

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

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 20, 2023

NEW ISSUE

**RATINGS: (BAM Insured) S&P: "AA/Stable"
(Underlying Rating) S&P: "A+/Stable"**

BOOK-ENTRY ONLY

*In the opinion of Bond Counsel, based on existing statutes, regulations, rulings and court decisions, the interest on the Series 2023B Bonds is excludable from gross income for federal income tax purposes, subject to the condition that the City comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 2023B Bonds, and the Series 2023A Bonds and Series 2023B Bonds and interest thereon are exempt from all Arkansas state, county and municipal taxes. In the opinion of Bond Counsel, interest on the Series 2023B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Series 2023B Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax. In the opinion of Bond Counsel, interest on the Series 2023A Bonds is includable in gross income for federal income tax purposes. See **TAX MATTERS** herein.*

\$312,440,000*
CITY OF SPRINGDALE, ARKANSAS
SALES AND USE TAX REFUNDING
AND IMPROVEMENT BONDS

\$168,720,000*
TAXABLE SERIES 2023A

\$143,720,000*
SERIES 2023B

Dated: Date of Delivery

Due: August 1, as shown on the inside front cover

Principal of and interest on the Series 2023A Bonds and the Series 2023B Bonds (collectively, the "2023 Bonds") are payable from a pledge of receipts derived by the City of Springdale, Arkansas (the "City") from a 1% sales and use tax levied by the City. Interest on the 2023 Bonds is payable semiannually on February 1 and August 1 in each year, commencing February 1, 2024, and the 2023 Bonds mature (on August 1 of each year), bear interest and are priced to yield as set forth on the inside front cover.

(FOR THE MATURITY SCHEDULES, SEE THE INSIDE FRONT COVER)

The scheduled payment of the principal of and interest on the 2023 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2023 Bonds by Build America Mutual Assurance Company.



The 2023 Bonds of each maturity and series will be initially issued as a single registered bond registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York. The 2023 Bonds will be available for purchase in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Except in limited circumstances described herein, purchasers of the 2023 Bonds will not receive physical delivery of 2023 Bonds. Payments of principal of and interest on the 2023 Bonds will be made by First Security Bank, Searcy, Arkansas, as the Trustee, directly to Cede & Co., as nominee for DTC, as registered owner of the 2023 Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the 2023 Bonds, all as further described herein.

The 2023 Bonds are offered, subject to prior sale, when, as and if issued and received by the Underwriters named below, subject to the approval of legality by Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel, and subject to certain other conditions. It is expected that the 2023 Bonds will be available for delivery on or about August 10, 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

* Preliminary; subject to change.

MATURITY SCHEDULE*

Series 2023A Bonds

\$105,280,000 Serial Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Rate(%)</u>	<u>Yield(%)</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rate(%)</u>	<u>Yield(%)</u>
2024	\$4,270,000			2033	\$6,080,000		
2025	4,115,000			2034	6,400,000		
2026	4,325,000			2035	6,745,000		
2027	4,530,000			2036	7,115,000		
2028	4,750,000			2037	7,510,000		
2029	4,985,000			2038	7,925,000		
2030	5,235,000			2039	9,725,000		
2031	5,500,000			2040	10,290,000		
2032	5,780,000						

\$22,410,000 _____% Term Bonds due August 1, 2042 to Yield _____%
\$41,030,000 _____% Term Bonds due August 1, 2046 to Yield _____%

Series 2023B Bonds

\$14,050,000 Serial Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Rate(%)</u>	<u>Yield(%)</u>	<u>Maturity</u>	<u>Amount</u>	<u>Rate(%)</u>	<u>Yield(%)</u>
2024	\$665,000			2032	\$960,000		
2025	685,000			2033	1,010,000		
2026	715,000			2034	1,060,000		
2027	755,000			2035	1,110,000		
2028	790,000			2036	1,170,000		
2029	830,000			2037	1,225,000		
2030	870,000			2038	1,290,000		
2031	915,000						

\$42,015,000 _____% Term Bonds due August 1, 2048 to Yield _____%
\$87,655,000 _____% Term Bonds due August 1, 2053 to Yield _____%

* Preliminary; subject to change.

Build America Mutual Assurance Company (the “Insurer” or “BAM”) makes no representation regarding the Bonds or the advisability of investing in the 2023 Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under the heading **BOND INSURANCE** and Exhibit B, Specimen Municipal Bond Insurance Policy.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or other solicitation of an offer to buy, nor shall there be any sale of the 2023 Bonds by any persons in any state in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the City since the date hereof.

The 2023 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 terms from such registration and qualification.

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OFFICIAL STATEMENT

\$312,440,000*
CITY OF SPRINGDALE, ARKANSAS
SALES AND USE TAX REFUNDING
AND IMPROVEMENT BONDS

\$168,720,000*
TAXABLE SERIES 2023A

\$143,720,000*
SERIES 2023B

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 exhibits hereto. A full review should be made of the entire Official Statement, as well as the Authorizing Ordinance described herein.

This Official Statement of the City of Springdale, Arkansas (the "City") is furnished in connection with the offering by the City of its \$168,720,000* principal amount of Sales and Use Tax Refunding and Improvement Bonds, Taxable Series 2023A (the "Series 2023A Bonds") and its \$143,720,000* principal amount of Sales and Use Tax Refunding and Improvement Bonds, Series 2023B (the "Series 2023B Bonds"). The Series 2023A Bonds are being issued for the purpose of advance refunding the City's outstanding Sales and Use Tax Refunding and Improvement Bonds, Series 2018 (the "2018 Bonds Refunded") and Sales and Use Tax Refunding Bonds, Taxable Series 2020 (the "2020 Bonds Refunded"), financing a portion of the costs of street improvements, providing a portion of a debt service reserve and paying expenses of issuing the Series 2023A Bonds. The Series 2023B Bonds are being issued for the purpose financing all or a portion of the costs of various capital improvements for the City (collectively, the "2023 Improvements"), providing a portion of a debt service reserve and paying expenses of issuing the Series 2023B Bonds. See **THE 2023 BONDS, Purposes for 2023 Bonds**.

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

The Series 2023A Bonds and the Series 2023B Bonds (collectively, the "2023 Bonds") are not general obligations of the City, but are special obligations payable solely from collections from a 1% sales and use tax levied by the City (the "Tax"). See **THE TAX and THE 2023 BONDS, Security**. The Tax is levied under the Authorizing Legislation and Ordinance No. 5807 of the City adopted February 14, 2023 (the "Tax Ordinance"). The issuance of the 2023 Bonds and the pledging of the Tax to the payment of the principal of and interest on the 2023 Bonds was approved at the special election held May 9, 2023. The Series 2023A Bonds and the Series 2023B Bonds are equally and ratably secured. The 2023 Bonds are being issued pursuant to and in full compliance with Amendment 62 and the Authorizing Legislation and Ordinance No. _____ of the City, adopted on _____, 2023 (the "Authorizing Ordinance"). See **THE AUTHORIZING ORDINANCE**.

The scheduled payment of the principal of and interest on the 2023 Bonds when due will be guaranteed under a municipal bond insurance policy (the "Insurance Policy") to be issued by Build American Mutual Assurance Company (the "Insurer" or "BAM") simultaneously with the delivery of the 2023 Bonds. A specimen Insurance Policy is attached hereto as Exhibit B. It is expected that, based upon the commitment of the Insurer to insure the 2023 Bonds, S&P Global Ratings ("S&P") will assign a rating of "AA/Stable" to the 2023 Bonds. However, there is no guarantee that such rating will be received. See **BOND INSURANCE and MISCELLANEOUS, Ratings**. So long as the Insurer is not in default under the Insurance Policy, it is subrogated to, and may enjoy and exercise, all rights and remedies of the owners of the 2023 Bonds and may direct the Trustee in the exercise of any remedies set forth herein. No remedy set forth herein may be exercised by the Trustee or by any owner of any of the 2023 Bonds without the prior written approval of the Insurer. See **THE AUTHORIZING ORDINANCE, Defaults and Remedies**.

* Preliminary; subject to change.

The City has reserved the right in the Authorizing Ordinance to issue additional bonds on a parity of security with the 2023 Bonds (the “Additional Parity Bonds”). See **THE 2023 BONDS, Security**.

The 2023 Bonds will be initially issued in book-entry form and purchasers of 2023 Bonds will not receive certificates representing their interest in the 2023 Bonds purchased. See **THE 2023 BONDS, Book-Entry Only System**. The 2023 Bonds will contain such other terms and provisions as described herein. See **THE 2023 BONDS, Generally**.

The 2023 Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or an integral multiple thereof. Interest is payable February 1, 2024, and semiannually thereafter on each February 1 and August 1. Unless the 2023 Bonds are in book-entry form, payment of principal of the 2023 Bonds will be made to the owners of the 2023 Bonds at the principal office of First Security Bank, Searcy, Arkansas, as trustee and paying agent for the 2023 Bonds (the “Trustee”). Interest is payable 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 2023 Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. A 2023 Bond may be transferred, in whole or in part (in integral multiples of \$5,000), but only upon delivery of the 2023 Bond, together with a written instrument of transfer, to the Trustee. See **THE 2023 BONDS, Generally, and Book-Entry Only System**.

The 2023 Bonds are all subject to extraordinary redemption from proceeds of the 2023 Bonds not needed for the purposes intended and Surplus Tax Receipts (as hereinafter defined). The 2023 Bonds are subject to optional redemption on and after February 1, 2030. The Series 2023A Bonds maturing on August 1 in the years 2042* and 2046 are subject to mandatory sinking fund redemption as described herein. The Series 2023B Bonds maturing on August 1 in the years 2048* and 2053 are subject to mandatory sinking fund redemption as described herein. The Trustee shall give at least thirty (30) days notice of redemption. See **THE 2023 BONDS, Redemption**.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Series 2023B Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Series 2023B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Series 2023B Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax, (iii) the 2023 Bonds and interest thereon are exempt from all State, county and municipal taxes and (iv) interest on the Series 2023A Bonds is includable in gross income for federal income tax purposes. See **TAX MATTERS**.

It is expected that the 2023 Bonds will be available for delivery on or about August 10, 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 Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Continuing Disclosure Agreement”). See **CONTINUING DISCLOSURE AGREEMENT**.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Authorizing Ordinance, summarized herein, and the Continuing Disclosure Agreement, are available upon request from Crews & Associates, Inc., First Security Center, 521 President Clinton Avenue, Suite 800, Little Rock, Arkansas 72202, Attention: Public Finance and Stephens Inc., 111 Center Street, Suite 1720, Little Rock, Arkansas 72201, Attention: Public Finance.

THE 2023 BONDS

Book-Entry Only System. The Depository Trust Company (“DTC”), New York, New York, or its successor, will act as securities depository for the 2023 Bonds. The 2023 Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2023 Bond certificate for each maturity and series will be issued in the principal amount of the maturity and will be deposited with DTC.

* Preliminary; subject to change.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2023 Bond (referred to herein as “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2023 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 2023 Bonds, except in the event that use of the book-entry system for the 2023 Bonds is discontinued.

To facilitate subsequent transfers, all 2023 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 2023 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 2023 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2023 Bonds are credited, which may or may not be the Beneficial Owners. Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to Cede & Co. If fewer than all of the 2023 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 2023 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and premium, if any, payments on the 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or Trustee, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will

be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2023 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, 2023 Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2023 Bonds will be printed and delivered.

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

So long as the 2023 Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the 2023 Bonds for all purposes under the Authorizing Ordinance, including receipt of all principal of and interest on the 2023 Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Authorizing Ordinance. The City and the Trustee have no responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the 2023 Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Authorizing Ordinance to be given to owners of 2023 Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the 2023 Bonds.

Generally. The 2023 Bonds are dated, mature and bear interest as set forth on the inside front cover of this Official Statement. The principal of the 2023 Bonds is payable upon presentation and surrender at the principal office of the Trustee. Payment of interest on the 2023 Bonds will be made to each registered owner thereof by check or draft mailed by the Trustee to such owner at his address as such name and address appear on the registration book of the City kept by the Trustee on the record date which is the fifteenth day of the calendar month next preceding the calendar month in which such interest payment date falls. All such payments will be made in lawful money of the United States of America.

The 2023 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 2023 Bond is mutilated, lost or destroyed, the City shall, if not then prohibited by law, execute and the Trustee may authenticate a new 2023 Bond in accordance with the provisions therefor in the Authorizing Ordinance.

Each 2023 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 2023 Bond or 2023 Bonds of the same maturity and series, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

No charge shall be made to any owner of any 2023 Bond for the privilege of registration, but any owner of any 2023 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 2023 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 2023 selected for redemption in whole or in part.

The person in whose name any 2023 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or interest of any 2023 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 2023 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 2023 Bonds or the date fixed for redemption of any 2023 Bonds shall be a Saturday or Sunday or shall be in the State a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after the date of maturity or date fixed for redemption.

Redemption.

The 2023 Bonds are subject to extraordinary, optional and mandatory sinking fund redemption prior to maturity as follows:

(1) Extraordinary Redemption. The 2023 Bonds shall be redeemed from proceeds of the 2023 Bonds not needed for the purposes intended and Surplus Tax Receipts (hereinafter defined), at least annually, 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 2023 Bonds and Additional Parity Bonds shall be redeemed from Surplus Tax Receipts in the order of priority set forth below. In the case of the redemption of 2023 Bonds from unspent proceeds, the 2023 Bonds to be redeemed will be the series of 2023 Bonds from which the unspent proceeds were derived.

“Surplus Tax Receipts” are collections of the Tax in excess of the amount necessary to (1) insure the prompt payment of the principal, interest on, Trustee's and administrative fees and expenses in connection with the 2023 Bonds and any Additional Parity Bonds, (2) fund and maintain a debt service reserve in the required amount, (3) pay any arbitrage rebate due under Section 148(f) of the Internal Revenue Code of 1986, as amended (the “Code”), and (4) pay the Insurer and any insurer of Additional Parity Bonds for any amounts owed with respect to the Insurance Policy, the Reserve Policy (as hereinafter defined), any insurance policy for any Additional Parity Bonds and any debt service reserve policy for any Additional Parity Bonds.

The City shall apply 100% of the Surplus Tax Receipts to the redemption of the 2023 Bonds and Additional Parity Bonds in the following order of priority; first, the Series 2023A Bonds until fully paid, second, the Series 2023B Bonds until fully paid and third, the Additional Parity Bonds. In the event of a redemption from Surplus Tax Receipts, the bonds of a particular series shall be redeemed in inverse order of maturity and by lot within a maturity in such manner as the Trustee shall determine.

In case of any defeasance of the 2023 Bonds, redemption of defeased 2023 Bonds shall be scheduled on the basis of mandatory redemption requirements and assuming annual Tax receipts in an amount equal to receipts for the most recent twelve-month period prior to the defeasance being authorized by the City.

(2) Optional Redemption.* The 2023 Bonds are subject to redemption at the option of the City, from funds from any source, on and after February 1, 2030, 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 2023 Bonds shall be called for redemption, the series and the particular maturities of such series of the 2023 Bonds to be redeemed shall be selected by the City in its discretion. If fewer than all of the 2023 Bonds of a particular series of any one maturity shall be called for redemption, the particular 2023 Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

* Preliminary; subject to change.

(3) Mandatory Sinking Fund Redemption.* To the extent not previously redeemed, the Series 2023A Bonds maturing on August 1 in the years 2042 and 2046 are subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall determine, on August 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

Series 2023A Bonds Maturing August 1, 2042

<u>Year</u> <u>(August 1)</u>	<u>Principal Amount</u>
2041	\$10,895,000
2042 (maturity)	11,515,000

Series 2023A Bonds Maturing August 1, 2046

<u>Year</u> <u>(August 1)</u>	<u>Principal Amount</u>
2043	\$12,165,000
2044	12,820,000
2045	13,510,000
2046 (maturity)	2,535,000

To the extent not previously redeemed, the Series 2023B Bonds maturing on August 1 in the years 2048 and 2053 are subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall determine, on August 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

Series 2023B Bonds Maturing August 1, 2048

<u>Year</u> <u>(August 1)</u>	<u>Principal Amount</u>
2046	\$11,700,000
2047	14,850,000
2048 (maturity)	15,465,000

Series 2023B Bonds Maturing August 1, 2053

<u>Year</u> <u>(August 1)</u>	<u>Principal Amount</u>
2049	\$16,105,000
2050	16,785,000
2051	17,500,000
2052	18,245,000
2053 (maturity)	19,020,000

* Preliminary; subject to change.

In the case of any redemption of 2023 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 2023 Bonds to be redeemed, in each case not less than 30 nor more than 60 days prior to the date of redemption. After the date for redemption no further interest shall accrue on any 2023 Bond called for redemption if funds for redemption of such 2023 Bond have been deposited with the Trustee as provided in the Authorizing Ordinance.

Notwithstanding the above, so long as the 2023 Bonds are issued in book-entry only form, if fewer than all the 2023 Bonds of a particular series are called for redemption, the particular 2023 Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the 2023 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 2023 Bonds.**

Otherwise, any selection of 2023 Bonds of a particular series by lot shall be effected by the Trustee, by any method chosen by the Trustee in its discretion.

Purposes for 2023 Bonds. At the special election held May 9, 2023, there were approved the issuance of bonds (including the 2023 Bonds and additional bonds expected to be issued in the future as Additional Parity Bonds) in the aggregate principal amount of \$360,250,000 for the following purposes:

(a) refunding the 2018 Bonds Refunded and the 2020 Bonds Refunded (collectively, the "Bonds Refunded") - \$185,000,000;

(b) financing all or a portion of the costs of new, and improvements to existing, streets, roads, trails, bridges and sidewalks including particularly, without limitation, any curb, gutter, drainage, flood control and other related improvements, equipment and land acquisition to accomplish such improvements, and street lighting, utility adjustments and traffic signals related thereto (the "Street Improvements") - \$135,000,000;

(c) financing all or a portion of the costs of park and recreational facilities and improvements including particularly, without limitation, upgrades to existing parks and a new recreation center, and any necessary land acquisition, equipment and parking, drainage, flood control, lighting, street and utility improvements therefor (the "Park and Recreational Improvements") - \$16,250,000;

(d) financing all or a portion of the costs of facilities, equipment and apparatus for the City's fire department, including particularly, without limitation, a new fire station and training facilities, and any necessary land acquisition and parking, drainage, flood control, street, lighting and utility improvements therefor (the "Fire Department Improvements") - \$7,750,000; and

(e) financing all or a portion of the costs of a new senior center including necessary equipment, furniture, fixtures, land acquisition, drainage, flood control, street, utility and parking improvements therefor (the "Senior Center Improvements") - \$16,250,000.

The Series 2023A Bonds are being issued for the purpose of accomplishing the refunding of the Bonds Refunded and financing a portion of the costs of Street Improvements.

The refunding of the 2020 Bonds Refunded will be accomplished by the defeasance method. A portion of the proceeds of the Series 2023A Bonds and available funds held in connection with the 2020 Bonds Refunded will be held by the trustee for the 2020 Bonds Refunded and invested in United States Treasury Obligations that will mature and bear interest at such times and in such amounts as will, together with uninvested cash, provide a cash flow sufficient to pay (1) scheduled principal and interest on the 2020 Bonds Refunded to and including November 1, 2025, and to redeem the 2020 Bonds Refunded maturing after November 1, 2025, on November 1, 2025.

The refunding of the 2018 Bonds Refunded will be accomplished by the defeasance method. A portion of the proceeds of the Series 2023B Bonds and available funds held in connection with the 2018 Bonds Refunded will be held by the trustee for the 2018 Bonds Refunded and invested in United States Treasury Obligations that will mature and bear interest at such times and in such amounts as will, together with uninvested cash, provide a cash flow sufficient to pay (1) scheduled principal and interest on the 2018 Bonds Refunded to and including

April 1, 2024, to redeem a portion of the 2018 Bonds Refunded according to the extraordinary redemption provisions of the 2018 Bonds Refunded on October 1, 2023 and to redeem the 2018 Bonds Refunded maturing after April 1, 2024, on April 1, 2024.

The principal amount of the Series 2023A Bonds to be allocated to the Street Improvements will be determined based on the amount of available funds on hand that are available for the refunding of the Bonds Refunded.

The Series 2023B Bonds are being issued for the purpose of accomplishing the Park and Recreational Improvements, the Fire Department Improvements, the Senior Center Improvements and a portion of the Street Improvements. The principal amount of the Series 2023B Bonds, plus original issue premium allocated thereto, depending on the amount of funds on hand that are available for the refunding of the Bonds Refunded, are allocated approximately as follows:

Street Improvements	\$106,855,000
Park and Recreational Improvements	15,185,277
Fire Department Improvements	7,260,000
Senior Center Improvements	15,555,000

The balance of the voter approved bonds for Park and Recreational Improvements, Fire Department Improvements and Senior Center Improvements will not be issued. The balance of the voter-approved bonds for the Street Improvements are expected to be issued as Additional Parity Bonds and will be limited to approximately \$24,765,000 in aggregate principal amount. The City expects to issue the Additional Parity Bonds in 2027.

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

SOURCES:*	Series 2023A Bonds	Series 2023B Bonds	Total
Principal Amount of 2023 Bonds	\$168,720,000	\$143,720,000	\$312,440,000
Existing Funds for Bonds Refunded	11,943,897		11,943,897
Net Original Issue Premium/(Discount)		(1,734,016)	(1,734,016)
Total Sources	\$180,663,897	\$141,985,984	\$322,649,881
USES:*			
Costs of Improvements		\$139,982,348	\$139,982,348
Costs of Refunding	\$178,379,945		178,379,945
Underwriters' Discount, Insurance Policy and Reserve Policy Premiums and Costs of Issuance	<u>2,283,952</u>	<u>2,003,636</u>	<u>4,287,588</u>
Total	\$180,663,897	\$141,985,984	\$322,649,881

The payment of Underwriters' discount, premiums for the Insurance Policy and the Reserve Policy (as hereinafter defined) and the costs of issuing the 2023 Bonds relating to the payment of professional fees will be contingent on the 2023 Bonds being issued. See **MISCELLANEOUS, Underwriting** for a description of the Underwriters' discount.

The City will remit the net proceeds of the Series 2023A Bonds (principal amount less Underwriters' discount, Series 2023A Bond proceeds allocated to the Street Improvements, a pro rata portion of the Insurance Policy and Reserve Policy premiums and certain issuance costs) to the trustees for the Bonds Refunded for the purposes of refunding the Bonds Refunded. The Street Construction Fund shall also receive any 2023A Bond proceeds designated for deposit into that fund.

* Preliminary; subject to change.

The City will deposit the net proceeds of the Series 2023B Bonds (principal amount plus any original issue premium, less any original issue discount and less Underwriters' discount, a pro rata portion of the Insurance Policy and Reserve Policy premiums and certain issuance costs) into four construction funds established in the Trustee (each a "Construction Fund" and collectively, the "Construction Funds"). Moneys contained in each Construction Fund will be disbursed in payment of costs of the respective 2023 Improvements, paying necessary expenses incidental thereto and paying costs of issuance. Each Construction Fund will be designated to reflect the purpose, e.g., Street Construction Fund, and will have deposited therein a pro rata portion of Series 2023B Bond proceeds based upon principal amount. Moneys in each Construction Fund shall be used only for the specific 2023 Improvements related thereto.

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; the account from which the payment is to be made; the purpose by general classification of the payment; and that the payment is a proper charge on the account. For a description of how the 2023 Bond proceeds are to be invested pending use and the provisions governing those investments, see **THE AUTHORIZING ORDINANCE**, Investments.

Security. The 2023 Bonds are not general obligations of the City but are special obligations, equally and ratably secured by a pledge of collections of the Tax ("Tax receipts"). Tax receipts must first be used to pay the principal of and interest on the 2023 Bonds and Additional Parity Bonds and thereafter to pay the Trustee's fees and expenses and other administrative charges and any arbitrage rebate due under Section 148(f) of the Code and to pay the Insurer for any amounts owed with respect to the Insurance Policy and the Reserve Policy. The 2023 Bonds are secured under the Authorizing Ordinance. For a summary of the terms of the Authorizing Ordinance, see **THE AUTHORIZING ORDINANCE**.

A debt service reserve will be maintained in the Bond Fund in an amount equal to one-half of the maximum annual debt service requirements on the 2023 Bonds plus one-half of the maximum annual principal and interest requirements on the Additional Parity Bonds. See **THE AUTHORIZING ORDINANCE**, The Bond Fund. The debt service reserve will be comprised of a 2023 Subaccount and an Additional Parity Bonds Subaccount. The 2023 Subaccount will be funded in an amount equal to one-half of the maximum principal annual principal and interest requirements on the 2023 Bonds with a municipal bond debt service reserve insurance policy (the "Reserve Policy") issued by the Insurer. The Reserve Policy will only be used to pay the principal of and interest on the 2023 Bonds. The Additional Parity Bonds Subaccount will be funded with cash or a debt service reserve policy or other alternate credit instrument approved by the Insurer in an amount equal to one-half of the maximum annual principal and interest requirements on the Additional Parity Bonds. The Additional Parity Bonds Subaccount will only be used to pay the Additional Parity Bonds.

The City covenants that it will not issue any additional bonds, or incur any additional obligations, secured by a lien on the Tax receipts, except as hereinafter set forth. The City may issue bonds or incur obligations on a parity with the lien on the Tax receipts securing the 2023 Bonds ("Additional Parity Bonds") so long as the City has received collections from the Tax for the 12 month period ending on the last day of the month preceding the date that the Additional Parity Bonds are authorized by the City to be issued, in an amount equal to or in excess of 120% of the maximum annual debt service for the 2023 Bonds, any outstanding Additional Parity Bonds and the Additional Parity Bonds proposed to be issued. Notwithstanding the above, nothing herein shall be construed to prohibit the City from refunding any Bonds and pledging the Tax receipts to the refunding bonds on a parity with the non-refunded bonds and such refunding bonds shall be a part of the Additional Parity Bonds hereunder. The City has agreed not to issue the balance of the voter approved bonds for the Senior Center Improvements, the Parks and Recreational Improvements and the Fire Department Improvements as Additional Parity Bonds.

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THE CITY AND THE COUNTY

Location. The City is located in northwest Arkansas, approximately 200 miles northwest of Little Rock, Arkansas and 93 miles east of Tulsa, Oklahoma. The City lies in Washington and Benton Counties with the vast majority of the City's population located in Washington County (the "County").

Population. According to the United States Department of Commerce, Bureau of the Census, population trends of the City and the County are as follows:

<u>Year</u>	<u>City</u>	<u>% Increase</u>	<u>County</u>	<u>% Increase</u>
1960	10,076	--	55,797	--
1970	16,783	66.56	77,370	38.66
1980	23,458	39.77	100,494	29.89
1990	29,941	27.64	113,409	12.85
2000	45,798	52.96	157,715	39.07
2010	69,797	52.40	203,065	28.80
2020	84,161	20.58	245,871	21.08

Transportation. The City is served by U.S. Highway Nos. 62, 71 and 412, State Highway Nos. 12, 264 and 265 and Interstate No. 49. The City is served by the Springdale Municipal Airport which offers charter service. The Northwest Arkansas National Airport, located in nearby Highfill, offers commercial service by American Airlines, United Airlines, Delta Airlines, Frontier Airlines, Allegiant Air, and Breeze Airways.

Government. The City has the Mayor-City Council form of government, under which the City is governed by a City Council and a Mayor. The Mayor is elected for a four-year term (current term expires December 31, 2024) and members of the City Council serve staggered four-year terms. Four City Council members have terms that expire on December 31, 2026 and four City Council members have terms that expire on December 31, 2024. The current Mayor and members of the City Council and their occupations are as follows:

<u>Name</u>	<u>Occupation/Employer</u>
Doug Sprouse	Mayor
Brian Powell	Arkansas Department of Transportation
Randall Harriman	Banker
Mike Overton	Realtor
Rex Bailey	Barber
Jeff Watson	Lawyer
Mike Lawson	Fazt Lube Tire
Amelia Williams	Homemaker
Mark Fougerousse	Safety Manager

Medical Facilities. The City is primarily served by two hospitals: (i) Northwest Medical Center, which is a 222-bed acute care facility and (ii) Arkansas Children’s Northwest, which is a 233,613 square foot children’s hospital.

Financial Institutions. The City is served by United Bank and Legacy National Bank and by branches of Arvest Bank, Bank of America, N.A., Bank OZK, Centennial Bank, Chambers Bank, First Horizon Bank, First National Bank, First Security Bank, First Western Bank, Partners Bank, Signature Bank of Arkansas, Simmons Bank and Today’s Bank.

Education. Primary and secondary education for the inhabitants of the City are provided by a public school system. The University of Arkansas is located 7 miles away in Fayetteville. Northwest Arkansas Community College is located 18 miles from the City in Bentonville, Arkansas and has a branch in the City.

Economy. The following are the major employers within the City:

<u>Employer</u>	<u>Product/Service</u>	<u>Number of Employees</u>
Tyson Foods, Inc.	Poultry processing	6,600
George’s Inc.	Poultry processing	3,100
Springdale Schools	Education	3,000
Northwest Health	Medical	2,200
PAM Transport	Transportation	1,200
Cargill, Inc.	Protein processing	1,300
City of Springdale	Government	715
Multi-Craft Contractors	Fabrication, machine building	700
Walmart	Retail/Grocers	625
Arkansas Children’s NW	Medical	600
Kawneer Company	Aluminum extrusion	530
MoistureShield/AERT	Fabrication, building products	500
Haps Foods	Grocers	455
Rockline Industries	Moist towelettes	400
Cram-A-Lot	Recycle equipment	220
Rise Baking Co.	Baking products	200
Brunner & Lay	Mining and construction tools	200
Nilfisk-Advance	Floor cleaning equipment	200
Pratt & Whitney	Jet engine repair	200
Newly Weds Foods	Batter coatings	175
Dayco Products, Inc.	Auto tensioning devices	132

Litigation. There is no material litigation pending or threatened against the City that would materially adversely affect the financial condition of the City.

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

<u>Year</u>	<u>Per Capita Personal Income</u>
2017	\$38,994
2018	39,549
2019	41,081
2020	44,261
2021	47,836

⁽¹⁾ Source: Bureau of Economic Analysis, U.S. Department of Commerce; data for 2022 is not yet available.

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

<u>Year</u>	<u>Total Personal Income</u>
2017	\$ 9,173,110,000
2018	9,473,821,000
2019	9,959,563,000
2020	10,917,526,000
2021	11,961,674,000

Set forth below are the annual average unemployment rates for the City, the County and the State since 2018 according to the Arkansas Department of Workforce Services:

<u>Year</u>	<u>Annual Average Unemployment Rate (%)</u>		
	<u>City</u>	<u>County</u>	<u>State</u>
2018	2.6	2.6	3.7
2019	2.4	2.4	3.5
2020	4.4	4.7	6.2
2021	2.8	2.9	4.1
2022	2.2	2.3	3.3
2023	1.8*	1.9*	2.6*

*Preliminary

THE TAX

Generally. Pursuant to the Authorizing Legislation and the Tax Ordinance, the City has levied the Tax, which is a tax within the City on all items which are subject to taxation under The Arkansas Gross Receipts Act of 1941 and a tax on the receipts from storing, using or consuming tangible personal property under The Arkansas Compensating (Use) Tax Act of 1949. Pursuant to the Authorizing Ordinance, the City has pledged the Tax receipts to the payment of the 2023 Bonds.

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

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

Set forth in Exhibit A attached hereto is a summary of certain provisions of the statutes authorizing the 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.

⁽¹⁾ Source: Bureau of Economic Analysis, U.S. Department of Commerce; data for 2022 is not yet available.

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 Tax receipts collected, less certain charges payable and retainage due the Commissioner for administrative services in the amount of 3% of the gross Tax receipts, shall be remitted by the State Treasurer to the Trustee monthly for deposit into the Bond Fund. See **THE AUTHORIZING ORDINANCE**, The Bond Fund.

Historical Tax Receipts. Collections of a 1% sales and use tax have been as follows since 2018:

<u>Year</u>	<u>Tax Collections</u>
2018	\$15,045,030
2019	15,793,240
2020	17,105,516
2021	19,144,068
2022	23,061,796

Collections of a 1% sales and use tax for the twelve-month periods ending May 31 have been as follows for the periods indicated:

<u>Period (Ended May 31)</u>	<u>Tax Collections</u>
2019	\$15,364,058
2020	16,300,267
2021	17,766,561
2022	20,680,559
2023	23,796,514

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 2023 Bonds.

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

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the 2023 Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the 2023 Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

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

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

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the 2023 Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the 2023 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the 2023 Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the 2023 Bonds, nor does it guarantee that the rating on the 2023 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$476.6million, \$196.7 million and \$279.9 million, respectively.

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

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

BAM makes no representation regarding the 2023 Bonds or the advisability of investing in the 2023 Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or

disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “**BOND INSURANCE**”.

Additional Information Available from BAM

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

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

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the 2023 Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the 2023 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the 2023 Bonds, whether at the initial offering or otherwise.

THE AUTHORIZING ORDINANCE

Set forth below is a summary of certain portions of the Authorizing Ordinance. This summary does not purport to be comprehensive and reference is made to the full text of the Authorizing Ordinance for a complete description of its provisions. **Unless the context clearly indicates otherwise, all references under this heading to (a) the “Bonds” shall include the 2023 Bonds and the Additional Parity Bonds, (b) the “Insurer” shall include BAM or any successor thereto and any insurer of any Additional Parity Bonds and (c) “Reserve Policy” shall include the debt service reserve insurance policy issued by BAM and any alternate credit facility approved by BAM for the Additional Parity Bonds.** The City will covenant as set forth below in the Authorizing Ordinance.

The Bond Fund. (a) The Trustee shall deposit all Tax receipts as and when received into a special fund of the City in the Trustee which is created by the Authorizing Ordinance and designated “2023 Sales and Use Tax Bond Fund” (the “Bond Fund”), for the purpose of providing funds for the payment of principal of and interest on the Bonds as they become due at maturity or at redemption prior to maturity, the Trustee's fees and expenses and other administrative charges, any arbitrage rebate due under Section 148(f) of the Code and any amounts owed to the Insurer for amounts owed with respect to the Insurance Policy and the Reserve Policy. Moneys in the Bond Fund shall be used on each interest payment date (or in the case of a rebate or bond redemption payment under clauses (6) or (7) or payments to the Insurer for amounts owed with respect to the Insurance Policy and the Reserve Policy, on any date due) in the following order of priority as and when necessary:

- (1) to pay the interest on the Bonds then due; and
- (2) to pay the principal of the Bonds then due at maturity; and
- (3) to make provision in the Bond Fund for payment of one-half of the principal next due on the Bonds at maturity if principal is not due on such interest payment date; and
- (4) to transfer into the Debt Service Reserve Account (hereinafter identified) such amounts as necessary to raise the Debt Service Reserve Account to its required level by paying the Insurer for any draws on the Reserve Policy or by replenishing cash in the Debt Service Reserve Account; and
- (5) to pay the Trustee's and Insurer's fee and expenses and other administrative charges then due; and
- (6) to pay the amount which is payable as arbitrage rebate to the United States Treasury under Section 148(f) of the Code; and
- (7) to redeem Bonds prior to maturity.

(b) There shall be established and maintained in the Bond Fund a Debt Service Reserve Account in an amount equal to one-half of the maximum annual debt service requirements on the Bonds as originally issued and one-half of the maximum annual debt service requirements on the Additional Parity Bonds or as originally issued (the "required level"). The Debt Service Reserve Account shall initially be fully satisfied by the deposit therein of the Reserve Policy issued by BAM and, upon the issuance of Additional Parity Bonds, the Debt Service Reserve Account shall be increased to the Required Level by the deposit of cash or another Reserve Policy approved by BAM. Moneys in the Debt Service Reserve Account shall be used to make the payments required by clauses (1) and (2) of paragraph (a) above if moneys in the Bond Fund are not otherwise sufficient for that purpose. For all purposes of the Authorizing Ordinance, the required level shall initially be satisfied by the Reserve Policy issued by BAM. If the Reserve Policy is drawn upon, repayments to the Insurer shall be made from moneys deposited into the Debt Service Reserve Account pursuant to (a)(4) above.

There shall be established in the Debt Service Reserve Account a Subaccount for the 2023 Bonds (the "2023 Subaccount") and a Subaccount for any Additional Parity Bonds (the "Additional Parity Bonds Subaccount").

The Reserve Policy issued by BAM shall be credited to the 2023 Subaccount and all payments received by the Trustee from that Reserve Policy shall flow through the 2023 Subaccount. Likewise, all amounts due BAM to reinstate the 2023 Subaccount to its required level shall be made from the 2023 Subaccount. The 2023 Subaccount shall not be used to make any payments with respect to the Additional Parity Bonds or the Reserve Policy for the Additional Parity Bonds.

The Additional Parity Bond Subaccount shall be comprised of either cash or a Reserve Policy approved by BAM. All payments received by the Trustee from such Reserve Policy shall flow through the Additional Parity Bonds Subaccount. Likewise, all amounts due the Insurer with respect to the Additional Parity Bonds shall be made from the Additional Parity Bonds Subaccount. The Additional Parity Bonds Subaccount shall not be used to make any payments with respect to the 2023 Bonds or the Reserve Policy issued by BAM.

(c) There shall be established and maintained in the Bond Fund a Redemption Account into which shall be deposited all funds in the Bond Fund available for the redemption of the Bonds arising from Surplus Tax Receipts. The City covenants that moneys in the Redemption Account shall be used on the next available interest payment date, or in the case of the redemption in full of the Bonds, on the redemption date, for the purpose of redeeming Bonds in accordance with clause (7) of subsection (a) above.

(d) When the moneys in the Bond Fund shall be and remain sufficient to pay (1) the principal of all the Bonds then outstanding, (2) interest on the Bonds until the next interest payment date, (3) the Trustee's fees and expenses and other administrative charges, (4) any arbitrage rebate due the United States Treasury under Section 148(f) of the Code and (5) any amount due the Insurer with respect to the Insurance Policy and the

Reserve Policy, there shall be no obligation to make any further payments into the Bond Fund and any Tax receipts remaining in the Bond Fund after the principal of, premium, if any and interest on the Bonds have been paid may be used by the City for any lawful purpose.

Investments. (a) Moneys held for the credit of the Bond Fund shall be invested and reinvested in Permitted Investments (as hereinafter defined), 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.

(b) Moneys held for the credit of each Construction Fund may 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.

(c) 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.

(d) The Trustee shall so invest and reinvest pursuant to the direction of the City.

(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 Federal Deposit Insurance Corporation or, if in excess of insurance coverage, collateralized by Government Securities or other securities authorized by Arkansas law to secure public funds or (iv) money market funds invested exclusively in Government Securities and the obligations described in (ii) above.

Certain Covenants. The City covenants that: (a) it will not take, suffer or permit any action which may cause the interest payable on the Series 2023B Bonds to be included in gross income for federal income tax purposes, including any use of proceeds of the sale of the Series 2023B Bonds or Tax receipts directly or indirectly in such manner as to cause the Series 2023B Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code.

(b) It will not use or permit the use of the capital improvements financed by the Series 2023B Bonds or the proceeds of the Series 2023B Bonds in such manner as to cause the Series 2023B Bonds to be private activity bonds within the meaning of Section 141 of the Code.

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

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

Defaults and Remedies. (a) Subject to the provisions of subparagraph (g) below, if there be any default in the payment of the principal of and interest on the Bonds, or if the City defaults in the performance of any covenant contained in the Authorizing Ordinance, the Trustee may, and upon the written request of (1) the Insurer or (2) with the consent of the Insurer, the owners of not less than 25% in principal amount of the Bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State, under the Authorizing Ordinance, to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

(b) No owner of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or in law for the protection or enforcement of any right under the Authorizing Ordinance or under the Constitution and laws of the State unless (1) such owner or the Trustee shall have given written notice of such default to the Insurer and (2) such owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than 25% in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted by the Constitution and laws of the State, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the cost, expense and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time, and such notification, request and offer of indemnity are in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trust of the Authorizing Ordinance or to any other remedy thereunder. No one or more owners of the Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Authorizing Ordinance, or to enforce any right thereunder except in the manner therein provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the benefit of all owners of the outstanding Bonds, and any individual rights of action or other right given to one or more of such owners by law are restricted by the Authorizing Ordinance to the rights and remedies therein detailed.

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

(d) No remedy conferred upon or reserved to the Trustee, the Insurer or 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, the Insurer 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, the Insurer and to the owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

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

(g) Notwithstanding the above, upon the occurrence and continuation of a default, the Insurer shall be deemed to be the sole holder of the Bonds for all purposes under the Authorizing Ordinance, including, without limitation, for purposes of exercising remedies and approving amendments.

Defeasance. Any Bond shall be deemed to be paid within the meaning of the Authorizing Ordinance when payment of the principal of and interest on such Bond (whether at maturity or upon redemption as provided herein, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (1) cash sufficient to make such payment and/or (2) non-callable Government Securities (provided that such deposit will not cause any of the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code), maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

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

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

In the case of any defeasance of the Bonds, the dates of redemption of such Bonds and the principal amounts and maturities of such Bonds to be redeemed will be determined by taking into consideration the applicable mandatory redemption requirements with respect to the Bonds to be defeased and the Tax receipts for the most recent twelve months.

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 (1) the Insurer or (2) the owners of not less than 25% in principal amount of Bonds then outstanding and shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any time by 60 days' notice in writing to the City, the Insurer and the owners of the Bonds, and the City, so long as it is not in default under the Authorizing Ordinance, the Insurer or the majority in principal amount of the owners of the outstanding Bonds may at any time, with or without cause, remove the Trustee. In addition, the Insurer shall have the right to remove the Trustee for any breach by the Trustee of the terms of the Authorizing Ordinance. 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 acceptable to the Insurer by a written instrument filed in the office of the City Clerk and the Insurer. The Trustee and any successor Trustee shall file a written acceptance and agreement to execute the trusts and duties imposed upon it by the Authorizing Ordinance, but only upon the terms and conditions set forth in the Authorizing Ordinance and subject to the provisions of the Authorizing Ordinance, to all of which the respective owners of the Bonds agree. Such written acceptance shall be filed with the City and the Insurer and a copy thereof shall be placed in the bond transcript. Any successor Trustee shall have all the powers herein granted to the original Trustee.

Supplemental Ordinances. The terms of the Authorizing Ordinance constitute a contract between the City and the owners of the Bonds and no variation or change in the undertaking set forth in the Authorizing Ordinance shall be made while any of the Bonds are outstanding, except as hereinafter set forth. The owners of not less than 75% in aggregate principal amount of the Bonds then outstanding and the Insurer shall have the right, from time to time, to consent to and approve the adoption by the City of a supplemental ordinance as shall be necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Authorizing Ordinance or in any supplemental ordinance. The Trustee, with the prior written consent of the Insurer, may consent to any change without the consent of 75% of the owners of the aggregate principal amount of Bonds outstanding (i) that the Trustee determines is not to the material prejudice of the owners of the Bonds or (ii) 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 the pledge created by the Authorizing Ordinance, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance.

CONTINUING DISCLOSURE

During the past five years, the City has been a party to certain continuing disclosure agreements in connection with its outstanding bonds. Such agreements require the City to file annual reports with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system ("EMMA") within the time periods set forth in the agreements. The following summarizes a non-exhaustive discussion of the City's compliance with its continuing disclosure obligations over the past five years.

As part of each annual report, the City has been obligated to file the audited financial statements of the City's general purpose funds and the audited financial statements of the City's Water and Sewer Commission (the "Commission"). If filed later than the date the annual report that year is due, the audited financial statements must be filed within 30 days of receipt thereof.

The audited financial statements of the City for the years ended December 31, 2018 through 2021 have been timely filed. The audit of the City's financial statements for the year ended December 31, 2022 has not yet been completed.

The audited financial statements of the Commission were first due for the fiscal years ended September 30, 2022 and 2021 and were timely filed.

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

The continuing disclosure agreements have also obligated the City to file on EMMA a notice of the occurrence of any event listed in Securities and Exchange Commission, Rule 15c2-12(b)(5)(i)(C). Included in such list are rating changes and the incurrence of financial obligations. During the past five years, the City has failed to timely file on EMMA notices of downgrades to the underlying rating of certain bonds. The City filed notices of failure to file but such notices were not filed timely. In addition, the City failed to timely file a notice of the incurrence of a financial obligation. The notice was filed approximately 315 days late. A notice of failure to file was not filed on EMMA.

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

Purpose of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement is executed and delivered by the City and the Trustee for the benefit of the Beneficial Owners of the 2023 Bonds and in order to assist the Underwriters in complying with the Securities and Exchange Commission, Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" of a 2023 Bond shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2023 Bonds (including persons holding 2023 Bonds through nominees, depositories or other intermediaries).

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

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

"Financial Obligation" shall mean a

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

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

“Listed Events” shall mean any of the events listed hereunder.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

Provision of Annual Report. (a) The City shall, or cause the Dissemination Agent to, not later than one hundred eighty (180) days after the end of the City’s fiscal year (presently December 31), commencing with the report after the end of the 2023 fiscal year, provide to the Insurer and the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. The Annual Report shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the Continuing Disclosure Agreement; provided that the 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 Trustee has not received a copy of the Annual Report, the Trustee shall contact the City and the Dissemination Agent to determine if the City is in compliance with the first sentence of this subsection (b).

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

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

1. Tax receipts for the latest calendar year and the four (4) previous years, if available.
2. The annual financial statements of the general fund of the City prepared using accounting practices prescribed by Arkansas Code Annotated Section 10-4-412, as it may be amended from time to time, or successor statute and which shall be audited by the Legislative Auditing Committee or an independent certified public accountant.

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

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

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

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

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

Termination of Reporting Obligation. The City's obligations under the Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all the 2023 Bonds.

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

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

(a) If the amendment or waiver relates to the requirements for providing an Annual Report, to the contents of the Annual Report or the reporting of Listed Events, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2023 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 2023 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 2023 Bonds in the same manner as provided in the Authorizing Ordinance for amendments to the Authorizing Ordinance with the consent of Beneficial Owners, or (ii) does not, in the opinion of the Trustee, materially impair the interests of the Beneficial Owners of the 2023 Bonds.

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

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

Default. In the event of a failure of the City or the Trustee to comply with any provision of the Continuing Disclosure Agreement, the Trustee, the Insurer, the City or any Beneficial Owner may (and the Trustee, at the request of the Underwriters or the Beneficial Owners of at least 25% aggregate principal amount of outstanding 2023 Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Trustee, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed a default under the Authorizing Ordinance, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City or the Trustee to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

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

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

DEBT SERVICE COVERAGE

Set forth below is estimated debt service coverage information for the 2023 Bonds. In arriving at the estimate of annual Tax receipts Revenues for this calculation, the City examined the collections of the Tax for the twelve-month period ended May 31, 2023.

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.

The City currently estimates that the remaining authorized, but not issued, bonds for the Street Improvements will be issued as Additional Parity Bonds in 2026; provided that the amount available for such Additional Parity Bonds may increase or decrease in accordance with the final allocation of the 2023 Bonds. There is no assurance that Additional Parity Bonds will be issued in such amounts in 2026.

Based upon the pledge of 100% of estimated Tax receipts, debt service coverage is as follows:

Estimated Tax Receipts Available for Debt Service ^(A)	\$23,796,514
Maximum Annual Debt Service for 2023 Bonds ^{(B)(1)}	19,830,338
Debt Service Coverage ^(A/B)	1.20x

⁽¹⁾ Assuming an average coupon rate of 5.49% for the Series 2023A Bonds and 4.24% for the Series 2023B Bonds..

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DEBT SERVICE REQUIREMENTS

The following tables show amounts required to pay scheduled principal and interest on the 2023 Bonds during each year. However, the City expects to retire the 2023 Bonds earlier than scheduled from Surplus Tax Receipts through the use of redemption of the 2023 Bonds. See **THE 2023 BONDS, Redemption and PROJECTED MANDATORY REDEMPTION.**

SERIES 2023A BONDS

<u>Year</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 4,270,000		
2025	4,115,000		
2026	4,325,000		
2027	4,530,000		
2028	4,750,000		
2029	4,985,000		
2030	5,235,000		
2031	5,500,000		
2032	5,780,000		
2033	6,080,000		
2034	6,400,000		
2035	6,745,000		
2036	7,115,000		
2037	7,510,000		
2038	7,925,000		
2039	9,725,000		
2040	10,290,000		
2041	10,895,000		
2042	11,515,000		
2043	12,165,000		
2044	12,820,000		
2045	13,510,000		
2046	2,535,000		
Totals:	\$168,720,000		

* Preliminary; subject to change.

SERIES 2023B BONDS

<u>Year</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 665,000		
2025	685,000		
2026	715,000		
2027	755,000		
2028	790,000		
2029	830,000		
2030	870,000		
2031	915,000		
2032	960,000		
2033	1,010,000		
2034	1,060,000		
2035	1,110,000		
2036	1,170,000		
2037	1,225,000		
2038	1,290,000		
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046	11,700,000		
2047	14,850,000		
2048	15,465,000		
2049	16,105,000		
2050	16,785,000		
2051	17,500,000		
2052	18,245,000		
2053	19,020,000		
Totals	\$143,720,000		

* Preliminary; subject to change.

COMBINED SERIES 2023A BONDS AND SERIES 2023B BONDS

<u>Year</u>	<u>Principal*</u>	<u>Interest</u>	<u>Total Debt Service</u>
2024	\$ 4,935,000		
2025	4,800,000		
2026	5,040,000		
2027	5,285,000		
2028	5,540,000		
2029	5,815,000		
2030	6,105,000		
2031	6,415,000		
2032	6,740,000		
2033	7,090,000		
2034	7,460,000		
2035	7,855,000		
2036	8,285,000		
2037	8,735,000		
2038	9,215,000		
2039	9,725,000		
2040	10,290,000		
2041	10,895,000		
2042	11,515,000		
2043	12,165,000		
2044	12,820,000		
2045	13,510,000		
2046	14,235,000		
2047	14,850,000		
2048	15,465,000		
2049	16,105,000		
2050	16,785,000		
2051	17,500,000		
2052	18,245,000		
2053	19,020,000		
Totals:	\$312,440,000		

* Preliminary; subject to change.

PROJECTED MANDATORY REDEMPTION

The table under the caption **DEBT SERVICE REQUIREMENTS** does not reflect possible redemptions from Surplus Tax Receipts, if available. Surplus Tax Receipts are Tax receipts less the amounts needed to pay principal of, interest on, and Trustee’s fees and expenses and administrative charges in connection with the 2023 Bonds and Additional Parity Bonds when due, to maintain the debt service reserve in the required amount and to pay any arbitrage rebate due under Section 148(f) of the Code and amounts due the Insurer with respect to the Insurance Policy and the Reserve Policy. Based upon collections of Tax Receipts for the twelve-month period ended May 31, 2023, the City estimates that Tax receipts will be available in the amount of \$23,796,514 each year plus a 3% growth annually beginning in 2024 through 2027 and no growth thereafter. The City has also assumed that Additional Parity Bonds will be issued in 2027 in the aggregate principal amount of approximately \$24,765,000 with scheduled principal due annually from 2028 through 2057 and an average coupon rate of 5%. **THERE IS NO GUARANTEE THAT THESE ESTIMATES WILL BE ACCURATE. See THE TAX, Future Tax Receipts.** The Series 2023A Bonds would be paid in full by August 1, 2037 and the Series 2023B Bonds would be paid in full by February 1, 2044 from Surplus Tax Receipts, if these estimates are correct, as follows:

SERIES 2023A BONDS

<u>Date</u>	<u>Scheduled Principal*</u>	<u>Bonds Redeemed Prior to Maturity*</u>	<u>Total Principal Retired*</u>
02/01/2024	-	190,000	190,000
08/01/2024	4,270,000	1,800,000	6,070,000
02/01/2025	-	2,335,000	2,335,000
08/01/2025	4,115,000	2,460,000	6,575,000
02/01/2026	-	2,830,000	2,830,000
08/01/2026	4,325,000	2,965,000	7,290,000
02/01/2027	-	3,360,000	3,360,000
08/01/2027	4,530,000	3,515,000	8,045,000
02/01/2028	-	2,810,000	2,810,000
08/01/2028	4,750,000	2,880,000	7,630,000
02/01/2029	-	2,960,000	2,960,000
08/02/2029	4,985,000	3,040,000	8,025,000
02/01/2030	-	3,115,000	3,115,000
08/01/2030	5,235,000	3,205,000	8,440,000
02/01/2031	-	3,290,000	3,290,000
08/01/2031	5,500,000	3,375,000	8,875,000
02/01/2032	-	3,470,000	3,470,000
08/01/2032	5,780,000	3,570,000	9,350,000
02/01/2033	-	3,675,000	3,675,000
08/01/2033	6,080,000	3,775,000	9,855,000
02/01/2034	-	3,880,000	3,880,000
08/01/2034	6,400,000	3,995,000	10,395,000
02/01/2035	-	4,110,000	4,110,000
08/01/2035	6,745,000	4,230,000	10,975,000
02/01/2036	-	4,355,000	4,355,000
08/01/2036	7,115,000	4,480,000	11,595,000
02/01/2037	-	4,610,000	4,610,000
08/01/2037	7,510,000	3,100,000	10,610,000
Totals:	\$77,340,000	\$91,380,000	\$168,720,000

* Preliminary; subject to change.

SERIES 2023B BONDS

<u>Date</u>	<u>Scheduled Principal*</u>	<u>Bonds Redeemed Prior to Maturity*</u>	<u>Total Principal Retired*</u>
02/01/2024	-	-	-
08/01/2024	665,000	-	665,000
02/01/2025	-	-	-
08/01/2025	685,000	-	685,000
02/01/2026	-	-	-
08/01/2026	715,000	-	715,000
02/01/2027	-	-	-
08/01/2027	755,000	-	755,000
02/01/2028	-	-	-
08/01/2028	790,000	-	790,000
02/01/2029	-	-	-
08/01/2029	830,000	-	830,000
02/01/2030	-	-	-
08/01/2030	870,000	-	870,000
02/01/2031	-	-	-
08/01/2031	915,000	-	915,000
02/01/2032	-	-	-
08/01/2032	960,000	-	960,000
02/01/2033	-	-	-
08/01/2033	1,010,000	-	1,010,000
02/01/2034	-	-	-
08/01/2034	1,060,000	-	1,060,000
02/01/2035	-	-	-
08/01/2035	1,110,000	-	1,110,000
02/01/2036	-	-	-
08/01/2036	1,170,000	-	1,170,000
02/01/2037	-	-	-
08/01/2037	1,225,000	1,640,000	2,865,000
02/01/2038	-	8,825,000	8,825,000
08/01/2038	1,290,000	9,015,000	10,305,000
02/01/2039	-	9,880,000	9,880,000
08/01/2039	-	10,095,000	10,095,000
02/01/2040	-	10,305,000	10,305,000
08/01/2040	-	10,525,000	10,525,000
02/01/2041	-	10,750,000	10,750,000
08/01/2041	-	10,975,000	10,975,000
02/01/2042	-	11,210,000	11,210,000
08/01/2042	-	11,445,000	11,445,000
02/01/2043	-	11,680,000	11,680,000
08/01/2043	-	11,920,000	11,920,000
02/01/2044	-	1,405,000	1,405,000
Totals:	\$14,050,000	\$129,670,000	143,720,000

* 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 the 2023 Bonds or the proceedings and authority under which the 2023 Bonds are to be issued, or questioning the right of the City to adopt the Authorizing Ordinance or to issue the 2023 Bonds or the levy and pledge of the Tax by the City.

Legal Opinions. Legal matters incident to the authorization and issuance of the 2023 Bonds are subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel. A form of Bond Counsel's approving opinion is attached hereto as Exhibit C.

TAX MATTERS

State Taxation. In the opinion of Friday, Eldredge & Clark, LLP, Bond Counsel, under existing law the interest on the 2023 Bonds is exempt from all Arkansas state, county and municipal taxes.

Series 2023A Bonds. In the opinion of Bond Counsel, interest on the Series 2023A Bonds under existing law is not excludable from gross income for federal income tax purposes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 2023A Bonds. Prospective purchasers should consult their own tax advisor in determining the federal tax consequences to them of the purchase, holding and disposition of the Series 2023A Bonds.

Any federal tax advice contained in this Official Statement pertaining to the Series 2023A Bonds was written to support the marketing of and is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding any penalties that may be imposed under the Code. All taxpayers should seek advice based on such taxpayer's particular circumstances from an independent tax advisor. This disclosure is provided to comply with Treasury Circular 230.

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Series 2023A Bonds under the Code, regulations and the judicial and administrative rulings and court decisions now in effect, all of which are subject to change or possible differing interpretations. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws. This summary does not address owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold the Series 2023A Bonds (or foreign currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprised of a Series 2023A Bond and one or more other investments, or purchasers that have a "functional currency" other than the U.S. dollar. Except to the extent discussed below under "Foreign Investors," this summary is not applicable to non-United States persons not subject to federal income tax on their worldwide income. This summary does not discuss the tax laws of any state other than Arkansas or any local or foreign governments. Potential purchasers of the Series 2023A Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, holding and disposition of the Series 2023A Bonds.

General. Although there are not any regulations, published rulings, or judicial decisions involving the characterization for federal income tax purposes of securities with terms substantially the same as the Series 2023A Bonds, Bond Counsel has advised that the Series 2023A Bonds will be treated for federal income tax purposes as evidences of indebtedness of the City and not as an ownership interest in the trust estate securing the Series 2023A Bonds or as an equity interest in the City or any other party, or in a separate association taxable as a corporation. Although the Series 2023A Bonds are issued by the City, interest on the Series 2023A Bonds (including original issue discount, if any) is not excludable from gross income for federal income tax purposes under Code Section 103. Interest on the Series 2023A Bonds will be fully subject to federal income taxation. Thus, owners of the Series 2023A Bonds generally must include interest (including any original issue discount) on the Series 2023A Bonds in gross income for federal income tax purposes.

In general, interest paid on the Series 2023A Bonds, original issue discount, if any, and market discount, if any, will be treated as ordinary income to the owners of the Series 2023A Bonds, and principal payments (excluding the portion of such payments, if any, characterized as original issue discount) will be treated as a return of capital.

Sales or Other Dispositions. If a Series 2023A Bond is sold, redeemed prior to maturity or otherwise disposed of in a taxable transaction, gain or loss will be recognized in an amount equal to the difference between the amount realized on the sale or other disposition, and the adjusted basis of the transferor in the Series 2023A Bond. The adjusted basis of a Series 2023A Bond generally will be equal to its costs, increased by any original issue discount or market discount included in the gross income of the transferor with respect to the Series 2023A Bond and reduced by any amortized bond premium under Section 171 of the Code and by the payments on the Series 2023A Bond (other than payments of qualified stated interest), if any, that have previously been received by the transferor. Except as provided in Section 582(c) of the Code, relating to certain financial institutions, or as discussed in the following paragraph, any such gain or loss will be a capital gain or loss taxable at the applicable rate determined by the Code if the Series 2023A Bond to which it is attributable is held as a “capital asset.”

Gain on the sale or other disposition of a Series 2023A Bond that was acquired at a market discount will be taxable as ordinary income in an amount not exceeding the portion of such discount that accrued during the period that the Series 2023A Bond was held by the transferor (after reduction by any market discount includable in income by such transferor in accordance with the rules described above under “Market Discount”). In addition, if the City is determined (pursuant to regulations that have yet to be promulgated under Code Section 1271(g)(2)(A)) to have had an intention on the date of original issuance of the Series 2023A Bonds to call all or a portion of the Series 2023A Bonds prior to maturity, then gain on the sale or other disposition of a Series 2023A Bond in an amount equal to the original issue discount not previously includable in gross income would be required to be treated as ordinary income taxable at the applicable rate determined by the Code.

Backup Withholding. Payments of principal and interest (including original issue discount) on the Series 2023A Bonds, as well as payments of proceeds from the sale of the Series 2023A Bonds may be subject to the “backup withholding tax” under Section 3406 of the Code with respect to interest or original issue discount on the Series 2023A Bonds if recipients of such payments (other than foreign investors who have properly provided certifications described below) fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from such tax. Any amounts deducted and withheld from a payment to a recipient would be allowed as a credit against the federal income tax of such recipient.

Foreign Investors. An owner of a Series 2023A Bond that is not a “United States person” (as defined below) and is not subject to federal income tax as a result of any direct or indirect connection to the United States of America in addition to its ownership of a Series 2023A Bond will generally not be subject to United States income or withholding tax in respect of a payment on a Series 2023A Bond, provided that the owner complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the owner under penalties of perjury, certifying that such owner is not a United States person and providing the name and address of such owner). For this purpose the term “United States person” means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America or any political subdivision thereof, or an estate or trust whose income from sources within the United States is includable in gross income for United States of America income tax purposes regardless of its connection with the conduct of a trade or business within the United States of America.

Except as explained in the preceding paragraph and subject to the provisions of any applicable tax treaty, a United States withholding tax will apply to interest paid and original issue discount accruing on the Series 2023A Bonds owned by foreign investors. In those instances in which payments of interest on the Series 2023A Bonds continue to be subject to withholding, special rules apply with respect to the withholding of tax on payments of interest on, or the sale or exchange of the Series 2023A Bonds having original issue discount and held by foreign investors. Potential investors that are foreign persons should consult their own tax advisors regarding the specific tax consequences to them of owning a Series 2023A Bond.

ERISA Considerations. The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA (an “ERISA Plan”) and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of a Series 2023A Bond, could be viewed as violating those prohibitions. In addition, Code Section 4975 prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons and Code Section 503 includes similar restrictions with respect to governmental and church plans. In this regard, the City or any underwriter of the Series 2023A Bonds, might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Code Sections 4975 or 503. Prohibited transactions within the meaning of ERISA and the Code may arise if the Series 2023A Bonds are acquired by such plans or arrangements with respect to which the City or any underwriter is a party in interest or disqualified person. In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code Sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the Series 2023A Bonds.

Series 2023B Bonds. In the opinion of Bond Counsel, interest on the Series 2023B Bonds under existing law is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Series 2023B Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2023B Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. These requirements generally relate to arbitrage, the use of the proceeds of the Series 2023B Bonds and the 2023 Improvements. Failure to comply with certain of such requirements could cause the interest on the Series 2023B Bonds to be so included in gross income retroactive to the date of issuance of the Series 2023B Bonds. The City has covenanted to comply with all such requirements in the Authorizing Ordinance.

Prospective purchasers of the Series 2023B Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 2023B Bonds, (ii) interest on the Series 2023B Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income including interest on the Series 2023B Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Series 2023B Bonds.

Prospective purchasers of the Series 2023B Bonds should be further aware that Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2023B Bonds or, in the case of a financial institution, that portion of a holder’s interest expense allocated to interest on the Series 2023B Bonds, except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code).

As shown on the inside front cover of this Official Statement, certain of the Series 2023B Bonds are being sold at an original issue discount (collectively, the “Discount Bonds”). The difference between the initial public offering prices, as set forth on the cover page, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

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

disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

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

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

As shown on the inside front cover of this Official Statement, certain of the Series 2023B Bonds are being sold at an original issue premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2023B Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent holders of the Series 2023B Bonds from realizing the full current benefit of the tax status of such interest. On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the "IRA"), which, among other things, makes certain changes to the federal tax laws affecting the taxation of certain corporations for tax years beginning after December 31, 2022. Introduction or enactment of any other legislative proposals or clarification of the Code or court decisions may affect, perhaps significantly, the market price for, or marketability of, the Series 2023B Bonds. Prospective purchasers of the Series 2023B Bonds should consult their own tax advisors regarding any proposed or enacted federal or state tax legislation (including particularly, without limitation, the IRA), regulations or litigation, as to which Bond Counsel expresses no opinion.

It is not an event of default on the Series 2023B Bonds if legislation is enacted reducing or eliminating the exclusion of interest on state and local government bonds from gross income for federal or state income tax purposes.

MISCELLANEOUS

Underwriting. Under a Bond Purchase Agreement (the "Agreement") entered into by and between the City, as issuer, and Crews & Associates, Inc. and Stephens Inc., as underwriters (the "Underwriters"), the Series 2023A Bonds are being purchased at a price of \$ _____ (principal amount less Underwriters' discount of \$ _____) and the Series 2023B Bonds are being purchased at a price of \$ _____ (principal amount less net original issue discount of \$ _____ and less Underwriters' discount of \$ _____). The Agreement provides that the Underwriters will purchase all of the 2023 Bonds if any are purchased.

The obligation of the Underwriters to accept delivery of the 2023 Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the 2023 Bonds or any proceedings in connection with the issuance thereof, and the absence of material adverse changes in the financial or business condition of the City.

The Underwriters intend to offer the 2023 Bonds to the public initially at the offering prices set forth on the inside front cover of this Official Statement, which prices may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the 2023 Bonds to the public. The Underwriters may offer and sell 2023 Bonds to certain dealers (including dealers depositing 2023 Bonds into investment trusts) at prices lower than the public offering price.

Ratings. S&P Global Ratings (“S&P”) will assign its municipal bond rating of “AA/Stable” to the 2023 Bonds with the understanding that upon delivery of the 2023 Bonds, the Insurance Policy insuring the payment when due of the principal of and interest on the 2023 Bonds will be issued by the Insurer. The underlying credit rating for the 2023 Bonds is "A+/Stable" by S&P. Any explanation of such ratings may only be obtained from S&P. Generally, rating agencies base their ratings upon information and materials supplied to them and on their own investigations, studies and assumptions. There is no assurance that such ratings, once assigned, will remain for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change or withdrawal of the ratings assigned to the 2023 Bonds by S&P may have an adverse effect on the market price of the 2023 Bonds. The Underwriters and the City have undertaken no responsibility after issuance of the 2023 Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

Enforceability of Remedies. Rights of the registered owners of the 2023 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 2023 Bonds.

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

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

CITY OF SPRINGDALE, ARKANSAS

By _____
Mayor

Dated: As of the date set forth on 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) (i) Tangible personal property;
- (ii) Specified digital products sold;
- (iii) Digital codes;
- (b) Natural or artificial gas, electricity, water, ice, steam, or any other tangible personal property sold as a utility or provided as a public service;
- (c) (i) Service of furnishing rooms, suites, condominiums, townhouses, rental houses or other accommodations by hotels, apartment hotels, lodging houses, tourist camps, tourist courts, property management companies, accommodations intermediaries, or any other provider of accommodations to transient guests;
- (ii) Service of cable television, community antenna television, and any and all other distribution of television, video, or radio services with or without the use of wires provided to subscribers, paying customers or users, including installation, service, rental, repair and other charges having any connection with the providing of the said services;
- (iii) Service of initial installation, alteration, addition, cleaning, refinishing, replacement and repair of motor vehicles, aircraft, farm machinery and implements, motors of all kinds, tires and batteries, boats, electrical appliances and devices, furniture, rugs, flooring, upholstery, household appliances, televisions and radios, jewelry, watches and clocks, engineering instruments, medical and surgical instruments, machinery of all kinds, bicycles, office machines and equipment, shoes, tin and sheet metal, mechanical tools and shop equipment; however, the tax does not apply to (A) the maintenance or repair of railroad parts, railroad cars and equipment brought into the City solely and exclusively for the purpose of being repaired, refurbished, modified, or converted within the City, (B) the service of alteration, addition, cleaning, refinishing, replacement or repair of commercial jet aircraft or commercial jet aircraft components or subcomponents, (C) the repair or remanufacture of industrial metal rollers or platens that have a remanufactured non-metallic material covering on all or a part of the roller or platen surface, (D) the initial installation, alteration, addition, cleaning, refinishing, replacement or repair of non-mechanical, passive or manually operated components of buildings or other improvements or structures affixed to real estate, (E) services performed on watches and clocks received by mail or common carrier from outside this state and which, after the service is performed, are returned by mail or common carrier or in the repairer's own conveyance to points outside this state, (F) services performed by a temporary or leased employee or other contract laborer on items owned or leased by the employer, or (G) service of initial installation of any property that is specifically exempted from the tax imposed by this chapter;
- (iv) Service of providing transportation or delivery of money, property or valuables by armored car; service of providing cleaning or janitorial work; service of pool cleaning and servicing; pager services; telephone answering services; lawn care and landscaping services; service of parking a motor vehicle or allowing a motor vehicle to be parked; service of storing a motor vehicle; service of storing furs; and the service of providing indoor tanning at a tanning salon;
- (d) Printing of all kinds, types and characters, including the service of overprinting, and photography of all kinds;
- (e) (i) Tickets or admissions to places of amusement, to athletic, entertainment, recreational events, or fees for access to or the use of amusement, entertainment, athletic or recreational facilities;

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

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

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

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

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

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

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

(l) Wrecker and towing services;

(m) Collection and disposal of solid wastes;

(n) Cleaning of parking lots and gutters;

(o) Dry cleaning and laundry services;

(p) Industrial laundry services;

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

(r) Pest control services;

(s) Security and alarm monitoring services;

(t) Boat storage and docking fees;

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

(v) Locksmith services;

(w) Pet grooming and kennel services; and

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

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

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

* This provision will become effective on October 1, 2023.

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

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

(ii) Any ancillary service; and

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

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

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

(cc) Withdrawals from stock.

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 year from the date of purchase of aircraft;

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

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

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

(f) Newspapers;

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

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

- purchased;
- (i) Property resales to persons regularly engaged in the business of reselling the articles
 - (j) Advertising space in newspapers and publications, billboard advertising services, or on a public transit bus;
 - (k) Gate admissions at State, district, county or township fairs or at any rodeo if the receipts derived from gate admissions to the rodeo are used exclusively for the improvement, maintenance and operation of such rodeo, and if no part of the net earnings thereof inures to the benefit of any private stockholder or individual;
 - (l) Property or services which the State is prohibited by the constitution or laws of the United States or by the constitution of the State from taxing or further taxing;
 - (m) Isolated sales not made by an established business;
 - (n) Cotton, seed cotton, lint cotton, baled cotton, whether compressed or not, or cotton seed in its original condition; seed for use in commercial production of an agricultural product or of seed; raw products from the farm, orchard or garden, where such sale is made by the producer of such raw products directly to the consumer and user; livestock, poultry, poultry products and dairy products of producers owning not more than five cows; and baby chickens;
 - (o) Foodstuffs to governmental agencies for free distribution to any public, penal and eleemosynary institutions or for free distribution to the poor and needy, and the rental or sale of medical equipment, for the benefit of persons enrolled in and eligible for Medicare or Medicaid programs;
 - (p) Tangible personal property, specified digital products, a digital code, or services provided to any hospital or sanitarium operated for charitable and nonprofit purposes or any nonprofit organization whose sole purpose is to provide temporary housing to the family members of patients in a hospital or sanitarium;
 - (q) Used tangible personal property when the used property was (1) traded in and accepted by the seller as part of the sale of other tangible personal property and (2) the Arkansas Gross Receipts Tax was collected and paid on the total amount of consideration for the sale of the other tangible personal property without any deduction or credit for the value of the used tangible personal property; provided, however, this exemption does not apply to transactions involving used automobiles or used aircraft;
 - (r) Unprocessed crude oil;
 - (s) Tangible personal property consisting of machinery and equipment used directly in producing, manufacturing, fabricating, assembling, processing, finishing or packaging of articles of commerce if the machinery and equipment is used to (i) create new manufacturing or processing plants or facilities in the State, (ii) expand existing manufacturing or processing plants or facilities in the State or (iii) replace existing machinery and equipment;
 - (t) Property consisting of machinery and equipment required by State or federal law or regulations to be installed and utilized by manufacturing or processing plants or facilities, cities or towns in the State to prevent or reduce air and/or water pollution or contamination;
 - (u) Electricity used in the manufacture of aluminum metal by the electrolytic reduction process and sale of articles sold on the premises of the veterans' homes;
 - (v) Automobile parts which constitute "core charges," which are received for the purpose of securing a trade-in for the article purchased;
 - (w) Bagging and other packaging and tie materials sold to and used by cotton gins for packaging and/or tying baled cotton and from the sale of twine which is used in the production of tomato crops;

- (x) Prescription drugs by licensed pharmacists, hospitals, or physicians, and oxygen sold for human use on prescription of a licensed physician;
- (y) Property or services to humane societies;
- (z) Vessels, barges and towboats of at least fifty tons load displacement and parts and labor used in the repair and construction of the same;
- (aa) Property or sales to all orphans' homes, or children's homes, which are not operated for profit and whether operated by a church, religious organization or other benevolent charitable association;
- (bb) Agricultural fertilizer, agricultural limestone, agricultural chemicals, and water purchased from a public surface-water delivery project to reduce or replace water used for in-ground irrigation or reduce dependence on ground water for agriculture.
- (cc) Sale of tickets or admissions, by municipalities and counties, to places of amusement, to athletic, entertainment, recreational events, or fees for the privilege of having access to or the use of amusement, entertainment, athletic or recreational facilities, including free or complimentary passes, tickets, admissions, dues or fees;
- (dd) New and used farm machinery and equipment;
- (ee) New automobiles to a veteran of the United States Armed Services who is blind as a result of a service-connected injury;
- (ff) Motor vehicles sold to municipalities, counties, school districts, and state supported colleges and universities;
- (gg) School buses sold to school districts and, in certain cases, to other purchasers providing school bus service to school districts;
- (hh) Catalysts, chemicals, reagents, and solutions which are consumed or used in producing, manufacturing, fabricating, processing, or finishing articles of commerce in the State and by manufacturing or processing plants or facilities prevent or reduce air or water pollution or contamination;
- (ii) Feedstuffs used in the commercial production of livestock or poultry;
- (jj) Modular homes constructed from materials on which the State sales tax has been paid;
- (kk) The first 500 kilowatt hours of electricity per month and the total franchise tax billed to each residential customer whose household income is less than \$12,000 per year;
- (ll) Electricity and natural gas to qualified steel manufacturers;
- (mm) Tangible personal property lawfully purchased with food stamps, food coupons, food instruments or vouchers in connection with certain Federal programs;
- (nn) Publications sold through regular subscriptions;
- (oo) Tickets for admission to athletic events and interscholastic activities of public and private elementary and secondary schools in the State and tickets for admission to athletic events at public and private colleges and universities in the State;
- (pp) Durable medical equipment, mobility enhancing equipment, a prosthetic device, and disposable medical supplies prescribed by a physician;

- (qq) Insulin and test strips for testing blood sugar levels in humans;
- (rr) Telephone instruments sent into the State for refurbishing or repair and then shipped back to the state of origin;
- (ss) Industrial metal rollers sent into the State for repair or remanufacture and then shipped back to the state of origin;
- (tt) New motor vehicles purchased by non-profit organizations and used for the performance of contracts with the Department of Human Services, and new motor vehicles purchased with Federal Transit Administration funds if (i) vehicles meet minimum State specifications and (ii) vehicles are used for transportation under the Department of Human Services' programs for the aging, individuals with disabilities, individuals with mental illness, and children and family services;
- (uu) Motor fuels to owners or operators of motor buses operated on designated streets according to regular schedule and under municipal franchise which are used for municipal transportation purposes;
- (vv) Parts or other tangible personal property incorporated into or which become a part of commercial jet aircraft component or subcomponents;
- (ww) Transfer of fill material by a business engaged in transporting or delivering fill material;
- (xx) Long-term leases, thirty days or more, of commercial trucks used for interstate transportation of goods under certain conditions;
- (yy) Foodstuffs to nonprofit agencies;
- (zz) Tangible personal property consisting of forms constructed of plaster, cardboard, fiberglass, natural fibers, synthetic fibers or composites and which are destroyed or consumed during the manufacture of the item;
- (aaa) Natural gas used as a fuel in the process of manufacturing glass;
- (bbb) Sales to Community Services Clearinghouse, Inc. of Fort Smith;
- (ccc) Substitute fuel used in producing, manufacturing, fabrication, assembling, processing, finishing or packaging of articles at manufacturing facilities or processing plants in the State;
- (ddd) Railroad rolling stock used in transporting persons or property in interstate commerce;
- (eee) Parts or other tangible personal property which become a part of railroad parts, railroad cars and equipment brought into the State for the purpose of being repaired, refurbished, modified or converted within the State;
- (fff) Fire protection and emergency equipment to be owned by and exclusively used by a volunteer fire department, and supplies and materials to be used in the construction and maintenance of volunteer fire departments;
- (ggg) Gas produced from biomass and sold for the purpose of generating steam, hot air or electricity to be sold to the gas producer;
- (hhh) Fuel packaging materials sold to a person engaged in the business of processing hazardous and non-hazardous waste materials into fuel products at an approved site and machinery and equipment, including analytical equipment and chemicals used directly in the processing and packaging of hazardous and non-hazardous waste materials into fuel products at an approved site;

- (iii) Electricity and natural gas used in the manufacturing of wall and floor tile by approved manufacturers;
- (jjj) Textbooks, library books, and instructional materials purchased by an Arkansas school district or the State for free distribution to Arkansas school districts or Arkansas public schools;
- (kkk) Tangible personal property, specified digital products, a digital code, or services to the Arkansas Symphony Orchestra, Inc.;
- (lll) Electricity used for the production of chlorine and other chemicals using a chlor-alkali manufacturing process;
- (mmm) Tangible personal property, specified digital products, a digital code, or services to a qualified museum;
- (nnn) Livestock reproduction equipment or substances;
- (ooo) Natural gas and electricity used in the manufacturing of tires in the State;
- (ppp) Thermal imaging equipment purchased by a City government for use by law enforcement aircraft;
- (qqq) Tangible property, specified digital products, a digital code, or services to the Arkansas Search Dog Association, Inc.;
- (rrr) Certain new or used trucks to be engaged in interstate commerce;
- (sss) Tangible personal property, specified digital products, a digital code, or services to the Arkansas Black Hall of Fame Foundation;
- (ttt) Sale, lease or rental of kegs used to sell beer wholesale by a wholesale manufacturer of beer;
- (uuu) Repair parts and labor for pollution control machinery and equipment;
- (vvv) Sales by commercial farmers of certain baling twine, net wrap, silage wrap, and similar products;
- (www) Sales of tangible personal property, specified digital products, a digital code, or a service to a nonprofit blood donation organization;
- (xxx) Sales of utilities used by a qualifying agricultural structure and qualifying aquaculture and horticulture equipment;
- (yyy) Sales of utilities used by a grain drying and storage facility;
- (zzz) Dental appliances sold by or to dentists or certain other professionals;
- (aaaa) Machinery, new and used equipment, and related attachments that are sold to or used by a person engaged primarily in the harvesting of timber;
- (bbbb) Sales of tangible personal property at a concession stand operated by a nonprofit youth organization;*

* The amendment to this provision will become effective on October 1, 2023. (This provision previously applied to sales of tangible personal property at a concession stand operated by a nonprofit youth athletic organization).

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

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

(eeee) Sale of a washer-extractor to a fire department or intergovernmental council of a City;

(ffff) Coins or currency or bullion;

(gggg) Tangible personal property, specified digital products, a digital code, or a service to the Disabled American Veterans Organization;**

(hhhh) (i) Data center equipment;

(ii) Eligible data center costs;

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

(iv) Electricity used by a qualified data center;**

(iiii) Sale of a service providing for electronic transmission of a drug prescription directly to a pharmacy; and**

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

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

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, specified digital products, a digital code, or a taxable service 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, 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) Tractors, trailers, semi-trailers, trucks, buses and other rolling stock, including replacement tires, used directly in the transportation of persons or property in intrastate or interstate common carrier transportations;

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

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

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

** This provision will become effective on October 1, 2023.

(e) Exchange equipment, lines, boards and all accessory devices used directly in and connected to the primary facility engaged in the transmission of messages;

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

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

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

(i) Computer software; and

(j) Tangible personal property, specified digital products, a digital code, and services provided 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:

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

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

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

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

(e) Unprocessed crude oil;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(u) Foodstuffs to nonprofit agencies;

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

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

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

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

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

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

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

(cc) Coins or currency or bullion;

- (dd) (i) Data center equipment;
 - (ii) Eligible data center costs;
 - (iii) Services purchased for the purpose of and in conjunction with developing, acquiring, constructing, expanding, renovating, refurbishing, and operating a qualified data center; and
 - (iv) Electricity used for a qualified data center;* and
- (ee) Sale of a new or used mortality composting device to a person engaged in the commercial production of livestock or poultry.*

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

* This provision will become effective on October 1, 2023.

EXHIBIT B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

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

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

EXHIBIT C

_____, 2023

First Security Bank
Searcy, Arkansas, as Trustee

Crews & Associates, Inc.
Little Rock, Arkansas

Stephens Inc.
Little Rock, Arkansas

Re: \$ _____ City of Springdale, Arkansas Sales and Use Tax Refunding and
 Improvement Bonds, Taxable Series 2023A

 \$ _____ City of Springdale, Arkansas Sales and Use Tax Refunding and
 Improvement Bonds, Series 2023B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Springdale, Arkansas (the “City”) of \$ _____ City of Springdale, Arkansas Sales and Use Tax Refunding and Improvement Bonds, Taxable Series 2023A (the “Series 2023A Bonds”) and \$ _____ City of Springdale, Arkansas Sales and Use Tax Refunding and Improvement Bonds, Series 2023B (the “Series 2023B Bonds”) and collectively with the Series 2023A Bonds, the “Bonds”). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion, including particularly a certified copy of Ordinance _____ of the City adopted on _____, 2023, authorizing the issuance of the Bonds (the “Authorizing Ordinance”), and Ordinance No. 5807 of the City adopted on February 14, 2023 (the “Tax Ordinance”), levying a 1% sales and use tax within the City (the “Tax”).

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Bonds have been lawfully authorized and issued under the Constitution and laws of the State of Arkansas now in force, including particularly Amendment No. 62 to the Constitution of the State of Arkansas and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the “Authorizing Legislation”), and are valid and binding obligations of the City enforceable in accordance with their terms.

2. The Bonds are not general obligations of the City but are special obligations payable from and secured by a pledge of collections of the Tax duly levied by the City under the authority of the Authorizing Legislation. The Bonds are not secured by any lien on or security interest in any physical properties of the City.

3. The interest on the Series 2023B Bonds (including any original issue discount properly allocable thereto) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; provided, however, that with respect to certain corporations, interest on the Series 2023B Bonds will be taken into account in determining annual adjusted financial statement income for the purpose of computing the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to

the issuance of the Series 2023B Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. The City has covenanted in the Authorizing Ordinance to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Series 2023B Bonds to be so included in gross income retroactive to the date of issuance of the Series 2023B Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2023B Bonds.

4. The Series 2023A Bonds will be treated for federal income tax purposes as evidences of indebtedness of the City. Interest on the Series 2023A Bonds is not excludable from gross income for federal income tax purposes and will be fully subject to federal income taxation.

5. The Bonds and income thereon are exempt from all Arkansas state, county and municipal taxes.

It is to be understood that the rights of the registered owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Sincerely yours,

FRIDAY, ELDREDGE & CLARK, LLP