

NEW ISSUE

BOOK-ENTRY ONLY

*In the opinion of Bond Counsel, based on existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes, subject to the condition that the City comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Bonds (and the interest on the Bonds is exempt from State of Arkansas income tax, the Bonds are not subject to property taxes in the State of Arkansas and the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code). See **LEGAL MATTERS, Tax Exemption.***

\$5,535,000
CITY OF LOWELL, ARKANSAS
CAPITAL IMPROVEMENT REFUNDING AND CONSTRUCTION
REVENUE BONDS
SERIES 2021

Dated: Date of Delivery

Due: June 1, as described below

The Bonds will not be general obligations of the City of Lowell, Arkansas (the "City"), but will be special obligations, secured by a pledge of revenues derived by the City from all franchise fees collected from public utilities for the privilege of using the streets, highways and other public places in the City.

Interest on the Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2021 and the Bonds mature (on June 1 of each year), bear interest and are priced to yield as follows:

MATURITY SCHEDULE

\$2,045,000 Serial Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Rate (%)</u>	<u>Yield (%)</u>
2022	\$ 70,000	2.000	0.400
2023	185,000	2.000	0.550
2024	185,000	2.000	0.700
2025	190,000	2.000	0.850
2026	195,000	2.000	1.000
2027	195,000	1.125	1.200
2028	200,000	1.250	1.300
2029	200,000	1.300	1.400
2030	205,000	1.450	1.550
2031	210,000	1.625	1.700
2032	210,000	1.750	1.750

\$ 890,000 2.000% Term Bonds Due June 1, 2036 to Yield 2.100%
\$1,225,000 2.250% Term Bonds Due June 1, 2041 to Yield 2.300%
\$1,375,000 2.500% Term Bonds Due June 1, 2046 to Yield 2.500%

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

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

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

Stephens Inc.

Dated: July 27, 2021

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

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

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OFFICIAL STATEMENT

\$5,535,000
CITY OF LOWELL, ARKANSAS
CAPITAL IMPROVEMENT REFUNDING AND CONSTRUCTION
REVENUE BONDS
SERIES 2021

INTRODUCTION TO THE OFFICIAL STATEMENT

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

This Official Statement is provided to furnish certain information in connection with the issuance by the City of Lowell, Arkansas (the "City") of its Capital Improvement Refunding and Construction Revenue Bonds, Series 2021, in the aggregate principal amount of \$5,535,000 (the "Bonds"). The Bonds are being issued to refund the City's Capital Improvement Refunding Revenue Bonds, Series 2010 (the "Bonds Refunded"), to finance all or a portion of the costs of capital improvements (the "Improvements"), to fund a debt service reserve and to pay expenses of issuing the Bonds. See **THE BONDS, Purpose for Bonds**.

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

The Bonds are not general obligations of the City, but are special obligations secured solely by a pledge of the revenues derived by the City from all franchise fees collected from public utilities for the privilege of using the streets, highways and other public places in the City pursuant to the authority contained in Title 14, Chapter 200, Sections 101 through 112 and Title 23, Chapter 19, Sections 201 through 210 of the Arkansas Code of 1987 Annotated (the "Pledged Revenues"). See **THE BONDS, Security**.

The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State, particularly the Authorizing Legislation, and Ordinance No. 1072, adopted February 16, 2021, as supplemented (collectively, the "Authorizing Ordinance"). See **THE AUTHORIZING ORDINANCE**.

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

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Interest is payable December 1, 2021 and semiannually thereafter on each June 1 and December 1. Payment of principal of the Bonds will be made to the owners of the Bonds at the principal office of Simmons Bank, Pine Bluff, Arkansas (the "Trustee"), and payment of interest on Bonds shall be by check of the Trustee to the registered owner as shown on the Bond registration book of the City maintained by the Trustee. The record date for payment of interest on the Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. See **THE BONDS**.

The Bonds are subject to extraordinary redemption from proceeds of the Bonds not needed for the purposes intended. The Bonds are subject to optional redemption on and after June 1, 2026. The Bonds maturing on June 1 in the years 2036, 2041 and 2046 are subject to mandatory sinking fund redemption as described herein. The Trustee shall give at least thirty (30) days' notice of redemption. See **THE BONDS, Redemption**.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax, (iii) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), (iv) interest on the Bonds is exempt from State income tax, and (v) the Bonds are not subject to property taxes in the State. See **LEGAL MATTERS, Tax Exemption**.

It is expected that the Bonds will be available for delivery on or about August 24, 2021, through the facilities of The Depository Trust Company, in New York, New York.

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

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

THE BONDS

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

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

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

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

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

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

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

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

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

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

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

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

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

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

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

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

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

(2) Optional Redemption. The Bonds are subject to redemption on and after June 1, 2026 at the option of the City, from funds from any source, in whole or in part at any time at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Bonds shall be called for redemption, the particular maturities to be redeemed shall be selected by the City in its discretion. If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

(3) Mandatory Sinking Fund Redemption. To the extent not previously redeemed, the Bonds maturing on June 1 in the years 2036, 2041 and 2046 are subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall determine, on June 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

Bonds Maturing June 1, 2036

Year (June 1)	Principal Amount
2033	\$215,000
2034	220,000
2035	225,000
2036 (maturity)	230,000

Bonds Maturing June 1, 2041

Year (June 1)	Principal Amount
2037	\$235,000
2038	240,000
2039	245,000
2040	250,000
2041 (maturity)	255,000

Bonds Maturing June 1, 2046

Year (June 1)	Principal Amount
2042	\$260,000
2043	270,000
2044	275,000
2045	280,000
2046 (maturity)	290,000

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

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

by DTC. So long as the Bonds are issued in book-entry only form, notice of redemption will be given only to Cede & Co., as nominee for DTC. **The Trustee will not give any notice of redemption to the Beneficial Owners of the Bonds.**

Purpose for Bonds. The Bonds are being issued to finance all or a portion of the costs of the Improvements, to refund the Bonds Refunded (the "Refunding"), to fund a debt service reserve and to pay expenses of issuing the Bonds. The Improvements include particularly, without limitation, the acquisition, construction and equipping of sewer improvements and park and recreational improvements. The Improvements are expected to be completed by December 31, 2023.

A portion of the proceeds of the Bonds and other available funds held in connection with the Bonds Refunded will be deposited with the trustee for the Bonds Refunded and used to accomplish the Refunding on the date the Bonds are issued at a price of par plus accrued interest.

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

SOURCES:	
Principal Amount of Bonds	\$5,535,000
Existing Funds for Bonds Refunded	383,396
Net Original Issue Premium	<u>2,296</u>
Total Sources	\$5,920,692
USES:	
Refunding Costs	\$1,124,885
Costs of Improvements	4,504,844
Costs of Issuance	59,000
Underwriter's Discount	83,025
Debt Service Reserve	<u>148,938</u>
Total Uses	\$5,920,692

The payment of the Underwriter's discount and the costs of issuing the Bonds relating to the payment of professional fees will be contingent on the Bonds being issued. The City will deposit the net proceeds of the Bonds (principal amount plus original issue premium less Underwriter's discount, original issue discount, Refunding deposit, debt service reserve deposit, and certain issuance costs) into a special fund held by the Trustee and designated "2021 Improvement Fund" (the "Improvement Fund"). Moneys contained in the Improvement Fund will be disbursed solely in payment of costs of the Improvements, paying necessary expenses incidental thereto and paying expenses of issuing the Bonds. Disbursements shall be on the basis of requisitions which shall contain at least the following information: the person to whom payment is being made; the amount of the payment; and the purpose by general classification of the payment. For a description of how the Bond proceeds are to be invested pending use and the provisions governing those investments, see **THE AUTHORIZING ORDINANCE, Investments.**

Security. The Bonds are not general obligations of the City but are special obligations, secured by a pledge of all "Pledged Revenues," which are defined to be all revenues derived by the City from all franchise fees collected from public utilities for the privilege of using the streets, highways and other public places in the City, pursuant to the authority contained in Title 14, Chapter 200, Sections 101 through 112 and Title 23, Chapter 19, Sections 201 through 210 of the Arkansas Code of 1987 Annotated.

A debt service reserve for the Bonds has been established in an amount equal to one-half of the maximum annual debt service requirement on the Bonds (based on a year ending June 1). The debt service reserve will be funded with Bond proceeds.

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

COVID-19 Disclosure. The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus.

The effects of the COVID-19 pandemic have not had a materially adverse impact on franchise fee collections. The City expects that its available funds will be sufficient to fund its essential services and make all debt service payments.

THE CITY AND THE COUNTY

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

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

<u>Year</u>	<u>City</u>	<u>County</u>
1980	1,078	78,115
1990	1,293	97,530
2000	5,013	153,323
2010	7,327	221,339
2019 (estimate as of July 1)	9,544	279,141

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

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

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

<u>Name</u>	<u>Occupation</u>	<u>Term Expiration Date</u>
Chris Moore	Mayor	December 31, 2022
Chasity Taylor	Management	December 31, 2022
David Adams	Architect	December 31, 2022
Lisa DeGifford	Homemaker	December 31, 2022
Eric Schein	Teacher	December 31, 2022
Bill Adams	Self-employed	December 31, 2024
Steve Whitehead	Transportation	December 31, 2024
Kendall Stucki	Salesman	December 31, 2024
Bethany Rosenbaum	Teacher	December 31, 2024

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

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

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

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

<u>Employer</u>	<u>Business or Product</u>	<u>Number of Employees</u>
J.B. Hunt	Trucking	3,000+
Arvest Bank Operations	Banking	1,000
Central Research	Government Contractors	700
Transplace	Electrical and cable contractors	350
Wachter	Cable/Telecommunications Services	270
Central States	Metal fabrication	250

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

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

<u>Year</u>	<u>Per Capita Personal Income</u>
2015	\$79,064
2016	82,906
2017	84,181
2018	92,342
2019	92,697

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

<u>Year</u>	<u>Total Personal Income</u>
2015	\$19,891,875,000
2016	21,490,197,000
2017	22,441,267,000
2018	25,141,681,000
2019	25,875,643,000

Unemployment Data. Set forth below are the annual average unemployment rates for the County and the State since 2016, according to the Arkansas Department of Workforce Services:

<u>Year</u>	<u>Annual Average Unemployment Rate (%)</u>	
	<u>County</u>	<u>State</u>
2016	2.9	4.0
2017	3.0	3.7
2018	2.9	3.7
2019	2.6	3.5
2020	4.5	6.1
2021*	2.8	4.1

*Preliminary as of April 2021

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

THE AUTHORIZING ORDINANCE

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

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

(b) The franchise fees currently charged to public utilities, are ratified, confirmed and continued and such fees shall never be reduced while the Bonds are outstanding unless the City receives an opinion of a certified public accountant not in the regular employ of the City ("Accountant") to the effect that Pledged Revenues for the preceding fiscal year, assuming such reduction had been in effect for the entire year, would have equaled not less than 125% of the maximum annual debt service on all obligations of the City to which Pledged Revenues are pledged.

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

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

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

Bond Fund and Debt Service Reserve. There shall be transferred from the Franchise Fee Fund into a special fund established with the Trustee and designated "2021 Capital Improvement Revenue Bond Fund" (the "Bond Fund"), the sums in the amounts and at the times set forth below for the purpose of providing funds for the payment of the principal of and interest on the Bonds, with Trustee's fees.

There shall be paid into the Bond Fund on or before the last business day of each month, commencing in August 2021, a sum equal to one-sixth (1/6) of the next installment of interest due on the Bonds plus one-twelfth (1/12) of the next installment of principal on all outstanding Bonds due at maturity or upon mandatory sinking fund redemption; provided, however, that payments into the Bond Fund (a) through November 2021 shall be in an amount equal to 1/4 of the interest due on the Bonds on December 1, 2021 plus 1/10 of the principal due on the Bonds on June 1, 2022 and (b) from December 2021 through May 2022 shall be in an amount equal to 1/6 of the interest due on the Bonds on June 1, 2022 and 1/10 of the principal due on the Bonds on June 1, 2022. The City shall also pay into the Bond Fund such additional sums as necessary to provide for the Trustee's fees and expenses and any arbitrage rebate due to be paid to the United States Treasury under Section 148(f) of the Code.

There is created, as a part of the Bond Fund, a Debt Service Reserve which shall be maintained in an amount equal to one-half of the maximum annual debt service requirement on the Bonds (based on a year ending June 1) (the "required level"). There shall be deposited into the Debt Service Reserve from the proceeds of the Bonds, a sum sufficient for such purpose. Should the Debt Service Reserve

become impaired or be reduced below the required level, the City shall make additional monthly payments from the Franchise Fee Fund until the impairment or reduction is corrected over a twelve month period. All earnings in the Debt Service Reserve that increase the amount thereof above the required level shall be transferred to the debt service portion of the Bond Fund.

The City shall realize a credit against monthly deposits into the Bond Fund to the extent of interest earnings on moneys in the Bond Fund, transfers of moneys held in connection with the Bonds Refunded and Debt Service Reserve transfers.

If for any reason there shall be a deficiency in the payments made into the Bond Fund so that there are unavailable sufficient moneys therein to pay the principal of and interest on the Bonds as the same become due, any sums then held in the Debt Service Reserve shall be used to the extent necessary for the payment of principal of or interest on the Bonds. The Debt Service Reserve shall be used solely as herein described, but the moneys therein may be invested as set forth below.

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

When the moneys held in the Bond Fund shall be and remain sufficient to pay the principal of and interest on the Bonds then outstanding, there shall be no further obligation to make further payments into the Bond Fund. All moneys in the Bond Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds as they become due, fees of the Trustee and arbitrage rebate due the United States, except as set forth in the Authorizing Ordinance.

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

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

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

Default and Remedies. If there be any default in the payment of the principal of or interest on any of the Bonds, or if the City defaults in any Bond Fund requirement or in the performance of any of the other covenants contained in the Authorizing Ordinance, the Trustee may, and upon the written request of the registered owners of not less than 10% in principal amount of the Bonds then outstanding shall, by proper suit, compel the performance of the duties of the officials of the City under the laws of the State.

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

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

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

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

Defeasance. Any Bond shall be deemed paid within the meaning of the Authorizing Ordinance when payment of the principal of and interest on such Bond, either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (1) cash fully insured by the FDIC and/or fully collateralized with direct obligations of the United States of America sufficient to make such payment and/or (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America ("Investment Securities") (provided that such deposit will not affect the tax exempt status of the interest on any of the Bonds or cause any of the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code), maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

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

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

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

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

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

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

Investments. (a) Moneys held for the credit of the Bond Fund shall be continuously invested and reinvested by the Trustee, at the direction of the City or in the discretion of the Trustee in the absence of such direction, in Permitted Investments (as hereinafter defined), all of which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, (i) not later than ten years after the date of investment or the final maturity date of the Bonds, whichever is earlier, in the case of moneys in the Debt Service Reserve and (ii) not later than the payment date for interest or principal and interest in the case of other Bond Fund moneys.

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

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

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

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

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

The City covenants to pay to the United States Treasury any arbitrage rebate due at the time and in the amounts required by Section 148(f) of the Code.

CONTINUING DISCLOSURE AGREEMENT

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

As part of the annual report for the Bonds Refunded, the City has been obligated to file the audited financial statements of the City. If filed later than the date the annual report that year is due, the audited financial statements must be filed within 30 days of receipt thereof. The audited financial statements of the City for the fiscal years ended December 31, 2016, 2017, 2018 and 2019 were timely filed, and the audited financial statements of the City for the fiscal year ended December 31, 2020 are not yet available.

The City's continuing disclosure agreements have also required that certain supplemental financial and operating data be provided as part of the annual reports. During the past five years, all supplemental information required by the continuing disclosure agreement for the Bonds Refunded was timely filed. For the City's Tax Increment Refunding Bonds (Redevelopment District No. 1 Project), Series 2010

(the "TIF Bonds"), the City did not file all supplemental information required by its continuing disclosure agreement. The annual reports for the TIF Bonds for the fiscal years ended December 31, 2016 and 2017 were timely filed, and the annual report for the fiscal year ended December 31, 2018 was filed 27 days late. No subsequent filings were required to be made.

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

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

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

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

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

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

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

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

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

"Financial Obligation" shall mean a

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

Provision of Annual Report. (a) The City shall, or shall cause the Dissemination Agent to, not later than one hundred eighty (180) days after the end of the City's fiscal year (presently December 31), commencing with the report after the end of the 2021 fiscal year, provide to 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 Financial Statements (defined below) of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such Financial Statements shall be submitted within thirty (30) days after receipt thereof by the City. If the City's fiscal year changes, it shall give notice of such change in the manner as for a Listed Event.

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

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

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

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

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

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

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

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the 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 City.

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

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

15. Incurrence of a Financial Obligation of the 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 Bonds.

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

prepared by the City pursuant to the Continuing Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

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

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

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

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

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

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

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

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

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

FINANCIAL INFORMATION

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

<u>Public Utility</u>	<u>Charge Levy</u>	<u>Payable</u>
Carroll Electric	4% (Residential and Commercial) 1% (Industrial)	Quarterly
Cox Communication	4%	Quarterly
Black Hills Energy	4% (Residential and Commercial) 1% (Industrial)	Quarterly
American Electric Power (SWEPCO)	4% (Residential and Commercial) 1% (Industrial)	Quarterly
Southwestern Bell	1%	Quarterly
CenturyTel	4.5%	Quarterly
AT&T Arkansas	4%	Quarterly

⁽¹⁾ Source: City

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

<u>Year</u>	<u>Century Tel</u>	<u>Cox</u>	<u>SW Bell</u>	<u>American Electric</u>	<u>Carroll Electric</u>	<u>Black Hills Energy</u>	<u>AT&T Arkansas</u>	<u>Year Total</u>
2016	\$304	\$46,450	\$29,217	\$233,770	\$104,687	\$66,815	\$5,362	\$486,610
2017	181	46,642	21,148	239,990	96,835	78,553	5,195	488,544
2018	94	45,252	16,341	266,288	103,783	111,995	6,336	550,089
2019	94	42,515	15,027	245,245	102,578	105,651	5,135	516,245
2020	68	40,541	14,283	280,307	103,215	105,664	4,597	548,675

DEBT SERVICE COVERAGE

The following table shows the net revenues available for debt service based upon Pledged Revenues collected in 2020, the amount of maximum annual debt service for the Bonds, and the extent to which debt service on the Bonds is covered by such funds:

Pledged Revenues Available for Debt Service(A)	\$548,675
Maximum Annual Debt Service Requirements(B)	297,875
Debt Service Coverage (A/B)	1.84x

DEBT SERVICE REQUIREMENTS

Set forth below are the debt service requirements for the Bonds based on a year ending June 1:

<u>Year</u> <u>(Ending June 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 70,000	\$ 87,402.16	\$ 157,402.16
2023	185,000	112,191.26	297,191.26
2024	185,000	108,491.26	293,491.26
2025	190,000	104,791.26	294,791.26
2026	195,000	100,991.26	295,991.26
2027	195,000	97,091.26	292,091.26
2028	200,000	94,897.50	294,897.50
2029	200,000	92,397.50	292,397.50
2030	205,000	89,797.50	294,797.50
2031	210,000	86,825.00	296,825.00
2032	210,000	83,412.50	293,412.50
2033	215,000	79,737.50	294,737.50
2034	220,000	75,437.50	295,437.50
2035	225,000	71,037.50	296,037.50
2036	230,000	66,537.50	296,537.50
2037	235,000	61,937.50	296,937.50
2038	240,000	56,650.00	296,650.00
2039	245,000	51,250.00	296,250.00
2040	250,000	45,737.50	295,737.50
2041	255,000	40,112.50	295,112.50
2042	260,000	34,375.00	294,375.00
2043	270,000	27,875.00	297,875.00
2044	275,000	21,125.00	296,125.00
2045	280,000	14,250.00	294,250.00
2046	290,000	7,250.00	297,250.00
Totals	\$5,535,000	\$1,711,600.96	\$7,246,600.96

LEGAL MATTERS

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

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

Tax Exemption. In the opinion of Bond Counsel, under existing law, the interest on the Bonds is exempt from all State income taxes and the Bonds are exempt from property taxation in the State.

Also, in the opinion of Bond Counsel, interest on the Bonds under existing law (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax. These requirements generally relate to arbitrage, the use of the proceeds of the Bonds, the improvements refinanced by the Bonds Refunded and the Improvements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements in the Authorizing Ordinance.

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

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

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

The City has designated the Bonds as "qualified tax exempt obligations" and has covenanted not to use the Improvements, the improvements refinanced by the Bonds Refunded and the proceeds of the Bonds in a manner which would cause the Bonds to be "private activity bonds," and has represented that the City and its subordinate entities have not and do not reasonably expect to issue more than \$10,000,000 of such tax exempt obligations during calendar year 2021.

Prospective purchasers of the Bonds should also be aware that Section 17 of Act 785 of the Acts of Arkansas of 1993 added new subsections (b) and (c) to Section 26-51-431 of the Arkansas Code Annotated. Subsection (b) states that Section 265(a) of the Code is adopted for the purpose of computing Arkansas individual income tax liability. Subsection (c) provides that in computing Arkansas corporation income tax liability, no deduction shall be allowed for interest "on indebtedness

incurred or continued to purchase or carry obligations the interest on which is wholly exempt from the taxes imposed by Arkansas law." On December 8, 1993, the Arkansas Department of Finance and Administration Revenue Division issued Revenue Policy Statement 1993-2, which provides in part:

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

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

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

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

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

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

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

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

MISCELLANEOUS

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

Underwriting. Stephens Inc., the Underwriter, has agreed, subject to certain conditions precedent, to purchase the Bonds from the City at an aggregate purchase price of \$5,454,270.80 (principal amount plus net original issue premium of \$2,295.80 and less Underwriter's discount of \$83,025). The Underwriter is committed to purchase all of the Bonds if any are purchased.

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

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

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

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

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

CITY OF LOWELL, ARKANSAS

By /s/ Chris Moore
Mayor

Dated: As of the Cover Page hereof