

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 24, 2024

**NEW ISSUE
BOOK-ENTRY ONLY**

RATING: (AG Insured) S&P: AA (Stable Outlook)

*In the opinion of Bond Counsel, based on existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes, subject to the condition that the City comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Bonds (and the interest on the Bonds is exempt from State of Arkansas income tax, the Bonds are not subject to property taxes in the State of Arkansas and the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code). In the opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax. See **LEGAL MATTERS, Tax Exemption.***

\$6,535,000*
CITY OF LOWELL, ARKANSAS
CAPITAL IMPROVEMENT REVENUE BONDS
SERIES 2024

Dated: Date of Delivery

Due: June 1, as described below

The Bonds will not be general obligations of the City of Lowell, Arkansas (the "City"), but will be special obligations, secured by a pledge of revenues derived by the City from all franchise fees collected from public utilities on a parity with the pledge in favor of the City's Capital Improvement Refunding and Construction Revenue Bonds, Series 2021.

Interest on the Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2025 and the Bonds mature (on June 1 of each year), bear interest and are priced to yield as follows:

MATURITY SCHEDULE*

\$655,000	___%	Term Bonds Due June 1, 2029 to Yield	___%
\$895,000	___%	Term Bonds Due June 1, 2034 to Yield	___%
\$1,085,000	___%	Term Bonds Due June 1, 2039 to Yield	___%
\$1,335,000	___%	Term Bonds Due June 1, 2044 to Yield	___%
\$2,565,000	___%	Term Bonds Due June 1, 2049 to Yield	___%

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc.



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

The Bonds are offered when, as and if issued and received by the Underwriter named below, subject to approval as to legality by Friday, Eldredge & Clark, LLP, Bond Counsel, and subject to satisfaction of certain other conditions.

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

Stephens Inc.

Dated: _____, 2024

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

No dealer, broker, salesman or any other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds described herein and, if given or made, such information or representations must not be relied upon as having been authorized by the City. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the business, operations or financial condition of the City since the date hereof. This Official Statement does not constitute an offer or solicitation in any state in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or is made to any person to whom it is unlawful to make such offer or solicitation.

The Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Authorizing Ordinance described herein been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions in such laws from such registration and qualification.

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

CONTENTS OF OFFICIAL STATEMENT

	<u>Page</u>
INTRODUCTION TO THE OFFICIAL STATEMENT	1
THE BONDS	2
Book-Entry Only System	2
Generally	4
Redemption	5
Purpose for Bonds	6
Security	7
THE CITY AND THE COUNTY	7
Location	7
Population	7
Transportation	7
Government	8
Medical Facilities	8
Education	8
Financial Institutions	8
Major Employers	8
Litigation	8
County Economic Data	8
Unemployment Data	9
BOND INSURANCE	9
Bond Insurance Policy	9
Assured Guaranty Inc.	9
THE AUTHORIZING ORDINANCE	11
General Covenants to Charge Franchise Fees	11
Franchise Fee Fund	12
Bond Fund and Debt Service Reserve	12

Additional Parity Bonds	13
Records and Accounts; Audits	13
Default and Remedies	13
Defeasance	14
Amendment of Authorizing Ordinance	15
The Trustee	15
Investments	15
Nonarbitrage	16
Rights of Insurer	16
CONTINUING DISCLOSURE AGREEMENT	16
Past Compliance	16
Purpose of the Continuing Disclosure Agreement	17
Definitions	17
Provision of Annual Report	17
Content of Annual Report	18
Reporting of Listed Events	18
Termination of Reporting Obligation	19
Dissemination Agent	19
Amendment; Waiver	19
Additional Information	20
Default	20
Duties of Trustee and Dissemination Agent and Right of Indemnity	20
Beneficiaries	20
FINANCIAL INFORMATION	21
DEBT SERVICE COVERAGE	21
DEBT SERVICE REQUIREMENTS	22
LEGAL MATTERS	23
Legal Proceedings	23
Legal Opinions	23
Tax Exemption	23
MISCELLANEOUS	25
Enforceability of Remedies	25
Underwriting	26
Rating	26
Information in the Official Statement	26
EXHIBIT A - Specimen Municipal Bond Insurance Policy	

OFFICIAL STATEMENT

\$6,535,000*

CITY OF LOWELL, ARKANSAS CAPITAL IMPROVEMENT REVENUE BONDS SERIES 2024

INTRODUCTION TO THE OFFICIAL STATEMENT

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

This Official Statement is provided to furnish certain information in connection with the issuance by the City of Lowell, Arkansas (the "City") of its Capital Improvement Revenue Bonds, Series 2024, in the aggregate principal amount of \$6,535,000* (the "Bonds"). The Bonds are being issued to finance all or a portion of the costs of acquiring, constructing and equipping sewer improvements (the "Improvements"), to provide a debt service reserve and to pay expenses of issuing and insuring the Bonds. See **THE BONDS, Purpose for Bonds**.

The City is a city of the first class organized under the laws of the State of Arkansas (the "State") located in Benton County, Arkansas (the "County"). The City is authorized and empowered under the laws of the State, including particularly Title 14, Chapter 164, Subchapter 4 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), to issue revenue bonds and to expend the proceeds thereof for the intended purposes. See **THE CITY AND THE COUNTY**.

The Bonds are not general obligations of the City, but are special obligations secured solely by a pledge of the revenues derived by the City from all franchise fees collected from public utilities (the "Pledged Revenues"). The pledge of Pledged Revenues in favor of the Bonds is on a parity with the pledge in favor of the City's Capital Improvement Refunding and Construction Revenue Bonds, Series 2021 (the "Parity Bonds"). See **THE BONDS, Security**.

The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State, particularly the Authorizing Legislation, and Ordinance No. _____, adopted _____, 2024 (the "Authorizing Ordinance"). See **THE AUTHORIZING ORDINANCE**.

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

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Interest is payable June 1, 2025 and semiannually thereafter on each June 1 and December 1. Payment of principal of the Bonds will be made to the owners of the Bonds at the principal office of Simmons Bank, Pine Bluff, Arkansas (the "Trustee"), and payment of interest on the Bonds shall be made by the Trustee by check or draft to the registered owner as shown on the Bond registration book of the City maintained by the Trustee. The record date for payment of interest on the Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. See **THE BONDS**.

The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy (the "Insurance Policy") to be issued by Assured Guaranty Inc. ("AG" or the "Insurer") simultaneously with the delivery of the Bonds. A specimen municipal bond insurance policy is attached hereto as Exhibit A. It is expected that, based upon the issuance and delivery of the Insurance Policy to be issued by the Insurer at the time of delivery of the Bonds, S&P

* Preliminary; subject to change.

Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), is expected to assign an insured rating of "AA" (stable outlook) to the Bonds. However, there is no guarantee that such rating will be received. See **BOND INSURANCE** and **MISCELLANEOUS, Rating**. So long as the Insurer is not in default under the Insurance Policy, it is subrogated to, and may enjoy and exercise, all rights and remedies of the owners of the Bonds and may direct the Trustee in the exercise of any remedies set forth herein. No remedy set forth herein may be exercised by the Trustee or by any owner of any of the Bonds without the prior written approval of the Insurer. See **THE AUTHORIZING ORDINANCE, Defaults and Remedies**.

The Bonds are subject to extraordinary redemption from proceeds of the Bonds not needed for the purposes intended. The Bonds are subject to optional redemption on and after December 1, 2029. The Bonds maturing on June 1 in the years 2029*, 2034*, 2039*, 2044* and 2049* are subject to mandatory sinking fund redemption as described herein. The Trustee shall give at least thirty (30) days' notice of redemption. See **THE BONDS, Redemption**.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax, (iii) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), (iv) interest on the Bonds is exempt from State income tax, and (v) the Bonds are not subject to property taxes in the State. See **LEGAL MATTERS, Tax Exemption**.

It is expected that the Bonds will be available for delivery on or about November 7, 2024, through the facilities of The Depository Trust Company, in New York, New York.

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

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

THE BONDS

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

* Preliminary; subject to change.

subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Principal, interest and premium, if any, payments on the 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 Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and

disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

Generally. The Bonds shall be dated, mature and bear interest and interest is payable on the Bonds as set forth on the cover page hereof. The Bonds are issuable in the form of registered Bonds without coupons in the denomination of \$5,000 each or any integral multiple thereof, interchangeable in accordance with the provisions of the Authorizing Ordinance. In the event any Bond is mutilated, lost or destroyed, the City shall, if not then prohibited by law, execute and the Trustee may authenticate a new Bond in accordance with the provisions therefor in the Authorizing Ordinance.

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

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

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

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

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

(1) Extraordinary Redemption. The Bonds must be redeemed from proceeds of the Bonds not needed for the purposes intended, on any interest payment date, in whole or in part, at a price equal to the principal amount being redeemed plus accrued interest to the redemption date, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee may determine).

(2) Optional Redemption. The Bonds are subject to redemption on and after December 1, 2029 at the option of the City, from funds from any source, in whole or in part at any time at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Bonds shall be called for redemption, the particular maturities to be redeemed shall be selected by the City in its discretion. If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

(3) Mandatory Sinking Fund Redemption.* To the extent not previously redeemed, the Bonds maturing on June 1 in the years 2029, 2034, 2039, 2044 and 2049 are subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall determine, on June 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

Bonds Maturing June 1, 2029

Year (June 1)	Principal Amount
2025	\$ 45,000
2026	145,000
2027	150,000
2028	155,000
2029 (maturity)	160,000

Bonds Maturing June 1, 2034

Year (June 1)	Principal Amount
2030	\$165,000
2031	170,000
2032	180,000
2033	185,000
2034 (maturity)	195,000

Bonds Maturing June 1, 2039

Year (June 1)	Principal Amount
2035	\$200,000
2036	210,000
2037	215,000
2038	225,000
2039 (maturity)	235,000

* Preliminary; subject to change.

Bonds Maturing June 1, 2044

Year (June 1)	Principal Amount
2040	\$245,000
2041	255,000
2042	270,000
2043	275,000
2044 (maturity)	290,000

Bonds Maturing June 1, 2049

Year (June 1)	Principal Amount
2045	\$300,000
2046	310,000
2047	625,000
2048	650,000
2049 (maturity)	680,000

In case any outstanding Bond is in a denomination greater than \$5,000, each \$5,000 of face value of such Bond shall be treated as a separate Bond of the denomination of \$5,000.

Notice of redemption identifying the Bonds or portions thereof (which must be \$5,000 or an integral multiple thereof) to be redeemed shall be given by the Trustee, not less than 30 nor more than 60 days prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class mail, postage prepaid, or sending a copy of the redemption notice via other standard means, including electronic or facsimile communication, to all registered owners of Bonds to be redeemed. Failure to mail or send an appropriate notice or any such notice to one or more registered owners of Bonds to be redeemed shall not effect the validity of the proceedings for redemption of other Bonds as to which notice of redemption is duly given and in proper and timely fashion. All such Bonds thus called for redemption shall cease to bear interest on and after the date fixed for redemption, provided funds for their redemption are on deposit with the Trustee at that time. Notwithstanding the above, so long as the Bonds are issued in book-entry only form, if fewer than all the Bonds of an issue are called for redemption, the particular Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Bonds are issued in book-entry only form, notice of redemption will be given only to Cede & Co., as nominee for DTC. **The Trustee will not give any notice of redemption to the Beneficial Owners of the Bonds.**

Purpose for Bonds. The Bonds are being issued to finance all or a portion of the costs of the Improvements, to provide a debt service reserve and to pay expenses of issuing and insuring the Bonds. The Improvements are expected to be completed by March 30, 2026.

The sources and uses of funds are estimated by the City as follows:

SOURCES:*

Principal Amount of Bonds	\$6,535,000
Net Original Issue Discount	<u>(72,103)</u>
Total Sources	\$6,462,897

USES:*

Costs of Improvements	\$6,220,000
Costs of Issuance, Insurance Policy and Reserve	
Policy Premiums and Underwriter's Discount	<u>242,897</u>
Total Uses	\$6,462,897

* Preliminary; subject to change.

The payment of the Underwriter’s discount, premiums for the Insurance Policy and the Reserve Policy and the costs of issuing the Bonds relating to the payment of professional fees will be contingent on the Bonds being issued. See **MISCELLANEOUS, Underwriting**. The City will deposit the net proceeds of the Bonds (principal amount plus any original issue premium less Underwriter’s discount, premiums for the Insurance Policy and the Reserve Policy, any original issue discount and certain issuance costs) into a special fund held by the Trustee and designated "2024 Improvement Fund" (the "Improvement Fund"). Moneys contained in the Improvement Fund will be disbursed solely in payment of costs of the Improvements, paying necessary expenses incidental thereto and paying expenses of issuing the Bonds. Disbursements shall be on the basis of requisitions which shall contain at least the following information: the person to whom payment is being made; the amount of the payment; and the purpose by general classification of the payment. For a description of how the Bond proceeds are to be invested pending use and the provisions governing those investments, see **THE AUTHORIZING ORDINANCE, Investments**.

Security. The Bonds are not general obligations of the City but are special obligations, secured by a pledge of all "Pledged Revenues," which are defined to be all revenues derived by the City from all franchise fees collected from public utilities. The pledge of Pledged Revenues in favor of the Bonds is on a parity with the pledge in favor of the Parity Bonds.

A debt service reserve 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 equal to one-half of the maximum annual principal and interest requirements on the Bonds (based on a bond year ending June 1).

The Bonds are secured under the Authorizing Ordinance. For a summary of the terms of the Authorizing Ordinance, see **THE AUTHORIZING ORDINANCE** herein. The City may issue additional bonds on a parity of security with the Bonds. See **THE AUTHORIZING ORDINANCE, Additional Parity Bonds**.

THE CITY AND THE COUNTY

Location. The City is located in Benton County, Arkansas (the "County"), which is in northwest Arkansas. The City is situated approximately 205 miles northwest of Little Rock, Arkansas and 95 miles east of Tulsa, Oklahoma.

Population. Resident population in the City and the County has been as follows:

<u>Year</u>	<u>City</u>	<u>County</u>
1980	1,078	78,115
1990	1,293	97,530
2000	5,013	153,323
2010	7,327	221,339
2020	9,844	284,340
2023 (estimate as of July 1)	11,466	311,013

Transportation. The City is served by Interstate 49 and State Highway 264. The Springdale Municipal Airport, located approximately five miles from the City, offers charter service. The Northwest Arkansas Regional Airport, located approximately 15 miles away in Highfill, offers commercial service.

Several motor freight carriers and the Arkansas Missouri Railroad service the Fayetteville-Springdale-Rogers metropolitan statistical area, which includes the City.

[Remainder of page intentionally left blank]

Government. The City has the Mayor-City Council form of government. The Mayor and the members of the City Council serve four-year terms. The current Mayor and members of the City Council, and their principal occupations and term expiration dates are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Term Expiration Date</u>
Chris Moore	Mayor	December 31, 2026
Adrian Flores	J. B. Hunt (Warranty Claims)	December 31, 2026
Roy Brunson	Mattel (Sr. Director of Sales)	December 31, 2024
Lisa DeGifford	Fast Lane Entertainment (Accounting and HR)	December 31, 2026
Eric Schein	American AC and Mechanical (Service Manager)	December 31, 2026
Bill Adams	The Grove and Goat Lab Brewery (Owner)	December 31, 2024
Steve Whitehead	J. B. Hunt (Sr. Support Services Analyst)	December 31, 2024
Kendell Stucki	Bell and McCoy (Sales)	December 31, 2024
Bryant Sands	Advantage Solutions (Marketing)	December 31, 2026

Medical Facilities. The City is served by Northwest Medical Center in Springdale, Arkansas (approximately six miles away), which has approximately 220 beds, and Mercy Hospital Northwest Arkansas in Rogers, Arkansas (approximately seven miles away), which has approximately 275 beds.

Education. Primary and secondary education for the City’s inhabitants is provided by a public school system administered by the Rogers School District. The University of Arkansas is located in Fayetteville, Arkansas, approximately 10 miles from the City. Northwest Arkansas Community College is located in Bentonville, Arkansas, approximately 10 miles from the City.

Financial Institutions. The City is served by branches of Arvest Bank, First National Bank of NWA, and First Security Bank.

Major Employers. Set forth below are the characteristics of the major employers in the City:

<u>Employer</u>	<u>Business or Product</u>	<u>Number of Employees</u>
J.B. Hunt	Trucking	5,000+
Arvest Bank Operations	Banking	635
Wachter	Cable/Telecommunications Services	420
Central States	Metal fabrication	210
UL Solutions	Technology	175
Ozarks Coca-Cola	Warehouse	161

Litigation. There is no material litigation pending or threatened against the City.

County Economic Data. Per capita personal income estimates for the County are as follows:⁽¹⁾

<u>Year</u>	<u>Per Capita Personal Income</u>
2018	\$90,149
2019	82,916
2020	83,178
2021	94,227
2022	98,822

[Remainder of page intentionally left blank]

⁽¹⁾Source: Bureau of Economic Analysis, United States Department of Commerce.

Total personal income estimates for the County are as follows: ⁽¹⁾

<u>Year</u>	<u>Total Personal Income</u>
2018	\$24,404,513,000
2019	23,026,052,000
2020	23,837,710,000
2021	27,734,350,000
2022	29,929,592,000

Unemployment Data. Set forth below are the annual average unemployment rates for the County and the State since 2019, according to the Arkansas Department of Workforce Services:

<u>Year</u>	<u>Annual Average Unemployment Rate (%)</u>	
	<u>County</u>	<u>State</u>
2019	2.6	3.5
2020	4.5	6.2
2021	2.8	4.0
2022	2.4	3.2
2023	2.4	3.3
2024	2.8*	3.9**

* Preliminary as of June 2024

** Preliminary as of July 2024

BOND INSURANCE

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

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

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

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

were initially scheduled to become due and payable (subject to and in accordance with the terms of the Insurance Policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

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

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

Current Financial Strength Ratings

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

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

On October 20, 2023, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook). On August 1, 2024, KBRA commented that, following the closing of the Merger, AG's insurance financial strength rating of "AA+" (stable outlook) remains unchanged.

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG, AGM and Pro Forma Combined AG

	As of June 30, 2024 (dollars in millions)		
	<u>AG</u> <u>(Actual)</u>	<u>AGM</u> <u>(Actual)</u>	<u>AG</u> <u>(Pro Forma Combined)</u>
Policyholders' surplus	\$1,649	\$2,599	\$3,960 ⁽¹⁾
Contingency reserve	\$421	\$910	\$1,331
Net unearned premium reserves and net deferred ceding commission income	\$355	\$2,078 ⁽²⁾	\$2,433 ⁽²⁾

⁽¹⁾ Net of intercompany eliminations.

⁽²⁾ Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024).

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

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

Miscellaneous Matters

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

THE AUTHORIZING ORDINANCE

The Bonds are being issued and secured pursuant to the Authorizing Ordinance, to which reference may be had in its entirety for a detailed statement of its provisions, the description set forth below being a summary of certain provisions. The City will covenant as set forth below in the Authorizing Ordinance.

General Covenants to Charge Franchise Fees. (a) The City agrees to continuously charge franchise fees to all public utilities occupying the streets, highways, rights-of-way and other public places while the Bonds are outstanding.

(b) The franchise fees currently charged to public utilities, are ratified, confirmed and continued and such fees shall never be reduced while the Bonds are outstanding unless the City receives an opinion of a certified public accountant not in the regular employ of the City ("Accountant") to the effect that Pledged Revenues for the preceding fiscal year, assuming such

reduction had been in effect for the entire year, would have equaled not less than 125% of the maximum annual debt service on all obligations of the City to which Pledged Revenues are pledged.

(c) The franchise fees currently collected from the public utilities are sufficient to pay the principal of and interest on the Bonds when due and the City agrees that the percentage rate of each franchise fee currently collected by the City from public utilities will not be increased solely for the purpose of providing funds to pay the principal of and interest on the Bonds when due.

Franchise Fee Fund. All Pledged Revenues shall at all times be accounted for separately and distinctly from other moneys of the City and shall be used and applied only as provided in the Authorized Ordinance. Upon receipt by the City, the Pledged Revenues shall not be deposited into the General Fund but shall be deposited into a special fund of the City designated as the "Franchise Fee Fund" in such depository or depositories for the City as may be lawfully designated by the City from time to time; provided that such depository or depositories shall hold membership in the Federal Deposit Insurance Corporation or any successor entity ("FDIC").

Any surplus in the Franchise Fee Fund after making the monthly deposits hereinafter described into the Bond Fund and the bond funds for the Parity Bonds and any additional parity bonds (collectively, the "Parity Bond Funds") may be withdrawn from the Franchise Fee Fund and used, at the option of the City, for other lawful municipal purposes; provided, however, that if the City receives Pledged Revenues only on a quarterly and/or annual basis, there shall always remain in the Franchise Fee Fund an amount sufficient to make the required payments into the Bond Fund until the next Pledged Revenues are to be received.

Bond Fund and Debt Service Reserve. There shall be transferred from the Franchise Fee Fund into a special fund established with the Trustee and designated "2024 Capital Improvement Revenue Bond Fund" (the "Bond Fund"), the sums in the amounts and at the times set forth below for the purpose of providing funds for the payment of the principal of and interest on the Bonds, with Trustee's fees.

There shall be paid into the Bond Fund on or before the last business day of each month, commencing in December 2024, a sum equal to one-sixth (1/6) of the next installment of interest due on the Bonds plus one-twelfth (1/12) of the next installment of principal on all outstanding Bonds due at maturity or upon mandatory sinking fund redemption; provided, however, that payments into the Bond Fund through May 2025 shall be in an amount equal to one-sixth (1/6) of the principal and interest payment due on June 1, 2025. The City shall also pay into the Bond Fund such additional sums as necessary to provide for the Trustee's fees and expenses and any arbitrage rebate due to be paid to the United States Treasury under Section 148(f) of the Code.

There is created, as a part of the Bond Fund, a Debt Service Reserve. There shall be deposited into the Debt Service Reserve the Reserve policy issued by the Insurer, which shall be in an amount equal to one-half of the maximum annual principal and interest requirements on the Bonds (based on a bond year ending June 1).

The City shall realize a credit against monthly deposits into the Bond Fund to the extent of interest earnings on moneys in the Bond Fund.

If for any reason there shall be a deficiency in the payments made into the Bond Fund so that there are unavailable sufficient moneys therein to pay the principal of and interest on the Bonds as the same become due, the Debt Service Reserve shall be used to the extent necessary for the payment of principal of or interest on the Bonds.

If Pledged Revenues are insufficient to make the required payment by the last business day of the month into the Bond Fund, the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Bond Fund by the last business day of the next month.

When the moneys held in the Bond Fund shall be and remain sufficient to pay the principal of and interest on the Bonds then outstanding, there shall be no further obligation to make further payments into the Bond Fund. All moneys in the Bond Fund shall be used solely for the purpose of paying the

principal of and interest on the Bonds as they become due, fees of the Trustee and arbitrage rebate due the United States, except as set forth in the Authorizing Ordinance.

Simultaneously with making the deposit into the Bond Fund, there shall be transferred from the Franchise Fee Fund into the Parity Bond Funds an amount equal to the required monthly deposits into such funds. The obligation to make the required monthly deposits into the Bond Fund and the Parity Bond Funds shall rank on a parity of security. In the event the Pledged Revenues are insufficient to make the full monthly deposits into the Bond Fund and the Parity Bond Funds, the amount deposited into each shall be reduced proportionately.

Additional Parity Bonds. So long as any of the Bonds are outstanding, the City shall not issue or attempt to issue any additional bonds or obligations claimed to be entitled to a priority of lien on the Pledged Revenues over the lien securing the Bonds. The City reserves the right to issue additional bonds to finance or pay the cost of constructing any additional capital improvements or to refund bonds issued for such purpose, but the City shall not authorize or issue any such additional bonds ranking on a parity with the outstanding Bonds unless and until there have been procured and filed with the City Clerk and the Trustee a statement by an Accountant reciting the opinion, based upon necessary investigation, that the Pledged Revenues for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such additional bonds were equal to not less than 125% of the maximum annual principal and interest requirements on all the then outstanding obligations secured by Pledged Revenues and the additional bonds then proposed to be issued. In making the computation, the Accountant may treat any increase in franchise fees enacted subsequent to the first day of such preceding year as having been in effect throughout that year and may include in Pledged Revenues for such year the amount that would have been received, based on such opinion, had the increase been in effect throughout such year.

The additional bonds, the issuance of which is restricted and conditioned by the Authorizing Ordinance, shall be understood to mean bonds secured by Pledged Revenues ranking on a parity of security with the Bonds and not bonds secured by Pledged Revenues subordinate in security to the Bonds and such bonds may be issued without complying with the terms and conditions of the Authorizing Ordinance.

Records and Accounts; Audits. The City shall cause proper books of accounts and records to be kept (separate from all other records and accounts) in which complete and correct entries shall be made of all transactions relating to the Pledged Revenues, and such books shall be available for inspection by the Trustee and/or any Bondholder at reasonable times and under reasonable circumstances. The City agrees to have its financial statements audited by the Joint Legislative Auditing Committee, Division of Legislative Audit of the State, or, at the option of the City, an Accountant, and a copy of the audit shall be delivered to the Trustee and to each Bondholder requesting the same in writing within 45 days after it is received by the City.

Default and Remedies. (a) Subject to the provisions of subparagraph (f) below, if there be any default in the payment of the principal of or interest on any of the Bonds, or if the City defaults in any Bond Fund requirement or in the performance of any of the other covenants contained in the Authorizing Ordinance, the Trustee may, and upon the written request of (1) the Insurer or (2) with the consent of the Insurer, the registered owners of not less than 10% in principal amount of the Bonds then outstanding shall, by proper suit, compel the performance of the duties of the officials of the City under the laws of the State.

(b) No registered owner of any of the outstanding Bonds shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any power or right unless (1) such owner or the Trustee shall have given written notice of such default to the Insurer and (2) such owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the registered owners of not less than 10% in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such power or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted to the Trustee, or to institute such action, suit or proceeding in its name, and unless,

also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to the execution of any remedy. No one or more registered owners of the Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Authorizing Ordinance, or to enforce any right thereunder except in the manner described in the Authorizing Ordinance. All proceedings at law or in equity shall be instituted, had and maintained in the manner therein described and for the benefit of all registered owners of the outstanding Bonds.

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

(d) With the prior written consent of the Insurer, the Trustee may, and with the prior written consent of the Insurer and upon the written request of the registered owners of not less than 50% in principal amount of the Bonds then outstanding shall, waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted under the provisions of the Authorizing Ordinance or before the completion of the enforcement of any other remedy, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

(e) In any proceeding to enforce the provisions of the Authorizing Ordinance, the Trustee or any plaintiff Bondholder shall be entitled to recover costs of such proceeding, including reasonable attorneys' fees.

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

Defeasance. Any Bond shall be deemed paid within the meaning of the Authorizing Ordinance when payment of the principal of and interest on such Bond, either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (1) cash fully insured by the FDIC and/or fully collateralized with direct obligations of the United States of America ("Investment Securities") sufficient to make such payment and/or (2) Investment 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 of the Code), 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.

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

When all the Bonds shall have been paid within the meaning of the Authorizing Ordinance, if any arbitrage rebate due the United States Treasury under Section 148(f) of the Code has been paid or provided for to the satisfaction of the Trustee and if the Trustee has been paid its fees and expenses, the Trustee will take all appropriate action to cause (i) the pledge and lien of the Authorizing Ordinance to be discharged and cancelled, and (ii) all moneys held by it pursuant to the Authorizing Ordinance and which are not required for the payment of such Bonds to be paid over or delivered to or at the direction of the City. In determining the sufficiency of the deposit of Investment Securities there will be considered the principal amount of such Investment Securities and interest to be earned thereon until the maturity of such Investment Securities.

Amendment of Authorizing Ordinance. The Authorizing Ordinance provides that it shall constitute a binding contract between the City and the registered owners of the outstanding Bonds and no variation or change shall be made while any of the Bonds are outstanding, except as provided below.

The Trustee, with the consent of the Insurer, may consent to any variation or change in the Authorizing Ordinance that the Trustee determines is not to the material prejudice of the owners of the Bonds or to cure any ambiguity, defect or omission in the Authorizing Ordinance or any amendment thereto without the consent of the owners of the Bonds then outstanding.

The owners of not less than 75% in aggregate principal amount of the Bonds then outstanding and the Insurer shall have the right, from time to time, to consent to and approve the adoption by the City of such ordinance supplemental to the Authorizing Ordinance as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions contained in the Authorizing Ordinance or in any supplemental ordinance, except that there shall not be permitted (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) the creation of a lien upon or a pledge superior to the lien and pledge created by the Authorizing Ordinance, or (d) the creation of a privilege of priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance.

The Trustee. The Trustee shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The Trustee shall not be required to take any action as Trustee unless it shall have been requested to do so in writing by the Insurer or by the registered owners of not less than 10% in principal amount of the Bonds then outstanding and shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any time by providing 60 days' notice in writing to the City Clerk, the Insurer and the registered owners of the Bonds. The Insurer, the majority in principal amount of the owners of the outstanding Bonds or the City, so long as it is not default under the Authorizing Ordinance, in each case with the consent of the Insurer, may at any time, with or without cause, remove the Trustee. In the event of a vacancy in the office of Trustee either by resignation or removal, the City shall designate a new Trustee by a written instrument filed in the office of the City Clerk and the Insurer. The original Trustee and any successor Trustee shall file a written acceptance and agreement to execute the trusts imposed upon it or them but only upon the terms and conditions set forth in the Authorizing Ordinance and subject to the provisions of the Authorizing Ordinance, to all of which the respective registered owners of the Bonds agree. Any successor Trustee shall have all the powers granted to the original Trustee. No resignation or removal shall become effective until the successor Trustee shall have been appointed.

Investments. (a) Moneys held for the credit of the Bond Fund shall be continuously invested and reinvested by the Trustee, at the direction of the City or in the discretion of the Trustee in the absence of such direction, in Permitted Investments (as hereinafter defined), all of which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the payment date for interest or principal and interest.

(b) Moneys held for the credit of the Franchise Fee Fund shall be continuously invested and reinvested by the City in Permitted Investments or other investments as may, from time to time, be permitted by law, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when the moneys held for the credit of the particular fund will be required for the purposes intended.

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

(d) Obligations so purchased as an investment of moneys in any fund shall be deemed at all times to be a part of such fund and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund.

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

Nonarbitrage. The City covenants that it shall not take any action or suffer or permit any action to be taken or condition to exist which causes or may cause the interest payable on the Bonds to be subject to federal income taxation. Without limiting the generality of the foregoing, the City covenants that no moneys held in any fund in connection with the Bonds will be used directly or indirectly in such manner as to cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code. The City covenants to pay to the United States Treasury any arbitrage rebate due at the time and in the amounts required by Section 148(f) of the Code.

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

CONTINUING DISCLOSURE AGREEMENT

Past Compliance. During the past five years, the City has been a party to two continuing disclosure agreements in connection with outstanding bonds. The agreements require the City to file annual reports with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system ("EMMA") within the time periods set forth in the agreements. While the City has not made a determination as to materiality, the following constitutes a non-exhaustive summary of the City's compliance with its continuing disclosure obligations for the past five years.

As part of the annual reports, the City has been obligated to file the audited financial statements of the City. If filed later than the date the annual report that year is due, the audited financial statements must be filed within 30 days of receipt thereof. The audited financial statements of the City for the fiscal years ended December 31, 2019, 2021 and 2022 were timely filed. The audited financial statements of the City for the fiscal year ended December 31, 2020 were not required to be filed. The audited financial statements of the City for the fiscal year ended December 31, 2023 are not yet available.

The City's continuing disclosure agreements have also required that certain supplemental financial and operating data be provided as part of the annual reports. During the past five years, all supplemental information required by the continuing disclosure agreements was timely filed.

The City's continuing disclosure agreements also obligated the City to file notices of the occurrence of any event listed in Securities and Exchange Commission, Rule 15c2-12(b)(5). All notices of such events were timely filed during the past five years.

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

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

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

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

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

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent, or any successor Dissemination Agent designated in writing by the City and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Financial Obligation" shall mean a

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

Provision of Annual Report. (a) The City shall, or shall cause the Dissemination Agent to, not later than one hundred eighty (180) days after the end of the City's fiscal year (presently December 31), commencing with the report after the end of the 2024 fiscal year, provide to the Insurer and the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. The Annual Report shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the Continuing Disclosure Agreement; provided that the Financial Statements (defined below) of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such Financial Statements shall be submitted within thirty

(30) days after receipt thereof by the City. If the City's fiscal year changes, it shall give notice of such change in the manner as for a Listed Event.

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

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

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

(a) Pledged Revenues for the latest calendar year and the four (4) previous years, if available.

(b) The annual financial statements of the general fund of the City, which (i) need not be audited in accordance with auditing standards generally accepted in the United States of America, (ii) shall be prepared using accounting principles prescribed by Arkansas Code Annotated Section 10-4-412, as it may be amended from time to time, or any successor statute and (iii) shall be audited in accordance with, and as required by, State law (the "Financial Statements").

Any or all of the items above may be incorporated by specific reference from other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's internet website or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so incorporated by reference.

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

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the Bonds.
7. Modifications to rights of security holders, if material.
8. Bond calls (excluding mandatory sinking fund redemptions), if material.
9. Defeasances and tender offers.
10. Release, substitution, or sale of property securing repayment of the securities, if material.
11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the City.
13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the 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.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

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

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

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

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

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

(a) If the amendment or waiver relates to the requirements for providing an Annual Report, the contents of the Annual Report or the reporting of Listed Events, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City with respect to the Bonds, or the type of business conducted;

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

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

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

Additional Information. Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, the City shall have no obligation under the Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event

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

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

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

FINANCIAL INFORMATION

The Pledged Revenues pledged to the payment of the Bonds consist of franchise fees imposed by the City for products and services furnished or rendered by various public utilities within the City's corporate limits for the permission to occupy the streets, highways or other public places within the City. Except for video service provider fees collected under Title 23, Chapter 19, Subchapter 2 of the Arkansas Code of 1987 Annotated, which are collected in an amount equal to the lesser of (i) the percentage of gross revenues paid by an incumbent video service provider and (ii) five percent (5%), the maximum amount of the franchise fee that currently may be charged is the greater of 4.25% or the amount in effect on January 1, 1997, unless agreed to by the affected utility or approved by the voters of the City. The City charges a franchise fee based upon the gross revenues received by the public utility during the preceding calendar year from residential and commercial customers in the City as follows:⁽¹⁾

<u>Public Utility</u>	<u>Charge Levy</u>	<u>Payable</u>
Carroll Electric	4% (Residential and Commercial) 1% (Industrial)	Quarterly
Cox Communications	4%	Quarterly
Black Hills Energy	4% (Residential and Commercial) 1% (Industrial)	Quarterly
American Electric Power	4% (Residential and Commercial) 1% (Industrial)	Quarterly
Southwestern Bell	4%	Quarterly
CenturyTel	4.5%	Quarterly
DIRECTV	4%	Quarterly

Set forth below is a table showing the Pledged Revenues received for the past five years from each public utility:

<u>Year</u>	<u>Century Tel</u>	<u>Cox</u>	<u>SW Bell</u>	<u>American Electric</u>	<u>Carroll Electric</u>	<u>Black Hills Energy</u>	<u>DIRECTV*</u>	<u>Year Total</u>
2019	\$94	\$42,515	\$15,027	\$245,245	\$102,578	\$105,651	\$5,135	\$516,245
2020	68	40,541	14,283	280,307	103,215	105,664	4,597	548,675
2021	56	41,267	13,840	305,334	121,349	127,367	2,767	611,980
2022	56	37,279	4,505	344,686	113,526	139,240	9,028	648,320
2023	45	33,088	3,777	401,985	202,688	221,630	6,256	869,469

*Franchise fee paid by AT&T Arkansas prior to 3rd quarter 2021.

DEBT SERVICE COVERAGE

The following table shows the net revenues available for debt service based upon Pledged Revenues collected in 2023, the amount of maximum annual debt service for the Bonds and the Parity Bonds, and the extent to which debt service on the Bonds and the Parity Bonds is covered by such funds:

Pledged Revenues Available for Debt Service (A)	\$869,469
Maximum Annual Debt Service Requirements for the Bonds and the Parity Bonds (B) ⁽²⁾	694,931
Debt Service Coverage (A/B)	1.25x

⁽¹⁾ Source: City

⁽²⁾ Based on a year ending December 31. Assumes an average coverage rate of 4.05% on the Bonds.

DEBT SERVICE REQUIREMENTS

Set forth below are the debt service requirements for the Bonds for each calendar year:

<u>Year</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 45,000		
2026	145,000		
2027	150,000		
2028	155,000		
2029	160,000		
2030	165,000		
2031	170,000		
2032	180,000		
2033	185,000		
2034	195,000		
2035	200,000		
2036	210,000		
2037	215,000		
2038	225,000		
2039	235,000		
2040	245,000		
2041	255,000		
2042	270,000		
2043	275,000		
2044	290,000		
2045	300,000		
2046	310,000		
2047	625,000		
2048	650,000		
2049	680,000		
Totals	\$6,535,000		

[Remainder of page intentionally left blank]

* Preliminary; subject to change.

Set forth below are the debt service requirements for the Bonds and the Parity Bonds for each calendar year:

<u>Year</u>	<u>Bonds Debt Service</u>	<u>Parity Bonds Debt Service</u>	<u>Total</u>
2025		\$ 292,891.26	
2026		294,041.26	
2027		290,994.38	
2028		293,647.50	
2029		291,097.50	
2030		293,311.25	
2031		295,118.75	
2032		291,575.00	
2033		292,587.50	
2034		293,237.50	
2035		293,787.50	
2036		294,237.50	
2037		294,293.75	
2038		293,950.00	
2039		293,493.75	
2040		292,925.00	
2041		292,243.75	
2042		291,125.00	
2043		294,500.00	
2044		292,687.50	
2045		290,750.00	
2046		293,625.00	
2047		--	
2048		--	
2049		--	
Totals		\$6,446,120.65	

LEGAL MATTERS

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

Legal Opinions. Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel.

Tax Exemption. In the opinion of Bond Counsel, under existing law, the interest on the Bonds is exempt from State income tax and the Bonds are not subject to property taxes in the State.

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

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

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

An exception allows a deduction of certain interest expense for "qualified tax exempt obligations." Under the Code, the term includes any obligation which (1) is not a "private activity bond" within the meaning of the Code (excluding from that term "qualified 501(c)(3) bonds"), (2) is issued by an issuer (and subordinate entities) which reasonably anticipates to issue not more than \$10,000,000 of tax exempt obligations (other than private activity bonds (excluding from that term "qualified 501(c)(3) bonds" under Section 145 of the Code)) during the calendar year, and (3) is so designated by the issuer.

The City has designated the Bonds as "qualified tax exempt obligations" and has covenanted not to use the Improvements and the proceeds of the Bonds in a manner which would cause the Bonds to be "private activity bonds," and has represented that the City and its subordinate entities have not and do not reasonably expect to issue more than \$10,000,000 of such tax exempt obligations during calendar year 2024.

Prospective purchasers of the Bonds should also be aware that Section 17 of Act 785 of the Acts of Arkansas of 1993 added new subsections (b) and (c) to Section 26-51-431 of the Arkansas Code Annotated. Subsection (b) states that Section 265(a) of the Code is adopted for the purpose of computing Arkansas individual income tax liability. Subsection (c) provides that in computing Arkansas corporation income tax liability, no deduction shall be allowed for interest "on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly exempt from the taxes imposed by Arkansas law." On December 8, 1993, the Arkansas Department of Finance and Administration Revenue Division issued Revenue Policy Statement 1993-2, which provides in part:

Financial institutions may continue to deduct interest on indebtedness incurred or continued to purchase or carry obligations which generate tax-exempt income to the same extent that the interest was deductible prior to the adoption of Section 17 of Act 785 of 1993.

As shown on the front cover of this Official Statement, certain of the Bonds are being sold at an original issue discount (collectively, the "Discount Bonds"). The difference between the initial public offering prices, as set forth on the cover page, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest which is excludable from gross income for federal income tax purposes, as described above.

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

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

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

As shown on the front cover of this Official Statement, certain of the Bonds are being sold at an original issue premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

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

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

MISCELLANEOUS

Enforceability of Remedies. Rights of the registered owners of the Bonds and the enforceability of the remedies available under the Authorizing Ordinance may depend on judicial action and may be subject to the valid exercise of the constitutional powers of the United States of America and of the sovereign police powers of the State or other governmental units having jurisdiction, and to the application of federal bankruptcy laws or other debtor relief or moratorium laws in general. Therefore, enforcement of those remedies may be delayed or limited, or the remedies may be modified or unavailable, subject to the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising

under the Authorizing Ordinance resulting from the application of state or federal bankruptcy, insolvency, reorganization, moratorium or similar debtor relief laws affecting creditors' rights which are presently or may from time to time be in effect.

Underwriting. Stephens Inc. (the "Underwriter") has agreed, subject to certain conditions precedent, to purchase the Bonds from the City at an aggregate purchase price of \$ _____ (principal amount _____ net original issue _____ of \$ _____ and less Underwriter's discount of \$ _____). The Underwriter is committed to purchase all of the Bonds if any are purchased.

The Bonds are being purchased by the Underwriter for reoffering in the normal course of the Underwriter's business activities. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment accounts) and others at prices lower than the offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriter.

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

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

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

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

The execution and delivery of this Official Statement on behalf of the City has been authorized by the City.

CITY OF LOWELL, ARKANSAS

By _____
Mayor

Dated: As of the Cover Page hereof

EXHIBIT A

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)