemnity are declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by action of the Holder or Holders or to enforce any right under the Indenture except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, held and maintained in the manner therein provided for the equal benefit of the Holders of all Bonds Outstanding thereunder. Nothing in the Indenture contained shall, however, affect or impair the right of any Bondholders to enforce the payment of the principal of and premium, if any, and interest on any Bonds at and after the maturity thereof, or the obligation of the City to pay the principal of and premium, if any, and interest on each of the Bonds issued under the Indenture to the respective Holders thereof at the time and place in said Bonds expressed.

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

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

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

If, at any time the City shall request the Trustee to enter into any Supplemental Indenture for any of the purposes described above, the Trustee shall, at the expense of the City, cause notice of the proposed execution of such Supplemental Indenture to be mailed by first class mail to each registered owner of the Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by Bondholders. The Trustee shall not, however, be subject to

any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided above. If the Holders of not less than 2/3 in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT

The City has entered into an undertaking in the form of the Continuing Disclosure Agreement as required by the Indenture for the benefit of the Beneficial Owners of the Series 2022 Bonds to cause certain financial information to be sent to certain information repositories annually and to cause notice to be sent to such information repositories of certain specified events, pursuant to the requirements of Section (b)(5)(i) of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the “Rule”).

The City is a party to multiple continuing disclosure agreements for various bond issues of the City secured by specified revenue sources.

With respect to the City’s continuing disclosure undertakings for bonds secured by wastewater revenues (with a secondary pledge of electric revenues), while timely filings have been made of the audited financial statements relating to the City’s wastewater system, filings of the audited financial statements of the City’s electric system were late for fiscal year 2018 (61 days). A notice of the incurring of a financial obligation in 2020 was filed 5 days late.

With respect to the City’s obligations secured by franchise fee revenues, while the City’s audited financial statements were timely filed upon receipt by the City, unaudited financial statements were not filed for 2017 as of the due date set forth in the relevant continuing disclosure agreement.

With respect to the City’s obligations secured by sales and use tax receipts, while the City’s audited financial statements were timely filed upon receipt by the City, unaudited financial statements were not filed for 2017 as of the due date set forth in the relevant continuing disclosure agreement.

With respect to the City’s obligations secured by hotel and restaurant gross receipt tax receipts, while the City’s audited financial statements were timely filed upon receipt by the City, unaudited financial statements were not filed for 2017 as of the due date set forth in the relevant continuing disclosure agreement.

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

The Continuing Disclosure Agreement contains the following covenants and provisions:

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

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

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

(d) The City covenants that it will disseminate or cause dissemination in a timely manner, not in excess of ten (10) business days after the occurrence of the event, of Listed Events Disclosure to the MSRB in Prescribed Form. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2022 Bonds need not be given under the Continuing Disclosure Agreement any earlier than the notice (if any) of such

redemption is given to the owners of the Series 2022 Bonds pursuant to the Indenture. The City is required to deliver or cause delivery of such Listed Events Disclosure in the same manner as provided for Annual Financial Information and Audited Financial Statements.

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

(f) The Continuing Disclosure Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, the Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the Beneficial Owners of the Series 2022 Bonds, and shall create no rights in any other person or entity. In the event of a failure of the City to comply with any provision of the Continuing Disclosure Agreement, the Trustee may (and at the request of the Beneficial Owners of at least 25% in aggregate principal amount of the Series 2022 Bonds, shall) or the Beneficial Owners of any Series 2022 Bond may seek specific performance by court order to cause the City to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed an Event of Default under the Indenture or any other agreement, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

(g) The Undertaking of the City pursuant to the Continuing Disclosure Agreement shall be terminated hereunder when the City shall no longer have any legal liability for any obligation on or relating to the repayment of the Series 2022 Bonds. The City shall give notice to the MSRB, or shall cause the Dissemination Agent to give such notice, in a timely manner and in Prescribed Form in such event.

(h) The City and the Dissemination Agent may amend the Continuing Disclosure Agreement, and any provision of the Continuing Disclosure Agreement may be waived, if (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City or type of business conducted; (ii) the Continuing Disclosure Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (iii) the amendment or waiver does not materially impair the interests of the Beneficial Owners of the Series 2022 Bonds, as determined either by parties unaffiliated with the City (such as the Trustee) or by an approving vote of the Beneficial Owners of the Series 2022 Bonds holding a majority of the aggregate principal amount of the Series 2022 Bonds (excluding Series 2022 Bonds held by or on behalf of the City or its affiliates) pursuant to the terms of the Indenture at the time of the amendment; or (iv) the amendment or waiver is otherwise permitted by the Rule.

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

“Annual Financial Information” means (i) Tax Receipts for the City’s most recent Fiscal Year and the four previous Fiscal Years, and (ii) amounts of the Tax Receipts, if any, attributable to A&P Tax No. 1 utilized during the latest Fiscal Year to pay debt service on the Series 2022 Bonds.

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

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

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2022 Bonds (including persons holding Series 2022 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2022 Bonds for federal income tax purposes.

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

“Dissemination Agent” shall mean Bank OZK, Little Rock, Arkansas, acting in its capacity as a dissemination agent under the Continuing Disclosure Agreement, or any successor dissemination agent designated in writing by the City and which has filed with the City and the Trustee a written acceptance of such designation.

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

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

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

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

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

- (i) Principal and interest payment delinquencies;
- (ii) Nonpayment-related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the City;
- (xiii) The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

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

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

“Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Series 2022 Bonds.

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

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

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

UNDERWRITING

Under a bond purchase agreement entered into by and between the City and Crews & Associates, Inc. and Stephens Inc. (collectively, the “Underwriters”), the Series 2022 Bonds are being purchased at a purchase price of \$39,052,165.35 (representing the stated principal amount of the Series 2022 Bonds plus a net reoffering premium of \$732,585.35 and less an underwriting discount of \$465,420.00). The bond purchase agreement provides that the Underwriters will purchase all of the Series 2022 Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Series 2022 Bonds is subject to various conditions contained in the bond purchase agreement, including the absence of pending or threatened litigation questioning the validity of the Series 2022 Bonds or any proceedings in connection with the issuance thereof, and the absence of material adverse changes in the financial condition of the City.

The Underwriters intend to offer the Series 2022 Bonds to the public initially at the offering prices as set forth on the inside cover page of this Official Statement, which offering prices (or bond yields establishing such offering prices) may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2022 Bonds to the public, and may offer the Series 2022 Bonds to such dealers and other underwriters at a price below 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 2022 Bonds, including certain liabilities under federal securities laws.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their affiliates have, from time to time, performed and may in the future perform, various financial advisory, commercial banking, investment banking and swap counterparty services for the City, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own accounts and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

TAX MATTERS

Federal Income Taxes. In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2022 Bonds (including any original issue discount properly allocable to the owner of a Series 2022 Bond) is excluded from the gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2022 Bonds. Failure to comply with such requirements could cause interest on the Series 2022 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2022 Bonds. The City has covenanted to comply with such requirements.

Tax Treatment of Original Issue Discount. The Series 2022 Bonds maturing on June 1, 2032 are being sold at an original issue discount (collectively, the “OID Bonds,” and individually, the “OID Bonds”). The difference between the initial public offering prices, as set forth on the inside cover page hereof, of such OID Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest that is excluded from gross income for federal income tax purposes, subject to the caveats and provisions described above.

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

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual OID Bond bearing original issue discount, on days which are determined by reference to the maturity of such OID Bond. The amount treated as original issue discount on such OID Bond for a particular semiannual accrual period is equal to (i) the product of (a) the yield to maturity for such OID Bond (determined by compounding at the close of each accrual period) and (b) the amount which would have been the tax basis of such OID Bond at the beginning of the particular accrual period if held by the original purchaser, (ii) less

the amount of any payments on such OID Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such OID Bond the sum of the amounts which would have been treated as original issue discount for such purposes during all prior periods. If such OID Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of OID Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to OID Bonds as of any date, with respect to the accrual of original issue discount for such OID Bonds purchased in the secondary markets and with respect to the state and local tax consequences of owning OID Bonds.

Tax Treatment of Original Issue Premium. The Series 2022 Bonds maturing on June 1, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 3037 and 2042 are being sold at an original issue premium (collectively, the “Premium Bonds,” and individually, a “Premium Bond”). Under the Code, the difference between the principal amount of a Premium Bond and the cost basis of such Premium Bond to an owner thereof is “bond premium.” Under the Code, bond premium is amortized over the term of a Premium Bond (i.e., the maturity date of a Premium Bond or its earlier call date) for federal income tax purposes. An owner of a Premium Bond is required to decrease his or her basis in such Premium Bond by the amount of the amortizable bond premium attributable to each taxable year (or portion thereof) he or she owns such Premium Bond. The amount of the amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate determined with respect to the yield on a Premium Bond compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes.

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

Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2022 Bonds.

The accrual or receipt of interest on the Series 2022 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2022 Bonds. The extent of these other tax consequences will depend upon such owner’s particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2022 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2022 Bonds.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Series 2022 Bonds under the Code.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2022 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder who fails to provide certain required information, including an accurate taxpayer identification number, to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2022 Bonds from gross income for federal income purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

State Taxes. Bond Counsel is of the opinion that, under existing law, the interest on the Series 2022 Bonds is exempt from all state, county and municipal taxes in the State of Arkansas.

Changes in Federal and State Tax Law. From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Series 2022 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2022 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2022 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2022 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2022 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

RATINGS

It is expected that S&P Global Ratings, a business unit of Standard & Poor’s Financial Services, LLC (“S&P”) will assign a credit rating of “AA/Stable” to the Series 2022 Bonds with the understanding that the scheduled payment of principal of and interest on the Series 2022 Bonds will be guaranteed under a Municipal Bond Insurance Policy to be issued by the Insurer at the time of delivery of the Series 2022 Bonds. S&P has assigned an underlying rating of “A/Stable” to the Series 2022 Bonds. Such ratings reflect only the view of S&P at the time such ratings were given, and the City makes no representation as to the appropriateness of such ratings. An explanation of the significance of the above ratings may be obtained only from S&P.

The City has furnished S&P certain information and materials relating to the Series 2022 Bonds and the City, some of which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on independent investigations, studies and assumptions furnished to and obtained and made by the rating agencies. A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance that a particular rating, once obtained will be maintained for any given period of time or that it may not be lowered, raised or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Neither the City nor the Underwriters have undertaken any responsibility to oppose any such revision or withdrawal. Any downward change in or withdrawal of a rating may have an adverse effect on the market price and marketability of the Series 2022 Bonds. No application has been made to any rating agency other than S&P for a rating on the Series 2022 Bonds.

LEGAL MATTERS

Legal Opinions. Legal matters incident to the authorization and issuance of the Series 2022 Bonds are subject to the unqualified approving opinion of Kutak Rock LLP, Little Rock, Arkansas, Bond Counsel, a copy of whose approving opinion will be delivered with the Series 2022 Bonds and a form of which is attached hereto as Appendix A. Certain legal matters will be passed upon for the City by its counsel, Charles Finkenbinder, Esq., City Attorney.

Litigation. There is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Series 2022 Bonds or questioning or affecting the legality of the Series 2022 Bonds or the proceedings and authority under which the Series 2022 Bonds are to be issued, or questioning the right of the City to issue the Series 2022 Bonds or to levy A&P Tax No. 1 or A&P Tax No. 2 or to pledge the Tax Receipts. There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the City in any way which could have a material adverse effect on the Tax Receipts or the City’s ability to pay debt service with respect to the Series 2022 Bonds.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2022 Bonds.

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APPENDIX A

Proposed Form of Bond Counsel Opinion

Upon delivery of the Series 2022 Bonds in definitive form, Kutak Rock LLP, Little Rock, Arkansas, proposes to deliver its approving opinion in substantially the following form:

May __, 2022

City of Conway, Arkansas
Conway, Arkansas

Crews & Associates, Inc.
Little Rock, Arkansas

Bank OZK, as Trustee
Little Rock, Arkansas

Stephens Inc.
Little Rock, Arkansas

\$38,785,000
City of Conway, Arkansas
Restaurant Gross Receipts Tax
Capital Improvement and Refunding Bonds
Series 2022

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the City of Conway, Arkansas (the “City”), a political subdivision of the State of Arkansas, of its \$38,785,000 Restaurant Gross Receipts Tax Capital Improvement and Refunding Bonds, Series 2022 (the “Bonds”).

The Bonds are being issued pursuant to the provisions of the Constitution and laws of the State of Arkansas, including, particularly, Arkansas Code Annotated (1998 Repl. & 2021 Supp.) §§14-164-301 *et seq.* (as from time to time amended, the “Local Government Bond Act”) and Arkansas Code Annotated (2020 Repl.) §§26-75-601 *et seq.* (as from time to time amended, the “Advertising and Promotion Commission Act”), pursuant to Ordinance No. O-22-36 of the City, duly adopted and approved on April 12, 2022 (the “Authorizing Ordinance”), and pursuant to a Trust Indenture dated as of May 17, 2022 (the “Indenture”), by and between the City and Bank OZK, Little Rock, Arkansas, as trustee (the “Trustee”). Reference is hereby made to the Indenture and to all indentures supplemental thereto for the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the City, the Trustee and the Holders of the Bonds, and the terms upon which the Bonds are issued and secured.

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

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

Based upon the foregoing, we are of the opinion, under existing law, as follows:

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

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

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

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

5. The Tax Receipts have been duly and validly assigned and pledged to the Trustee under the Indenture, and the Indenture creates, as security for the Bonds, a valid security interest in the Tax Receipts. Under the laws of the State of Arkansas, including, particularly, Arkansas Code Annotated (2020 Repl.) Section 4-9-109(d)(14), the pledge, assignment and security interest in the Tax Receipts securing the Bonds is and shall be prior to any judicial lien hereafter imposed on said Tax Receipts to enforce a judgment against the City on a simple contract, and it is not necessary to file a Uniform Commercial Code financing statement in order to perfect a security interest in said Tax Receipts.

6. Interest on the Bonds (including any original issue discount properly allocable to the owner of a Series 2022 Bond) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions described in the preceding sentence assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

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

Very truly yours,

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement 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 (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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