

DATED OCTOBER 2, 2024

## PRELIMINARY OFFICIAL STATEMENT

### New Issue Book-Entry Only

Insured Rating: S&P “AA” (stable outlook)  
Underlying Rating: S&P “A+” (stable outlook)

*In the opinion of Bond Counsel, based on existing statutes, regulations and court decisions, (i) interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must have been or must be satisfied prior to or subsequent to the issuance of the Bonds, (ii) interest on the Series 2024 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the federal alternative minimum tax on certain corporations, (iii) interest on the Series 2024 Bonds is exempt from State of Arkansas income tax, and (iv) the Series 2024 Bonds are exempt from property taxes in the State of Arkansas. (See **LEGAL MATTERS**, Tax Exemption).*

**\$38,175,000\***

### CITY OF CENTERTON, ARKANSAS SALES AND USE TAX IMPROVEMENT BONDS SERIES 2024

Dated: Date of Delivery

Due: November 1, as shown below

The Series 2024 Bonds of each maturity and interest rate 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 Series 2024 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 Series 2024 Bonds will not receive physical delivery of Series 2024 Bonds. Payments of principal of and interest on the Series 2024 Bonds will be made by Bank OZK, Little Rock, Arkansas, as the Trustee (the “Trustee”), directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2024 Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the Series 2024 Bonds, all as further described herein.

Principal of and interest on the Series 2024 Bonds are payable from a pledge of receipts derived by the City of Centerton, Arkansas (the “City”) from a 1% sales and use tax levied by the City and approved by the voters of the City at a special election on March 5, 2024. See **SECURITY FOR THE SERIES 2024 BONDS** herein. The Series 2024 Bonds are being issued to provide funds to fund certain capital improvements of a public nature, and to pay costs associated with the issuance of the Series 2024 Bonds, including but not limited to, the cost of a bond insurance policy. See **PURPOSES FOR THE SERIES 2024 BONDS** herein.

Interest on the Series 2024 Bonds is payable on each May 1 and November 1 of each year, commencing May 1, 2025. The Series 2024 Bonds mature, bear interest and are priced as set forth on the inside cover of this Preliminary Official Statement. The Bonds are subject to redemption prior to maturity as is more fully described in **THE SERIES 2024 BONDS**, Redemption herein.

The scheduled payment of principal and interest on the Series 2024 Bonds when due will be guaranteed under an insurance policy in the form of the Policy included as Exhibit D to this Preliminary Official Statement to be issued concurrently with the delivery of the Series 2024 Bonds by Assured Guaranty Inc. See **BOND INSURANCE** herein.



The Bonds are offered when, as and if issued, subject to approval as to the legality by Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas, Bond Counsel, and subject to satisfaction of certain other conditions. It is expected that the Bonds will be available for delivery at the facilities of DTC in New York, New York on or about November 14, 2024.\*

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

**RAYMOND JAMES®**

Dated: October 2, 2024

\*Preliminary; subject to change

THIS PRELIMINARY OFFICIAL STATEMENT AND INFORMATION CONTAINED HEREIN ARE SUBJECT TO CHANGE, COMPLETION OR AMENDMENT WITHOUT NOTICE. THE BONDS MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE OFFICIAL STATEMENT IS DELIVERED IN FINAL FORM. UNDER NO CIRCUMSTANCES SHALL THIS PRELIMINARY OFFICIAL STATEMENT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE BONDS IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH JURISDICTION.

**\$38,175,000\***  
**CITY OF CENTERTON, ARKANSAS**  
**SALES AND USE TAX IMPROVEMENT BONDS**  
**SERIES 2024**

**BONDS MATURITY SCHEDULE\***

\$13,065,000 Serial Bonds

Year (November 1)	Amount	Rate (%)	Yield (%)	CUSIP
2025	\$660,000.00			
2026	635,000.00			
2027	660,000.00			
2028	700,000.00			
2029	735,000.00			
2030	770,000.00			
2031	810,000.00			
2032	855,000.00			
2033	885,000.00			
2034	935,000.00			
2035	980,000.00			
2036	1,025,000.00			
2037	1,080,000.00			
2038	1,140,000.00			
2039	1,195,000.00			

\$25,110,000 Term Bonds

\$6,800,000.00 \_\_\_\_\_ % Term Bonds Due November 1, 2044; Yield \_\_\_\_\_ %; CUSIP \_\_\_\_\_  
 \$8,265,000.00 \_\_\_\_\_ % Term Bonds Due November 1, 2049; Yield \_\_\_\_\_ %; CUSIP \_\_\_\_\_  
 \$10,045,000.00 \_\_\_\_\_ % Term Bonds Due November 1, 2054; Yield \_\_\_\_\_ %; CUSIP \_\_\_\_\_

\_\_\_\_\_  
 \*Preliminary; subject to change.

\*\*Priced to November 1, 2034 optional redemption date.

No dealer, broker, salesman or any other person has been authorized by the City or Raymond James & Associates, Inc. (the “Underwriter”) to give any information or to make any representations other than those contained in this Preliminary Official Statement in connection with the offering of the Series 2024 Bonds described herein and, if given or made, such information or representations must not be relied upon as having been authorized by the City. Neither the delivery of this Preliminary Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the business, operations or financial condition of the City since the date hereof. This Preliminary Official Statement does not constitute an offer or solicitation in any state in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or is made to any person to whom it is unlawful to make such offer or solicitation.

The Series 2024 Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Authorizing Ordinance described herein been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemption in such laws from such registration and qualification.

Certain information contained in this Preliminary Official Statement has been obtained from the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and nothing in this Preliminary Official Statement is to be construed as a representation by the Underwriter.

The CUSIP numbers shown herein have been assigned by an organization not affiliated with the City. Neither the City, the Underwriter nor the Trustee were responsible for the selection of CUSIP numbers, and neither make any representation as to the accuracy of such numbers on the Series 2024 Bonds or as indicated herein.

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the registered owners of the Series 2024 Bonds. The City and the Underwriter are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness by the City on the Series 2024 Bonds and by the Underwriter on the Series 2024 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2024 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2024 Bonds.

By its purchase of the Series 2024 Bonds, an investor is acknowledging that it has reviewed all the information it deems necessary to make an informed decision, and that it is not relying on any representation of the Underwriter or any of its officers, representatives, agents, or directors in reaching its decision to purchase the Bonds.

The investor, by its purchase of the Series 2024 Bonds, acknowledges its consent for the Underwriter to rely upon the investor’s understanding of and agreement to the preceding two paragraphs as such relates to the disclosure and fair dealing obligations that may be applicable to the Underwriter under applicable securities laws and regulations.

THIS PRELIMINARY OFFICIAL STATEMENT INCLUDES “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED FROM TIME TO TIME (THE “EXCHANGE ACT”). ALL STATEMENTS REGARDING THE CITY’S

EXPECTED FINANCIAL POSITION, BUSINESS AND FINANCING PLANS ARE FORWARD-LOOKING STATEMENTS. THE CITY BELIEVES THAT THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS, AND THE ESTIMATES AND ASSUMPTIONS, ON WHICH THEY ARE BASED, ARE REASONABLE. HOWEVER, ESTIMATES AND ASSUMPTIONS ARE INHERENTLY UNCERTAIN, AND NO ASSURANCE CAN BE GIVEN THAT THEY WILL PROVE TO BE CORRECT OR THAT EXPECTATIONS BASED UPON THEM WILL BE REALIZED. THE CITY THEREFORE CANNOT AND DOES NOT WARRANT THAT THE RESULTS CONTEMPLATED BY SUCH FORWARD-LOOKING STATEMENTS WILL BE ACHIEVED, AND IT IS LIKELY THAT ACTUAL RESULTS WILL DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY SUCH FORWARD-LOOKING STATEMENTS. ACCORDINGLY, UNDUE RELIANCE SHOULD NOT BE PLACED UPON SUCH FORWARD-LOOKING STATEMENTS.

Assured Guaranty Inc. (“AG”) makes no representation regarding the Series 2024 Bonds or the advisability of investing in the Series 2024 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Preliminary Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading **BOND INSURANCE** and Exhibit D - Specimen Municipal Bond Insurance Policy.

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**PRELIMINARY OFFICIAL STATEMENT**

**\$13,175,000\***

**CITY OF CENTERTON, ARKANSAS  
SALES AND USE TAX IMPROVEMENT BONDS  
SERIES 2024**

**INTRODUCTION TO PRELIMINARY OFFICIAL STATEMENT**

This Introduction is subject in all respects to the more complete information contained in this Preliminary Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Preliminary Official Statement, including the cover page hereof and exhibits hereto. A full review should be made of the entire Preliminary Official Statement, as well as the Indenture described herein. Capitalized terms not otherwise defined herein shall have the meanings assigned such terms in the Indenture.

This Preliminary Official Statement of the City of Centerton, Arkansas (the “City”) is furnished in connection with the offering by the City of its \$38,175,000\* principal amount of Sales and Use Tax Improvement Bonds, Series 2024 (the “Series 2024 Bonds or the “Bonds”). The Series 2024 Bonds are being issued for the purposes of: (a) funding costs of improvements of a public nature including new facilities and/or improvements to existing facilities: (i) land acquisition and construction of a multiple-use community center and parking, which facility may include indoor swimming pool, bathhouse, therapy pool, athletic courts, walking track, and other amenities, together with street, parking and drainage improvements therefor, extension of utilities, sidewalks, bicycle paths, and utility relocations to such facilities, together with parking, furnishings, equipment, drainage, lighting, utility improvements, and related traffic signals therefor, and to provide for future renovations and improvements to such facilities (collectively, the “Community Center”); (ii) improvements to the City’s streets, roads, and bridges, including any curb, gutter, and drainage improvements, equipment and land acquisition to accomplish such improvements, and street lighting, adjustments, sidewalks, and traffic signals related thereto (collectively, the “Street Improvements”); (iii) extensions, betterments, and improvements to the City’s park and recreational facilities, including particularly, without limitation, land acquisition for future parks, renovations, and improvements to existing parks, and ball fields and parking, furnishings, equipment, drainage, lighting, and utility improvements therefor (collectively, the “Parks and Recreation Improvements”); and (iv) facility improvements, vehicles, and other rolling stock and related apparatus for the police department (collectively, the “Police Improvements”, and together with the Community Center, the Street Improvements, and the Parks and Recreation Improvements, the “Capital Improvements”); and (b) funding a debt service reserve; and (c) paying the costs of issuing the Series 2024 Bonds, including but not limited to a bond insurance policy. See **PURPOSES FOR THE SERIES 2024 BONDS**.

The City is a city of the first class organized under the laws of the State of Arkansas (the “State”) and is located in Benton County, Arkansas (the “County”), which is in northwestern Arkansas and is approximately 210 miles northwest of Little Rock, Arkansas. The City is authorized and empowered under the laws of the State, including particularly Amendment No. 62 to the Constitution of the State of Arkansas (“Amendment 62”) and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the “Local Government Bond Act” and together with Amendment 62, the “Authorizing Legislation”) to issue the Series 2024 Bonds and to expend the proceeds thereof for the intended purposes. See **THE CITY AND THE COUNTY**.

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\*Preliminary; subject to change.

The Series 2024 Bonds are not general obligations of the City but are special obligations payable from a pledge of receipts derived by the City from net collections of a 1% sales and use tax (the “Tax”) to be levied under the authority of the Authorizing Legislation. See **SECURITY FOR THE SERIES 2024 BONDS, The Tax**. The Tax was approved initially by the electors of the City at a special election held on March 5, 2024 pursuant to Ordinance No. 2023-80 of the City adopted on December 12, 2023 (the “Election Ordinance”). The Tax replaces the City’s 1% sales and use tax levied pursuant to Ordinance No. 2017-37 of the City adopted July 11, 2017 (the “2017 Tax”), and the effective date of the Tax is July 1, 2024, being the day following the date the 2017 Tax expired. The issuance of the Series 2024 Bonds and the pledging of the Tax to the payment of the principal of and interest on the Series 2024 Bonds were approved at a special election held March 5, 2024. The Series 2024 Bonds are being issued pursuant to and in full compliance with Amendment 62, the Authorizing Legislation, Ordinance No. 2024-\_\_\_\_ of the City, adopted on \_\_\_\_\_, 2024 (the “Authorizing Ordinance”), and a Trust Indenture dated as of \_\_\_\_\_, 2024 (the “Indenture”), by and between the City and Bank OZK, Little Rock, Arkansas, as trustee and paying agent for the Series 2024 Bonds (the “Trustee”). Collections of the Tax may only be used to pay obligations with respect to the Series 2024 Bonds and any Additional Parity Bonds (hereinafter defined). See **SECURITY FOR THE SERIES 2024 BONDS, The Tax** and **THE INDENTURE**.

Pursuant to the provisions of the Indenture, the Series 2024 Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or integral multiple thereof. Interest is payable May 1, 2025, and semiannually thereafter on each November 1 and May 1. Principal is payable at the principal office of the Trustee. Interest is payable by the Trustee to the registered owners as of the record date for each interest payment date. The record date for payment of interest on the Series 2024 Bonds shall be the fifteenth (15<sup>th</sup>) day of the calendar month next preceding each interest payment date. A Series 2024 Bond may be transferred, in whole or in part (in integral multiples of \$5,000), but only upon delivery of the Series 2024 Bond, together with a written instrument of transfer, to the Trustee. See **THE INDENTURE**.

The City has reserved the right in the Indenture to issue up to \$5,173,300\* of Additional Parity Bonds (defined below) on a parity of security with the Series 2024 Bonds. See **SECURITY FOR THE SERIES 2024 BONDS**.

The Series 2024 Bonds will be initially issued in book-entry form and purchasers of the Series 2024 Bonds will not receive certificates representing their interest in the Series 2024 Bonds purchased. See **THE SERIES 2024 BONDS, Book-Entry Only System**. The Series 2024 Bonds will contain such other terms and provisions as described herein. See **THE SERIES 2024 BONDS, Generally**.

The Series 2024 Bonds are subject to optional redemption on and after November 1, 2034.\* The Series 2024 Bonds maturing on November 1, 2044,\* November 1, 2049\*, and November 1, 2054\* are subject to mandatory sinking fund redemption as described herein. In addition, all Series 2024 Bonds are subject to extraordinary redemption from Surplus Tax Collections (as hereinafter defined) and proceeds of the Series 2024 Bonds not needed for the purposes intended. The Trustee shall give at least thirty (30) days’ notice of redemption. See **THE SERIES 2024 BONDS, Redemption**.

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\*Preliminary; subject to change.



Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must have been or must be satisfied prior to or subsequent to the issuance of the Series 2024 Bonds, (ii) interest on the Series 2024 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that with respect to certain corporations, interest on the Series 2024 Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax; (iii) interest on the Series 2024 Bonds is exempt from State of Arkansas income tax, and (iv) the Series 2024 Bonds are exempt from all state, county and municipal taxes in the State of Arkansas. See **LEGAL MATTERS, Tax Exemption**.

It is expected that the Series 2024 Bonds will be available for delivery on or about November 14, 2024\* through the facilities of the Depository Trust Company in New York, New York.

The City and the Trustee, in its capacity as dissemination agent, have entered into a Continuing Disclosure Agreement in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Continuing Disclosure Agreement”). See **CONTINUING DISCLOSURE AGREEMENT**.

This Preliminary Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Authorizing Ordinance, the Indenture, and the Continuing Disclosure Agreement summarized herein are available upon request from Raymond James, 1 Information Way, Suite 102, Little Rock, Arkansas 72202.

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\*Preliminary; subject to change.

## THE SERIES 2024 BONDS

Book-Entry Only System. The Depository Trust Company (“DTC”), New York, New York, or its successor, will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Bond certificate for each maturity and interest rate will be issued in the principal amount of the maturity and interest rate, 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 transaction in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, AND EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as 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](http://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 Series 2024 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, but Beneficial Owners are 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 Series 2024 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 Series 2024 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 Series 2024 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be

governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If fewer than all of the Series 2024 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 to vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 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 Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

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

**So long as the Series 2024 Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Series 2024 Bonds for all purposes under the Indenture, including receipt of all principal of and interest on the Series 2024 Bonds and receipt of notices. The City and the Trustee have no responsibility or obligation to 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 Series 2024 Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to owners of the Series 2024 Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Series 2024 Bonds.**

Generally. The Series 2024 Bonds shall be dated, mature and bear interest and interest is payable on the Series 2024 Bonds as set forth on the inside cover page hereof. The Series 2024 Bonds are issuable in the form of registered bonds without coupons in denominations of \$5,000 or any integral multiple number thereof. In the event any Series 2024 Bond is mutilated, lost or destroyed, the Trustee shall authenticate

and deliver to the registered owner a new Bond in accordance with the provisions therefor in the Indenture.

Each Series 2024 Bond is exchangeable or transferable by any registered owner thereof or by his, her or its attorney duly authorized in writing at the principal office of the Trustee. Upon such transfer a new fully registered Series 2024 Bond or Series 2024 Bonds of the same maturity and interest rate, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

No charge shall be made to the owner of any Series 2024 Bond for the privilege of registration, but any owner requesting any such registration shall pay any tax or other governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new Series 2024 Bond upon each exchange or transfer and any other expenses of the City or the Trustee incurred in connection therewith shall be paid by the City. Neither the City nor the Trustee shall be required to transfer or exchange any Series 2024 Bonds selected for redemption in whole or in part.

The person in whose name any Series 2024 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of, premium, if any, or interest on any Series 2024 Bond shall be made only to or upon the order of the registered owner thereof or his, her or its legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2024 Bond to the extent of the sum or sums so paid.

In any case where the payment date of interest on or principal of any Series 2024 Bonds or the date fixed for redemption of any Series 2024 Bonds shall be a Saturday or Sunday or shall be in the State a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day not a Saturday or Sunday or a legal holiday or a day upon which banking institutions are authorized by law to close with the same force and effect as if made on the payment date or the date fixed for redemption, and no interest shall accrue for the period after the payment date or date fixed for redemption.

Redemption. The Series 2024 Bonds are subject to optional, extraordinary, surplus, and mandatory sinking fund redemption as follows:

(1) Optional Redemption. The Series 2024 Bonds are subject to redemption at the option of the City, from funds from any source, on and after November 1, 2034\*, in whole or in part at any time, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Series 2024 Bonds shall be called for redemption, the particular maturities of the Series 2024 Bonds to be redeemed shall be selected by the City in its discretion. If fewer than all of the Series 2024 Bonds of any one maturity and interest rate shall be called for redemption, the particular Series 2024 Bonds or portion thereof to be redeemed from such maturity and interest rate shall be selected by lot by the Trustee.

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\*Preliminary; subject to change.

(2) Extraordinary Redemption. The Series 2024 Bonds or portions thereof may be redeemed on any interest payment date from proceeds of the Series 2024 Bonds not needed for the purposes intended and shall be redeemed on any such interest payment date from Surplus Tax Receipts (defined below), at least annually, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee shall determine), in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. The Series 2024 Bonds shall be redeemed in the order of priority set forth below.

“Surplus Tax Receipts” are collections of the Tax in excess of the amount necessary to (1) ensure the prompt payment of the payment of the principal of, and interest on, ad Trustee’s fees and expenses and other administrative charges in connection with the Series 2024 Bonds, (2) maintain the debt service reserve in the required amount, (3) pay the Insurer for any amounts owed with respect to the Bond Insurance Policy (as hereinafter defined), and (4) pay any arbitrage rebate due under Section 148(f) of the Internal Revenue Code of 1986, as amended (the “Code”).

If there are no Additional Parity Bonds outstanding, the City first shall apply 100% of the Surplus Tax Receipts to the redemption of the Series 2024 Bonds. If there are Additional Parity Bonds outstanding, the City shall allocate the Surplus Tax Receipts ratably (based on relative outstanding principal amounts) to redeem the Series 2024 Bonds and Additional Parity Bonds. In the event of a redemption from Surplus Tax Receipts, the Series 2024 Bonds shall be redeemed in inverse order of maturity and by lot within a maturity in such manner as the Trustee shall determine.

In case of any defeasance of the Series 2024 Bonds, redemption of defeased Series 2024 Bonds shall be scheduled on the basis of mandatory redemption requirements and assuming annual collections of the Pledged Tax in an amount equal to receipts for the most recent twelve-month period.

(3) Mandatory Sinking Fund Redemption. To the extent not previously redeemed, the Series 2024 Bonds maturing on November 1, 2044,\* November 1, 2049,\* and November 1, 2054\* are subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall determine, on November 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

Series 2024 Bonds Maturing November 1, 2044*	
<u>Year</u>	<u>Principal Amounts</u>
2040	\$1,255,000
2041	1,310,000
2042	1,360,000
2043	1,410,000
2044 (maturity)	1,465,000

Series 2024 Bonds Maturing November 1, 2049*	
<u>Year</u>	<u>Principal Amounts</u>
2045	\$1,525,000
2046	1,585,000
2047	1,655,000
2048	1,715,000
2049 (maturity)	1,785,000

Series 2024 Bonds Maturing November 1, 2054\*

<u>Year</u>	<u>Principal Amounts</u>
2050	\$1,855,000
2051	1,930,000
2052	2,000,000
2053	2,085,000
2054 (maturity)	2,175,000

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\*Preliminary; subject to change.

The provisions for extraordinary and mandatory sinking fund redemption of the Series 2024 Bonds are subject to the provisions of the Indenture that permit the City to use moneys available for such redemption in the Bond Fund established for the Series 2024 Bonds and any Additional Parity Bonds to purchase Series 2024 Bonds and/or Additional Parity Bonds having a maturity that would be subject to redemption on the next interest payment date at a price not in excess of par plus accrued interest, inclusive of brokerage fees. The City shall receive credit, at par, for Series 2024 Bonds and any Additional Parity Bonds acquired by the City and surrendered to the Trustee not less than 40 days prior to the redemption date.

In case any outstanding Series 2024 Bond is in a denomination greater than \$5,000, each \$5,000 of face value of such Series 2024 Bond shall be treated as a separate Series 2024 Bond of the denomination of \$5,000.

In the case of any redemption of Series 2024 Bonds prior to maturity, the Trustee shall mail a copy of the redemption notice, or deliver by other acceptable standard, including by facsimile, to the registered owners of the Series 2024 Bonds to be redeemed, in each case not less than 30 nor more than 60 days prior to the date of redemption. After the date for redemption, no further interest shall accrue on any Series 2024 Bond called for redemption if funds for redemption of such Series 2024 Bond have been deposited with the Trustee as provided in the Indenture.

Notwithstanding the above, so long as the Series 2024 Bonds are issued in book-entry only form, if fewer than all the Series 2024 Bonds of an issue are called for redemption, the particular Series 2024 Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Series 2024 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 Series 2024 Bonds.**

Otherwise, any selection of Series 2024 Bonds by lot shall be effected by the Trustee, by any method chosen by the Trustee in its discretion.

## BOND INSURANCE

Bond Insurance Policy. Concurrently with the issuance of the Series 2024 Bonds, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy for the Series 2024 Bonds (the “Bond Insurance Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Series 2024 Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

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

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

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

**Current Financial Strength Ratings.** On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

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

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

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

**Capitalization of AG, AGM and Proforma Combined AG.** As of June 30, 2024:

	<u>AG</u> <u>(Actual)</u>	<u>AGM</u> <u>(Actual)</u>	<u>AG</u> <u>(Pro Forma</u> <u>Combined)</u>
Policyholders’ Surplus	\$16,49 million	\$2,599 million	\$3,960 million <sup>(1)</sup>
Contingency Reserve	\$421 million	\$910 million	\$1,331 million
Net Unearned Premium Reserves and Net Deferred Ceding Commission Income	\$355 million	\$2,078 million <sup>(2)</sup>	\$2,433 million <sup>(2)</sup>

<sup>(1)</sup> Net of intercompany eliminations.

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

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

**Incorporation of Certain Documents by Reference.** Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AG and AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

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

All information relating to AG and AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-



0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

**Miscellaneous Matters.** AG makes no representation regarding the Series 2024 Bonds or the advisability of investing in the Series 2024 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading **BOND INSURANCE**.

## PURPOSES FOR THE SERIES 2024 BONDS

Voter Approved Bonds. At the special election held March 5, 2024, there was approved the issuance of bonds in the aggregate principal amount of \$46,848,300 for the purpose of financing the following:

- (a) advance refunding of the City’s outstanding Sales and Use Tax Refunding and Improvement Bonds, Tax-Exempt Series 2017A (the “Series 2017A Bonds”) and the City’s outstanding Sales and Use Tax Refunding Bonds, Taxable Series 2017B (the “Series 2017B Bonds”) and together with the Series 2017A Bonds, the “Series 2017 Bonds”) and the current refunding of the City’s outstanding Series 2021 Bonds (the “Series 2021 Bonds”) - \$3,500,000; and
- (b) land acquisition and construction of a multiple-use community center and parking, which facility may include indoor swimming pool, bathhouse, therapy pool, athletic courts, walking track, and other amenities, together with street, parking and drainage improvements therefor, extension of utilities, sidewalks, bicycle paths, and utility relocations to such facilities, together with parking, furnishings, equipment, drainage, lighting, utility improvements, and related traffic signals therefor, and to provide for future renovations and improvements to such facilities (the “Community Center”) - \$26,000,000; and
- (c) streets, roads and bridges, including any curb, gutter and drainage improvements, equipment and land acquisition to accomplish such improvements, and street lighting, utility adjustments, sidewalks and traffic signals related thereto (the “Street Improvements”) – \$13,169,600; and
- (d) public park and recreational facilities and improvements, including particularly, without limitation, land acquisition for future parks, renovations and improvements to existing parks, and ball fields and parking, furnishings, equipment, drainage, lighting and utility improvements therefor (the “Parks and Recreational Improvements”) – \$2,618,700; and
- (e) facility improvements, vehicles and other rolling stock and related apparatus for the police department (the “Police Department Facilities”) - \$1,560,000.

The Community Center, the Street Improvements the Parks and Recreational Improvements, and the Police Department Facilities, collectively referred to as the “Improvements”. The portion of the Improvements for which the Series 2024 Bonds are not issued is referred to as the “Remaining Improvements.”

Redemption of Series 2017 Bonds and Series 2021 Bonds. The City’s outstanding Series 2017 Bonds will be redeemed on November 1, 2024, prior to closing, from moneys in the Series 2017 Construction Fund not needed to complete the improvements contemplated thereby and/or from Surplus Tax Receipts from the 2017 Tax, and the City’s outstanding Series 2021 Bonds will be redeemed on November 1, 2024, prior to closing, from Surplus Tax Receipts from the 2017 Tax.

Series 2024 Bonds and Purposes. The City is issuing \$38,175,000\* of the voter approved bonds for the following purposes, in addition to funding a debt service reserve for the Series 2024 Bonds and paying costs of issuance of the Series 2024 Bonds, which may include a bond insurance policy, and which purposes may include the following:

- (a) \$26,000,000 for the Community Center;
- (b) \$7,996,300 for Street Improvements;

(c) \$2,618,700 for Parks and Recreational Improvements; and

(d) \$1,560,000 for the Police Department Facilities.

Additional Parity Bonds. The \$5,173,300\* in maximum principal amount of capital improvement bonds approved at the March 5, 2024 special election for the Remaining Improvements that are not being issued at this time are hereinafter referred to as “Additional Parity Bonds”. Following redemption of the remaining outstanding Series 2017 Bonds and Series 2021 Bonds on November 1, 2024, and other than such authorized Additional Parity Bonds, there will be no other bonds on a parity of security with the Series 2024 Bonds.

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\*Preliminary; subject to change.

**SOURCES AND USES\***

The City will provide a debt service reserve and pay costs of issuing the Series 2024 Bonds from Series 2024 Bond proceeds. The proceeds of the Series 2024 Bonds and funds held for the Refunded Bonds are estimated to be used to accomplish the Improvements as follows:

<b>Sources of Funds</b>	<b>Series 2024 Bonds</b>
Par Amount of Bonds	\$38,175,000.00
Net Reoffering Premium (Discount)	\$
<b>Total Sources</b>	<b>\$</b>
<b>Uses of Funds</b>	
Deposit to 2024 Construction Fund	\$
Deposit to Debt Service Reserve Fund	\$
Costs of Issuance <sup>‡</sup>	\$
Rounding Amount	\$
<b>Total Uses</b>	<b>\$</b>

\*Preliminary; subject to change.

<sup>‡</sup>Includes, among other costs, underwriter’s discount, bond insurance premium, trustee fees, counsel fees, and publication costs.

A portion of the net proceeds of the Series 2024 Bonds will be (a) deposited into a special fund of the Trustee designated the “Series 2024 Construction Fund” (the “Construction Fund”) in an amount equal to the costs of financing the construction, acquisition, and equipping of the Improvements, (b) deposited into a special fund of the Trustee designated the “Debt Service Reserve Fund” (the “Debt Service Reserve Fund”) in amount equal to one-half of the maximum annual debt service requirements on the Series 2024 Bonds and used in accordance with the terms of the Indenture, (c) applied to the payment of costs of issuance of the Series 2024 Bonds, which may include the premium for a Bond Insurance Policy. The payment of Underwriter’s discount and the costs of issuing the Bonds relating to the payment of professional fees will be contingent on the Series 2024 Bonds being issued. See **MISCELLANEOUS, Underwriting** for a description of the Underwriter’s discount. For a description of how the Series 2024 Bond proceeds are to be invested pending use and the provisions governing those investments, see **THE INDENTURE, Investments**.

## SECURITY FOR THE SERIES 2024 BONDS

General. The Series 2024 Bonds are not general obligations of the City but are special obligations, secured by the pledge of receipts of the Tax (“Pledged Tax Receipts”). Pledged Tax Receipts shall be used first to pay the principal of and interest on the Series 2024 Bonds, including amounts AG for the Bond Insurance Policy, and thereafter to pay Trustee’s fees and expenses and other administrative charges, to pay any arbitrage rebate due under Section 148(f) of the Code, and to maintain the debt service reserve, hereinafter described, at the required level and/or pay the costs of the Reserve Policy. Following the planned redemption of the Series 2017 Bonds and the Series 2021 Bond, any receipts of the 2017 Tax shall be used to pay principal of and interest on the Series 2024 Bonds. The Series 2024 Bonds are secured under the Indenture. For a summary of the terms of the Indenture, see **THE INDENTURE**.

Debt Service Reserve. A debt service reserve will be maintained in the Debt Service Reserve Account in an amount equal to one-half (i.e. 50%) the maximum annual debt service on the Series 2024 Bonds and any Additional Parity Bonds (based on a year ending October 31). See **THE INDENTURE**, The Bond Fund. The Debt Service Reserve may be funded with cash or by a municipal bond debt service reserve insurance policy and used in accordance with the terms of the Indenture. See **THE INDENTURE**, The Bond Fund.

Additional Parity Bonds. The \$5,173,300\* in maximum principal amount of capital improvement bonds approved at the March 5, 2024 special election for the Remaining Improvements that are not being issued at this time are hereinafter referred to as “Additional Parity Bonds” and may be issued on a parity of security with the Series 2024 Bonds under the terms of the Indenture. No Additional Parity Bonds will be issued to refund any additional Series 2017 Bonds, or Series 2021 Bonds, which are expected to be refunded in their entirety prior to issuance of the Series 2024 Bonds from a combination of moneys in the Series 2017 Construction Fund not needed to complete the improvements contemplated thereby and/or from Surplus Tax Receipts from the 2017 Tax. The City covenants that it will not otherwise issue any other bonds, or incur any other additional obligations, secured by a lien on or pledge of the Pledged Tax Receipts prior to the lien and pledge in favor of the outstanding Bonds. See **THE INDENTURE**, Additional Bonds.

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

The Streamline Sales and Use Tax Agreement (“Streamline”) has been adopted by the State and became effective on January 1, 2008. Streamline amended Arkansas sales and use tax law to allow the State to collect sales and use taxes from internet sales from vendors outside the State. Streamline limits the collection of the local sales and use tax on the first \$2,500 of sales proceeds only on the following sales: motor vehicles, aircraft, watercraft, modular homes, manufactured homes or mobile homes. There is no limit of the amount of local sales and use tax to be paid on all other items. The State allows businesses, nonprofits and governmental entities to file for a credit or rebate on a local sales and use tax if the amount on an invoice totals more than \$2,500 on certain qualified purchases. Claims for credit or rebates must be filed with the Arkansas Department of Finance and Administration (“DF&A”) within six (6) months from the date of purchase or six (6) months from the date of payment, if later. DF&A will then cause the State Treasurer to withhold the amount of the refund from future disbursements to the local government levying the sales and use tax. Prior to January 1, 2008, sales and use taxes were collected on the first \$2,500 of sales proceeds for each single transaction, as defined by the City.

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\*Preliminary; subject to change.

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

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

Administration. Pursuant to the Authorizing Legislation, the Commissioner of Revenues of the State (the “Commissioner”) performs all functions incidental to the administration, collection, enforcement and operation of the Tax. All Pledged Tax Receipts collected, less certain charges payable and retainage due the Commissioner for administrative services in the amount of 3% of the gross Pledged Tax Receipts, shall be remitted by the State Treasurer to the City monthly. See **THE INDENTURE**, The Bond Fund.

Historical Tax Receipts. The City has collected the 2017 Tax since July 1, 2017. Historical receipts of the 2017 Tax, as replaced by the Tax, received by the City for calendar years ended December 31 of each of the past five years are as follows<sup>1</sup>:

<b>2017 TAX RECEIPTS (CALENDAR YEAR)</b>		
Period	2017 Tax Receipts	Annual Growth (Decline)
2019	1,504,323	
2020	1,963,820	30.55%
2021	2,376,035	20.99%
2022	2,792,615	17.53%
2023	2,865,532	2.61%

Historical receipts of the 2017 Tax, replaced by the Tax, received by the City for 12-month periods ended August 31 of each of the past five years are as follows<sup>2</sup>:

<b>2017 TAX RECEIPTS (12-MONTHS ENDED AUGUST 31)</b>		
Period	2017 Tax Receipts	Annual Growth (Decline)
2020	1,809,182	
2021	2,247,099	24.21%
2022	2,616,373	16.43%
2023	2,876,378	9.94%
2024	3,192,062	10.98%

Future Tax Receipts. Pledged Tax Receipts will be contingent upon the sale and use of property and services within the City, which activity is generally dependent upon economic conditions within the City and surrounding trade area. Also, Pledged Tax Receipts may be affected by changes to transactions exempted from the Tax made by legislation adopted by the General Assembly of the State or by the people of the State in the form of a constitutional amendment. In the past the General Assembly of the

<sup>1</sup>Source: Arkansas State Treasurer.  
<sup>2</sup>Source: Arkansas State Treasurer.

State has considered new exemptions to the sales tax, such as food sales, which, if adopted, would materially reduce Pledged Tax Receipts. The City has no control over actions of the General Assembly or the people of the State and cannot predict whether changes to the Tax may be made. Accordingly, the City cannot predict with certainty the expected amount of Pledged Tax Receipts to be received and, therefore, there can be no assurance that Pledged Tax Receipts will be sufficient to pay the principal of and interest on the Series 2024 Bonds.

**DEBT SERVICE REQUIREMENTS\***

The following tables show amounts required to pay scheduled principal and interest on the Series 2024 Bonds during each year. However, the City expects to retire the Series 2024 Bonds earlier than scheduled from Surplus Tax Collections through the use of redemptions of the Series 2024 Bonds. See **THE SERIES 2024 BONDS, Redemption and PROJECTED MANDATORY REDEMPTION.**

The following table shows amounts required to pay scheduled principal and interest on the Series 2024 Bonds during each year ending December 31.\*

<b>Year Ending December 31</b>	<b>Series 2024 Principal</b>	<b>Series 2024 Interest</b>	<b>Total Debt Service</b>
2024	-	-	-
2025	\$660,000.00		
2026	635,000.00		
2027	660,000.00		
2028	700,000.00		
2029	735,000.00		
2030	810,000.00		
2031	810,000.00		
2032	855,000.00		
2033	885,000.00		
2034	935,000.00		
2035	980,000.00		
2036	1,025,000.00		
2037	1,080,000.00		
2038	1,140,000.00		
2039	1,195,000.00		
2040	1,255,000.00		
2041	1,310,000.00		
2042	1,360,000.00		
2043	1,410,000.00		
2044	1,465,000.00		
2045	1,525,000.00		
2046	1,585,000.00		
2047	1,655,000.00		
2048	1,715,000.00		
2049	1,785,000.00		
2050	1,855,000.00		
2051	1,930,000.00		
2052	2,000,000.00		
2053	2,085,000.00		
2054	2,175,000.00		
<b>TOTAL:</b>	<b>\$38,175,000.00</b>		

\*Preliminary; subject to change.



**DEBT SERVICE COVERAGE\***

Set forth below is the debt service coverage information for the Series 2024 Bonds. In arriving at the estimate of annual Pledged Tax Receipts for this calculation, the City examined receipts of the 2017 Tax for the 12 month period ended August 31, 2024, 2024. Receipts of the 2017 Tax during that period equaled \$3,192,062. See **SECURITY FOR THE SERIES 2024 BONDS**, Historical Tax Receipts.

Actual Tax Receipts collected by the City will depend upon, among other things, the level of retail activity within the City, the economic health of the City and surrounding trade area, possible future actions by the people of the State or General Assembly of the State defining transactions subject to the Tax and granting exemptions from the Tax, such as exemptions for food sales. The figures set forth below are only estimates based on actual collections of the Tax and there can be no assurance that future Pledged Tax Receipts will equal the estimate shown below. See **SECURITY FOR THE SERIES 2024 BONDS**, Future Tax Receipts.

Until such time as Additional Parity Bonds are issued the City will apply 100% of Surplus Tax Receipts to the redemption of the Series 2024 Bonds. At such time as Additional Parity Bonds are issued, the City will apply the Surplus Tax Receipts on a ratable basis to redeem the Series 2024 Bonds and the Additional Parity Bonds. See **THE SERIES 2024 BONDS**, Surplus Redemption. The City currently anticipates that \$5,173,300\* remaining authorized and unissued bonds for the Remaining Improvements will be issued as Additional Parity Bonds in the year 2028; provided, that the amount available for the Additional Parity Bonds may increase or decrease in accordance with the final allocation of the Series 2024 Bonds and the date of issuance of such Additional Parity Bonds may change. There is no assurance that Additional Parity Bonds will be issued in such amount or on such date. The Indenture requires a minimum 1.25x combined debt service coverage for the Series 2024 Bonds and any Additional Parity Bonds. See **SECURITY FOR THE SERIES 2024 BONDS**, Additional Bonds. Based upon the forgoing estimates, the issuance of the Series 2024 Bonds, and the anticipated \$5,173,300\* of Additional Parity Bonds to be tentatively issued in 2028, the initial debt service coverage on the Series 2024 Bonds prior to and after the issuance of the anticipated Additional Parity Bonds would be as follows:\*

Initial Debt Service Coverage Prior to Issuance of Additional Parity Bonds:

Estimated Pledged Tax Receipts <sup>(A)(1)</sup>	\$3,192,062
Maximum Annual Debt Service <sup>(B)(2)</sup>	\$2,264,200
Estimated Debt Service Coverage <sup>(A/B)</sup>	1.41X

<sup>(1)</sup> Tax receipts of the Existing Sales Tax for the 12-month period ending August 31, 2024.

<sup>(2)</sup> Includes the Series 2024 Bonds.

Initial Debt Service Coverage Following Issuance of Anticipated Additional Parity Bonds:

Estimated Pledged Tax Receipts <sup>(A)(1)</sup>	\$3,192,062
Maximum Annual Debt Service <sup>(B)(2)</sup>	\$2,449,600
Estimated Debt Service Coverage <sup>(A/B)</sup>	1.30X

<sup>(1)</sup> Tax receipts of the 2017 Tax for the 12-month period ending August 31, 2024.

<sup>(2)</sup> Includes the Series 2024 Bonds after projected redemptions from Surplus Tax Receipts through November 1, 2028 plus \$5,173,300 of anticipated Additional Parity Bonds tentatively proposed to be issued in 2028 at an average coupon of 4.16% on the Additional Parity Bonds.

\*Preliminary; subject to change.

**PROJECTED MANDATORY REDEMPTION\***

The table under the caption **DEBT SERVICE REQUIREMENTS** does not reflect possible redemptions from the Surplus Tax Collections, if available. Surplus Tax Collections are derived solely from collections from the Tax in excess of the amount necessary to (1) ensure the prompt payment of the principal of, interest on and Trustee’s and administrative fees and expenses in connection with the Series 2024 Bonds and the approximately \$5,173,300\* of currently anticipated Additional Parity Bonds to be tentatively issued in 2028, as the same become due, (2) establish and maintain the Debt Service Reserve Account in the required amount, and (3) make any arbitrage rebate payment due the United States, must be used from time to time, at least annually, as and to the extent available, to redeem outstanding bonds prior to maturity. Following redemption of the remaining outstanding Series 2017 Bonds and Series 2021 Bonds on November 1, 2024, and other than such authorized Additional Parity Bonds, there will be no other bonds on a parity of security with the Series 2024 Bonds. Based upon Tax Receipts for the 12-month period ended August 31, 2024 and no projected growth, the City estimates that Pledged Tax Receipts will be approximately \$3,192,062. The entirety of the annual Pledged Tax Receipts will be used toward scheduled principal and interest payments on the Series 2024 Bonds. Once scheduled principal and interest payments are made, 100% of the excess Pledged Tax Receipts, which constitute Surplus Tax Collections, shall be used toward redemption of the Series 2024 Bonds and any Additional Parity Bonds. **THERE IS NO GUARANTEE THAT THESE ESTIMATES WILL ACTUALLY OCCUR.** See **SECURITY FOR THE SERIES 2015 BONDS, Future Tax Receipts**. The Series 2024 Bonds would be paid in full by November 1, 2041\* from Surplus Tax Collections together with scheduled payments of principal and interest on the Series 2024 Bonds, if these estimates are accurate, as follows:

<u>Year Ending</u>	<u>Series 2024 Bonds Scheduled Principal</u>	<u>Series 2024 Bonds Additional Principal Redeemed from Surplus</u>	<u>Total Series 2024 Bonds Principal Retired</u>
2024	-	-	-
2025	\$660,000.00	\$945,000.00	\$1,605,000.00
2026	635,000.00	985,000.00	3,225,000.00
2027	660,000.00	1,025,000.00	4,910,000.00
2028	700,000.00	1,065,000.00	6,675,000.00
2029	735,000.00	1,110,000.00	8,520,000.00
2030	810,000.00	1,150,000.00	10,440,000.00
2031	810,000.00	1,200,000.00	12,450,000.00
2032	855,000.00	1,240,000.00	14,545,000.00
2033	885,000.00	1,310,000.00	16,740,000.00
2034	935,000.00	1,350,000.00	19,025,000.00
2035	980,000.00	1,410,000.00	21,415,000.00
2036	1,025,000.00	1,470,000.00	23,910,000.00
2037	1,080,000.00	1,525,000.00	26,515,000.00
2038	1,140,000.00	1,580,000.00	29,235,000.00
2039	1,195,000.00	1,645,000.00	32,075,000.00
2040	1,255,000.00	1,715,000.00	35,045,000.00
2041	1,310,000.00	1,820,000.00	38,175,000.00

\*Preliminary; subject to change.

## THE CITY AND THE COUNTY

Location. The City is located in Benton County, Arkansas (the “County”), and is a city of the first class organized and existing under the laws of the state of Arkansas. The City is located in in northwestern Arkansas and is approximately 210 miles northwest of Little Rock, Arkansas. The City is four miles west of Bentonville, Arkansas and five miles north of the Northwest Arkansas Regional Airport.

Population. The County is comprised of 17 cities and a number of unincorporated townships. Since 1970, the population trend for the City and the County is as follows<sup>3</sup>:

<u>Year</u>	<u>City Population</u>	<u>County Population</u>
1970	312	50,476
1980	425	78,115
1990	491	97,499
2000	2,146	153,406
2010	9,515	221,339
2020	17,792	284,333
2022*	21,525	302,863

\*Estimates as of July 1 Arkansas Economic Development Institute

Transportation. The City is served by State Highways 102 and 279. The City is served by the Northwest Arkansas Regional Airport, located in nearby Highfill, which offers commercial service.

City Council and Administration.<sup>4</sup> The government of the City operates under the mayor-city council form of government, pursuant to which the mayor is elected for four-year terms and the members of City Council are elected for two-year terms. The current mayor (whose term expires December 31, 2026) and members of the City Council (whose terms expire December 31) are as follows:

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Bill Edwards	Mayor	2026
Todd Wright	City Clerk/Treasurer	2026
Brian Rabal	City Attorney	2026
Justin Cowgur	Council Member	2026
Keith Higginbotham	Council Member	2024
Cody Miles	Council Member	2028
Josie Reed	Council Member	2026
Cliff Thompson	Council Member	2026
Darren Warren	Council Member	2024

Medical Facilities. The County is served by two hospital systems, Mercy Medical Center, with 245 beds and is served by approximately 157 physicians, and Northwest Medical Center in Bentonville, with 128 beds and is served by approximately 94 physicians.

<sup>3</sup> Source: U.S. Bureau of the Census; 2010 Census.

<sup>4</sup> Source: Issuer.

Financial Institutions. Banks having branches in the City include Arvest Bank, First Security Bank, First National Bank of NWA, and Grand Savings Bank. Bank deposits in Benton County have been as follows for the years indicated<sup>5</sup>:

<u>Year (as of June 30)</u>	<u>Total Deposits</u>	<u>Average Annual Growth (%)</u>
2016	\$4,380,415,000	3.3
2017	5,358,325,000	22.3
2018	5,151,832,000	(3.8)
2019	5,503,010,000	6.8
2020	6,773,214,000	23.0
2021	7,965,863,000	17.6
2022	8,945,458,000	12.2
2023	8,409,501,000	(5.9)

Education. Primary and secondary education for the City’s inhabitants is provided by a public school system and is rated A by the Arkansas State Department of Education. Centerton is in the Bentonville School District, which has a total of 24 schools. The University of Arkansas is located 37 miles away in Fayetteville and Northwest Arkansas Community College is located in Bentonville, Arkansas.

Employers. The following are major employers within the County<sup>6</sup>:

<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
Walmart Associates, Inc.	Retail Stores; Corporate Offices	2,500+
J.B. Hunt Transport, Inc.	Logistics and Trucking	2,500+
Simmons Foods, Inc.	Poultry and Meat Processing	2,500+
Mercy Health System	Health Care	1,000-2,499
Bentonville School District	Public Schools	1,000-2,499
Rogers School District	Public Schools	1,000-2,499
McKee Foods Corporation	Commercial Bakery; Trucking	1,000-2,499
Ozark Mountain Poultry, Inc.	Poultry Processing	1,000-2,499
Arvest Bank	Banking Services	1,000-2,499
Tyson Poultry	Poultry and Meat Processing	1,000-2,499
Siloam Springs School District	Public Schools	500-999
Benton County, Arkansas	County Administrative Functions	500-999
Glad Manufacturing Company	Manufacturing	500-999
NW Arkansas Community College	College	500-999
Home Helpers	Services	500-999

Litigation. There is no material litigation pending or threatened against the City that would materially adversely affect the financial condition of the City. Two matters are currently pending against the City, neither of which is expected to materially adversely affect the financial condition of the City.

<sup>5</sup> Source: Federal Deposit Insurance Corporation

<sup>6</sup> Source: Arkansas Department of Workforce Services

City and County Economic Data.

**Per Capita Personal Income.** Per capita personal income estimates for the County are as follows<sup>7</sup>:

<u>Year</u>	<u>Per Capita Personal Income</u>	<u>Average Annual Growth (%)</u>
2016	\$84,664	--
2017	84,871	0.2
2018	92,062	8.4
2019	86,848	(5.6)
2020	83,178	(4.2)
2021	94,227	13.3
2022	98,822	4.9

**Total Personal Income.** Total personal income estimates for the County are as follows<sup>8</sup>:

<u>Year</u>	<u>Personal Income (in 000's)</u>	<u>Average Annual Growth (%)</u>
2016	\$20,875,058	--
2017	21,985,828	5.3
2018	24,404,513	11.0
2019	23,026,052	(5.6)
2020	23,837,710	3.5
2021	27,734,350	16.3
2022	29,929,592	7.9

**Average Unemployment.** The annual average unemployment rates for the County and the State of Arkansas since 2011 are as follows<sup>9</sup>:

<u>Year</u>	<u>Benton County (%)</u>	<u>State (%)</u>
2017	3.0	3.7
2018	2.9	3.7
2019	2.6	3.5
2020	4.5	6.2
2021	2.8	4.0
2022	2.4	3.2

**Building Permits.** The City has issued the following number of building permits for new construction during each of the last five years<sup>10</sup>:

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
2019	423	12	435
2020	641	13	654
2021	613	9	622
2022	858	5	863
2023	858	10	868

<sup>7</sup> Source: U.S. Bureau of Economic Analysis.

<sup>8</sup> Source: St. Louis Federal Reserve Economic Research.

<sup>9</sup> Source: U.S. Bureau of Labor Statistics

<sup>10</sup> Source: Issuer

## THE INDENTURE

Set forth below is a summary of certain portions of the Indenture. This summary does not purport to be comprehensive and reference is made to the full text of the Authorizing Ordinance for a complete description of its provisions. **Unless the context clearly indicates otherwise, all references under this heading to the “Bonds” shall include the Series 2024 Bonds and any Additional Parity Bonds.** The City will covenant as set forth below in the Indenture.

Revenue Fund. The City has designated the Trustee as the bank that shall receive collections of the Tax from the State Treasurer, and the City has covenanted to file a written designation thereof with the State Treasurer prior to the issuance of the Series 2024 Bonds. Upon receipt, the Trustee shall deposit all collections of the Tax into a special account of the City created under the Indenture and referred to as the “Revenue Fund”. The moneys in the Revenue Fund shall be applied in the manner hereinafter set forth.

Any surplus remaining in the Revenue Fund on the first business day of each month after making full provision for the transfers required to other funds described in the Indenture that represents revenues and income received by the Trustee from the Tax shall be transferred to the Special Redemption Fund or Account for the redemption of Series 2024 Bonds arising from Surplus Tax Receipts.

Construction Fund. (a) The Trustee shall deposit a portion of the proceeds of the Series 2024 Bonds to the credit of the Construction Fund in accordance with the written directions of the City given as provided in the Indenture or the written delivery instructions delivered on a Closing Date (the “Delivery Instructions”).

(b) Moneys credited to the Construction Fund shall be expended only as set forth in the Indenture.

(c) Amounts in the Construction Fund shall be expended and applied for the payment of Project Costs. Disbursements shall be made from the Construction Fund on the basis of consecutively numbered written requisitions in the form attached to the Indenture and signed by an Authorized Representative (each a “Requisition” and collectively, the “Requisitions”). Requisitions may be submitted to the Trustee by certified mail, first class mail, electronic mail or facsimile transmission. If the Trustee deems that a Requisition submitted by the City is sufficient pursuant to the Indenture, the amount requested thereunder shall be disbursed in payment of the Project Costs set forth therein, or in reimbursement of such Project Costs, within two (2) Business Days of the date of receipt of such Requisition by the Trustee. Each Requisition shall specify:

(i) the name of the person or party to whom payment is to be made and the purpose of the payment;

(ii) the amount to be paid thereunder;

(iii) that such amount has not been previously paid by the City and is justly due and owing to the person(s) named therein as a proper payment or reimbursement of a Project Cost;

(iv) that no Event of Default exists under the Indenture and that, to the knowledge of the Authorized Representative, no event has occurred and continues which with notice or lapse of time or both would constitute an Event of Default under the Indenture;

(v) identification of Project Costs as a Project Costs.

(d) The Trustee shall keep full and complete records concerning and reflecting all disbursements from the Construction Fund and shall file an accounting of said disbursements if and when requested by the City. The Trustee shall only make payments from the Construction Fund pursuant to and in accordance with Requisitions. In making payments from the Construction Fund, the Trustee may rely on any Requisitions delivered to it pursuant to the Indenture, and the Trustee shall be relieved of all liability relating to payments made in accordance with such Requisitions and any supporting certificate or certificates requested by the Trustee without physical inspection of the Series 2024 Project. Within ninety (90) days following completion of the Series 2024 Project, the City shall deliver to the Trustee its Certificate stating that the applicable Series 2024 Project are complete and the Trustee shall transfer the remaining moneys in the Construction Fund (save and except moneys needed to satisfy unpaid Project Costs), to the Special Redemption Fund for application to the retirement of the Series 2024 Bonds by redemption or purchase, as provided by the Indenture.

(e) Upon the occurrence and continuance of an Event of Default or the occurrence and continuance of an event which with notice or lapse of time or both would constitute an Event of Default, amounts on deposit in the Construction Fund shall not be disbursed but shall instead be applied to the payment of principal of and interest on the Series 2024 Bonds or the redemption price of the Series 2024 Bonds.

Payments to the Bond Fund. From the Revenue Fund, on the 25th day of each month, commencing on November 25, 2024 and on the 25th day of each month thereafter, the City shall deliver to the Trustee for deposit in the Bond Fund or as otherwise direct the required monthly deposit into the Bond Fund for the Series 2024 Bonds. In the event the Tax and other funds that may be legally used for such purpose are insufficient to make the full monthly deposits into the Bond Fund, the amount deposited into each shall be reduced proportionally.

The required monthly deposit into the Bond Fund shall be an amount equal to one-sixth (1/6th) of the interest on the Series 2024 Bonds next due and an amount equal to one-twelfth (1/12th) of the principal of the Series 2024 Bonds next due, one-twelfth (1/12th) of the Trustee's fees and expenses and other administrative charges next due, and all amounts payable as arbitrage rebate for the Series 2024 Bonds. Moneys in the Bond Fund shall be used on each interest payment date (or in the case of a rebate payment under clause (5), on any date due) in the following order of priority as and when necessary: (1) to pay the interest on the Series 2024 Bonds then due; (2) to pay the principal of the Series 2024 Bonds then due at maturity or upon mandatory sinking fund redemption; (3) to transfer into the Debt Service Reserve Account such amounts as necessary to increase the Debt Service Reserve Account to the Reserve Requirement for the Series 2024 Bonds; (4) to pay the Trustee's fees and expenses and other administrative charges then due; (5) to pay the amount that is payable as arbitrage rebate to the United States Treasury under Section 148(f) of the Code; and (6) for other lawful and permitted uses and purposes.

Bond Fund. (a) There shall be deposited to the credit of the Bond Fund all moneys required to be transferred thereto pursuant to of the Indenture and all other moneys received for said Fund.

(b) Moneys credited to the Bond Fund shall be expended only as set forth in the Indenture.

(c) The Trustee shall make the following payments from the Bond Fund:

(i) On each interest payment date for any of the Series 2024 Bonds Outstanding, the Trustee shall pay out of moneys credited to the Bond Fund the amounts required for the payment of interest on the Series 2024 Bonds due on such date, and on each redemption date, the amounts required for the payment of accrued interest on the Series 2024 Bonds then to

be redeemed or purchased unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied to such payments;

(ii) On each principal payment or redemption date for any of the Series 2024 Bonds Outstanding, the Trustee shall pay out of moneys credited to the Bond Fund the amounts required for the payment of principal and premium, if any, due on the Series 2024 Bonds on such date, and such amounts shall be applied to such payments; and

(iii) If there shall be insufficient moneys in the Bond Fund to pay in full interest, principal or premium, if any, due on the Series 2024 Bonds on any interest or principal payment or redemption date, the Trustee shall, three Business Days prior to such date, transfer an amount equal to the deficiency into the Bond Fund from the Funds indicated in the following order:

FIRST: the Debt Service Reserve Account (for payment of principal and interest on the Series 2024 Bonds on any interest or principal payment date only);

SECOND: the Special Redemption Fund; and

THIRD: the Construction Fund.

(iv) In the event that the Trustee has notice that any payment of principal of or interest on a Series 2024 Bond has been recovered from a Bondowner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Bondowners that in the event that any Bondowner's payment is so recovered, such Bondowner will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 2024 Bonds which have been made by the Trustee and subsequently recovered from Bondowners, and the dates on which such payments were made.

(d) All payments made pursuant to the Indenture shall be made in immediately available funds.

Cost of Issuance Fund. There shall be deposited to the credit of the Cost of Issuance Fund all moneys received for said Fund pursuant to the Indenture. The Trustee shall pay those Costs of Issuance for the Series 2024 Bonds as directed by the City pursuant to the Delivery Instructions. After all Costs of Issuance have been paid, any remaining moneys in the Cost of Issuance Fund shall be transferred to the Bond Fund.

Rebate Fund. (a) The Trustee shall establish and maintain, separate and apart from any other funds and accounts established and maintained hereunder, a Fund to be designated as the Rebate Fund, which Fund is not pledged to the payment of the Series 2024 Bonds. Subject to the transfer provisions provided in subsection (c) below, all moneys at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Amount (as defined in the Tax Compliance Certificate), for payment to the United States of America, and neither the City nor the Owner of any Bond shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Indenture and by the Tax Compliance Certificate.

(b) As provided in the Indenture, there shall be deposited in the Rebate Fund the amount of all income or gain on moneys deposited in any of the funds and accounts established by the



Indenture which is required to be rebated to the United States and is designated for deposit therein, as calculated by the City to be owing to the United States pursuant to the Tax Compliance Certificate.

(c) The Trustee, upon receipt of written instructions from the Mayor or City Clerk/Recorder of the City, shall pay to the United States out of amounts in the Rebate Fund such amounts as are required pursuant to the Tax Compliance Certificate.

(d) Any moneys remaining in the Rebate Fund after payment to the United States, within sixty (60) days after the date on which the last Bond is redeemed, of one hundred percent (100%) of the rebate amount as described in Section 148(f)(2) of the Code, shall be transferred to the Bond Fund.

(e) The Trustee, as instructed by a certificate of the City or the Delivery Instructions, shall invest all amounts held in the Rebate Fund in Permitted Investments, subject to the restrictions set forth in the Tax Compliance Certificate. Money shall not be transferred from the Rebate Fund except as provided in subsections (c) and (d).

(f) Notwithstanding any other provision of the Indenture, the obligation to remit the Rebate Amount to the United States and to comply with all other requirements of the Indenture and the Tax Compliance Certificate shall survive the defeasance or payment in full of the Series 2024 Bonds.

Debt Service Reserve Account. The Indenture provides for the establishment of a Debt Service Reserve Account in an amount equal to one-half of the maximum annual debt service requirements on the Series 2024 Bonds (the “Required Level”). The Required Level may be satisfied by cash or by a debt service reserve insurance policy, or a combination of both. The Debt Service Reserve Account shall be maintained in an amount equal to the Reserve Requirement. If the amount held in the Debt Service Reserve Account shall ever be less than the Required Level, the account shall be restored in twenty-four (24) equal monthly installments. Monthly payments shall be made from the Revenue Fund on the first business day of each month after the required deposits into the Bond Fund. If at any time the City utilizes a debt service reserve insurance policy, then the City shall be obligated to repay the reserve insurer thereunder for any draws under such reserve policy for the Series 2024 Bonds and pay all related reasonable expenses incurred by such debt service reserve insurer. Repayment of draws on the reserve policy (if any) for the Series 2024 Bonds shall commence on the first month following each draw, and each such monthly payment shall be in an amount equal to 1/12th of the aggregate policy costs related to such draw.

(b) Moneys held for the credit of the Debt Service Reserve Account that exceed the Required Level shall be withdrawn from the Debt Service Reserve Account and, except as provided in the Indenture, deposited into the Bond Fund.

(c) In lieu of depositing moneys into the Debt Service Reserve Account, the requirements of this section may be satisfied by depositing with the Trustee a surety bond or debt service reserve insurance policy in the principal amount equal to the requirement, or portion, being satisfied. The surety bond or debt service reserve insurance policy must be issued by an insurance company rated not less than “A” or “A2” by Standard & Poor’s Credit Market Services (“S&P”) or Moody’s Investors Service, Inc. (“Moody’s”) and must provide for payment to the Trustee, upon demand, of all or any part of the principal amount which may be needed for use for any purpose for which the Debt Service Reserve Account moneys may be used under the Indenture.

Additional Bonds. (a) The City covenants that, other than the up to \$5,173,300\* of authorized parity bonds authorized by the electors of the City pursuant to the Election Ordinance to be issued for the completion of additional street improvements on a parity of security with the Series 2024 Bonds, the City it will not issue any indebtedness of the City issued on a parity of security with the Series 2024 Bonds as to the pledge of the receipts of the Tax (“Additional Bonds”) that (i) will in any way be superior to or rank

on a parity with the Series 2024 Bonds, or (ii) will in any way be secured by a lien and charge on the receipts of the Tax or on the moneys deposited in or to be deposited in the Bond Fund, prior to or equal with the lien, pledge and charge created by the Indenture for the security of the Series 2024 Bonds, or (iii) will be payable prior to or equal with the payments to be made from the receipts of the Tax into the Bond Fund and Debt Service Reserve Account or from the Bond Fund and the Debt Service Reserve Account for the payment of the Series 2024 Bonds, except as follows: Additional Bonds may be issued so long as the City has received collections from the Tax, or another 1% local sales and use tax levied by the City, for a 12 month period that ends not less than 30 and not more than 90 days prior to the date that the Additional Bonds are authorized by the City Council of the City to be issued, in an amount equal to or in excess of 125% of the maximum annual debt service requirement for the Series 2024 Bonds, any outstanding Additional Bonds and the Additional Bonds proposed to be issued. Notwithstanding the above, nothing shall be construed to prohibit the City from refunding any Series 2024 Bonds or Additional Bonds and pledging Pledged Tax to the refunding bonds on a parity with the non-refunded Series 2024 Bonds or Additional Bonds.

(b) The Additional Bonds shall be dated, interest shall be payable semiannually on the dates, the principal shall mature as serial bonds or as term bonds, or as a combination thereof, and they may contain provisions for redemption prior to maturity as well as other provisions, all as shall be set forth in the ordinance authorizing their issuance. The authorizing ordinance shall set forth the details concerning the Additional Bonds, which shall be embodied in a supplemental indenture by and between the City and the Trustee. When there has been filed with the Trustee the ordinance, certificates and opinion referred to in subsection (b), and the Series 2024 Bonds and other Additional Bonds previously issued under the Indenture executed and sealed by the officers of the City as provided in the Indenture, and delivered to the Trustee, the Trustee shall authenticate the Additional Bonds and deliver them to the purchaser upon payment of the purchase price. All such Additional Bonds shall be issued on a parity with all other Series 2024 Bonds and any other Bonds issued under the Indenture.

(c) Nothing in the Indenture shall prohibit the City from issuing bonds or other obligations of indebtedness other than under the Indenture. Such obligations may, subject to compliance with subsection (b), be issued on a parity with the Series 2024 Bonds and any other Additional Bonds issued under the Indenture.

All other obligations of the City shall be subject and subordinate to the lien, pledge and security interest of the Indenture, and to the Series 2024 Bonds, other Additional Bonds previously issued under the Indenture, and Additional Bonds then outstanding or thereafter issued.

Investments. At the direction of the City, the Trustee shall invest moneys in Funds or Accounts held by the Trustee in Permitted Investments with maturity or redemption dates consistent with the times at which said moneys will be required for the purposes provided in the Indenture; provided, however, the stated maturity dates of Permitted Investments or Debt Service Reserve Account moneys shall not exceed five years from the date of investment therein. Moneys in separate Funds or Accounts may be commingled for the purpose of investment.

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\*Preliminary; subject to change.

Subject to the provisions of the Tax Compliance Certificate and the Indenture, Permitted Investments purchased with moneys held in or attributable to any Fund or Account held by the Trustee under the provisions of the Indenture shall be deemed at all times to be a part of such Fund or Account and the income or interest earned, profits realized or losses suffered by a Fund or Account due to the investment thereof shall be retained in, credited or charged, as the case may be, to such Fund or Account unless otherwise provided pursuant to the Indenture.

In determining the value of any Fund or Account held by the Trustee under the Indenture, the Trustee shall credit Permitted Investments at the fair market value thereof, as determined by the Trustee by any method selected by the Trustee in its reasonable discretion. No less frequently than annually, and in any event within thirty (30) days prior to the end of each Fiscal Year, the Trustee shall determine the value of each Fund and Account held hereunder and shall report such determination to the City.

The Trustee shall sell or present for redemption any Permitted Investments as necessary in order to provide money for the purpose of making any payment required hereunder, and the Trustee shall not be liable for any loss resulting from any such sale.

The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it at the direction of the City.

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

Certain Covenants. The City covenants as follows:

(a) The City will not use or permit the use of any of the Series 2024 Bonds proceeds or any other funds of the City, directly or indirectly, in any manner, and will not take or permit to be taken any other action or actions which would adversely effect the exclusion of interest on any Series 2024 Bond from gross income for federal income tax purposes. No part of the proceeds of the Series 2024 Bonds shall at any time be used, directly or indirectly, to acquire securities or obligations the acquisition of which would cause any of the Series 2024 Bonds to be an “arbitrage bond” as defined in Sections 148(a) and (b) of the Code. The City agrees that so long as any of the Series 2024 Bonds remain Outstanding, it will comply with the provisions of the Tax Compliance Certificate.

(b) The City will use its best efforts to acquire and construct the Series 2024 Project with all reasonable dispatch and to use its best efforts to cause the acquisition and construction of the Series 2024 Project to be completed as soon as may be practicable, but in any case within a period not to exceed three (3) years after the issuance of the Series 2024 Bonds, delays caused by *force majeure* only excepted, but if for any reason such acquisition and construction is not completed within said period, there shall be no diminution or postponement of payments required hereunder to be made by the City. Promptly after each such Completion Date, the City shall submit to the Trustee the certificate of an Authorized Representative which shall specify the Completion Date and shall state that acquisition and construction of the applicable Series 2024 Project has been completed and the Project Costs have been paid, except for any Project Costs which have been incurred but are not then due and payable, or the liability for the payment of which is being contested or disputed by the City, and for the payment of

which the Trustee is directed to retain specified amounts of moneys in the Construction Fund. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date thereof or which may subsequently come into being.

(c) The City will not use or permit the use of the Series 2024 Project or the proceeds of the Series 2024 Bonds in such manner as to cause the Series 2024 Bonds to be private activity bonds within the meaning of Section 141 of the Code.

(d) The City will not create or suffer to be created any lien or charge upon the Trust Estate, except in accordance with the provisions of the Indenture; *provided*, however, that the City shall be permitted, from time to time, to sell, exchange or otherwise dispose of any properties and to release, relinquish, or extinguish any interest therein that is not needed or serves no useful purpose in connection with the maintenance and efficient operation of the properties of the City, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of, if replacement is necessary or desirable. The Trustee is expressly authorized to take any required steps to release the lien of the Indenture as to any property so disposed.

(e) The City will faithfully and punctually perform all duties with reference to the Pledged Tax and the Series 2024 Bonds, required by the Constitution and laws of the State and by the Indenture, including the collection of the Tax, as therein specified and covenanted, the segregating of the Pledged Tax Receipts and the applying of the Pledged Tax Receipts as provided in the Indenture.

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

#### Defaults and Remedies.

If there be any default in the payment of the principal of, premium, if any, or interest on any of the Series 2024 Bonds, whether at the stated maturity thereof, by redemption, pursuant to any mandatory sinking fund requirements, by acceleration or otherwise or if the City defaults in the performance of any of the other covenants contained in the Indenture, the Trustee may, and upon the written request of the registered owners of not less than 25% in principal amount of the then outstanding Series 2024 Bonds, shall, by proper suit compel, by mandamus or otherwise, the performance of the duties of the officials of the City and officials of the State, under the Indenture, to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

No registered owner of any of the outstanding Series 2024 Bonds shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any power or right unless such owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the registered owners of not less than 25% in principal amount of the Series 2024 Bonds then outstanding shall have made written request of the Trustee after the right to exercise such power or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted to the Trustee, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to the execution of the power and trust of the Indenture and to any remedy thereunder. No one or more registered owners of the Series 2024 Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right thereunder except the manner herein described. All proceedings at law or in equity shall be instituted, had and maintained in the manner herein described and for the benefit of all registered owners of the outstanding Series 2024 Bonds.

All rights of action under the Indenture or under any of the Series 2024 Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Series 2024 Bonds, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name and for the benefit of all the owners of the Series 2024 Bonds, subject to the provisions of the Indenture.

No remedy herein conferred upon or reserved to the Trustee or to the owners of the Series 2024 Bonds is intended to be exclusive of any other remedy or remedies herein provided, and each and every other remedy given hereunder or given by any law or by the Constitution of the State.

No delay or omission of the Trustee or of any owners of the Series 2024 Bonds to exercise any right or power accrued upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by the Indenture to the Trustee and to the owners of the Series 2024 Bonds, respectively, 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 a majority of the owners in principal amount of the Series 2024 Bonds then Outstanding shall, waive any default that shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted under the provisions of the Indenture or before the completion of the enforcement of any other remedy, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Defeasance. (a) If, when the Series 2024 Bonds secured by the Indenture shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the Series 2024 Bonds for redemption shall have been given by the City to the Trustee, the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Series 2024 Bonds then Outstanding shall be paid or sufficient moneys shall be paid to the Trustee for such purpose under the provisions of the Indenture (if such moneys are invested in noncallable Government Obligations having maturity dates on or prior to the date the moneys will be needed, there may be included in determining the sufficiency of the moneys, the interest to be earned on such investments), and provisions shall also be made for paying all other sums payable hereunder by the City, then and in that case the right, title and interest of the Trustee shall thereupon cease, terminate, and become void, and the Trustee in such case, on demand of the City, shall release this Indenture and shall execute such documents to evidence such release as may be reasonably required by the City, and shall turn over to the City or to such officer, board or body as may then be entitled by law to receive the same any moneys remaining in its hands other than moneys held for the redemption or payment of Series 2024 Bonds or held in the Rebate Fund (as to which the provisions of the Indenture shall continue to apply); otherwise this Indenture shall be, continue and remain in full force and effect.

(b) No defeasance pursuant to the Indenture shall occur unless there has been delivered to the Trustee and the Bond Insurer (i) a report from a certified public accountant verifying the sufficiency of the provisions for payment of the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the Series 2024 Bonds then Outstanding and all other sums payable hereunder by the City, (ii) an opinion of Bond Counsel that the requirements of the Indenture relating to defeasance of the Series 2024 Bonds have been met; (iii) an opinion of Bond Counsel to the effect that such defeasance will not adversely impact the exclusion from gross income for federal income tax purposes of interest on the Bond, (iv) an escrow agreement in connection with such defeasance which provides that any substitution of securities thereunder shall require the verification report of a certified public accountant and that the City will not exercise any optional redemption of the Series 2024 Bonds secured by the escrow agreement or any other redemption unless the right to make any such redemption has been disclosed in detail in the official statement for the refunding bonds.

The Trustee. The Trustee shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The Trustee shall not be required to take any action as Trustee unless it shall have been requested to do so in writing by the registered owners of not less than 25% in principal amount of the Series 2024 Bonds then Outstanding and shall have been offered reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby. The Trustee may resign at any time by giving sixty (60) days' notice in writing to the City Clerk/Recorder and the registered owners of the Series 2024 Bonds, and the City, so long as the City is not in default under the Indenture, upon notice to the majority in value of the registered owners of the Outstanding Bonds, with or without cause, may remove the Trustee. In the event of a vacancy in the office of Trustee, either by resignation or by removal, the City shall forthwith designate a new Trustee by a written instrument filed in the office of the City Clerk/Recorder. Every successor Trustee shall be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$40,000,000. The preceding criteria may be met by a parent corporation if the parent corporation has guaranteed the obligations of the Trustee. The original Trustee and any successor Trustee shall file with the City a written acceptance and agreement to execute the trusts imposed upon it or them but only upon the terms and conditions set forth in the Indenture and subject to the provisions of the Indenture, to all of which the respective registered owners of the Series 2024 Bonds agree. Any successor Trustee shall have all the powers granted to the original Trustee. Notwithstanding the above, neither the removal of the Trustee nor the resignation by the Trustee shall be effective until a successor Trustee shall have been appointed.

#### Amendment of Indenture.

**Supplemental Indentures Not Requiring Consent of Bondholders.** The City and the Trustee may, from time to time and at any time, enter into such Supplemental Indenture as shall not be inconsistent with the terms and provisions of the Indenture (a) to cure any ambiguity or formal defect or omission in the Indenture or in any Supplemental Indentures, or (b) to grant to or confer upon the Trustee for the benefit of the holders any additional rights, remedies, powers, or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or (c) to make any other change determined by the Trustee, in reliance on opinions of counsel and certifications of the City, to be not materially adverse to the interests of the Bondholders or the Bond Insurer or that does not involve a change referred to in the Indenture that requires consent of specific Bondholders or the Bond Insurer.

**Supplemental Indentures Requiring Consent of Bondholders.** The holders of not less than two-thirds (2/3) in aggregate principal amount of the Series 2024 Bonds then outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the City and the Trustee of such Supplemental Indenture or Indentures as shall be deemed necessary and desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that no Supplemental Indenture shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Series 2024 Bond, or (b) a reduction in the principal amount of any Series 2024 Bond or the rate of interest thereon, or (c) the creation of a lien upon the mortgaged properties or a pledge of the revenues pledged to Series 2024 Bonds issued under the Indenture other than the lien and pledge created and authorized by the Indenture or that purports to be on a parity with the lien and pledge created by and authorized by the Indenture other than as authorized by the original indenture, or (d) a privilege or priority of any Series 2024 Bond over any other bonds, or (e) a reduction in the aggregate principal amount of the Series 2024 Bonds required for consent to such Supplemental Indenture. Nothing herein contained, however, shall be construed as making necessary the approval of Bondholders of the execution of any Supplemental Indenture as provided in the Indenture.

If, at any time the City shall request the Trustee to enter into any Supplemental Indenture for any of the purposes set forth above, the Trustee shall, at the expense of the City, cause notice of the proposed

execution of such Supplemental Indenture to be mailed by first class mail to each registered owner of the Series 2024 Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated office of the Trustee for inspection by Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in the Indenture. If the Holders of not less than 2/3 in aggregate principal amount of the Series 2024 Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Holder of any Series 2024 Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

## CONTINUING DISCLOSURE AGREEMENT

The City will enter into a Continuing Disclosure Agreement with the Trustee, in its capacity as Dissemination Agent, in the form attached hereto as Exhibit C. Reference is made to Exhibit C regarding the undertakings made by the City to provide certain updated financial information and operating data annually, and the timely notice of specified material events as described in Securities and Exchange Commission Rule 15c2-12 (the “Rule”). Currently, such information will be made available by the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Markets Access (“EMMA”) system, where said information will be available to the general public, without charge, at [www.emma.msrb.org](http://www.emma.msrb.org). Annual reports as specified in the Continuing Disclosure Agreement will first be filed for information relating to the City’s fiscal year ending December 31, 2023. As of the date hereof, most recent fiscal year for which the City’s audit is available is for the year ended December 31, 2022. The auditor of the Issuer’s financial statements is currently the Legislative Joint Auditing Committee of the Division of Legislative Audit for the State of Arkansas. The authority and duties of the Division of Legislative Audit are set forth in Arkansas Code Annotated §§ 10-4-401, *et seq.*

As part of its undertakings, the City has agreed to provide to the MSRB the following: (i) within six months of the City’s fiscal year end, information regarding the collections of the Tax received by the City, historical receipts of the Tax, and the estimated maximum annual debt service coverage with respect to the Bonds and (ii) audited financial statements of the City, within 30 days of becoming available. The audited financial statements will be prepared either by the Legislative Joint Auditing Committee of the Arkansas Division of Legislative Audit (the “Legislative Joint Auditing Committee”) or by a certified public accountant and will be conducted in accordance with either Arkansas law or generally accepted auditing standards and government auditing standards issued by the Controller General of the United States. Due to the large number of audits conducted by the Legislative Joint Auditing Committee, the City has little control over when the audit will be performed or delivered to the City for review and approval. The City intends to incorporate by reference any audited financial statements of the City made public by the Legislative Joint Auditing Committee on its website at [www.legaudit.state.ar.us](http://www.legaudit.state.ar.us). In addition, the City has agreed to provide other financial information and operating data required by the Rule on an annual basis.

In connection with the City’s previous bond issues, the City entered into individual continuing disclosure undertakings (“Undertakings”) in written agreements specified in paragraph (b)(5)(i) of the Rule. Generally, these Undertakings relate to the Series 2017 Bonds and certain Water-Sewer Bonds described below.

As part of its Undertakings for the Series 2017 Bonds, the City agreed to provide its annual report regarding collections of the Tax within 180 days following the end of each fiscal year and to provide its annual audited financial statements within 30 days of receipt thereof by the City. The City timely filed its annual reports regarding collections of the Tax for the years ended December 31, 2020 and 2023, but made such filings late for the years ended December 31, 2019, 2021, and 2022. The City filed its audited financial statements late for the years ended December 31, 2019, 2020, 2021, and 2022. The City also made a late listed event filing related to the merger of the bond insurer for the Series 2017 Bonds. All required filings have been made.

As part of its Undertakings for its (a) Water and Sewer Revenue Bonds, Series 2014, (b) Water and Sewer Revenue Refunding and Improvement Bonds, Series 2018, (c) Water and Sewer Revenue Refunding and Improvement Bonds, Series 2021, and (d) Water and Sewer Improvement Revenue Bonds, Series 2022-B (collectively, the “Water-Sewer Bonds”), the City the City agreed to provide its annual report regarding annual water and sewer usage and customers within six months following the end of each fiscal year and to provide its annual audited financial statements within 30 days of receipt and approval thereof by the City. The City timely filed its annual reports for the Undertakings related to the Water-Sewer Bonds for the years ended December 31, 2019, 2020, 2021, 2022 and 2023, but in some cases omitted required



information. The City since filed supplemental annual reports to correct any deficiencies. The City timely filed its audited financial statements for the years ended December 31, 2019, 2020, 2021, and 2023, but made such filing late for the year ended December 31, 2022. The City also made late listed event filings related to rating changes of the City and the bond insurer and the merger of the bond insurer for the Water and Sewer Revenue Refunding and Improvement Bonds, Series 2018 Bonds. All required filings have been made.

## TAX EXEMPTION AND LEGAL MATTERS

Legal Proceedings. There is no litigation pending seeking to restrain or enjoin the Tax or the issuance or delivery of the Series 2024 Bonds, or questioning or affecting the legality of the Tax or Series 2024 Bonds or the proceedings and authority under which the Series 2024 Bonds are to be issued, or questioning the right of the City to enter into the Indenture or to issue the Series 2024 Bonds or the pledge of the Tax by the City.

Legal Opinions. Legal matters incident to the authorization and issuance of the Series 2024 Bonds are subject to the unqualified approving opinion of Michell, Williams, Selig, Gates & Woodyard, P.L.L.C., Little Rock, Arkansas, Bond Counsel.

State Income Taxes. In the opinion of Bond Counsel, under existing law, the interest on the Series 2024 Bonds owned by residents of the State is exempt from all State income taxes, and the Series 2024 Bonds are exempt from property taxation in the State.

### Federal Income Taxes.

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax, however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purposes of computing the alternative minimum tax imposed on corporations. The opinion described in the preceding sentence assumes the accuracy of certain representations of the City and compliance by the City with covenants designed to satisfy certain requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024 Bonds. Failure to comply with such requirements could cause interest on the Series 2024 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024 Bonds. The City has covenanted to comply with such requirements.

In addition to the matters addressed above, prospective purchasers of the Series 2024 Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 2024 Bonds, (ii) interest on the Series 2024 Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income, including interest on the Series 2024 Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Series 2024 Bonds.

*Tax Treatment of Original Issue Discount.* Some of the Series 2024 Bonds may be sold at an original issue discount (collectively, the “Discount Bonds”). The difference between the initial public offering prices, as set forth on the inside cover page hereof, of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated as interest that is excluded from gross income for federal income tax purposes, subject to the caveats and provisions described above. In the case of an owner of a Discount Bond, the amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain, or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which

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

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

Owners of Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to Discount Bonds as of any date, with respect to the accrual of original issue discount for such Discount Bonds purchased in the secondary markets and with respect to the state and local tax consequences of owning Discount Bonds.

*Tax Treatment of Original Issue Premium.* Some of the Series 2024 Bonds may be sold at an original issue premium (collectively, the “Premium Bonds”). Under the Code, the difference between the principal amount of a Premium Bond and the cost basis of such Premium Bond to an owner thereof is “bond premium.” Under the Code, bond premium is amortized over the term of a Premium Bond (i.e., the maturity date of a Premium Bond or its earlier call date) for federal income tax purposes. An owner of a Premium Bond is required to decrease his or her basis in such Premium Bond by the amount of the amortizable bond premium attributable to each taxable year (or portion thereof) he or she owns such Premium Bond. The amount of the amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate determined with respect to the yield on a Premium Bond compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes.

Owners of Premium Bonds (including purchasers of Premium Bonds in the secondary market) should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption, or other disposition of Premium Bonds and with respect to the state and local consequences of owning and disposing of Premium Bonds.

Bond Counsel has expressed no opinion regarding the treatment of any Series 2024 Bonds purchased at original issue discount or original issue premium. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds. Potential purchasers of the Series 2024 Bonds should consult their own tax advisors in determining the federal, state, or local tax consequences to them of the purchase, holding, and disposition of the Series 2024 Bonds.

**Backup Withholding.** As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds are subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007, to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The new reporting requirement does not

in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

**Other Tax Consequences.** The accrual or receipt of interest on the Series 2024 Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2024 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2024 Bonds.

**Changes in Federal and State Tax Law.** From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Series 2024 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2024 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular lawsuit will be resolved, or whether the Series 2024 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2024 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial authorities as of the date of issuance and delivery of the Series 2024 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

## **BONDHOLDERS' RISKS**

General. The Series 2024 Bonds together with interest thereon are obligations solely of the City and are to be paid from a pledge of receipts of the Tax. The Series 2024 Bonds do not, directly or indirectly, obligate the State, Benton County, or any aspect or instrumentality of the State to levy any form of taxation therefor or to make any appropriations for their payment, and the Series 2024 Bonds do not and shall never constitute a charge against the general credit or taxing powers of Benton County or the State of Arkansas.

Pledged Tax Receipts will be contingent upon the sale and use of property and services within the City, which activity is generally dependent upon economic conditions within the City and surrounding trade area. Also, Pledged Tax Receipts may be affected by changes to transactions exempted from the Tax made by legislation adopted by the General Assembly of the State or by the people of the State in the form of a constitutional amendment. In the past the General Assembly of the State has considered new exemptions to the sales tax, such as food sales, which, if adopted, would materially reduce Pledged Tax Receipts. The City has no control over actions of the General Assembly or the people of the State and cannot predict whether changes to the Tax may be made. Accordingly, the City cannot predict with certainty the expected amount of Pledged Tax Receipts to be received and, therefore, there can be no assurance that Pledged Tax Receipts will be sufficient to pay the principal of and interest on the Series 2024 Bonds.

No guarantee can be given that Pledged Tax Receipts will be realized by the City in amounts sufficient to make payments under the Authorizing Ordinance, or to make other payments in amounts sufficient to pay principal of, premium, if any, and interest on the Series 2024 Bonds. Purchasers of the Series 2024 Bonds should bear in mind that the occurrence of any number of events, some of which are specified under **SECURITY FOR THE SERIES 2024 BONDS**, could adversely affect the ability of the City to produce its required level of revenues. Future economic and other conditions, economic developments in the service area and governmental regulation, may adversely affect Pledged Tax Receipts and consequently, the City's ability to make payments under the Authorizing Ordinance. The future financial condition of the City could also be adversely affected by, among other things, legislation, regulatory actions, increased competition from other water providers due to condemnation, demand for water, demographic changes, changes in the local economy, claims and other litigation and a number of other conditions that are unpredictable, including the following risk factors. This discussion of risk factors is not, and is not intended to be, exhaustive.

The remedies available to the Trustee or the owners of the Series 2024 Bonds upon an event of default under the Authorizing Ordinance are in many respects dependent upon judicial actions that are often subject to discretion and delay. Upon existing constitutional and statutory law and judicial decisions, including specifically Title 9 of the United States Code (the federal bankruptcy code), the remedies provided in the Authorizing Ordinance may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds and the delivery of the Authorizing Ordinance will be qualified with respect to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

If and when an owner of Bonds elects to sell a Bond prior to its maturity, there is no assurance that a market will have been established, maintained and in existence for the purchase and sale of the Series 2024 Bonds.

Enforceability of Remedies. Rights of the registered owners of the Series 2024 Bonds and the enforceability of the remedies available under the Authorizing Ordinance may depend on judicial action and may be subject to the valid exercise of the constitutional powers of the United States of America and

of the sovereign police powers of the State or other governmental units having jurisdiction, and to the application of federal bankruptcy laws or other debtor relief or moratorium laws in general. Therefore, enforcement of those remedies maybe delayed or limited, or the remedies may be modified or unavailable, subject to the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Authorizing Ordinance resulting from the application of state or federal bankruptcy, insolvency, reorganization, moratorium or similar debtor relief laws affecting creditors' rights that are presently or may from time to time be in effect.

Bankruptcy. The City is authorized by State law to file for bankruptcy under the United States Bankruptcy Code.

## MISCELLANEOUS

Underwriting. Under a Bond Purchase Agreement (the “Agreement”) entered into by and between the City and Raymond James & Associates, Inc., as authorized representative for the Underwriter, the Series 2024 Bonds are being purchased at a price of \$\_\_\_\_\_ (\$\_\_\_\_\_ principal amount of Series 2024 Bonds less/plus net original issue discount/net reoffering premium of \$\_\_\_\_\_, less Underwriter’s discount of \$\_\_\_\_\_ on the Series 2024 Bonds). The Agreement provides that the Underwriter will purchase all of the Series 2024 Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Series 2024 Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the Series 2024 Bonds or any proceedings in connection with the issuance thereof, and the absence of material adverse changes in the financial or business condition of the City.

The Underwriter intends to offer the Series 2024 Bonds to the public initially at the offering prices set forth on the inside cover page of this Preliminary Official Statement, which prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other Underwriter in offering the Series 2024 Bonds to the public. The Underwriter may offer and sell the Series 2024 Bonds to certain dealers (including dealers depositing Series 2024 Bonds into investment trusts) at prices lower than the public offering price.

The Underwriter may assist the City with investment of certain proceeds of the Bonds and may receive compensation for providing such services.

The City has agreed to indemnify the Underwriter against certain civil liabilities in connection with the offering and sale of the Series 2024 Bonds, including certain liabilities under federal securities laws.

Rating. The Bonds have been rated “A+” (stable outlook) by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”). An explanation of the significance of such rating may be obtained from S&P. Such rating reflects only the view of S&P and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised or withdrawn entirely by S&P, if in their judgment circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2024 Bonds. The Underwriter and the City have undertaken no responsibility after issuance of the Series 2024 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal. No application has been made to any rating agency other than S&P for a rating on the Series 2024 Bonds.

In addition, simultaneously with the issuance of the Series 2024 Bonds, Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business (“S&P”) is expected to issue its insured rating of “AA” (stable outlook) based upon the issuance of the municipal bond insurance policy of Assured Guaranty Inc. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the views of S&P. An explanation of the significance of the rating may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant.

Additionally, due to the ongoing uncertainty regarding the debt of the United States of America, including without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Series 2024 Bonds, could be subject to a rating downgrade. Furthermore, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the

market for and ratings, liquidity, and market value of outstanding debt obligations, such as the Series 2024 Bonds. Any such downward revision or withdrawal of the rating may have an adverse effect on the market prices of the Series 2024 Bonds.

Information in Preliminary Official Statement. Any statements made in this Preliminary Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Preliminary Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2024 Bonds.

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

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

CITY OF CENTERTON, ARKANSAS

By /s/ Bill Edwards  
Mayor

Dated: As of the Cover Page hereof.



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## EXHIBIT A

### SUMMARY OF STATE SALES AND USE TAX PROVISIONS

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

- (a) Tangible personal property;
- (b) Natural or artificial gas, electricity, water, ice, steam, or any other utility or public service except transportation services, sewer services and sanitation or garbage collection services;
- (c)
  - (i) Service by telephone, telecommunications and telegraph companies to subscribers or users, including transmission of messages or images, whether local or long distance, including all service, installation, construction and rental charges having any connection with transmission of any message or image;
  - (ii) Service of furnishing rooms, suites, condominiums, townhouses, rental houses or other accommodations by hotels, apartment hotels, lodging houses, tourist camps, tourist courts, property management companies, or any other provider of accommodations to transient guests;
  - (iii) Service of cable television, community antenna television, and any and all other distribution of television, video, or radio services with or without the use of wires provided to subscribers, paying customers or users, including installation, service, rental, repair and other charges having any connection with the providing of the said services;
  - (iv) Service of initial installation, alteration, addition, cleaning, refinishing, replacement and repair of motor vehicles, aircraft, farm machinery and implements, motors of all kinds, tires and batteries, boats, electrical appliances and devices, furniture, rugs, flooring, upholstery, household appliances, televisions and radios, jewelry, watches and clocks, engineering instruments, medical and surgical instruments, machinery of all kinds, bicycles, office machines and equipment, shoes, tin and sheet metal, mechanical tools and shop equipment; however, the tax does not apply to (A) coin operated car washes, (B) the maintenance or repair of railroad parts, railroad cars and equipment brought into the City solely and exclusively for the purpose of being repaired, refurbished, modified, or converted within the City, (C) the service of alteration, addition, cleaning, refinishing, replacement or repair of commercial jet aircraft or commercial jet aircraft components or subcomponents, (D) the repair or remanufacture of industrial metal rollers or platens that have a remanufactured non-metallic material covering on all or a part of the roller or platen surface, or (E) the initial installation, alteration, addition, cleaning, refinishing, replacement or repair of non-mechanical, passive or manually operated components of buildings or other improvements or structures affixed to real estate;
  - (v) Service of providing transportation or delivery of money, property or valuables by armored car; service of providing cleaning or janitorial work; service of pool cleaning and servicing; pager services; telephone answering services; landscaping and non-residential lawn care services; service of parking a motor vehicle or allowing a motor vehicle to be parked; service of storing a motor vehicle; service of storing furs; and the service of providing indoor tanning at a tanning salon;
- (d) Printing of all kinds, types and characters, including the service of overprinting, and photography of all kinds;

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

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

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

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

(i)

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

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

(l) Tangible personal property and services sold to financial institutions.

(m) Wrecker and towing services;

(n) Collection and disposal of solid wastes;

(o) Cleaning of parking lots and gutters;

(p) Dry cleaning and laundry services;

(q) Industrial laundry services;

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

(s) Pest control services;

(t) Security and alarm monitoring services;

(u) Boat storage and docking fees;

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

(w) Locksmith services;

(x) Pet grooming and kennel services; and

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

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

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

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

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

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

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

(f) Newspapers;

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

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

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

(j) Advertising space in newspapers and publications and billboard advertising services;

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

(l) Property or services which the State is prohibited by the constitution or laws of the United States or by the constitution of the State from taxing or further taxing and tangible personal property exempted from taxation by the Arkansas Compensating (Use) Tax Act of 1949, as amended;

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

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

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

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

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

(r) Unprocessed crude oil;

(s) Tangible personal property consisting of machinery and equipment used directly in producing, manufacturing, fabricating, assembling, processing, finishing or packaging of articles of commerce at (i) new manufacturing or processing plants or facilities in the State or (ii) existing manufacturing or processing plants or facilities in the State if the tangible personal property is used to replace existing machinery and equipment;

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

(u) Electricity used in the manufacture of aluminum metal by the electrolytic reduction process and sale of articles sold on the premises of the Arkansas Veterans Home;

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

(w) Bagging and other packaging and tie materials sold to and used by cotton gins for packaging and/or tying baled cotton and from the sale of twine which is used in the production of tomato crops;

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

(y) Property or services to humane societies;

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

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

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

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

(dd) New and used farm machinery and equipment;

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

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

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

(hh) Catalysts, chemicals, reagents, and solutions which are consumed or used by manufacturing or processing plants or facilities in the State in producing, manufacturing, fabricating, processing, or finishing articles of commerce or to prevent or reduce air or water pollution or contamination;

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

(jj) New custom manufactured homes constructed from materials on which the State sales tax has been paid;

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

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

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

(nn) Publications sold through regular subscriptions;

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

(pp) Prescriptive adaptive medical equipment and prescriptive disposable medical equipment;

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

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

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

(tt) New motor vehicles purchased by non-profit organizations and used for the performance of contracts with the Department of Human Services, and new motor vehicles purchased with Federal Transit Administration funds if (i) vehicles meet minimum State specifications and (ii) vehicles are used for transportation under the Department of Human Services' programs for the aging, disabled, mentally ill, and children and family services;

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

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

(ww) Transfer of fill material by a business engaged in transporting or delivering fill material;

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

(yy) Foodstuffs to nonprofit agencies;

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

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

(bbb) Sales to Fort Smith Clearinghouse;

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

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

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

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

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

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

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

(jjj) Textbooks, library books, and instructional materials purchased by an Arkansas school district or the State for free distribution to Arkansas schools or school districts;

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

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

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

(nnn) Livestock reproduction equipment or substances;

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

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

(qqq) Tangible property or services to the Arkansas Scent Dog Association, Inc.;

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

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

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

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



(vvv) Sales by commercial farmers of certain baling twine, net wrap, silage wrap, and similar products;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) Computer software; and

(j) Tangible personal property provided to a financial institution.

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

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

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

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

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

(e) Unprocessed crude oil;

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

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

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

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

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

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

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

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

(n) Prescriptive adaptive medical equipment and prescriptive disposable medical equipment;

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

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

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

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

(s) Sales to Fort Smith Clearinghouse;

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

(u) Foodstuffs to nonprofit agencies;

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

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

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

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

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

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

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

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

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**EXHIBIT B**

**FORM OF BOND COUNSEL OPINION**

[LETTERHEAD]

[Date]

Bank OZK  
Little Rock, Arkansas

City of Centerton, Arkansas  
Centerton, Arkansas

Raymond James & Associates, Inc.  
Little Rock, Arkansas

Re: \$ \_\_\_\_\_ City of Centerton, Arkansas Sales and Use Tax Improvement  
Bonds, Series 2024

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Centerton, Arkansas (the “**City**”) of its \$ \_\_\_\_\_ City of Centerton, Arkansas Sales and Use Tax Improvement Bonds, Series 2024, dated \_\_\_\_\_ (whether one or more, the “**Bonds**”). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we deem necessary to give the opinions below.

The Bonds are issued pursuant to Amendment No. 62 to the Constitution of the State of Arkansas and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the “**Authorizing Legislation**”), Ordinance No. 2024-\_\_\_\_ of the City adopted on \_\_\_\_\_, authorizing the issuance of the Bonds (the “**Authorizing Ordinance**”), and a Trust Indenture (the “**Indenture**”) between the City and Bank OZK, as trustee (the “**Trustee**”). In accordance with Ordinance No. 2023-79 of the City adopted on December 12, 2023 (the “**Tax Ordinance**”), the City has levied a 1.0% sales and use tax within the City (the “**Tax**”). Under the Indenture, the City has pledged the Tax for the payment of principal of, premium (if any), and interest on the Bonds when due.

Regarding questions of fact material to the opinions below, we have relied upon the representations of the City contained in the Authorizing Ordinance, the Tax Ordinance, the Indenture, and on the certified proceedings and other certifications of representatives of the City and certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on our examination, we are of the opinion that:

1. The City is duly created and validly existing as a city of the first class and a political subdivision of the State of Arkansas with the power and authority to adopt the Authorizing Ordinance and the Tax Ordinance, to enter into the Indenture, to perform the agreements on its part contained therein, and to issue the Bonds.

[DATE]

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2. The Authorizing Ordinance has been duly adopted by the City, and the Indenture has been duly entered into by the City and constitutes a valid and binding obligation of the City enforceable upon the City in accordance with its terms.

3. The Indenture creates a valid lien on the Tax and other funds pledged by the Indenture for the security of the Bonds.

4. The Bonds have been duly authorized and executed by the City and are valid and binding limited obligations of the City, payable solely from the Tax and other funds provided therefor in the Indenture.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the federal alternative minimum tax on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

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

The rights of the owners of the Bonds and the enforceability of the Bonds, the Authorizing Ordinance, and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated \_\_\_\_\_ relating to the Bonds, or regarding the attachment, perfection, or priority of the line on the Tax or other funds created by the Indenture. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The opinions given in this letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

[DATE]  
Page 3

Very truly yours,

**MITCHELL, WILLIAMS, SELIG,  
GATES & WOODYARD, P.L.L.C.**



**EXHIBIT C**

**FORM OF CONTINUING DISCLOSURE AGREEMENT**

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “**Disclosure Agreement**”) is executed and delivered by the **CITY OF CENTERTON, ARKANSAS** (the “**Issuer**”) and **BANK OZK**, Little Rock, Arkansas (in such capacity, the “**Dissemination Agent**”) in connection with the issuance of the Issuer’s Sales and Use Tax Improvement Bonds, Series 2024 (the “**Bonds**”). The Bonds are being issued pursuant to Ordinance No. 2024-\_\_\_\_ of the Issuer, adopted \_\_\_\_\_, 2024 (the “**Authorizing Ordinance**”). The Issuer and the Dissemination Agent covenant and agree as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Securities and Exchange Commission, Rule 15c2-12(b)(5). Notwithstanding any other provision of this Agreement, it is the intent of the Participating Underwriter and the Issuer that the Rule (as defined below) controls the obligations of the parties with respect to the matters addressed herein. In the event of any conflict between the Rule and this Disclosure Agreement, this Disclosure Agreement shall be interpreted and/or modified in writing, as appropriate, so that it complies with and is consistent with the Rule.

**SECTION 2. Definitions.** In addition to the definitions set forth in the Authorizing Ordinance, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“**Audit**” shall have the meaning provided in Arkansas Code Annotated Section 10-4-402(a)(1), as the same may be amended from time to time.

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

“**Bond Tax**” shall mean the Issuer’s 1.0% sales and use tax dedicated to bonded indebtedness that has been in effect since approved by the voters at a special election held March 5, 2024, which replaces the Issuer’s 1.0% sales and use tax approved by the voters of the City at a special election held September 12, 2017.

“**Dissemination Agent**” shall mean Bank OZK, Little Rock, Arkansas, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

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

“**Financial Audit**” shall have the meaning provided in Arkansas Code Annotated Section 10-4-402(a)(3), as the same may be amended from time to time.

(a) On the effective date of this Agreement, the auditor of the Issuer’s financial statements is the Legislative Joint Auditing Committee of the Division of Legislative Audit for the State of Arkansas (“**Legislative Audit**”). The authority and duties of the Legislative Audit are set forth in Arkansas Code Annotated §§ 10-4-401 *et. seq.* So long as Legislative Audit is acting as auditor for the Issuer, the “Financial Audit” shall mean an “Audit” as defined by Arkansas Code Annotated § 10-4-402(a)(1), as the same may be amended from time to time, or a “Financial Audit” as defined by Arkansas Code Annotated § 10-4-402(a)(3), as the same may be amended from time to time.

(b) If the Issuer’s auditor is changed to be a firm of independent certified public accountants or such other auditor as shall be required or permitted by the State of Arkansas, then “Financial Audit” means the annual financial statements of the Issuer prepared in accordance with GAAP for governmental units as prescribed by GASB or prepared in accordance with other commercially reasonable standards prescribed by state law or typically used for similarly situated issuers.

“**Listed Events**” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board.

“**Participating Underwriter**” shall mean any of the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as modified by Rule 15c2-12(d)(2), as the same may be amended from time to time.

**SECTION 3. Provision of Annual Reports.** (a) The Issuer shall, or shall cause the Dissemination Agent to, not later than six months after the end of the Issuer’s fiscal year (presently December 31), commencing with the 2023 fiscal year, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the Audit or Financial Audit of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but shall be submitted within 30 days of becoming available; provided further that publication of the Issuer’s Financial Audit as set forth in Section 4(2) below shall be deemed to satisfy the Issuer’s obligation to submit its Audit. If the fiscal year of the Issuer changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(b). On the effective date of this Agreement, the most recent fiscal year for which the Issuer’s Audit or Financial Audit were available were for the year ended December 31, 2022. On the effective date of this Agreement, the auditor of the Issuer’s financial statements is the Legislative Audit. The

authority and duties of the Legislative Audit are set forth in Arkansas Code Annotated §§ 10-4-401, *et seq.*

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

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required for such part in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form as prescribed by the MSRB.

(d) The Dissemination Agent shall file a report with the Issuer and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

(e) As and to the extent an Annual Report or Notice of Listed Event is required to be filed under this Disclosure Agreement, the Issuer shall submit such Annual Report or Notice of Listed Event to the MSRB through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org>, or any other similar system that is acceptable to the Securities and Exchange Commission. All documents provided to the MSRB pursuant to this Disclosure Agreement shall be in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

1. The statistical information identified in Part I of the Annual Disclosure Statement attached hereto as Exhibit A, including but not limited to collections and receipts of the Bond Tax for the prior calendar year; provided, however, if the referenced statistical information is not readily available or ascertainable, and the Issuer determines that it is not material with respect to the collateral securing the Bonds, then such statistical information may be excluded from the Annual Report upon compliance with the procedures for amendment set forth in Section 8 hereof; and

2. The annual Financial Audit of the Issuer prepared in accordance with Government Auditing Standards issued by the Comptroller General of the United States and applicable state law. The Issuer does hereby incorporate by reference any audited financial statements of the Issuer made public by the Legislative Audit on its website at [www.legaudit.state.ar.us](http://www.legaudit.state.ar.us), and such publication of the Issuer's Audit or Financial Audit by the Legislative Audit shall be deemed compliance herewith.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's internet website or filed with the Securities and Exchange

Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

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

or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement, and any provisions of this Disclosure Agreement 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, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason of the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. 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(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent, the Issuer or any Beneficial Owner may (and the Trustee, at the request of the Participating Underwriter or the Beneficial Owners of at least 25% aggregate principal amount of outstanding Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer, the Dissemination Agent or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Authorizing Ordinance, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Duties of Dissemination Agent and Right of Indemnity. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities that it may

incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, the Dissemination Agent, the Participating Underwriter and the Beneficial Owners and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.



Dated: \_\_\_\_\_, 2024.

ISSUER:

**CITY OF CENTERTON, ARKANSAS**

By: \_\_\_\_\_  
Mayor

DISSEMINATION AGENT:

**BANK OZK, Little Rock, Arkansas**

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A  
TO CONTINUING DISCLOSURE AGREEMENT  
FORM OF ANNUAL REPORT**

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**CITY OF CENTERTON, ARKANSAS**  
200 Municipal Drive  
Centerton, Arkansas 72719  
Phone: (479) 765-2750

**20\_\_**  
**Annual Disclosure Statement**

regarding

\$ \_\_\_\_\_\*  
**CITY OF CENTERTON, ARKANSAS**  
**SALES AND USE TAX IMPROVEMENT BONDS,**  
**SERIES 2024**

**DATED \_\_\_\_\_, 2024**

\_\_\_\_\_  
**For further information, contact:**

**Mayor**  
**City of Centerton, Arkansas**  
**Phone: (479) 795-2750**

Filing Date: \_\_\_\_\_, 20\_\_

**ANNUAL REPORT  
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**Part I. Tax Receipts**

Historical Tax Receipts. The City has collected a 1.0% sales and use tax dedicated to bonded indebtedness, which has been in effect since July 1, 2024 following approval by the voters at a special election held March 5, 2024 (the “**Bond Tax**”), and which Bond Tax replaces the Issuer’s prior 1.0% sales and use tax approved by the voters of the City at a special election held September 12, 2017. Historical receipts of the Bond Tax received by the City for the 12-month periods ended December 31, 20\_\_\_\_ forward are as follows:

Calendar Year	Bond Tax Receipts
20____	\$

**Part II. Debt Service Coverage.**

Based upon the Tax Receipts shown in Part I above, and assuming an average coupon rate of \_\_\_\_\_% for the Series 2024 Bonds, the estimated maximum annual debt service coverage with respect to the Series 2024 Bonds is as follows:

Tax Receipts <sup>(A)(1)</sup>		\$	
Maximum Annual Debt Service <sup>(B)(2)</sup>		\$	
Estimated Coverage <sup>(A/B)</sup>	Debt	Service	_____ X

<sup>(1)</sup> Tax receipts for the 12-month period ending December 31, 20\_\_\_\_.  
<sup>(2)</sup> Includes the Series 2024 Bonds.

**Part III. Audited Financial Statements of the Issuer for the Year Ended December 31, 20\_\_\_\_.**

[Add: description of availability of Financial Statements for year of report or disclosure that such Financial Statements are not yet available and an estimated date of when such Financial Statements may be available]

**Part IV. Issuer’s Certificate.**

The undersigned, duly authorized to act on behalf of the City, hereby certifies that this Annual Report conforms to the requirements of the Agreement and that the matters set forth herein are true and correct, to the best of her knowledge and belief, as of the date set forth on the cover hereof.

**CITY OF CENTERTON, ARKANSAS**

By: \_\_\_\_\_  
Mayor

Distribution:  
Municipal Securities Rulemaking Board  
Raymond James & Associates, Inc., Underwriter  
Bank OZK, Dissemination Agent

**EXHIBIT D**

**SPECIMEN BOND INSURANCE POLICY**



# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$        in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

ASSURED GUARANTY INC.

By \_\_\_\_\_  
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)