PRELIMINARY OFFICIAL STATEMENT DATED APRIL 17, 2023

NEW ISSUE

***RATING*: Moody's Investors Service: Aa3**
(See "BOND RATING" herein)

(BOOK-ENTRY ONLY)

In the opinion of Bond Counsel, the Bond and interest thereon are exempt from all state, county and municipal taxation in the State of Arkansas under existing law. (see ***LEGAL MATTERS****, "Tax Exemption" herein.*

$15,455,000*
CITY OF SHERWOOD, ARKANSAS
SALES AND USE TAX BONDS
SERIES 2023

Dated: Date of Delivery **Due: as shown below**

[Maturity Schedule included on inside cover page]

The Bonds are not general obligations of the City. The Bonds are special obligations payable solely from collections from a 0.75% sales and use tax (the "Tax") levied by the City. See THE TAX and THE BONDS, Security. The Tax is levied under Ordinance No. 2192 of the City adopted February 26, 2018 (the "Tax Ordinance"). The issuance of the Bonds and the pledging of the Tax to the payment of the principal of and interest on the Bonds was approved at the special election held June 19, 2018. The Bonds are being issued pursuant to and in full compliance with Title 26, Chapter 75, Subchapter 2 of the Arkansas Code of 1987 Annotated, and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code Annotated (together, the "Authorizing Legislation"), Amendment 62 to the Constitution of the State of Arkansas ("Amendment 62"), and Ordinance No. ______ of the City, adopted on _____________, 2023 (the "Authorizing Ordinance"). See THE AUTHORIZING ORDINANCE. The Bonds are part of the total principal amount of bonds in the amount of $38,500,000 authorized by the electors of the City at the special election held on June 19, 2018. The City previously issued its Sales and Use Tax Bonds, Series 2018 in the aggregate principal amount of $21,875,000 (the "Parity Bonds"). The Bonds are issued on a parity with the Parity Bonds.

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

Interest on the Bonds is payable semiannually on June 1 and December 1, commencing December 1, 2023. All such interest payments shall be payable to the person in whose name such Bonds are registered on the bond registration books maintained by Bank OZK, as Trustee (the "Trustee"). Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of DTC participants or indirect participants, as more fully described herein.

The Bonds mature, bear interest, and are priced to yield as shown on the inside cover of this Official Statement. The Bonds are subject to redemption prior to maturity as is more fully described in **REDEMPTION** herein.

The Bonds are offered when, as, and if issued and received by the Underwriter, named below, subject to the approval as to legality by Wright, Lindsey & Jennings LLP, Little Rock, Arkansas, Bond Counsel for the City, and subject to satisfaction of certain other conditions. Certain legal matters will be passed upon for the City by its legal counsel, Stephen Cobb, Esq. It is expected that the Bonds will be available for delivery in New York, New York, on or about June 1, 2023.

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.

Dated ________, 2023.

Stephens Inc.

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* Preliminary, subject to change

MATURITY SCHEDULE

$15,455,000[*]
CITY OF SHERWOOD, ARKANSAS
SALES AND USE TAX
SERIES 2023

$4,330,000* Serial Bonds

BASE CUSIP: ____________

Maturity December 1	Principal Amount	Interest Rate (%)	Yield (%)	CUSIP[**]
2023	$ 550,000			
2024	1,205,000			
2025	1,260,000			
2026	1,315,000			

Term Bonds*

$11,125,000* ____% Term Bonds due December 1, 2033, to Yield ____%, CUSIP _________

[*] Preliminary, subject to change.

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

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

The information set forth herein under the captions "The City and the County" and "The Bonds – Purposes for Bonds" has been furnished by the City, except where otherwise noted. All other information set forth herein has been obtained from the City or from sources other than the City that are believed to be reliable, but the adequacy, accuracy, or completeness of such information is not guaranteed by, and it is not to be construed as a representation by, the City or Bond Counsel. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that there has been no change in the matters described herein since the date hereof or that the information herein is correct as of any time subsequent to its date.

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.

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

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CITY OF SHERWOOD, ARKANSAS

Mayor and Council

Mary Jo Heye-Townsell, Mayor
Charles Harmon
Kevin Lilly
Beverly Williams
Marina Brooks
Mike Sanders
April Broderick
Shelby Thomas
Kyle Wade

City Clerk

Charlotte Watson

City Attorney

Stephen Cobb

Director of Finance

Colleen Young

Bond Counsel

Wright, Lindsey & Jennings LLP
Little Rock, Arkansas

Underwriter

Stephens Inc.
Little Rock, Arkansas

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OFFICIAL STATEMENT

$15,455,000*
CITY OF SHERWOOD, ARKANSAS
SALES AND USE TAX BONDS
SERIES 2023

INTRODUCTION TO OFFICIAL STATEMENT

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

This Official Statement of the City of Sherwood, Arkansas (the "City") is furnished in connection with the offering by the City of its $15,455,000* principal amount of Sales and Use Tax Bonds, Series 2023 (the "Bonds" or the "Series 2023 Bonds"). The Bonds are being issued for the purpose of (i) financing capital improvements, betterments, and extensions for the City's street system, including but not limited to, the planning, design, inspection, and management of the construction, reconstruction, equipping, and installation of paving and repairing of streets, sidewalks, curbs, gutters, ditches, drainage facilities, bridges, culverts, pipes, stormwater discharge and detention facilities, and related improvements and the acquisition of necessary rights of way and easements; (ii) funding a debt service reserve; and (iii) paying the costs of issuance of the Bonds. See THE BONDS, <u>Purposes for Bonds.</u>

The City is a city of the first class duly organized under the laws of the State of Arkansas (the "State") and is located in central Arkansas. The City is authorized under Title 26, Chapter 75, Subchapter 2 of the Arkansas Code of 1987 Annotated, and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code Annotated (together, the "Authorizing Legislation"), and Amendment 62 to the Constitution of the State of Arkansas ("Amendment 62"), to issue capital improvement 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. The Bonds are special obligations payable solely from collections from a 0.75% sales and use tax (the "Tax") levied by the City. See THE TAX and THE BONDS, <u>Security.</u> The Tax is levied under Ordinance No. 2192 of the City adopted February 26, 2018 (the "Tax Ordinance"). The issuance of the Bonds and the pledging of the Tax to the payment of the principal of and interest on the Bonds were approved by the voters of the City at the special election held June 19, 2018. The Bonds are part of the total principal amount of bonds in the amount of $38,500,000 authorized by the electors of the City at the special election on June 19, 2018. The City previously issued Sales and Use Tax Bonds, Series 2018, in the aggregate principal amount of $23,075,000 (the "Parity Bonds"). The Bonds are issued on a parity with the Parity Bonds. The Bonds are being issued pursuant to and in full compliance with Amendment 62, the Authorizing Legislation, and Ordinance No. _____ of the City, adopted on __________, 2023 (the "Authorizing Ordinance"). See THE AUTHORIZING ORDINANCE.

See THE BONDS, <u>Security</u>. The Bonds are subject to redemption from excess moneys in the Project Fund following completion of the Improvements and from Surplus Tax Receipts. Upon the issuance of any series of Parity Bonds as provided under the caption THE BONDS, <u>Security</u>, the amount of Surplus Tax Receipts used to redeem the Bonds and the Parity Bonds will be prorated between such bonds calculated on the then outstanding principal amount of each series of Bonds (and rounded to the nearest $5,000). See the captions THE BONDS, <u>Redemption</u> and PROJECTED MANDATORY REDEMPTIONS.

* Preliminary, subject to change

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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 an integral multiple thereof. Interest is payable December 1, 2023, and semiannually thereafter on each June 1 and December 1. Unless the Bonds are in book-entry form, payment of principal of the Bonds will be made to the registered owners of the Bonds at the principal office of Bank OZK, Little Rock, Arkansas, as trustee and paying agent for the Bonds (the "Trustee"). Interest is payable by check mailed by the Trustee to the registered owners as of the record date for each interest payment date. The record date for payment of interest on the Bonds shall be the fifteenth (15^{th}) day of the calendar month next preceding each interest payment date. A Bond may be transferred, in whole or in part (in integral multiples of $5,000), but only upon delivery of the Bond, together with a written instrument of transfer, to the Trustee. See THE BONDS, Generally, and Book-Entry Only System.

Mandatory Sinking Fund Redemption. The Bonds maturing on December 1, 2033[*] are subject to mandatory sinking fund redemption as described herein.

Extraordinary Redemption. The Bonds are subject to extraordinary redemption from proceeds of the Bonds not needed for the purposes intended and Surplus Tax Receipts (as hereinafter defined).

Optional Redemption. The Bonds are subject to optional redemption on and after June 1, 2025[*].

The Trustee shall give at least thirty (30) days' notice of redemption (other than pursuant to mandatory sinking fund redemption). See THE BONDS, Redemption.

Under existing law, the Bonds and interest thereon are exempt from all state, county and municipal taxation in the State of Arkansas. See LEGAL MATTERS, Tax Exemption.

It is expected that the Bonds will be available for delivery on or about June 1, 2023, through the facilities of the Depository Trust Company in New York, New York.

The City and the Trustee have entered 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, Little Rock, Arkansas 72201, Attention: Public Finance.

THE BONDS

Book-Entry Only System. When the Bonds are issued, ownership interests will be available to purchasers through a book-entry only system ("Book-Entry Only System") maintained by the Depository Trust Company ("DTC"), New York, New York, or its successor. DTC 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

[*] Preliminary, subject to change.

DTC. One fully-registered Bond certificate for each maturity of the Bonds will be issued in the aggregate principal amount of the maturity, and will be deposited with DTC or the Trustee as its "FAST" agent.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Closing 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" and, collectively with a Direct Participant, the "Participants"). DTC has a Standard & Poor's rating of AA-. 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 (the "Beneficial Owner") is, in turn, to be recorded on the 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 the Bonds, except in the event that use of the Book-Entry Only System for the Bonds is discontinued.

So long as Cede & Co., as nominee of DTC, is the registered owner of any of the Bonds, the Beneficial Owners of such Bonds will not receive or have the right to receive physical delivery of the Bonds, and references herein to the registered owners of such Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of such Bonds.

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. Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If 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 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).

Redemption proceeds, distributions, and dividend 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 nor its nominee, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments 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 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, Bond certificates 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, Bond certificates will be printed and delivered to DTC.

The information concerning DTC and DTC's Book-Entry Only System set forth above has been obtained from DTC. Neither the Underwriter nor the City makes 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, the Trustee, and the Underwriter have no responsibility or obligation to the Participants or the Beneficial Owners with respect to (i) the accuracy of any records maintained by DTC or any Participant; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (iii) 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; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) other action taken by DTC or Cede & Co. as registered owner of the Bonds.

The information above concerning DTC and DTC's Book-Entry Only System has been obtained from sources that the City believes to be reliable, but is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City, the Trustee, or the Underwriter. The City, the Trustee, and the Underwriter make no assurances that DTC, Direct Participants, Indirect Participants, or other nominees of the Beneficial Owners will act in accordance with the procedures described above or in a timely manner.

Generally. The Bonds are dated, mature, and bear interest as set forth on the cover page hereof. The principal of the Bonds is payable upon presentation and surrender at the principal office of the Trustee. Payment of interest on the Bonds will be made to each registered owner thereof by check or draft mailed by the Trustee to such registered owner at his address as such name and address appear on the registration book of the City kept by the Trustee on the record date which is the fifteenth (15th) day of the calendar month next preceding the calendar month in which such interest payment date falls. All such payments will be made in lawful money of the United States of America.

The 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 registered owner of any Bond for the privilege of registration, but any registered 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 of or interest on 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 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.

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Redemption.

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

(1) Extraordinary Redemption. The Bonds shall be redeemed from Surplus Tax Receipts and from proceeds of the Bonds not needed for the purposes intended in inverse order of maturity (and by lot within a maturity in such manner as the Trustee shall determine), in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. The amount of the Surplus Tax Receipts used to redeem the Bonds and the Parity Bonds will be prorated between such bonds based on the then outstanding principal amount of each series of Bonds (and rounded to the nearest $5,000).

"Surplus Tax Receipts" are collections of the Tax in excess of the amount necessary to (i) ensure the prompt payment of the principal of, interest on, and Trustee's fees and expenses and other administrative charges in connection with the Bonds; and (ii) maintain the debt service reserve in the required amount.

If there are no Parity Bonds outstanding, the City shall apply one hundred percent (100%) of the Surplus Tax Receipts to the redemption of the Bonds. If there are Parity Bonds outstanding, the amount of the Surplus Tax Receipts used to redeem the Bonds and the Parity Bonds will be prorated between such bonds calculated on the then outstanding principal amount of each series of Bonds (and rounded to the nearest $5,000).

In case of any defeasance of the Bonds, redemption of defeased Bonds shall be scheduled on the basis of mandatory redemption requirement and assuming annual Tax collections in an amount equal to receipts for the most recent twelve-month period.

(2) Optional Redemption. The Bonds are subject to redemption at the option of the City, from funds from any source, on and after June 1, 2025[*], 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 of the Bonds 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.

[Remainder of page intentionally left blank.]

[*] Preliminary, subject to change

(3) Mandatory Sinking Fund Redemption*. To the extent not previously redeemed, the Bonds maturing on December 1, 2033* are subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall determine, on December 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 December 1,2033*

Year	Principal Amount
2027	$ 1,375,000
2028	1,440,000
2029	1,510,000
2030	1,585,000
2031	1,660,000
2032	1,735,000
2033 (Maturity)	1,820,000

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

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.

Otherwise, any selection of Bonds by lot shall be effected by the Trustee, by any method chosen by the Trustee in its discretion.

Purposes for Bonds. At the special election held June 19, 2018, the voters of the City approved the issuance of bonds (including the Bonds and the Parity Bonds) in the maximum aggregate principal amount of not to exceed $38,500,000 for capital improvements, betterments, and extensions for the City's street system, including but not limited to, the planning, design, inspection, and management of the construction, reconstruction, equipping and installation of paving and repairing of streets, sidewalks, curbs, gutters, ditches, drainage facilities, bridges, culverts, pipes, stormwater discharge and detention facilities, and related improvements and the acquisition of necessary rights of way and easements (collectively, the "Improvements"); to fund a debt service reserve; and to pay the costs of issuance related thereto.

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* Preliminary, subject to change.

Sources and Uses.[*] The proceeds of the Bonds are estimated to be expended by the City as follows:

SOURCES

Par Amount of Bonds	$ 15,455,000
Total Sources	15,455,000

USES

Deposit to Project Fund	14,200,00
Deposit to Debt Service Reserve Fund	954,000
Cost of Issuance (including Underwriter's Discount)	301,000
Total Uses	$ 15,455,000

The payment of Underwriter's discount and the fee of Bond Counsel will be contingent on the Bonds being issued. See MISCELLANEOUS, Underwriting for a description of the Underwriter's discount. The City will deposit the net proceeds of the Bonds (principal amount, [plus net reoffering premium/less net original issue discount], and less Underwriter's discount, debt service reserve deposit, and certain issuance costs) into a project fund established with the Trustee with respect to the Bonds (the "Project Fund"). Moneys contained in the Project Fund will be disbursed in payment of costs of the Improvements, as applicable, 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. The Bonds are special obligations payable solely from collections from the 0.75% Tax levied by the City. Tax receipts must be used solely to pay the principal of and interest on, Trustee's fees and expenses and other administrative charges with respect to the Bonds. The Bonds are secured under the Authorizing Ordinance. For a summary of the terms of the Authorizing Ordinance, see THE AUTHORIZING ORDINANCE.

The City covenants that it will not issue any additional bonds, or incur any other additional obligations, secured by a lien on or pledge of the receipts from collections of the Tax, other than refunding bonds. The Bonds may be issued so long as the City can demonstrate that receipts from collections of the Tax for a twelve (12) month period that ends not more than ninety (90) days prior to the date that the Bonds are authorized by the City Council of the City to be issued are in an amount equal to or in excess of one hundred forty percent (140%) of the maximum annual debt service requirement for the Bonds and the Parity Bonds.

Upon the issuance of the Bonds, the amount of the Surplus Tax Receipts used to redeem the Bonds and the Parity Bonds will be prorated between such bonds calculated on the then outstanding principal amount of each series of Bonds (and rounded to the nearest $5,000). See the captions THE BONDS, Redemption and PROJECTED MANDATORY REDEMPTIONS.

If there are no Parity Bonds outstanding, the City shall apply one hundred percent (100%) of the Surplus Tax Receipts to the redemption of the Bonds. If there are Parity Bonds outstanding, the amount of the Surplus Tax Receipts used to redeem the Bonds and the Parity Bonds will be prorated between such bonds calculated on the then outstanding principal amount of each (and rounded to the nearest $5,000).

[*] Preliminary, subject to change.

In case of any defeasance of the Bonds, redemption of defeased Bonds shall be scheduled on the basis of mandatory redemption requirements and assuming annual receipts from Tax Collections in an amount equal to receipts for the most recent twelve-month period.

Notwithstanding the above, nothing shall be construed to prohibit the City from refunding any Bonds or Parity Bonds and pledging the receipts from collections of the Tax to the refunding bonds on a parity with the non-refunded Bonds or Parity Bonds.

A debt service reserve will be maintained in the Debt Service Reserve Fund in an amount equal to fifty percent (50%) of the maximum annual debt service requirement on the Bonds and the Parity Bonds. See THE AUTHORIZING ORDINANCE, Debt Service Reserve Fund.

THE CITY AND THE COUNTY

General. The City is organized under the laws of the State of Arkansas as a city of the first class. The City is located in the central part of the State, approximately ten miles north-northeast of Little Rock. The City has a population of approximately 33,000. The City is part of the Little Rock Metropolitan Statistical Area, and is served by Arkansas State Highway 107 and U.S. Highways 67/167 connecting with Interstates 440 and 40, which connect to Interstate 30.

Source: United States Census Bureau.

Governmental Organization**.** The City operates under the Mayor/City Council form of municipal government. It has an eight-member City Council, with the Mayor being elected at large and with two City Council members being elected from each of four wards.

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The current members of the City of Sherwood City Council are as follows:

Name	Term Expiration	Office
Mary Jo Heye-Townsell		Mayor
Charlotte Watson		City Clerk
Charles Harmon		Council Member
Kevin Lilly		Council Member
Beverly Williams		Council Member
Marina Brooks		Council Member
Mike Sanders		Council Member
April Broderick		Council Member
Shelby Thomas		Council Member
Kyle Wade		Council Member

The principal executive officers of the City include:

Mayor	Mary Jo Heye-Townsell
City Clerk	Charlotte Watson
City Attorney	Stephen Cobb
Director of Finance	Colleen Young

The City provides a range of municipal services including Animal Services; Computer Services; District Court; Engineering, Permit & Planning; Human Resources; Office of Emergency Management; Parks & Recreation; Police; Public Works; and Senior Citizens Center.

Following are selected indices and financial information for the City and for Pulaski County:

Land Use/Population. Population of the City and the County since 1990 is indicated below:

Year	City	County
1990	18,893	349,660
2000	21,511	361,474
2010	29,523	382,748
2020	32,731	399,125
2022*	33,020	397,821

Sources: University of Arkansas at Little Rock, Arkansas Economic Development Institute citing the U.S. Census Bureau, 1990 Census Summary Tape File 1; Census 2000 Summary File 1; 2010 Census; Population Division; 2020 Census; Population Division; U.S. Census Bureau for 2022.

*The populations of the City and County in 2022 are estimates as of July 1, 2022.

The land area of the County is approximately 760 square miles.

Source: U.S. Bureau of the Census, 2020 Census.

Income. Annual per capita income for the County since 2012 is as follows:

Year	Per Capita Income*
2012	$48,081
2013	$47,854
2014	$46,349
2015	$45,862
2016	$47,834
2017	$48,838
2018	$51,185
2019	$51,927
2020	$52,043
2021	$58,583
2022	N/A
2023	N/A

Sources: U.S. Bureau of Economic Analysis.

* Figures for 2022 and 2023 are unavailable.

Employment. The civilian labor force in the County, the State, the United States, and the numbers employed respectively have been as follows:

	Civilian Labor Force			Number Employed		
Year	County	AR (in thousands)	US (in thousands)	County	AR (in thousands)	US (in thousands)
2010	189,321	1,353	153,889	175,512	1,242	139,064
2011	190,083	1,362	153,617	175,884	1,249	139,869
2012	188,484	1,341	154,975	175,552	1,239	142,469
2013	186,725	1,307	155,389	174,559	1,211	143,929
2014	184,549	1,300	155,922	174,401	1,220	146,305
2015	186,061	1,329	157,126	177,567	1,260	148,839
2016	187,474	1,337	159,640	180,862	1,285	151,111
2017	190,086	1,357	160,597	183,669	1,307	154,021
2018	188,412	1,353	163,240	181,973	1,303	156,945
2019	189,699	1,351	164,556	183,378	1,233	158,803
2020	189,050	1,379	160,567	174,991	1,312	149,830
2021	184,896	1,331	163,687	175,806	1,287	157,174
2022	187,167	1,349	164,291	N/A*	1,324	158,297
2023*	N/A	N/A	N/A	N/A	N/A	N/A

Source: U.S. Bureau of Labor Statistics.

* Figures for number of those employed in Pulaski County, Arkansas for 2022 and all figures for 2023 are unavailable.

The annual average unemployment rates for the County, the State, and the United States since 2010 are as follows:

Unemployment Rate %

Year	County	AR	US
2010	7.3	8.2	9.6
2011	7.5	8.3	8.9
2012	6.9	7.6	8.1
2013	6.5	7.4	7.4
2014	5.5	6.1	6.2
2015	4.6	5.2	5.3
2016	3.5	3.9	4.7
2017	3.4	3.7	4.1
2018	3.4	3.7	3.9
2019	3.3	3.5	3.5
2020	7.4	4.9	6.7
2021	4.9	3.3	3.9
2022	3.8	3.6	2.6
2023*	N/A	N/A	N/A

Source: U.S. Bureau of Labor Statistics.

* Figures for 2023 are unavailable.

Commercial and Residential Construction. The following table shows new construction in the City, as reflected by building permits issued, at year end:

Commercial Construction
and Residential Construction

Year	Number of Commercial Permits	Number of Residential Permits	Value***
2010	5	96	$51,295,856
2011	6	82	$15,843,785
2012	14	144	$33,210,507
2013	17	159	$29,907,643
2014	7	128	$32,308,040
2015	6	187	$32,726,521
2016	10	216	$38,680,209
2017	8	258	$72,059,478
2018*	14	145	$44,781,318
2019	13	199	$73,411,312
2020	7	248	$50,887,738
2021	6	138	$48,014,373
2022	9	107	$43,109,866
2023**	0	23	$6,560,370

* As of August 7, 2018.
** Figures shown are from January 1, 2023 to February 28, 2023.
*** Values are estimates.

Source: City of Sherwood, Permits & Planning.

Financial Institution Deposits. The total deposits of banks with principal offices within the County as of June 30 of each year have been as follows:

Year	Total Bank Deposits (in thousands)
2009	$3,267,333
2010	$3,085,706
2011	$2,850,857
2012	$2,747,525
2013	$2,828,394
2014	$2,267,231
2015	$2,797,524
2016	$4,820,015
2017	$5,428,185
2018	$4,489,975
2019	$7,169,219
2020	$7,402,395
2021	$6,673,754
2022	$6,852,229

Source: Federal Deposit Insurance Corporation (Bank OZK; Encore Bank; First Arkansas Bank & Trust; Bank of Little Rock; Central Bank; and Eagle Bank and Trust Company).

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Major Employers*. The fifteen (15) largest principal industries, commercial or governmental entities, or other major employers within the boundaries of the City are as follows:

Company	Business or Product	Number of Employees*
Walmart, Inc.	Retail department stores	505
Pulaski County Special School District	Elementary and secondary schools	491
CHI St. Vincent North	Health care	400
RelateCare	Health care	255
CHI St. Vincent Rehabilitation Hospital	Health care	250
Delta Dental of Arkansas	Dental insurance	215
CHI St. Vincent Neuroscience Institute	Health care	200
Russell Chevrolet	Automotive dealerships	150
Sherwood Nursing & Rehabilitation Center, Inc.	Nursing homes and convalescent centers	130
McDonald's	Restaurants	113
Crain Automotive	Automotive dealerships	110
Kohl's Department Stores, Inc.	Retail department stores	75
Baptist Health	Health care	56
Fletcher Auto Group	Automobile dealership	55
ABC Financial	Software and payment processing	**

Source: City of Sherwood Director Finance.
*Updated as of April 12, 2023.
**ABC Fitness Solutions, LLC has a Sherwood office but is remote-workforce oriented.

School Enrollment. Public school enrollment in the Pulaski County Special School District, within whose boundaries the City is located, has been as follows:

School Year	Enrollment
2013-2014	17,705
2014-2015	17,308
2015-2016	17,185
2016-2017	12,902*
2017-2018	12,643*
2019-2020	11,801
2020-2021	11,424
2021-2022	11,265
2022-2023	11,787

Source: Pulaski County Special School District, Application Developer.

*In 2016, the Jacksonville North Pulaski School District was created and all schools falling within the new district were released from the Pulaski County Special School District, which is reflected in the enrollment numbers.

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City Employees. The City of Sherwood does not participate in collective bargaining with organized labor. As of March 5, 2023, the City employment was as follows:

City Government	Total	Full Time	Part Time
	366	287	79

Source: City of Sherwood, Director of Human Resources.

THE TAX

Generally. Pursuant to the Authorizing Legislation, the City has levied the Tax pursuant to the Tax Ordinance. The Tax is a tax within the City on all items which are subject to taxation under The Arkansas Gross Receipts Act of 1941 (as amended) and a tax on the receipts from storing, distributing, using or consuming tangible personal property under The Arkansas Compensating Tax Act of 1949 (as amended). Pursuant to the Authorizing Ordinance, the City has pledged the receipts from collections of the Tax to the payment of the Bonds. The Tax was approved by the voters of the City at the special election held June 19, 2018.

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

Pursuant to Act 757 of 2011 (the "Sales Tax Holiday Act"), the State has created an annual sales tax holiday in which clothing (which is less than $100 per item), clothing accessories, or equipment (which are less than $50 per item), school art supplies, school instructional materials, and school supplies are exempt from taxation under The Arkansas Gross Receipts Tax Act of 1941. The annual sales tax holiday is from 12:01 a.m. on the first Saturday in August until 11:59 p.m. the following Sunday. The City cannot predict the future impact of the Sales Tax Holiday Act.

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

Administration. Pursuant to the Authorizing Legislation, the Commissioner of Revenues of the State (the "Commissioner") performs all functions incidental to the administration, collection, enforcement, and operation of the Tax. All receipts from the Tax collected, less certain charges payable and retainage due the Commissioner for administrative services in the amount of three percent (3%) of the gross tax receipts shall be remitted by the State Treasurer to the Trustee monthly for deposit into the Revenue Fund. See THE AUTHORIZING ORDINANCE, The Revenue Fund.

Historical Tax Collections. Based on the actual collections of the Tax, the following tables illustrate what the actual Tax collections have been in each of the years and the twelve-month periods shown, as follows:

Calendar Year	Bond Sales & Use Tax 0.75%	Annual Increase (Decrease)
2018[1]	$ 3,897,138	N/A
2019	3,895,720	-0.04%
2020	4,681,172	20.16%
2021	5,173,607	10.52%
2022	5,509,078	6.48%

12 Month Period Ended March 31	Bond Sales & Use Tax 0.75%	Annual Increase (Decrease)
2020	$ 3,994,243	N/A
2021	4,839,191	21.15%
2022	5,263,550	8.77%
2023	5,605,205	6.49%

Source: Treasurer of State of Arkansas.
[1] Collections of the Tax began December 1, 2018. To illustrate 2018, collections of an existing City tax were adjusted to the rate of 0.75%.

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

THE AUTHORIZING ORDINANCE

Set forth below is a summary of certain portions of the Authorizing Ordinance. This summary does not purport to be comprehensive and reference is made to the full text of the Authorizing Ordinance for a complete description of its provisions. Unless the context clearly indicates otherwise, all references to the "Bonds" under this heading shall include the Series 2023 Bonds and the Parity Bonds. The City will covenant as set forth below in the Authorizing Ordinance.

Funds and Accounts. Receipts of the Tax are pledged by the Authorizing Ordinance to the payment of the principal of and interest on the Bonds. The following Funds and Accounts shall be established with the Trustee in connection with the Bonds (a) Revenue Fund; (b) Bond Fund; (c) Debt Service Reserve Fund; (d) Project Fund; and (e) Cost of Issuance Fund.

Application of Sales and Use Tax.

(a) Revenue Fund. All receipts of the Tax shall, as and when received, be deposited into the Revenue Fund. All moneys at any time in the Revenue Fund shall be deposited on a monthly basis into the Bond Fund for payment of debt service on the Bonds, to the maintenance of the Debt Service Reserve Fund, to the payment of fees and expenses of the Trustee and any Paying Agent, and to the early redemption of the Bonds, at the times and in the amounts as set forth herein. See PROJECTED MANDATORY REDEMPTION. Following said monthly transfers from the Revenue Fund, to the extent there exists a deficiency in the Bond Fund, Debt Service Reserve Fund, or to the extent fees and expenses are due and owing to the Trustee or any Paying Agent, there shall immediately be transferred amounts sufficient to remedy said deficits from the Redemption Account of the Bond Fund (but only to the extent not needed to pay principal pursuant to redemptions for which notice has been delivered).

(b) Bond Fund. Upon receipt, but in no event later than the last day of each month in which receipts of the Tax are deposited into the Revenue Fund, there shall be transferred from the Revenue Fund, as set forth above, into the Bond Fund (i) an amount equal to 1/6 of the interest on the Bonds due on the next interest payment date, (ii) an amount equal to 1/12 of the principal of the Bonds due on the next principal payment date, and (iii) an amount equal to 1/12 of the Trustee's fees and expenses next due. The deposits made into the Bond Fund shall be reduced or increased, as appropriate, in order to take into account interest earnings on moneys in the Bond Fund. Moneys in the Bond Fund shall be used solely for the purpose of paying annual debt service on the Bonds or for redemption of the Bonds, as provided in the Authorizing Ordinance. The Trustee shall withdraw from the Bond Fund, on the date of any principal or interest payment, an amount equal to such payment for the sole purpose of paying the same.

There shall be established and maintained in the Bond Fund, a Redemption Account into which shall be deposited, monthly, all funds in the Revenue Fund available for the redemption of the Bonds arising from Surplus Tax Receipts and transfers from the Project Fund, if any. Moneys in the Redemption Account shall be used to redeem the Bonds prior to maturity.

If the amounts in the Revenue Fund are insufficient to make the required payment into the Bond Fund, the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Bond Fund not later than the last day of the next succeeding month.

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

(c) Debt Service Reserve Fund. From proceeds of the Bonds, there shall be deposited into the Debt Service Reserve Fund an amount equal to fifty percent (50%) of the maximum annual debt service with respect to the Bonds (the "Reserve Requirement"). The City will fund the amount in the debt service reserve to be maintained in an amount equal to fifty percent (50%) of the maximum annual debt service requirement on the Bonds. Amounts on deposit in the Debt Service Reserve Fund shall be used solely to pay the principal of and interest on the Bonds and the Parity Bonds as due for which there are no available funds in the Bond Fund to make such payments. The Reserve Requirement may be satisfied by cash, Government Securities, or a surety bond or debt service reserve insurance policy.

If the amount in the Debt Service Reserve Fund is ever reduced below the Reserve Requirement, it shall be reimbursed to an amount equal to the Reserve Requirement through monthly payments, beginning not later than the last day of the month in which the Debt Service Reserve Fund was reduced below the Reserve

Requirement, and continuing not later than the last day of each month thereafter until such reimbursement shall have been accomplished, from funds in the Revenue Fund (after making the required deposits into the Bond Fund). If a surplus shall exist in the Debt Service Reserve Fund over and above the Reserve Requirement, such surplus shall be transferred by the Trustee and deposited into the Bond Fund.

(d) Project Fund. A portion of the Bond proceeds shall be deposited in the Project Fund. See THE BONDS, Sources and Uses. Amounts in the Project Fund shall be expended only for the payment of costs of the Improvements upon submission of requisitions by the City to the Trustee. The Trustee shall only make payments from the Project Fund pursuant to and in accordance with requisitions. Within ninety (90) days following completion of the Improvements, the City shall deliver to the Trustee its Certificate stating that the Improvements are complete and the Trustee shall transfer the remaining moneys in the Project Fund (save and except moneys needed to satisfy unpaid costs of the Improvements) to the Bond Fund for the application to the retirement of the Bonds by redemption or purchase.

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

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

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

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

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

(e) "Permitted Investments" are defined as (i) direct or fully guaranteed obligations of the United States of America ("Government Securities"); (ii) direct obligations of an agency, instrumentality, or government-sponsored enterprise created by an act of the United States Congress and authorized to issue securities or evidences of indebtedness, regardless of whether the securities or evidences of indebtedness are guaranteed for repayment by the United States Government; (iii) certificates of deposit or demand deposits of banks, including the Trustee, which are insured by the Federal Deposit Insurance Corporation, 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.

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

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

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

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

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

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

Defeasance. The Bonds shall be deemed paid when there has been deposited with the Trustee in the Bond Fund an amount sufficient to pay the principal or redemption price of and interest on such Bonds to the date of maturity or redemption. The Bonds shall also be deemed paid if there shall be irrevocably deposited with the Trustee cash sufficient to make such payment and/or Government Securities which are direct obligations of the United States of America maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

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

When all the Bonds shall have been paid within the meaning of the Authorizing Ordinance, if the Trustee has been paid its fees and expenses or provision has been made therefor, and if any arbitrage rebate payment with respect to the Parity Bonds has been paid or provision has been made therefor, the Trustee shall 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.

No Additional Bonds. The City covenants that it will not issue any additional bonds, or incur any other additional obligations, secured by a lien on or pledge of the receipts from collections of the Tax, other than refunding bonds. The refunding bonds may be issued so long as the City can demonstrate that receipts from collections of the Tax for a twelve (12) month period that ends not more than ninety (90) days prior to the date that the refunding bonds are authorized by the City Council of the City to be issued, are in an amount equal to or in excess of one hundred forty percent (140%) of the maximum annual debt service requirement for the Bonds.

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

Supplemental Ordinances. The terms of the Authorizing Ordinance constitute a contract between the City and the owners of the Bonds and no variation or change in the undertaking set forth in the Authorizing

Ordinance shall be made while any of the Bonds are outstanding, except as hereinafter set forth. The owners of not less than seventy-five percent (75%) in aggregate principal amount of Bonds then outstanding shall have the right, from time to time, to consent to and approve the adoption by the City of a supplemental ordinance as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Authorizing Ordinance or in any supplemental ordinance applicable to of the Bonds. The Trustee may consent to any change without the consent of seventy-five percent (75%) of the owners of the aggregate principal amount of Bonds outstanding that the Trustee determines is not to the material prejudice of the owners of the Bonds or in order to cure any ambiguity or formal defect or omission in the Authorizing Ordinance or any amendment thereto, provided, however, that nothing therein contained shall permit or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond issued thereunder; or (b) a reduction in the principal amount of any Bond or the rate of interest thereon; or (c) the creation of a pledge of Tax receipts superior to or on a parity with the pledge created by the Authorizing Ordinance, except as set forth herein; or (d) a privilege or priority of any bond or bonds over any other bond or bonds; or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance.

CONTINUING DISCLOSURE AGREEMENT

During the past five (5) years, the City has been obligated to comply with continuing disclosure agreements involving four (4) bond issues. Such agreements require the City to file annual reports with the trustees, as dissemination agents. The dissemination agents are required to file the annual reports with the Municipal Securities Rulemaking Board ("MSRB") on its Electronic Municipal Market Access system ("EMMA") within various time periods set by those agreements. For all four (4) bond issues, the City was required to provide, within one hundred eighty (180) days of the fiscal year end, an annual report and an audit (within 30 or 60 days of receipt) for the City and was required to furnish to the MSRB notice of significant events, within ten (10) days of the occurrence. While the City has not made any determination as to materiality, the following summarizes a non-exhaustive discussion of the City's compliance with its continuing disclosure obligations over the past five (5) years.

For the Series 2015 Library Construction Bonds, the City timely filed the annual reports for the 2022, 2021 2020, 2019, and 2018 fiscal years. Annual audits of the City were timely filed for fiscal years 2021, 2020, 2019, and 2018. The annual audit for fiscal year 2022 is not yet available. Notices of mandatory redemption of Series 2015 Library Construction Bonds from surplus collections were timely filed. Notice of redemptions from surplus collections on the Series 2015 Library Construction Bonds were timely filed.

For the Series 2016 Capital Improvement Revenue Refunding Bonds, the City's continuing disclosure obligations began after the end of the 2016 fiscal year. The City timely filed the annual reports for the 2022, 2021, 2020, 2019, and 2018 fiscal years and the annual audits for the 2021, 2020, 2019, and 2018 fiscal years. The annual audit for fiscal year 2022 is not yet available.

For the Series 2017 Hotel and Restaurant Gross Receipts Tax Bonds, the City timely filed the annual reports for the 2022, 2021, 2020, 2019, 2018, and 2017 fiscal years. The annual audit for fiscal year 2022 is not yet available.

The City timely filed a notice regarding the trustee name change for all three of the above bond issues.

For the Series 2018 Sales and Use Tax Bonds, the City timely filed the annual report and annual audit for the 2022, 2021, 2020, and 2019. The annual audit for 2022 is not yet available. Notices of extraordinary redemption of bonds from surplus tax receipts were timely filed.

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 each Continuing Disclosure Agreement for a complete description of its provisions.

Purpose of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement is executed and delivered by the City and Bank OZK, as Dissemination Agent, 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 Agreements.

"Beneficial Owner" 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.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

Provision of Annual Report. (a) The City shall, or cause the Dissemination Agent to, not later than June 30 of each year commencing in 2023, provide to the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.ernma.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 audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such audited 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 Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with subsection (a) above if the Dissemination Agent has not received a copy of the Annual Report and proof of filing with the MSRB by the date specified in the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report (containing the information set forth in 1 through 3 under Content of Annual Reports, below) has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall file a notice to the MSRB.

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

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

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

3. The annual financial statements of the general fund of the City, which need not be audited in accordance with auditing standards generally accepted in the United States of America. Such financial statements 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.

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

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

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

11. Rating changes.

12. Bankruptcy, insolvency, receivership, or similar event of the obligated person.

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

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

15. Incurrence of a "financial obligation" (as defined below) of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) After the occurrence of a Listed Event (excluding an event described in (a)8 above), the City shall promptly notify the Dissemination Agent 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 City. 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 City or the Dissemination Agent 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 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 Dissemination Agent may amend a Continuing Disclosure Agreement, and any provisions of the Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the requirements for providing an Annual Report, to the contents of the Annual Report or the reporting of Listed Events, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the 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 nationally recognized bond counsel, 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 Dissemination Agent to comply with any provision of the Continuing Disclosure Agreement, the Trustee, the City or any Beneficial Owner may (and the Trustee, at the request of the Underwriter or the Beneficial Owners of at least twenty-five percent (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 Dissemination Agent, 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, the Trustee, or the Dissemination Agent 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, and the Beneficial Owners and shall create no rights in any other person or entity.

DEBT SERVICE COVERAGE

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

Based upon the pledge of one hundred percent (100%) of estimated Tax receipts, debt service coverage for the Bonds is as follows(1):

Estimated Tax Receipts Available for Debt Service	$ 5,605,205 (2)
Maximum Annual Debt Service	1,908,000
Estimated Debt Service Coverage	294%

(1)Assuming an average coupon rate of 4.733% for the Bonds, using a year ending December 1.
(2)Most recent 12 months ending March 2023.

Based upon the pledge of one hundred percent (100%) of estimated Tax receipts, debt service coverage for the Bonds and Additional Parity Bonds is as follows:

Estimated Tax Receipts Available for Debt Service	$ 5,605,205 (2)
Estimated Maximum Annual Debt Service(1)	2,776,961
Estimated Debt Service Coverage	202%

(1)Assuming an average coupon rate of 4.733% for the Bonds and including the average coupon rate of 4.258% for the Parity Bonds.
(2)Most recent 12 months ending March 2023.

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DEBT SERVICE REQUIREMENTS*

The following table shows amounts required to pay scheduled principal, mandatory sinking fund redemption, and interest on the Bonds and Parity Bonds during each year:

Date	Bonds Principal(1)	Bonds Interest(1)	Parity Bonds Principal	Parity Bonds Interest	Total Bonds and Parity Bonds Debt Service
12/01/2023	$550,000.00	$363,368.98	$615,000.00	$252,900.00	$1,781,268.98
12/01/2024	1,205,000.00	700,634.96	645,000.00	222,150.00	2,772,784.96
12/01/2025	1,260,000.00	647,060.66	680,000.00	189,900.00	2,776,960.66
12/01/2026	1,315,000.00	589,151.06	710,000.00	155,900.00	2,770,051.06
12/01/2027	1,375,000.00	528,437.50	745,000.00	120,400.00	2,768,837.50
12/01/2028	1,440,000.00	463,125.00	775,000.00	90,600.00	2,768,725.00
12/01/2029	1,510,000.00	394,725.00	810,000.00	59,600.00	2,774,325.00
12/01/2030	1,585,000.00	323,000.00	680,000.00	27,200.00	2,615,200.00
12/01/2031	1,660,000.00	247,712.50	-	-	1,907,712.50
12/01/2032	1,735,000.00	168,862.50	-	-	1,903,862.50
12/01/2033	1,820,000.00	86,450.00	-	-	1,906,450.00
Total	**$15,455,000.00**	**$4,512,528.16**	**$5,660,000.00**	**$1,118,650.00**	**$26,746,178.16**

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* Preliminary, subject to change.
(1) Assuming on average coupon rate of 4.733% for the Bonds with a Bond Year using December 1.
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PROJECTED MANDATORY REDEMPTION*

The table under the caption "DEBT SERVICE REQUIREMENTS" does not reflect possible mandatory redemptions of the Bonds and the Parity Bonds from Surplus Tax Receipts, if available. Surplus Tax Receipts are all receipts of the Sales and Use Tax in excess of the amount necessary (i) to assure the prompt payment of the principal of and interest on the Bonds and the Parity Bonds, (ii) to pay any arbitrage rebate due under Section 148(f) of the Code with respect to the Parity Bonds, and (iii) to pay Trustee and Paying Agent fees and expenses. While any of the Parity Bonds are outstanding, all Surplus Tax Receipts shall be prorated between the Bonds and the Parity Bonds based upon the outstanding principal amount of the Bonds and the Parity Bonds. Following payment in whole of the Parity Bonds at maturity or upon redemption prior to maturity, all Surplus Tax Receipts shall be allocated to the redemption of the Bonds. THERE CAN BE NO ASSURANCE GIVEN THAT RECEIPTS OF THE SALES AND USE TAX WILL BE REALIZED IN THE AMOUNTS ASSUMED IN THE TABLE BELOW. See the caption "THE SALES AND USE TAX — Future Sales and Use Tax Receipts" herein.

Date	Bonds Principal Due	Bonds Redeemed Prior to Maturity(3)	Parity Bonds Principal Due	Parity Bonds Redeemed Prior to Maturity(3)	Total Bonds and Parity Bonds Principal Retired
6/1/2023(1)(2)		N/A		$2,445,000	$2,445,000
12/1/2023	550,000	1,280,000	615,000	220,000	2,665,000
6/1/2024		1,280,000		220,000	1,500,000
12/1/2024	1,205,000	1,355,000	645,000	180,000	3,385,000
6/1/2025		1,380,000		185,000	1,565,000
12/1/2025	1,260,000	1,515,000	680,000	95,000	3,550,000
6/1/2026		1,705,000		110,000	1,815,000
12/1/2026	1,315,000	2,610,000	265,000	-	4,190,000
Total:	**$4,330,000**	**$11,125,000**	**$2,205,000**	**$3,455,000**	**$21,115,000**

(1) The Bonds are expected to be delivered on or about June 1, 2023, therefore no redemptions are projected for that date.
(2) Schedule above assumes redemption from Surplus Tax Collections for the Parity Bonds on June 1, 2023 in the amount of $2,445,000. The actual redemption could be more or less than this amount.
(3) Assuming annual receipts of the Tax of $5,605,205.

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* Preliminary, subject to change.

LEGAL MATTERS

Legal Proceedings. There is no litigation pending seeking to restrain or enjoin the Tax or the issuance or delivery of the Bonds, or questioning or affecting the legality of the Tax or Bonds 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 or the levy and pledge of the Tax by the City.

Legal Opinions. Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Wright, Lindsey & Jennings LLP, Little Rock, Arkansas, Bond Counsel. Certain matters will be passed upon for the City by Stephen Cobb, Esq., City Attorney.

Tax Exemption. In the opinion of Wright, Lindsey & Jennings LLP, Bond Counsel, under existing law, the Bonds and the interest thereon are exempt from all Arkansas state, county, and municipal tax.

In the opinion of Bond Counsel, interest on the Bonds under existing law is includable in gross income for federal income tax purposes0

MISCELLANEOUS

Underwriting. Under a Bond Purchase Agreement (the "Agreement") entered into by and between the City, as issuer, and Stephens Inc. as underwriter (the "Underwriter"), the Bonds are being purchased at a price of $______________ (principal amount, [plus net reoffering premium of $_____________/less net original issue discount of $_____________], less Underwriter's discount of $____________). The Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the Bonds or any proceedings in connection with the issuance thereof, and the absence of material adverse changes in the financial or business condition of the City.

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

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

Bond Rating. The Bonds are rated "_____" by Moody's Investors Service. The rating reflects only the view of the rating agency. Any explanation of the significance of the rating may be obtained only from the rating agency. The City furnished to the rating agency certain information and materials, some of which have been included in this Preliminary Official Statement, relating to the Bonds and the City. Generally, rating agencies base their ratings on such information and materials and investigation, studies, and assumptions by the rating agencies. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if in its judgment circumstances so warrant.

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.

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

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

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

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CITY OF SHERWOOD, ARKANSAS

By:_______________________________
Mary Jo Heye-Townsell, Mayor

Dated: As of the Cover Page hereof.

EXHIBIT A

SUMMARY OF STATE SALES AND USE TAX PROVISIONS

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

(a) Tangible personal property;

(b) Specified digital products sold (i) to a purchaser who is an end user and (ii) with the right of permanent use or less than permanent use granted by the seller regardless of whether the use is conditioned on continued payment by the purchaser;

(c) Digital codes;

(d) Natural or artificial gas, electricity, water, ice, steam, or any other utility or public service;

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

(ii) Service of cable television, community antenna television, and any and all other distribution of television, video, or radio services with or without the use of wires provided to subscribers, paying customers or users, including all service charges and rental charges, whether for basic service, premium channels, or other special service, and including installation and repair service charges and any other charges having any connection with the providing of these services;

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

(iv) Service of providing transportation or delivery of money, property or valuables by armored car; service of providing cleaning or janitorial work; pool cleaning and servicing; pager services; telephone answering services; lawn care and landscaping services; parking a motor vehicle or allowing a motor vehicle to be parked; service of storing a motor vehicle; storing furs; and providing indoor tanning at a tanning salon;

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

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

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

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

(j) Retail sale of any device used in playing bingo and any charge for admittance to facilities or for the right to play bingo or other games of chance;

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

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

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

(n) Wrecker and towing services;

(o) Collection and disposal of solid wastes;

(p) Cleaning of parking lots and gutters;

(q) Dry cleaning and laundry services;

(r) Industrial laundry services;

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

(t) Pest control services;

(u) Security and alarm monitoring services;

(v) Boat storage and docking fees;

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

(x) Locksmith services;

(y) Pet grooming and kennel services;

(z) Computer software, including prewritten computer software; services of repairing or maintaining computer equipment or hardware in any form; however, gross receipts or gross proceeds derived from the sale of a computer software maintenance contract are not taxable;

(aa) Any intrastate, interstate, and international telecommunications service that is sourced in Arkansas and any ancillary services and any installation, maintenance, or repair services of telecommunication equipment;

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

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

(dd) Withdrawals from stock; and

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

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

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

(b) Aircraft held for resale and used for rental or charter, whether by a business or an individual for a period not to exceed one (1) year from date of purchase of aircraft;

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

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

(e) Newspapers;

(f) Property or services to the United States Government;

(g) Motor vehicles and adaptive equipment to disabled veterans who have purchased said vehicles or equipment with financial assistance of the Veterans Administration;

(h) Property or services to the United States Government; motor vehicles and adaptive equipment to disabled veterans who have purchased said vehicles or equipment with financial assistance of the United States Department of Veterans Affairs; specified digital products, a digital code, tangible personal property to and leasing of cars used in promoting scouting or services to the Boy Scouts of America, the Girl Scouts of America or any of the Scout Councils in the State; tangible personal property, specified digital products, a digital code, or service to the Salvation Army, Heifer International, Inc., or Habitat for Humanity; tangible personal property, specified digital products, a digital code, or service to the Boys & Girls Club of America, to the Poets' Roundtable of Arkansas, to 4-H Clubs and FFA Clubs, to the Arkansas 4-H Foundation, the Arkansas FFA Foundation and the Arkansas Division of the Future Farmers of America;

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

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

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

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

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

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

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

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

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

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

(s) Unprocessed crude oil;

(t) Tangible personal property consisting of machinery and equipment used directly in producing, manufacturing, fabricating, assembling, processing, finishing, or packaging of articles of commerce at manufacturing or processing plants or facilities in the State if it is purchased and used to (i) create new manufacturing or processing plants or facilities within this state (ii) to expand existing manufacturing or processing plants or facilities within this state or (iii) replace existing machinery and equipment;[1]

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

(v) Catalysts, chemicals, reagents, and solutions which are consumed or used by manufacturing or processing plants or facilities, cities or towns in this State to prevent or reduce air and/or water pollution or contamination;

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

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

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

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

[1] *See* SB 441, which may amend this exemption if approved by the Governor; transmitted to the Governor's Office on April 6, 2023.

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

(bb) Property or services to humane societies;

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

(dd) Property or sales to all orphans' homes, or children's homes, which are not operated for profit and whether operated by a church, religious organization, or other benevolent charitable association;

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

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

(gg) New and used farm machinery and equipment;

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

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

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

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

(ll) Sale of a mobile home or on the subsequent sale of a manufactured home or modular home;

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

(nn) Electricity and natural gas to qualified steel manufacturers;

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

(pp) Publications sold through regular subscriptions;

(qq) Tickets for admission to athletic events and interscholastic activities of public and private elementary and secondary schools in the State and tickets for admission to athletic events at public and private colleges and universities in the State;

(rr) Durable medical equipment, mobility enhancing equipment, a prosthetic device, and disposable medical supplies prescribed by a physician;

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

(tt) Telephone instruments sent into the State for refurbishing or repair and then shipped back to the state of origin;

(uu) Industrial metal rollers sent into the State for repair or remanufacture and then shipped back to the state of origin;

(vv) New motor vehicles purchased by non-profit organizations and used for the performance of contracts with the Department of Human Services, and new motor vehicles purchased with Urban Mass

Federal Transit Administration funds if (i) the vehicles meet minimum State specifications, and (ii) vehicles are used for transportation under the Department of Human. Services' programs for the aging, disabled, mentally ill, and children and family services;

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

(xx) Parts or other tangible personal property incorporated into or which become a part of commercial jet aircraft component or subcomponents;

(yy) Transfer of fill material obtained free of charge by a business engaged in transporting or delivering fill material, and the charge to the consumer or user is only for delivery;

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

(aaa) Foodstuffs to nonprofit agencies;

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

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

(ddd) Sales to Fort Smith Clearinghouse, Inc. of Fort Smith;

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

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

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

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

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

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

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

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

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

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

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

(ppp) Livestock reproduction equipment or substances;

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

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

(sss) Tangible property, specified digital products, a digital code, or services to the American Scent Dog Association, Inc.;

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

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

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

(www) Repair parts and labor for pollution control machinery and equipment;

(xxx) Sales of tangible personal property, specified digital products, a digital code, or a service to a nonprofit blood donation organization;

(yyy) Sales of utilities used by qualifying agriculture and horticultural equipment;

(zzz) Sales of utilities used by a grain drying and storage facility;

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

(bbbb) Machinery, new and used equipment, and related attachments that are sold to or used by a person engaged primarily in the harvesting of timber;

(cccc) Sales of tangible personal property at a concession stand operated by a nonprofit youth organization;

(dddd) Tangible personal property, specified digital products, or a digital code by or to a car wash operator for use in an automatic car wash, a car wash tunnel, or a self-service bay or as part of an ancillary service; (ii) services to a car wash operator; (iii) ancillary services by a car wash operator; and (iv) a car wash operator through an automatic car wash, car wash tunnel, or self-service bay;

(eeee) Water that is used exclusively in the operation of a poultry farm;

(ffff) Sale of a washer-extractor to a fire department or intergovernmental council of a county;

(gggg) Coins or currency or bullion;

(hhhh) Sales of mortality compositing devices sold to commercial livestock or poultry producers;[2*]

(iiii) Dues paid to hunting or fishing clubs;[3*]

(jjjj) Sale of data center equipment, eligible data center costs, services purchased for the purpose of an in conjunction with developing, acquiring, constructing, expanding, renovating, refurbishing, and operating a qualified data center, and electricity used by a qualified data center;[4*] and

(kkkk) Sale of service providing for the electronic transmission of a drug prescription directly to a pharmacy, including without limitation services provided directly by an electronic prescription

[2] *See* HB 1172. Transmitted to the Governor's Office on April 6, 2023.
[3] *See* HB 1627. Transmitted to the Governor's Office on April 5, 2023.
[4] *See* HB 1654. Transmitted to the Governor's Office on April 7, 2023.

technology company or indirectly through a pharmacy software company or pharmacy management system.[5*]

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

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

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

(b) Railroads, except fuel consumed in the operation of railroad rolling stock;

(c) Pipelines, consisting of transmission lines and pumping or pressure control equipment used directly in or connected to the primary pipeline facility engaged in intrastate or interstate common carrier transportation of property;

(d) Airlines, consisting of airplanes and navigation instruments used directly in or becoming a part of flight aircraft engaged in transportations of persons or property in regular scheduled intrastate or interstate common carrier transportation;

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

(f) For the following public utilities, the transmission and distribution pipelines in pumping or pressure control and equipment used in connection therewith used directly in primary pipeline facility for the purpose of transporting and delivering natural gas; transmission and distribution lines, pumping machinery and controls used in connection therewith in cleaning or treating equipment of primary water distribution system; all machinery and equipment including reactor cores and related accessory devices used in the generation and production of electric power and energy and transmission facilities consisting of the lines, including poles, towers and other supporting structures, transmitting electric power and energy together with substations located on or attached to such lines;

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

(h) Computer software; and

(i) Tangible personal property, specified digital products, digital code, and services sold to a financial institution.

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

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[5] *See* HB 1719. Transmitted to the Governor's Office on April 7, 2023.

[*] The Governor's deadline to approve or veto will not expire until five (5) days after receipt by the Governor. Therefore, in the event the Governor elects to veto this Bill, this exemption will not be approved.

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

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

(c) Tangible personal property, specified digital products, a digital code, or services which is exempted from the sales tax under the Arkansas Gross Receipts Act of 1941;

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

(e) Unprocessed crude oil;

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

(g) Storage, use, or consumption of a modular home constructed from materials on which the Arkansas gross receipts tax or state compensating tax has once been paid;

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

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

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

(k) Agricultural fertilizer, agricultural limestone, agricultural chemicals, including agricultural pesticides and herbicides used in commercial production of agricultural products, and vaccines, medications, and medicinal preparations, used in treating livestock and poultry being grown for commercial purposes and other ingredients used in the commercial production of yeast;

(l) All new and used motor vehicles, trailers or semi-trailers that are purchased for a total consideration of less than $4,000;

(m) Any tangible personal property used, consumed, distributed, or stored in this State upon which a like tax, equal to or greater than the Arkansas Compensating Tax, has been paid in another state;

(n) Durable medical equipment, mobility enhancing equipment, a prosthetic device, and prescriptive disposable medical supplies prescribed by a physician;

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

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

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

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

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

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

(u) Foodstuffs to nonprofit agencies;

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

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

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

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

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

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

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

(cc) Coins or currency or bullion;

(dd) Sales of mortality compositing devices sold to commercial livestock or poultry producers.[6]

(ee) Sales of data center equipment, eligible data center costs, services purchased for the purpose of an in conjunction with developing, acquiring, constructing, expanding, renovating, refurbishing, and operating a qualified data center, and electricity used by a qualified data center;[7] and

(ff) Sale of service providing for the electronic transmission of a drug prescription directly to a pharmacy, including without limitation services provided directly by an electronic prescription technology company or indirectly through a pharmacy software company or pharmacy management system;[8]

Reference is made to the "Arkansas Compensating Tax Act of 1949"; Title 26, Chapter 53 of the Arkansas Code of 1987 Annotated, for more information concerning the use tax.

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[6] *See* n. 2.
[7] *See* n. 4.
[8] *See* n. 5.