NEW ISSUE **RATING: Moody's Investors Service "Aa2" (Enhanced)**
(BOOK-ENTRY ONLY) **(See "BOND RATING" herein)**

In the opinion of Bond Counsel, under existing law, assuming compliance with certain covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) interest on the Bonds is exempt from State of Arkansas income tax (iii) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended and (iv) the Bonds are exempt from property taxes in the State of Arkansas (see **LEGAL MATTERS,** Tax Exemption).

OFFICIAL STATEMENT

$5,320,000 Hamburg School District No. 51 of
Ashley County, Arkansas Refunding Bonds, Series 2020

Dated: July 23, 2020 **Due: February 1**

The Bonds are limited, general obligations of the Hamburg School District No. 51 of Ashley County, Arkansas. Interest on the Bonds is payable on February 1 and August 1, commencing February 1, 2021, and the Bonds mature (on February 1 of each year), bear interest and are priced as follows:

$3,485,000 Serial Bonds

Maturity	Amount	Interest Rate	Price or Yield	Maturity	Amount	Interest Rate	Price or Yield
2022	$ 205,000	0.600%	0.600%	2028	$ 295,000	1.125%	1.200%
2023	285,000	0.625%	0.650%	2029	305,000	1.250%	1.250%
2024	280,000	0.750%	0.750%	2030	300,000	1.250%	1.300%
2025	290,000	0.850%	0.850%	2031	310,000	1.375%	1.375%
2026	290,000	1.000%	1.000%	2032	320,000	1.500%	1.500%
2027	290,000	1.000%	1.100%	2033	315,000	1.500%	1.550%

$1,835,000 Term Bonds

$ 650,000 1.625% Term Bonds due February 1, 2035 @ 1.650%
$1,185,000 1.750% Term Bonds due February 1, 2039 @ 1.750%

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 First Community Bank, Batesville, 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 subject to optional redemption on and after February 1, 2025.

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

The Bonds are offered, subject to prior sale, when, as and if issued and accepted by the Underwriter named below, subject to the approval of legality by Bond Counsel and certain other conditions.

SAMCO Capital Markets, Inc.

Official Statement dated: June 30, 2020.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any offer, solicitation or sale of the Bonds by or to any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the Bonds implies that there has been no change in the matters described herein since the date hereof or that the information herein is correct as of any time subsequent to its date.

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INTRODUCTION TO THE OFFICIAL STATEMENT

This introduction to the Official Statement is only a brief description and is subject in all respects to the more complete information contained in the Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, including the cover page.

Purpose of Official Statement. This Official Statement is provided to furnish certain information in connection with the issuance by Hamburg School District No. 51 of Ashley County, Arkansas (the "District"), of its Refunding Bonds, Series 2020, dated July 23, 2020, in the aggregate principal amount of $5,320,000 (the "Bonds").

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

Developments. For a discussion of developments involving ad valorem property taxes, see **BONDS BEING OFFERED,** Developments.

The District. The District is a school district duly established and existing under the Constitution and laws of the State of Arkansas for the purpose of providing public school education for persons residing within the geographic boundaries of the District. See **DESCRIPTION OF THE SCHOOL DISTRICT.**

Purpose. The Bonds are being issued to refund the District's Hamburg School District No. 51 of Ashley County, Arkansas Refunding Bonds, Series 2013A, dated March 1, 2013 and Hamburg School District No. 51 of Ashley County, Arkansas Refunding Bonds, Series 2013B, dated March 15, 2013 (together, the "Bonds Being Refunded"), see **BONDS BEING OFFERED**, Purpose.

Security and Source of Payment. The Bonds will be limited, general obligations of the District, secured by a pledge of the proceeds of a continuing debt service tax voted at the 2013 school election specifically for the payment of the Bonds Being Refunded, subject to prior pledge of a portion of the tax, see **BONDS BEING OFFERED**, Security and Source of Payment.

Litigation Over State Funding for Schools. In an Order issued November 9, 1994, the Honorable Annabelle C. Imber held that the existing state funding system for public education violated the equal protection provision of the Arkansas Constitution and violated Article 14, § 1 of the Arkansas Constitution by "failing to provide a general, suitable and efficient system of free public education." Lake View School Dist. No. 15 of Phillips County, Arkansas v. Jim Guy Tucker, Case No. 92-5318 (1994). **After years of litigation and legislation, the Arkansas Supreme Court concluded (on May 31, 2007), that the system of public school financing was now in constitutional compliance.**

At the 1996 general election, a Constitutional Amendment was passed ("Amendment No. 74") which established a statewide 25-mill property tax minimum for maintenance and operation of the public schools (the "Uniform Rate of Tax"). The Uniform Rate of Tax replaced that portion of local school district ad valorem taxes available for maintenance and operation. The Uniform Rate of Tax is to be collected in the same manner as other school property taxes, but the revenues generated from the Uniform Rate of Tax are remitted to the State Treasurer for distribution to the school districts.

Redemption. The Bonds are subject to optional redemption on and after February 1, 2025. Term Bonds, if any, will be subject to mandatory sinking fund redemption on February 1 in the year or years immediately prior to the stated maturity of such Term Bonds in such years as are specified by the successful bidder. The Trustee shall give at least thirty (30) days' notice of redemption if fewer than all of the Bonds are called for redemption, the particular maturities to be redeemed shall be selected by the District in its discretion. If fewer than all of the Bonds of any maturity shall be called for redemption, the particular Bonds or portions thereof to be redeemed from such maturity shall be selected by lot by the Trustee. See **BONDS BEING OFFERED,** Redemption.

Denominations and Registration. The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of $5,000 or an integral multiple thereof. Interest is payable February 1, 2021, and semiannually thereafter on each February 1 and August 1. Unless the Bonds are in book-entry form, payment of principal of the Bonds will be made to the owners of the Bonds at the principal office of First Community Bank, Batesville, Arkansas (the "Trustee"). Interest is payable by check mailed by the Trustee to the registered owners as of the Record Date (herein defined) for each interest payment date. A bond may be transferred, in whole or in part (in integral multiples of $5,000), but only upon delivery of the bond, together with a written instrument of transfer, to the Trustee. See **BONDS BEING OFFERED,** Generally and Book-Entry Only System.

Tax Exemption. In the opinion of Bond Counsel, Wright, Lindsey & Jennings LLP, under existing law, assuming compliance with certain covenants described herein, (i) interest on the Bonds is excluded 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 and (iv) the Bonds are exempt from property taxes in the State of Arkansas (see **LEGAL MATTERS,** Tax Exemption).

Municipal Advisor. The District has employed Stephens Inc. as municipal advisor to assist the District in the sale and issuance of the Bonds (the "Municipal Advisor"). See **MISCELLANEOUS,** Interest of Certain Persons.

Authority. The Bonds are being issued under the authority of the Constitution and laws of the State of Arkansas, including particularly Amendments No. 40 and No. 74 to the Arkansas Constitution and A.C.A. §§ 6-20-1201 et. seq., and a resolution of the Board of Directors of the District (the "Resolution") and approval by the Director of the Department of Education. See **BONDS BEING OFFERED,** Authority, and **THE RESOLUTION.**

Delivery of Bonds. It is expected that the Bonds will be available for delivery on or about July 23, 2020.

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

BONDS BEING OFFERED

Book-Entry Only System. DTC, 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 maybe 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 & Closing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). 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 only 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 District 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 maybe 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 District 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 District, subject to any statutory or regulatory requirements as maybe 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 District 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 District 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 District 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 Resolution 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 Resolution. The District 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 Resolution to be given to owners of Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Bonds.

<u>Generally.</u> The Bonds are issuable in the form and denominations and are in the total principal amount shown on the cover page, and will be dated, mature and bear interest as set out on the cover page. The Trustee will maintain books for the registration and transfer of ownership of the Bonds. Interest due on a bond on each interest payment date will be paid to the person in whose name the bond was registered at the close of business on the fifteenth day of the month (whether or not a business day) next preceding the interest payment date (the "Record Date"), irrespective of any transfer of the bond subsequent to the Record Date and prior to the interest payment date. Payment of interest shall be made by check mailed to such registered owner.

A bond may be transferred, in whole or in part (in integral multiples of $5,000), but only upon delivery of the bond, together with a written instrument of transfer, to the Trustee. The transfer instrument must be signed by the registered owner or his attorney-in-fact or legal representative and the signature must be guaranteed by a guarantor acceptable to the Trustee. The transfer instrument shall state the name, mailing address and social security number or federal employer identification number of the transferee. Upon such transfer, the Trustee shall enter the transfer of ownership in the registration books and authenticate and deliver in the name or names of the new registered owner or owners a new fully registered bond or bonds of authorized denomination of the same maturity and interest rate for the aggregate principal amount of the bond transferred.

<u>Authority.</u> The Bonds are being issued under the authority of the Constitution and laws of the State of

Arkansas, including particularly Amendments No. 40 and No. 74 to the Arkansas Constitution and Ark. Code Ann. §§ 6-20-1201 et. seq., a resolution of the Board of Directors of the District (the "Resolution") and approved by the Commissioner of the Department of Education. For a summary of the Resolution, see **THE RESOLUTION.**

Amendments No. 40 and No. 74 to the Arkansas Constitution require the Board of Directors of each school district to prepare and make public not less than sixty days in advance of the annual school election a proposed budget of expenditures for the support of the public schools in the District, together with a rate of tax levy sufficient to provide the funds therefor. The tax rate is divided into (1) maintenance and operation millage, (2) continuing debt service millage previously voted for the retirement of existing indebtedness, and (3) any additional debt service millage for proposed new bonded indebtedness. If the proposed rate of tax levy is approved at the school election it becomes the rate of tax levy to be collected for the District in the next ensuing calendar year for use in the school fiscal year commencing July 1 of the calendar year in which collected. Debt service millage, once approved, is a continuing levy until retirement of the indebtedness for which voted. Maintenance and operation millage is voted for one year only, except that if the overall rate of tax levy is disapproved in the school election the millage rate for maintenance and operation remains at the rate last approved.

The issuance of refunding bonds by a school district is subject to the approval of the Commissioner of the State Department of Education. The bonds must be offered for public sale, and the offering is subject to the approval of the Commissioner of the State Department of Education. The Commissioner has approved the issuance of these Bonds and the offering of the Bonds for sale. The sale and issuance of the Bonds have been, or will be, authorized by resolution of the Board of Directors of the District, the governing body of the District.

School district bonds may be issued for the purposes of acquiring sites for, building and equipping new school buildings, making additions and repairs to and equipping existing school buildings, purchasing and refurbishing school buses and for the purpose of refunding outstanding indebtedness.

Arkansas law authorizes the State Board of Education to set a maximum rate of interest for school bonds (the "Maximum Lawful Rate"). Bonds may be sold at a discount, but in no event shall the District be required to pay more than the Maximum Lawful Rate of interest on the amount received.

Purpose. Bonds are being issued to currently refund the Bonds Being Refunded. The Bonds Being Refunded are dated, are in the outstanding principal amount and are to be called for redemption on the redemption date set out below:

Date of Issue	**Principal Outstanding**	**Redemption Date**
March 1, 2013	$2,490,000	August 24, 2020
March 15, 2013	$2,635,000	August 24, 2020

Sources and Uses of Funds. This issue of Bonds has been sized so as to provide funds only to accomplish the refunding of the Bonds Refunded and to pay the costs of issuance of the Bonds.

For a description of how the Bond proceeds are to be invested pending use, the provisions governing those investments, and the conditions that must be satisfied before the proceeds may be applied to their intended use, see **THE RESOLUTION,** Investments.

Security and Source of Payment. Pursuant to Ark. Code Ann. § 6-20-1223), the Bonds will enjoy the same security for their payment as was enjoyed by the Bonds Being Refunded prior to the current refunding. Thus, the Bonds will be limited, general obligations of the District, secured by a pledge of (1) the proceeds of a continuing debt service tax voted at the 2013 school election specifically for the payment of the Bonds Being Refunded, and (2) surplus revenues (being revenues in excess of the amount necessary to insure the payment when due of principal of, interest on and trustee's and paying agent's fees in connection with the bonds for which voted) derived from debt service taxes heretofore or hereafter voted for payment of other bond issues of the District (subject to prior pledges of such surplus revenues) that may legally be used for the purpose of paying the principal of and interest on the Bonds.

The tax pledged for payment of the Bonds Being Refunded, and thus pledged to these Bonds, is a tax of 10.50 mills on the dollar of the assessed valuation of taxable property in the District. See **DEBT STRUCTURE,** Computation of Dollar Amount of Debt Service Tax Levied.

See **DEBT STRUCTURE,** Outstanding Indebtedness, for a description of other debt and debt service taxes pledged.

In addition to the pledged revenues, the District will also covenant to use for payment of principal of and interest on the Bonds, as and to the extent necessary, all other revenues of the District that may legally be used for the purpose. The District may not legally pay debt service from revenues derived from the tax voted for maintenance and operation of schools.

Any surplus of the pledged revenues over and above the amount necessary to insure the payment as due of principal of, interest on and trustee fees in connection with the Bonds of this issue will be released from the pledge in favor of the Bonds and may be used for other school purposes.

The Bonds are not secured by any lien on or security interest in any physical properties of the District.

Developments. Various elected officials, public interest groups and individuals have indicated publicly that they consider ad valorem property taxation reform to be of significant public interest. At the 2000 general election, the electors of the State voted in favor of a new constitutional amendment ("Amendment No. 79") which does the following:

1. Limits the amount of assessment increases following reappraisal;

2. Limits assessment increases for people who are disabled or who are 65 years of age;

3. Provides for an annual state credit against ad valorem property tax on a homestead;

4. Equalizes real and personal millage rates;

5. Provides that reassessment must occur at least once every five years; and

6. Provides that rollback adjustments under Amendment No. 59 shall be determined after the adjustments are made to assessed value under Amendment No. 79.

The annual state credit began for taxes due in calendar year 2001. The tax reduction is reflected on the tax bill sent to the property owner by the county collector. The taxing units within the county are entitled to reimbursement of the reduction. See **DEBT STRUCTURE,** Computation of Dollar Amount of Debt Service Tax Levied.

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

(1) Optional Redemption. The Bonds are subject to redemption prior to maturity at the option of

the District, in whole at any time on or after February 1, 2025, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the redemption date. If fewer than all of the Bonds are called for redemption, the particular maturities to be redeemed shall be selected by the District in its discretion. If fewer than all the Bonds of any 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

(2) Mandatory Sinking Fund Redemption. Term Bonds, if any, will be designated by the successful bidder. The Term Bonds, if any, will be subject to mandatory sinking fund redemptions in part by lot on any February 1 on or after February 1, in the years2035 and 2039, at the principal amount thereof, plus accrued and unpaid interest to the date of redemption, from installments which are required to be made in amounts sufficient to redeem on February 1 of each year the principal amount of the Bonds specified for each of the years below:

Year	**Amount**
2034	$320,000
2035 (Maturity)	330,000

Year	**Amount**
2036	$330,000
2037	340,000
2038	345,000
2039 (Maturity)	170,000

The District shall be entitled to reduce any mandatory sinking fund redemption obligation in any year with respect to the Term Bonds of any maturity by the principal amount of any such Term Bond previously redeemed or acquired by the District and surrendered to the Trustee.

Notice of early redemption identifying the bonds or portions thereof (which must be $5,000 or an integral multiple thereof) to be redeemed and the date fixed for redemption shall be mailed by the Trustee, not less than 30 nor more than 60 days prior to the redemption date, by first-class mail, postage prepaid, to all registered owners of bonds to be redeemed. Failure to mail an appropriate notice or any such notice to one or more registered owners of bonds to be redeemed shall not affect 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 or portions thereof thus called for redemption shall cease to bear interest on and after the date fixed for redemption, provided funds for 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.

Redemption of Prior Tax Bonds. The District will covenant that it will not, so long as any of these Bonds remain outstanding, redeem, prior to their maturity, any bonds of another issue for the payment of which a specific debt service tax was voted prior to issuance of these Bonds (all such bonds being hereinafter referred to as “Prior Tax Bonds”) unless, after such redemption, a continuing annual tax of not less than the same number of mills and of not less than the same duration as was pledged to the redeemed bonds remains pledged to these Bonds or other bonds of the District.

Additional Parity Bonds. No additional bonds may be issued on a parity of security with the Bonds.

Priority Among Successive Bond Issues. Other additional bonds may be issued by the District from time to time in accordance with law for the purpose of financing additional capital improvements. If the District, prior to issuance of these Bonds, has reserved the right to issue additional bonds on a parity of security with previously issued bonds, such additional bonds will have a prior claim and pledge over these Bonds as to all revenues pledged to such additional bonds. See **DEBT STRUCTURE,** Parity Debt, for a description of any authorized and unissued parity debt. Otherwise, any additional bonds shall be subordinate to these Bonds and the pledge of revenues to these Bonds.

DESCRIPTION OF THE SCHOOL DISTRICT

Area. The area of the District is approximately 732 square miles, of which approximately 699 square miles are located in Ashley County, approximately 23 square miles are located in Chicot County and approximately 10 square miles are located in Drew County. The incorporated municipalities located, in whole or in part, within the boundaries of the District are Fountain Hill, Hamburg, Parkdale, Portland and Wilmot, Arkansas.

Governmental Organization. The governing body of the District is a Board of Directors, elected for staggered terms at the annual school election. The term of each Director ends at an annual school election, but the Director continues to serve until a successor has been elected and qualified. The present members of the Board of Directors of the District are as follows:

Name	Term Expires
Bryan Hollis, President	2024
Jim Wells, Vice President	2022
Maggie Ware, Secretary	2021
Suzanne Singleton	2021
James Hartshorn	2021
Debbie Jackson	2024
Shawn Hickman	2023

At the first regular meeting following the annual school election, the Board of Directors elects one of their number President, one of their number Vice President, and also elects a Secretary who may, but need not be, a member of the Board. These officers serve terms of one year.

The Board of Directors has authority to do all things necessary for the conduct of an efficient public school system in the District.

Executive Officials. All employees of the District are employed by the Board of Directors. The chief executive employee is the Superintendent of Schools. The present Superintendent is Tracy Streeter, who has been employed by contract for a term ending June 30, 2023.

Services Provided. The District operates a public school system, consisting of kindergarten and grades 1 through 12, for the purpose of educating the children residing within the District. The principal funding sources for the District are: (1) funds received from the State of Arkansas, (2) ad valorem taxes on the real and tangible personal property located within the boundaries of the District (see **BONDS BEING OFFERED,** Developments), and (3) funds received from the United States of America.

There have been no recent major changes or interruptions in the educational services provided by the District.

School Buildings. The school buildings presently operated by the District are as follows:

Name of School	**Grades Housed**	**Year in Which Construction or Most Recent Renovation Completed**	**Present Condition (Good, Fair or Poor)**
Portland Elementary	PK-5	Original -1970	Good
Hamburg High	9-12	Original-1971 Renovated 2010	Good/Good
Hamburg Middle	6-8	Original 1990 Renovated 2011	Fair/Good
Noble Elementary	PK-2	Noble-1956	Fair
Allbritton Elementary	3 – 5	Allbritton-2006	Good

School Enrollment and Population. The average daily membership (enrollment) of the District and estimated population of the District for each of the last five years is as follows:

Fiscal Year Ending June 30	**Average Daily Membership**	**Estimated Population**
2018-19	1,717.92	6,871.68
2017-18	1,769.85	7,079.40
2016-17	1,847.89	7,391.56
2015-16	1,887.36	7,549.44
2014-15	1,917.16	7,668.64

Accreditation. In accordance with the requirements of The Quality Education Act of 2003 (Subchapter 2 of Chapter 15, Title 6, Ark. Code Ann.), the State Board of Education adopted educational standards that all public elementary and secondary schools in the State must meet to be accredited. The Act provides that any school not meeting these standards will be eliminated, and that any school district operating one or more of such schools is to be dissolved and its territory annexed to another district or districts which operate all schools therein in compliance with the minimum standards. The Arkansas Department of Education (the "ADE") reviews annual reports to determine whether the school district is in compliance with the standards.

Under the ADE regulations and guidelines, schools may be classified as accredited, accredited-cited or probationary. Schools which meet all policies and standards promulgated by the ADE are classified as accredited. For those schools classified as accredited-cited or accredited-probationary, the ADE has promulgated maximum times allowable for correction of particular violations of standards. A school that has been classified as accredited-cited and does not correct the violation in the allowable time will be placed on probation. If a school in probationary status fails to comply within the allotted timeframe, the school falls into loss of accreditation status. For a district that falls into probationary status, the State Board of Education may take any number of actions listed in ADE’s Rules Governing Standards For Accreditation of Arkansas Public Schools and School Districts.

The District has been classified as accredited.

Assessed Valuation. Taxable property is valued for tax purposes as of January 1 of each year. However, the assessment process is not completed until November of the year of assessment. See **FINANCIAL INFORMATION,** Assessment of Property and Collection of Property Taxes. The assessed valuation of taxable property located within the boundaries of the District (as of January 1) has been as follows:

Year	**Real Estate**	**Personal Property**	**Utilities and Regulated Carriers**	**Total Assessed Value**
2019	73,274,040	31,547,510	18,361,430	123,182,980
2018	70,290,387	31,699,205	17,097,980	119,087,572
2017	70,190,815	29,029,390	16,301,070	115,521,275
2016	68,994,918	30,057,371	15,734,210	114,786,499
2015	67,004,379	28,804,210	15,399,090	111,207,679

Financial Institution Deposits. The total deposits of banks with principal offices within the boundaries of the District as of the end of each year have been as follows:

Year	**Bank Deposits**
2019	N/A
2018	$ 38,157,000*
2017	38,457,000
2016	38,631,000
2015	36,549,000
2014	37,226,000

*Farmers Bank merged with Southern Bancorp Bank effective June 3, 2017.

Major Employers. The principal industries, commercial and governmental entities, and other major employers within the boundaries of the District are as follows:

Company	**Business or Product**	**Number of Employees**
Hamburg School District	Public School	267
Magnolia Flooring Mill	Lumber and Wood Products	85

There have been no significant recent additions to or losses of employment within the District.

The District has no knowledge of any presently proposed significant additions to or losses of employment within the District.

Employees. The number of persons presently employed by the District are as follows:

	Number
Superintendent and Central District Staff	10
Principals	5
Classroom Teachers	146
Other Non-Teaching Personnel	106
TOTAL	267

Twenty percent (20%) of the District's employees belong to organized unions. The total number of employees has not varied by more than fifteen percent (15%) within the previous three years.

DEBT STRUCTURE

Outstanding Indebtedness. The principal categories of indebtedness which the District is authorized to incur are commercial bonds (offered at public sale on competitive bids), revolving loan bonds and certificates of indebtedness (representing loans from the State Department of Education), installment contracts (payable in subsequent fiscal years) and postdated warrants (warrants drawn in one fiscal year for payment in a subsequent fiscal year). In addition, the District is authorized to lease property from the owner under lease agreements giving the District the option to purchase the property leased. Commercial bonds and revolving loan indebtedness are payable from debt service tax revenues. Installment contracts, postdated warrants and lease-purchase obligations are payable from maintenance and operation tax revenues.

The present outstanding debt of the District is as follows:

COMMERCIAL BONDS

Date of Obligations	Amount Outstanding Immediately After Issuance of These Bonds	Final Maturity	Tax Rate (in mills per dollar) Voted for Payment as Rolled Back After Reassessment (applicable to real estate)
05/24/11 (QSCB)	$ 635,000	04/01/26	None
03/12/19	5,685,000	04/01/39	4.5 plus continuation of existing 6.0
08/28/19	7,495,000	02/01/49	4.0 plus continuation of 10.5
07/23/20	5,320,000	02/01/39	10.5

POST-DATED WARRANTS OR CONTRACTS

Issue Date	Maturity Date	Principal Outstanding	Interest Rate
05/04/16	05/04/23	$265,098.50	3.140%

LEASE-PURCHASE OBLIGATIONS

Issue date	Maturity Date	Principal Outstanding	Rent
08/23/16	08/23/2021	$ 391.35	$ 196.20
05/28/19	05/28/2024	52,831.35	1,276.50

Parity Debt. The District has not reserved the right to issue Bonds on a parity with the outstanding debt listed above.

Debt Ratio. The ratio of outstanding debt after issuance of these Bonds ($19,453,324.20) to current assessed valuation ($123,182,980) will be 15.80%.

Computation of Dollar Amount of Debt Service Tax Levied. The most recent county-wide reassessment of taxable property was completed in Ashley County in 2018, in Drew County in 2014, and in Chicot County in 2019. **The next county-wide reassessment for Ashley County is scheduled to be completed in 2023, in Drew County in 2021 and in Chicot County in 2024.** For purposes of Amendment 59, the year in which the reassessment is completed is known as the "Base Year". For a general discussion of the reassessment requirement and its effect on assessed value and tax rate, see **FINANCIAL**

INFORMATION, Constitutional Amendment No. 59, infra.

Constitutional Amendment No. 79 provides for an annual state credit against ad valorem property tax on a homestead in an amount not less than $300. Effective with the assessment year 2019, the amount of the credit was increased to $375. The tax reduction is reflected on the tax bill sent to the property owner by the county collector. Amendment No. 79 provides that the credit shall be applied in a manner that would not impair a bondholder's interest in ad valorem debt service revenue. In addition, Amendment No. 79 provides that the "General Assembly shall, by law, provide for procedures to be followed with respect to adjusting ad valorem taxes or millage pledged for bonded indebted purposes, to assure that the tax or millage levied for bonded indebtedness purposes will, at all times, provide a level of income sufficient to meet the current requirements of all principal, interest, paying agent fees, reserves, and other requirements of the bond indenture."

The taxing units within the county are entitled to reimbursement of the reduction from the annual state credit. Pursuant to legislation, the state sales tax was increased by 0.5%. The purpose of the legislation is to raise revenues that the state sends back to school districts to replace the money lost as a result of the state credit. Therefore, for purposes of calculating projected revenues available for debt service discussed below, the District has assumed that it will receive debt service revenues equal to the debt service revenues it would have received prior to an adoption of Amendment No. 79.

The debt service tax levied for collection in 2020 for use in the 2020-2021 school year has been computed by multiplying the 2019 assessment ($123,182,980) by the number of available debt service mills (14.5 mills).

For purposes of calculating revenues available for debt service, it has been assumed that the assessed value of all property in the District will remain the same, without increase or decrease. On this basis, the total debt service tax levied in each year will be as shown under Debt Service Schedule and Coverage, below.

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Debt Service Schedule and Coverage. For purposes of the following table, it is assumed that the assumptions made in Computation of Dollar Amount of Debt Service Tax Levied are accurate and that the annual rate of tax collections in each year will be 100% (see **FINANCIAL, INFORMATION,** Collection of Taxes, for the actual historical rate of collection). On this basis, the annual debt service requirements for previously issued bonds and these Bonds, the revenues available for debt service and coverage are as follows:

Fiscal Year Ending June 30	Total Principal and Interest of Previously Issued Bonds	Total Principal and Interest of These Bonds	Total Principal & Interest of all Outstanding Bonds	Total Estimated Revenue Available for Debt Service	Coverage
2021	$ 821,629	$ 36,214	$ 857,842	$ 1,786,153	2.08
2022	826,279	274,345	1,100,624	1,786,153	1.62
2023	820,479	353,115	1,173,594	1,786,153	1.52
2024	819,529	346,334	1,165,862	1,786,153	1.53
2025	818,279	354,234	1,172,512	1,786,153	1.52
2026	821,729	351,769	1,173,497	1,786,153	1.52
2027	818,233	348,869	1,167,101	1,786,153	1.53
2028	818,683	350,969	1,169,651	1,786,153	1.53
2029	818,683	357,650	1,176,333	1,786,153	1.52
2030	813,233	348,838	1,162,070	1,786,153	1.54
2031	812,483	355,088	1,167,570	1,786,153	1.53
2032	806,283	360,825	1,167,108	1,786,153	1.53
2033	809,783	351,025	1,160,808	1,786,153	1.54
2034	807,683	351,300	1,158,983	1,786,153	1.54
2035	804,720	356,100	1,160,820	1,786,153	1.54
2036	806,295	350,738	1,157,033	1,786,153	1.54
2037	806,820	354,963	1,161,783	1,786,153	1.54
2038	806,708	354,013	1,160,720	1,786,153	1.54
2039	810,970	172,975	983,945	1,786,153	1.82
2040	404,250		405,250	1,786,153	4.42
2041	405,250		405,250	1,786,153	4.41
2042	405,950		406,950	1,786,153	4.40
2043	406,350		406,350	1,786,153	4.40
2044	406,450		406,450	1,786,153	4.39
2045	406,250		406,250	1,786,153	4.40
2046	410,750		410,750	1,786,153	4.35
2047	409,800		409,800	1,786,153	4.36
2048	408,550		408,550	1,786,153	4.37
2049	412,000		412,000	1,786,153	4.34

Pledge of State Aid. A.C.A. 56-20-1204 provides that if the Trustee does not receive payment from the District at least five (5) calendar days before the principal and interest is due under the Resolution, the Department of Education immediately shall cure any deficiency in payment by making payment in the full amount of the deficiency to the Trustee. If the Department makes the bond payment, and the District fails to remit the full amount to the Department, the Department will withhold from the District the next distribution of state funding.

Uniform Rate of Tax. Amendment No. 74 establishes a statewide 25-mill property tax minimum for maintenance and operation of the public schools (the "Uniform Rate of Tax"). The Uniform Rate of Tax replaces that portion of local school district ad valorem taxes available for maintenance and operation of schools.

Defaults. No debt obligations of the District have been in default as to principal or interest payments or in any other material respect at any time in the last 25 years.

Infectious Disease Outbreak. 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. On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Asa Hutchinson (the "Governor") of the State of Arkansas (the "State") declared a state of emergency due to the outbreak of COVID-19, which has spread to the State and to many counties, and has also instituted mandatory measures via various executive orders to contain the spread of the virus. On June 18, 2020, he extended the state of emergency through August 1, 2020. These measures, which alter the behavior of businesses and people, are expected to have negative impacts on regional, state and local economies and cause significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. The United States Congress has passed relief and stimulus legislation. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and financial markets. It is too early to predict if the legislation will have its intended impact. If market declines and/or volatility continue, the ability to sell or trade securities in the financial markets could be materially constrained.

In an attempt to slow the spread of COVID-19 in the State, the Governor has taken numerous and wide-spread actions designed to mandate and/or encourage "social distancing" to slow the spread of COVID19. The Governor has also mandated that all Arkansas public schools will remain closed for onsite instruction. On March 28, 2020, the Arkansas General Assembly enacted legislation creating a COVID-19 Rainy Day Fund to help the State cope with the outbreak.

Developments with respect to COVID-19 and the State's responses to COVID-19 (including governmental mandates) may continue to occur at a rapid pace, including on a daily basis, and the swift spread of the outbreak may continue to increase in severity for an unknown period of time. Some mandated or encouraged business practices currently in existence or implemented in the future may cause the closure of businesses within the District, and such closures may have an adverse impact on collections of the ad valorem taxes levied by the District. The potential financial impact on the District cannot be predicted at this time, such as any potential reduction in the District's debt service revenues and the State's ability to cure any deficiency in debt service payment by the District; however, the continued spread of COVID-19 could have a material adverse effect on the District and collections of the debt service taxes pledged to the Bonds.

The District expects additional costs related to COVID-19 and, accordingly, has budgeted (i) $213,130 to purchase chromebooks to issue to students for remote learning; (ii) $111,095 for hotspot cost and connectivity; (iii) $75,000 for sanitation and safety material; (iv) $5,000 for health care supplies for nurses due to certain recommendations from the state including an isolation room; and (v) around $5,000 for postage of school work packets and communications to families. The District budget for COVID-19 response totals is $409,225. The District expects to be reimbursed for these costs under the CARES Act. Of the total amount budgeted, the District has spent approximately 75% to date. In addition, the District has purchased Plexiglass for certain school areas, masks for all students and teachers, is downloading curriculum for students and continued sanitation.

THE RESOLUTION

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

Bond Fund. The pledged revenues will be deposited into a Bond Fund which will be held by, or under the direction of, the District. Moneys in the Bond Fund will be used solely for the payment of principal of, interest on and Trustee's fees in connection with the Bonds, except as otherwise specifically provided in the Resolution. Any surplus of the pledged revenues over and above the amount necessary to insure the payment as due of principal of, interest on and Trustee's fees in connection with the Bonds will be released from the pledge and may be withdrawn from the Bond Fund and used for other school purposes. The Treasurer of the District will withdraw from the Bond Fund and deposit with the Trustee, on or before fifteen (15) calendar days prior to each interest payment date and on or before fifteen (15) calendar days prior to the due date of any Trustee fees, moneys in an amount equal to the amount of such Bonds or interest, or Trustee's fees, for the sole purpose of paying the same, and the Trustee shall apply such moneys for such purpose.

Deposit of Sale Proceeds. The Bonds will be delivered to the Trustee upon payment by the Successful Bidder of the Bonds in cash of the purchase price ("total sale proceeds"). The amount necessary to accomplish the refunding of the Bonds Being Refunded shall be applied for such purpose. The balance of the total sale proceeds will be deposited into the Redemption Fund (defined in the Resolution) in integral multiples of $5,000. Any balance remaining after making the deposit into the Redemption Fund shall be deposited into the Bond Fund.

Investments.

(a) The District may, from time to time, invest moneys held for the credit of the Bond Fund in direct obligations of the United States of America or obligations the principal of and interest on which are fully guaranteed by the United States of America ("Government Obligations"), or in bank certificates of deposit the principal and interest on which are fully insured by the Federal Department Insurance Corporation. The Trustee shall to the extent practicable, invest moneys held for the credit of the Redemption Fund in Government Obligations.

(b) Investments shall remain a part of the Fund from which the investment was made. All earnings and profits from investments shall be credited to and all losses charged against, the Fund from which the investment was made.

(c) The term "Authorized Investments" means direct obligations of the United States of America or obligations the principal of and interest on which are fully guaranteed by the United States of America ("Government Obligations"), or in bank certificates of deposit the principal and interest on which are fully insured by the Federal Department Insurance Corporation. The Trustee shall to the extent practicable, invest moneys held for the credit of the Redemption Fund in Government Obligations.

Trustee. The Trustee was designated by the Underwriter.

The Trustee shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The Trustee is not required to take any action for the protection of Bondholders unless it has been requested to do so in writing by the holders of not less than 10% in principal amount of the Bonds then outstanding and offered reasonable security and indemnity against the cost, expenses and liabilities to be incurred therein or thereby.

The Trustee may resign by giving notice in writing to the Secretary of the Board of Directors. Such resignation shall be effective upon the appointment of a successor Trustee by the District and acceptance of appointment by the successor. If the District fails to appoint a successor Trustee within 30 days of receiving notice of resignation, the Trustee may apply to a court of competent jurisdiction for appointment of a successor. The holders of a majority in principal amount of outstanding Bonds may at any time, with or without cause, remove the Trustee and appoint a successor Trustee.

<u>Modification of Terms of Bonds.</u> The terms of the Bonds and the Resolution will constitute a contract between the District and the registered owners of the Bonds. The owners of not less than 75% in aggregate principal amount of the Bonds then outstanding have the right, from time to time, to consent to the adoption by the District of resolutions modifying any of the terms or provisions contained in the bonds or the Resolution; provided, however, there shall not be permitted (a) any extension of the maturity of the principal of or 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 any additional pledge on the revenues pledged to the Bonds other than as authorized in the Resolution, 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 such consent.

<u>Defeasance.</u> When all of the Bonds shall have been paid or deemed paid, the pledge in favor of the Bonds (see **BONDS BEING OFFERED,** <u>Security and Source of Payment,</u> <u>supra)</u> shall be discharged and satisfied. A Bond shall be deemed paid when there shall have been deposited in trust with the Trustee or with another bank or trust company (which other bank or trust company must be a member of the Federal Reserve System), as escrow agent under an escrow deposit agreement requiring the escrow agent to apply the proceeds of the deposit to pay the principal of and interest on the Bond as due at maturity or upon redemption prior to maturity, moneys or Government Securities sufficient to pay when due the principal of and interest on the Bond. If the principal of the Bond is to become due by redemption prior to maturity, notice of such redemption must have been duly given or provided for. "Government Securities" shall mean direct or fully guaranteed obligations of the United States of America, noncallable, maturing on or prior to the maturity or redemption date of the bond. In determining the sufficiency of a deposit there shall be considered the principal amount of such Government Securities and interest to be earned thereon until their maturity.

<u>Defaults and Remedies.</u> If there is any default in the payment of the principal of or interest on any Bond, or if the District defaults in the performance of any other covenant in the Resolution, the Trustee may, and upon the written request of the 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 District under the Constitution and laws of the State of Arkansas and under the Resolution and protect and enforce the rights of the owners by instituting appropriate proceedings at law or in equity or by other action deemed necessary or desirable by the Trustee. If any default in the payment of principal or interest continues for 30 days the Trustee may, and upon the request of the owners of not less than 10% in principal amount of the then outstanding Bonds shall, declare all outstanding Bonds immediately due and payable together with accrued interest thereon.

No owner of any bond 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 right under the Bonds or the Resolution or under the Constitution and laws of the State of Arkansas, unless such owner previously shall have given written notice to the Trustee of the default, and unless the owners of not less than 10% in principal amount of the then outstanding Bonds shall have made written request of the Trustee to take action, shall have afforded the Trustee a reasonable opportunity to take such action, and shall have offered to the Trustee reasonable security and indemnity against the cost, expenses and liabilities to be incurred and the Trustee shall have refused or neglected to comply with such request within a reasonable time. No one or more owners of the Bonds shall have any right in any manner by his or their action to affect, disturb or prejudice the security of the Resolution, or to enforce any right thereunder except in the manner provided in the Resolution. All proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Resolution and for the benefit of all owners of outstanding Bonds. Any individual rights of action are restricted by the Resolution to the rights and remedies therein provided. Nothing shall, however, affect or impair the right of any owner to enforce the payment of the principal of and interest on any bond at and after the maturity thereof.

Action may be taken by the Trustee without possession of any bond, and any such action shall be brought in the name of the Trustee and for the benefits of all the owners of bonds.

No delay or omission of the Trustee or any owner of a bond to exercise any right or power accrued upon any default shall impair any such right or power or be construed to be a waiver of any such default or acquiescences therein, and every power and remedy given to the Trustee and to the owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon the written request of the owners of not less than 10% in principal amount of the Bonds then outstanding shall, waiver any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding or before the completion of the enforcement of any other remedy. No such waiver shall extend to or affect any other existing or subsequent default or defaults or impair any rights or remedies consequent thereon.

There is no requirement that the District furnish periodic evidence as to the absence of default or as to the compliance with the terms of the Bonds, the Resolution or law.

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FINANCIAL INFORMATION

Sources and Uses of Funds. The following combined summary of Revenues, Expenditures and Fund Balances are taken from the District's 2019, 2018, 2017Audits. For complete information concerning the District, please review the actual Audits at www.legaudit.state.ar.us.

Year Ending June 30

REVENUES	2019	2018	2017
Property taxes	$ 4,019,819	$ 4,061,704	$ 3,836,822
State assistance	11,275,658	11,591,779	11,788,312
Federal assistance	21,876	26,675	0
Activity revenues	331,688	230,425	292,006
Investment income	2,767	2,269	4,068
Other revenues	139,450	99,451	226,205
TOTAL REVENUES	$15,791,258	$16,012,303	$16,147,413
EXPENDITURES			
Regular programs	$6,185,149	$6,390,646	$6,515,294
Special education	507,223	557,727	509,288
Career education	740,440	746,855	687,338
Compensatory education	112,996	81,926	80,201
Other instructional programs	721,059	711,356	742,888
Support services	5,905,604	5,652,175	5,576,367
Non-programmed costs	0	0	27,137
Activity expenditures	252,112	285,384	254,917
Debt Service - Principal	103,402	150,741	145,814
Debt Service - Interest	14,784	19,309	24,008
TOTAL EXPENDITURES	$14,542,769	$14,596,119	$14,563,252
EXCESS OF REV OVER (UNDER) EXPND	1,248,489	1,416,184	1,584,161
TOTAL OTHER FINANCING SOURCES (USES)	(1,897,884)	(617,076)	(901,354)
EXCESS OF REV AND OTHER SOURCES OVER (UNDER) EXPND AND OTHER USES	(649,395)	799,108	682,807
FUND BALANCE, BEGINNING OF YEAR	$3,760,160	$2,961,052	$2,278,245
FUND BALANCE, END OF YEAR	$3,110,765	$3,760,160	$2,961,052

Collection of Taxes. Tax collections of the ad valorem tax levied by the District are shown in the following table. School taxes voted at the school election are collected in the next calendar year and normally received by and used by the District during the school fiscal year beginning in such calendar year.

School Year	School Tax Levied	School Tax Collected	Rate of Collections (net of collection fees)
2018-2019	4,101,005	3,989,229	97.27%
2017-2018	4,074,921	4,061,704	99.68%
2016-2017	3,947,873	3,836,822	97.19%
2015-2016	3,757,525	3,866,697	102.91%
2014-2015	3,655,505	3,283,391	89.82%

5-year average rate of collections – 97.37%

Overlapping Ad Valorem Taxes. The ad valorem taxing entities in the State of Arkansas are municipalities, counties, school districts and community college districts. All taxable property located within the boundaries of a taxing entity is subject to taxation by that entity. Thus property within the District is also subject to county ad valorem taxes. Property located within a municipality and/or within a community college district is also subject to taxation by that entity or entities. The ad valorem tax entities whose boundaries overlap the District and their real estate ad valorem tax rates are:

Name of Overlapping Entity	Total Tax Rate (in mills)
Ashley County	7.3
Chicot County	10.0
Drew County	5.7
City of Hamburg	5.0
City of Fountain Hill	5.0
City of Parkdale	5.0
City of Portland	5.4
City of Wilmot	5.0

Assessment of Property and Collection of Property Taxes. (a) Under Amendment No. 59 to the Arkansas Constitution, all property is subject to taxation except for the following exempt categories: (i) public property used exclusively for public purposes; (ii) churches used as such; (iii) cemeteries used exclusively as such; (iv) school buildings and apparatus; (v) libraries and grounds used exclusively for school purposes; (vi) buildings, grounds and materials used exclusively for public charity; and (vii) intangible personal property to the extent the General Assembly has exempted it from taxation, provided that it be taxed at a lower rate, or provided for its taxation on a basis other than ad valorem. Amendment No. 59 also authorizes the General Assembly to exempt from taxation the first $20,000 of value of a homestead of a taxpayer 65 years of age or older.

Amendment No. 59 provides that, except as otherwise provided therein in connection with the transition period following a county-wide reassessment (see Constitutional Amendment Nos. 59 and 79, infra), (1) residential property used solely as the principal place of residence of the owner shall be assessed in accordance with its value as a residence, (2) land (but not improvements thereon) used primarily for agricultural, pasture, timber, residential and commercial purposes shall be assessed upon the basis of its value for such use, and (3) all other real and tangible personal property subject to taxation shall be assessed according to its value (the Arkansas Supreme Court has held that the unqualified word "value," as used in a prior, substantially identical, constitutional provision, means "current market value").

(b) Property owned by public utilities and common carriers and "used and/or held for use in the operation of the company ..." is assessed for tax purposes by the Tax Division of the Arkansas Public Service Commission. A. C. A. § 26-26-1605 provides that the Tax Division "shall assess the property at its true and full market or actual value" and that all utility property of a company, whether located within or without the State of Arkansas, is to be valued as a unit. Annually, the company files a report with the Tax Division. The Tax Division reviews these reports, along with other reports (such as reports to shareholders, the Federal Communications Commission, the Federal Energy Regulatory Commission and the Interstate Commerce Commission), to determine the value of the property. Valuation is currently made on the basis of a formula, as set forth in A.C.A. § 26-26-1607, with consideration given to (i) original cost less depreciation, replacement cost less depreciation or reconstruction cost less depreciation; (ii) market value of capital stock and funded debt; and (iii) capitalization of income. As provided in A.C.A. § 26-26-1611, once the value of a company's property as a unit is determined, the Tax Division removes the value allocable to out-of-state property and assigns the remainder among Arkansas taxing units on the basis of value within each jurisdiction. The Tax Division certifies the assessment to the county assessor who enters the assessment as certified on the county assessment roll. County officials have no authority to change such assessment. See **LEGAL MATTERS,** Legal Proceedings.

All other property is assessed by the elected assessor of each Arkansas county (or other official or officials designated by law). This includes both real and tangible personal property. Amendment No. 79 to the Arkansas Constitution requires each county to appraise all market value real estate normally assessed by the county assessor at its full and fair value at a minimum of once every five (5) years.

(c) Amendment No. 79 requires the county assessor (or other official or officials designated by law), after each county-wide reappraisal, to compare the assessed value of each parcel of real property reappraised or reassessed to the prior year's assessed value. If the assessed value of the parcel increased, then the assessed value of that parcel must be adjusted as provided below.

Subject to subsection (e) below, if the parcel is not the homestead and principal place of residence ("homestead") of a taxpayer, then any increase in the assessed value in the first year after reappraisal cannot be greater than 10% (or 5% if the parcel is the taxpayer's homestead) of the assessed value for the previous year. For each year thereafter, the assessed value shall increase by an additional 10% (or 5% if the parcel is the taxpayer's homestead) of the assessed value for the year preceding the first assessment resulting from reappraisal; however, the increase cannot exceed the assessed value determined by the reappraisal prior to adjustment under Amendment No. 79.

For property owned by public utilities and common carriers, any annual increase in the assessed value cannot exceed more than 10% of the assessed value for the previous year. The provisions of this subsection (c) do not apply to newly discovered real property, new construction or substantial improvements to real property.

(d) If a homestead is purchased or constructed on or after January 1, 2001 by a disabled person or by a person over age 65, then that parcel will be assessed based on the lower of the assessed value as of the date of purchase (or construction) or a later assessed value. If a person is disabled or is at least 65 years of age and owns a homestead on January 1, 2001, then the homestead will be assessed based on the lower of the assessed value on January 1, 2001 or a later assessed value. When a person becomes disabled or reaches age 65 on or after January 1, 2001, that person's homestead should thereafter be assessed based on the lower of the assessed value on the person's 65th birthday, on the date the person becomes disabled or a later assessed value. This subsection (d) does not apply to substantial improvements to real property. For real property subject to subsection (e) below, the applicable date in this subsection (d), in lieu of January 1, 2001, is January 1 of the year following the completion of the adjustments to assessed value required in subsection (e).

(e) If, however, there has been no county-wide reappraisal and resulting assessed value of property between January 1, 1986 and December 1, 2000, then real property in that county is adjusted differently. In that case, the assessor (or other official or officials designated by law) compares the assessed value of each parcel to the assessed value of the parcel for the previous year. If the assessed value of the parcel increases, then the assessed value of the parcel for the year in which the parcel is reappraised or reassessed is adjusted by adding one-third (1/3) of the increase to the assessed value for the year prior to appraisal or reassessment. An additional one-third (1/3) of the increase is added in each of the next two (2) years.

The adjustment contemplated by subsection (e) does not apply to the property of public utilities or common carriers. No adjustment will be made for newly discovered real property, new construction or substantial improvements to real property.

(f) Property is currently assessed in an amount equal to 20% of its value. The percentage can be increased or decreased by the General Assembly.

The total of the millage levied by each taxing entity (municipalities, counties, school districts and community college districts) in which the property is located is applied against the assessed value to determine the tax owed. The assessed value of taxable property is revised each year and the total millage levied in that calendar year is applied against the assessed value for the calendar year. Assessed value for each year is determined as of January 1 of that year. Tangible personal property, including automobiles, initially acquired after January 1 and before June 1 is required to be assessed in the year of acquisition. Otherwise, only property owned by a taxpayer on January 1 is assessed for that calendar year.

The total taxes levied by all taxing authorities are collected together by the county collector of the county in which the property is located in the calendar year immediately following the year in which levied. Taxes are due and payable between the third Monday in February and October 15. Taxes not paid by October 15 are delinquent and subject to a 10% penalty. Real estate as to which taxes are delinquent for two successive years is certified to the State Land Commissioner, who offers the property for sale. The proceeds of such sale are distributed among the taxing authorities. Delinquent real property may be redeemed by the taxpayer within two years of the delinquency. Delinquent personal property taxes may be collected by distraint and public sale of the taxpayer's property.

<u>Constitutional Amendment Affecting Personal Property Taxes.</u> At the 1992 general election, a Constitutional amendment was approved which exempts from all personal property taxes items of household furniture and furnishings, clothing, appliances and other personal property used within the home. The effective date of the amendment was January 1, 1993.

<u>Constitutional Amendment Nos. 59 and 79.</u> Prior to the adoption of Amendment No. 59 to the Arkansas Constitution, the Constitution mandated that:

> "All property subject to taxation shall be taxed according to its value, that value to be ascertained in such manner as the General Assembly shall direct, making the same equal and uniform throughout the State. No one species of property from which a tax may be collected shall be taxed higher than other species of property of equal value ..."

In the case of <u>Arkansas Public Service Commission v. Pulaski County Board of Equalization,</u> 266 Ark. 64, 582 S.W.2d 942 (June 25, 1979), the Supreme Court of Arkansas held that the then current assessment process, as prescribed by certain legislation and administrative regulations, was in violation of the Constitutional mandate in that (1) it provided for the assessment of certain property on the basis of "use value" as opposed to market value, (2) it did not provide for equal and uniform assessments throughout the State and (3) it provided for assessments based on past, as opposed to current, market values. The Court ordered a statewide reassessment to bring the assessments into conformity with the constitutional requirements. It was provided that the reassessment would be completed over a five year period, with 15 of the 75 counties in the State to be reassessed each year. The reassessment was accomplished in calendar years 1981 through 1985.

Legislative studies indicated that the effect of the Court-ordered reassessment would be to substantially increase real estate assessments in most or all counties of the State, with the result being, if tax rates remained the same, to substantially increase real estate taxes. The Arkansas General Assembly submitted to the electors of the State a proposed Constitutional amendment designed to prevent the substantial tax increase that would otherwise result from the reassessment. The proposed Amendment was approved at the 1980 General Election and is now Amendment No. 59 to the Arkansas Constitution.

At the 2000 general election, Constitutional Amendment No. 79 was adopted by a majority of the voters and went into effect on January 1, 2001. Among other things, Amendment No. 79 allows for an annual state credit against ad valorem property tax on a homestead in the amount of not less than $300. The credit must not be applied in a manner that would impair a bondholder's interest in ad valorem debt service revenues.

Amendment No. 59 provides that whenever a county-wide reassessment results in an increase of assessed value of 10% or more, the tax rate of each taxing unit on property located in that county is to be adjusted as provided in the Amendment. The year in which the reassessment is completed is designated the "Base Year". The assessed valuation for the Base Year is based on the reassessment. Amendment No. 79 requires that rollback adjustments under Amendment No. 59 be determined after the adjustments are made to assessed value under Amendment No. 79 (see **FINANCIAL INFORMATION,** Assessment of Property and Collection of Property Taxes).

The tax rate applicable to other real property is computed by (1) deducting from the Base Year assessed value of the real estate the assessed value of newly-discovered real estate and new construction and improvements to real property to arrive at the reassessed value of previously assessed real property, (2) determining the tax rate necessary to produce from the previously assessed real property (on the basis of the Base Year assessment) the same amount of revenues produced from such property in the Base Year (on the basis of the last previous assessed value and the tax rate applicable to collections in the Base Year), and (3) either (a) fixing the tax rate determined in (2) as the tax rate for the real property, including newly-discovered real property and new construction and improvements to real estate, or (b) if the tax rate so fixed would produce less than 110% of the revenues from real estate produced in the Base Year, increasing the tax rate in an amount sufficient to produce such 110% of revenues.

The General Assembly, in Act No. 848 of 1981, implemented the procedures of Amendment No. 59. A. C. A. § 26-26-404, provides that the computation is to be made separately for each tax source or millage levy (in the case of the school districts this would require separate computations for operation and maintenance millage and debt service millage), with the new tax rate for each millage levy to be rounded up to the nearest 1/10 mill. In the case of debt service millage, the tax rate as so adjusted will continue as the continuing annual tax rate until retirement of the bonds to which pledged. The adjusted rate for operation and maintenance millage would be subject to change at each annual school election in accordance with law.

Amendment No. 79 provides that the tax rate for personal property and property of public utilities and regulated carriers should be the same as that for real property. Personal property rates currently not equal to real property rates should be reduced to the level of the real property rate unless a higher rate is "necessary to provide a level of income sufficient to meet the current requirements of all principal, interest, paying agent fees, reserves, and other requirements" of a bond issue.

Amendment No. 59 contains the following specific provision in regard to debt service millage:

"The General Assembly shall, by law, provide for procedures to be followed with respect to adjusting ad valorem taxes or millage pledged for bonded indebtedness purposes, to assure that the adjusted or rolled-back rate of tax or millage levied for bonded indebtedness purposes will, at all times, provide a level of income sufficient to meet the current requirements of all principal, interest, Paying Agent's fees, reserves, and other requirements of the bond indenture."

A.C.A. § 26-26-402(b) provides:

"If it is determined that the adjustment or rollback of millages as provided for herein will render income from millages pledged to secure any bonded indebtedness insufficient to meet the current requirements of all principal, interest, paying agent fees, reserves and other requirements of a bond indenture any such pledged millage shall be rolled back or adjusted only to a level which will produce at least a level of income sufficient to meet the current requirements of all principal, interest, paying agent fees, reserves, and other requirements of the bond indenture."

If the assessed value of all classes of taxable property located in a school district remain at the same level, without increase or decrease, and the total school tax rates applicable to real and personal property remain constant, then the annual revenues derived from taxable real and personal property will be the same in each year. This would be true of annual revenues available for debt service on bonds, as well as other annual revenues of the district.

Major Taxpayers. For 2019 taxes levied for collection in 2020 (based on the 2019 assessed valuation), the top ten taxpayers within the boundaries of the District are as follows:

Name	**Assessed Value**	**% of School District AV**
Weyerhaeuser NR Company	4,118,300	3.34%
Southern Diversified LLC	1,007,401	0.82%
Northern Agriculture	844,609	0.69%
Deyampert William B Inc	716,838	0.58%
Mt Magazine Farms	669,558	0.54%
GPS Gin Company	634,164	0.51%
Shackelford Frances D Trustee	574,651	0.47%
Cochran Fred	546,274	0.44%
Oak Creek Resources	449,820	0.37%
Thebes General Partnership	540,345	0.44%

LEGAL MATTERS

Litigation Over State Funding for Schools. In an Order issued November 9, 1994, the Honorable Annabelle C. Imber held that the existing state funding system for public education violated the equal protection provision of the Arkansas Constitution and violated Article 14, §1 of the Arkansas Constitution by "failing to provide a general, suitable and efficient system of free public education." Lake View School Dist. No. 25 of Phillips County, Arkansas v. Jim Guy Tucker, Case No. 92-5318 (1994). **On May 31, 2007, the Court concluded that the system of public school financing is now in constitutional compliance.**

At the 1996 general election, a Constitutional Amendment was passed ("Amendment No. 74") which establishes a statewide 25-mill property tax minimum for maintenance and operation of the public schools (the "Uniform Rate of Tax"). The Uniform Rate of Tax replaces that portion of local school district ad valorem taxes available for maintenance and operation. The Uniform Rate of Tax is to be collected in the same manner as other school property taxes, but the revenues generated from the Uniform Rate of Tax are remitted to the State Treasurer for distribution to the school districts.

Legal Proceedings. No litigation is pending, or to the best knowledge of the District threatened, questioning the existence of the District, its boundaries, the assessed value of taxable property located within the District, any taxes levied by the District, the title of any member of the Board of Directors to his office, or questioning the authority of the District to issue the Bonds or any proceedings relating thereto.

Legal Opinion. Issuance of the Bonds is subject to the unqualified approving opinion of Wright, Lindsey & Jennings LLP, Bond Counsel, to the effect that the Bonds have been lawfully issued under the Constitution and laws of the State of Arkansas and constitute valid, binding and enforceable obligations of the District.

Tax Accounting Treatment of Original Issue Discount Bonds. The initial offering price for some of the Bonds (the "Original Issue Discount Bonds") may be less than the principal amount thereof.

In the opinion of Bond Counsel, under existing law and based upon the assumptions hereinafter stated:

(a) The difference between (i) the amount payable at the maturity of each Original Issue Discount Bond and (ii) the initial offering price to the public of each such Bond constitutes original issue discount with respect to such Bond in the hands of an owner who has purchased such Bond at the initial offering price in the initial public offering of the Bonds; and

(b) Such initial owner is entitled to exclude from gross income an amount of income with respect to such Bond equal to that portion of the amount of such original issue discount allocable to the period that such Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption Tax Exemption – Opinion of Bond Counsel, generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.

The foregoing opinion is based on the assumption that (a) the Underwriters have purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semi-annual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale or other disposition thereof. The amount to be added to basis of an Original Issue Discount Bond for each accrual period is equal to (a) the sum of the issue price plus the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (b) the amounts payable as current interest during such accrual period on such Bonds.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of such Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership and redemption, sale, or other disposition of such Bonds.

Tax Exemption. In the opinion of Wright, Lindsey & Jennings LLP, Bond Counsel, under existing law, the interest on the Bonds is exempt from Arkansas income tax and from property taxes.

Also, in the opinion of Bond Counsel, interest on the Bonds under existing law (a) is excluded 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. The opinion set forth in clause (a) above is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. These requirements generally relate to arbitrage and the use of the proceeds of the Bonds. 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 District has covenanted to comply with all such requirements.

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 allocable to "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 District has designated the Bonds as “qualified tax-exempt obligations” and has covenanted not to use the proceeds of the Bank in a manner which would cause the Bonds to be “private activity bonds” and has represented that the District and its subordinate entities have not and do not expect to issue more than $10,000,000 of such tax-exempt obligations during calendar year 2020.

Prospective purchasers of the Bonds should also be aware that A.C.A. § 26-51-431(b) (Repl. 2012) states that Section 265 (a) of the Internal Revenue 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 (A.C.A. § 26-51-431(b) and (c)).

Current or 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, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. On December 20, 2017, Congress passed The Tax Cuts and Jobs Act (the “Tax Legislation”), which for tax years beginning after December 31, 2017, among other things, significantly change the income tax rates for individuals and corporations, modifies the current provisions relative to the federal alternative minimum tax on individuals and eliminates the federal alternative minimum tax for corporations. The President signed the Tax Legislation on December 22, 2017. The Tax Legislation or the introduction or the enactment of any other legislation proposals or clarification of the Code or court decisions may affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Non-Litigation Certificate. Upon delivery of the Bonds the District will furnish a certificate to the effect that no litigation not described in the Official Statement is then pending which would affect the validity of or security for the Bonds.

Official Statement Certificate. Upon delivery of the Bonds, the District will furnish a certificate to the effect that the Official Statement does not contain any untrue statement of a material fact or omits to state a material fact required to be stated therein to make the statements therein, in the light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE CERTIFICATE

The following is a summary of certain provisions of the Continuing Disclosure Certificate, which will be executed by the District.

Purpose of the Continuing Disclosure Certificate. The Continuing Disclosure Certificate describes the District’s continuing obligation to provide certain financial and other information with respect to the

Bonds, and is for the benefit of the Beneficial Owners of the Bonds.

Provision of Annual Financial Information and Operating Data. The District has agreed to provide within ninety (90) days after the end of the District's fiscal year, its Annual Financial Report ("AFR"). The AFR will include, among other things, the information contained under **DESCRIPTION OF THE SCHOOL DISTRICT**, Assessed Valuation, **DEBT STRUCTURE**, Outstanding Indebtedness, **DEBT STRUCTURE**, Debt Service Schedule and Coverage, **FINANCIAL INFORMATION**, Sources and Uses of Funds, and **FINANCIAL INFORMATION**, Collection of Taxes. The District will also provide its audit within ninety (90) days after the audit has been completed and received by the District. The annual financial statements shall be prepared using accounting practices prescribed by A.C.A. § 10-4-413 as it may be amended from time to time, or any successor statute, and shall be audited by the Legislative Joint Auditing Committee, Division of Legislative Audit of the State of Arkansas, or by an independent certified public accountant. The District shall also provide, not later than ninety (90) days after the end of the District's fiscal year, its LEA Financial Report. Additionally, the District will provide timely notice of the occurrence of listed events relating to the Bonds as hereinafter described. The District has agreed to provide this information in an effort to comply with Rule 15c2-12 of the Securities and Exchange Commission, as the same may be amended from time to time (the "Rule").

Any or all of the foregoing information may be incorporated by reference from other documents, including official statements of debt issues with respect to the District that are available to the public on the Municipal Securities Rulemaking Board ("MSRB") website or filed with the Securities and Exchange Commission.

Notice of Listed Events. The District agrees that it will furnish to the MSRB, not later than ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Bonds:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) 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;

(g) modifications to rights of security holders, if material;

(h) bond calls, if material;

(i) defeasances and tender offers;

(j) release, substitution, or sale of property securing repayment of the securities, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the obligated person;

(m) 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;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a "Financial Obligation" (as defined below) of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

(p) 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.

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

The District further agrees that it will furnish to the MSRB notice of any failure of the District to provide the annual financial information or operating data required hereunder on or before the date specified.

District to Disseminate Information and Notices. The District agrees to disseminate the AFR to the MSRB, and to disseminate any notice of a material event specified above to the MSRB.

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

(a) If the amendment or waiver relates to the provisions of Sections 3(A), 4, or 5(A) of the Continuing Disclosure Certificate, it may only be made in connection with a change in circumstances that arises from a 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 owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Certificate, the District shall describe such amendment in the next AFR, 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 District. 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 under Section 5(B) of the Continuing Disclosure

Certificate, and (ii) the AFR 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 Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Certificate or any other means of communication, or including any other information in any report or notice made hereunder, in addition to that which is required by the Continuing Disclosure Certificate. If the District chooses to include any information in any report or notice made hereunder in addition to that which is specifically required by the Continuing Disclosure Certificate, the District shall have no obligation under the Continuing Disclosure Certificate to update such information or include it in any future report or notice.

Noncompliance. In the event of a failure of the District to comply with any provision of the Continuing Disclosure Certificate, any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under the Continuing Disclosure Certificate. Noncompliance with the Continuing Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under the Disclosure Agreement in the event of any failure of the District to comply with the Continuing Disclosure Certificate shall be an action to compel performance.

CONTINUING DISCLOSURE PAST COMPLIANCE

While the District has not made any determination as to materiality, the following charts reflect the District's compliance and non-compliance with previous undertakings under the Rule for the past five (5) years.

Annual Financial Information and
Operating Data
("Annual Report")

Pursuant to previous Continuing Disclosure undertakings by the District, the District has agreed to provide to the MSRB its Annual Report within ninety (90) days after the end of each fiscal year (the “Submittal Deadline”).

Fiscal Year Ending June 30	Submittal Deadline	Date Filed[1]	Status of Compliance
2015	09/28/15	09/08/15	Compliant
2016	09/28/16	09/27/16	Compliant
2017	09/28/17	09/28/17	Compliant
2018	09/28/18	09/26/18	Compliant
2019	09/28/19	09/26/19	Compliant

(1)Actual date Annual Report was filed on MSRB’s EMMA portal.

Audited Financial Statements
("AFS")

Pursuant to previous Continuing Disclosure undertakings by the District, the District has agreed to provide to the MSRB its AFS within ninety (90) days after the audit has been completes and received by the District.

Audit for Fiscal Year Ending June 30	Legislative Audit Release Date	Date Filed[1]	Status of Compliance
2015	03/02/16	03/15/16	Compliant
2016	12/15/16	01/10/17	Compliant
2017	01/17/18	01/29/17	Compliant
2018	03/13/19	03/27/19	Compliant
2019	01/17/20	01/27/20	Compliant

Listed Events

The District has taken steps to ensure that the Annual Reports, AFS and Listed Events are timely filed as required by its continuing disclosure undertakings.

MISCELLANEOUS

Bond Rating. Moody's Investors Service, Inc. ("Moody's"), has assigned an "Aa2" enhanced rating to the Bonds. Certain information was supplied to the rating agency to be considered in evaluating the Bonds. Any rating issued will reflect only the views of the rating agency, and any explanation of the significance of such rating on the Bonds should be obtained from the rating agency. There is no assurance that the ratings obtained for the Bonds will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agency for the Bonds if, in its judgment, circumstances so warrant. Neither the Underwriter nor the District undertake any responsibility either to bring to the attention of the owners of the Bonds downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds. The assignment of the enhanced rating reflects the additional bond security provided by A.C.A. §6-20-1204. See **DEBT STRUCTURE**, Pledge of State Aid.

Underwriting. The Underwriter has purchased the Bonds from the District at public sale upon competitive bids at a price of $5,245,939.09.

Interest of Certain Persons. The District has employed Stephens Inc. as Municipal Advisor to assist the District in the sale and issuance of the Bonds.

Stephens Inc., in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and, other than yield and average weighted maturity calculations, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal or state income tax status of the Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. The information set forth herein has been obtained from the District and other sources believed to be reliable but has not been independently verified by the Municipal Advisor.

The Municipal Advisor's fee and Bond Counsel's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

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The Board of Directors of the District has authorized the preparation and distribution of this Official Statement.

HAMBURG SCHOOL DISTRICT NO. 51 OF ASHLEY COUNTY, ARKANSAS

By: /s/______________________________

Jason Holsclaw
STEPHENS INC.
MUNICIPAL ADVISOR