

**NEW ISSUE****BOOK-ENTRY ONLY**

*In the opinion of Bond Counsel, based on existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes, subject to the condition that the City comply with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Bonds, and the Bonds and interest thereon are exempt from all Arkansas state, county and municipal taxes. In the opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although it is included in book income in calculating the corporate alternative minimum taxable income, and the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code. See LEGAL MATTERS, Tax Exemption herein.*

**\$3,285,000**  
**CITY OF ARKADELPHIA, ARKANSAS**  
**CAPITAL IMPROVEMENT REFUNDING**  
**AND IMPROVEMENT REVENUE BONDS**  
**SERIES 2014**

Dated: March 1, 2014

Due: March 1, as described below

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

Interest on the Bonds is payable on March 1 and September 1 of each year, commencing September 1, 2014, and the Bonds mature (on March 1 of each year), bear interest and are priced as follows:

**MATURITY SCHEDULE**

\$140,000 1.000% Term Bonds Due March 1, 2016  
\$140,000 1.450% Term Bonds Due March 1, 2018  
\$140,000 2.250% Term Bonds Due March 1, 2020  
\$150,000 3.000% Term Bonds Due March 1, 2022  
\$160,000 3.350% Term Bonds Due March 1, 2024  
\$455,000 3.900% Term Bonds Due March 1, 2029  
\$550,000 4.400% Term Bonds Due March 1, 2034  
\$685,000 4.600% Term Bonds Due March 1, 2039  
\$865,000 4.750% Term Bonds Due March 1, 2044

Price: 100%

(Plus accrued interest from March 1, 2014)

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

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

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

**Stephens Inc.**  
Investment Bankers

Dated: February 25, 2014.

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

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

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## OFFICIAL STATEMENT

**\$3,285,000**  
**CITY OF ARKADELPHIA, ARKANSAS**  
**CAPITAL IMPROVEMENT REFUNDING**  
**AND IMPROVEMENT REVENUE BONDS**  
**SERIES 2014**

### INTRODUCTION TO THE OFFICIAL STATEMENT

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

This Official Statement is provided to furnish certain information in connection with the issuance by the City of Arkadelphia, Arkansas (the "City") of its Capital Improvement Refunding and Improvement Revenue Bonds, Series 2014, dated March 1, 2014, in the aggregate principal amount of \$3,285,000 (the "Bonds"). The Bonds are being issued to finance all or a portion of the cost of capital improvements for the City (the "Project"), advance refunding the City's Capital Improvement Refunding and Improvement Revenue Bonds, Series 2010 (the "Bonds Refunded"), funding a debt service reserve and paying expenses of issuing the Bonds. See **THE BONDS, Purpose for Bonds**.

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

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

The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State, and Ordinance No. O-14-01, adopted February 4, 2014.

The Bonds are secured by a Trust Indenture dated as of March 1, 2014 (the "Indenture"), between the City and Simmons First Trust Company, N.A., Pine Bluff, Arkansas, as trustee (the "Trustee"). The Bonds will be secured by Pledged Revenues. The Indenture permits the issuance of Additional Bonds (defined below under **THE BONDS, Security**) secured by a pledge of Pledged Revenues on a parity of security with the Bonds. The Indenture establishes the terms and conditions upon which the Bonds are issued. Specific covenants concerning the maintenance of Pledged Revenues are described under **THE BONDS, Security** herein.

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

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or integral multiple thereof. Interest is payable September 1, 2014, and semiannually thereafter on each March 1 and September 1. Payment of principal of the Bonds will be made to the owners of the Bonds at the principal office of the Trustee, and payment of interest on Bonds shall be by check of the Trustee to the registered owner as shown on the Bond registration book of the City maintained by the Trustee. The record date for payment of interest on the Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. See **THE BONDS**.

The Bonds are subject to extraordinary redemption from proceeds of the Bonds not needed for the purposes intended. The Bonds are subject to optional redemption on and after September 1, 2019. The Bonds are subject to mandatory sinking fund redemption as described herein. The Trustee shall give at least thirty (30) days notice of redemption. See **THE BONDS, Redemption**.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (iii) with respect to corporations, interest on the Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax, (iv) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended (the "Code") and (v) the Bonds and interest thereon are exempt from all State, county and municipal taxes. See **LEGAL MATTERS, Tax Exemption**.

It is expected that the Bonds will be available for delivery on or about March 18, 2014, through the facilities of the Depository Trust Company, in New York, New York.

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

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Indenture and the Continuing Disclosure Agreement summarized herein are available upon request from Stephens Inc., 111 Center Street, Suite 2300, Little Rock, Arkansas 72201, Attention: Public Finance.

## **THE BONDS**

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (referred to herein as "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of

the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered. The information concerning DTC and DTC's book-entry system set forth above has been obtained from DTC. Neither the Underwriter nor the City make any representation or warranty regarding the accuracy or completeness thereof.

**So long as the Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Bonds for all purposes under the Indenture, including receipt of all principal of and interest on the Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Indenture. The City and the Trustee have no responsibility or obligation to the Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and**

**interest on the Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to owners of Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Bonds.**

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

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

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

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

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

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

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

*Optional Redemption.* The Bonds are also subject to redemption on and after September 1, 2019, at the option of the City, from funds from any source, 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. If fewer than all of the Bonds shall be called for redemption, the particular maturities to be redeemed shall be selected by the City in its discretion. If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

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

Bonds Maturing March 1, 2016

<u>Year</u>	<u>Principal Amount</u>
2015	\$70,000
2016 (maturity)	70,000

Bonds Maturing March 1, 2018

<u>Year</u>	<u>Principal Amount</u>
2017	\$70,000
2018 (maturity)	70,000

Bonds Maturing March 1, 2020

<u>Year</u>	<u>Principal Amount</u>
2019	\$70,000
2020 (maturity)	70,000

Bonds Maturing March 1, 2022

<u>Year</u>	<u>Principal Amount</u>
2021	\$75,000
2022 (maturity)	75,000

Bonds Maturing March 1, 2024

<u>Year</u>	<u>Principal Amount</u>
2023	\$80,000
2024 (maturity)	80,000

Bonds Maturing March 1, 2029

<u>Year</u>	<u>Principal Amount</u>
2025	\$ 85,000
2026	85,000
2027	90,000
2028	95,000
2029 (maturity)	100,000

Bonds Maturing March 1, 2034

<u>Year</u>	<u>Principal Amount</u>
2030	\$100,000
2031	105,000
2032	110,000
2033	115,000
2034 (maturity)	120,000

Bonds Maturing March 1, 2039

<u>Year</u>	<u>Principal Amount</u>
2035	\$125,000
2036	130,000
2037	135,000
2038	145,000
2039 (maturity)	150,000

Bonds Maturing March 1, 2044

<u>Year</u>	<u>Principal Amount</u>
2040	\$155,000
2041	165,000
2042	175,000
2043	180,000
2044 (maturity)	190,000

So long as the Bonds are issued in book-entry only form (see **THE BONDS**, Book-Entry Only System herein), if fewer than all of a particular maturity of the Bonds are to be called for redemption, the particular Bonds to be redeemed will be selected pursuant to the procedures established by DTC. If the Bonds are no longer held pursuant to the book-entry only system, and if fewer than all of a particular maturity of the Bonds then outstanding shall be called for redemption, the Bonds or portions of Bonds to be redeemed within such maturity of the Bonds shall be selected by the Trustee by lot in such manner as the Trustee shall determine appropriate.

Notice of redemption shall be given as follows:

(i) The Trustee shall mail a copy of such notice by first-class mail, postage prepaid, or shall send a copy of such notice via other standard means, including electronic and facsimile communication, not less than thirty (30) days and not more than sixty (60) days before such redemption date, to the owner of any Bond, all or a portion of which is to be redeemed, at the last address appearing upon the registration books maintained by the Trustee. Failure to give such notice by mail or otherwise to any owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of other Bonds.

(ii) The Trustee shall also mail a copy of such notice by registered or certified mail or overnight delivery service or transmit via telecopier or other standard means, including electronic communication, for receipt not less than two business days prior to sending such notice to the owners, to the following: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Attention: Call Notification Department (telecopier number: 516-227-4190 or 516-227-4039) or such other notice address as is subsequently provided by DTC; provided, however, that such mailing or sending shall not be a condition precedent to such redemption and failure to so mail or send any such notice shall not affect the validity of any proceedings for the redemption of the Bonds.

After the date specified in such call, the Bonds so called will cease to bear interest, provided that funds for their payment have been deposited with the Trustee and, except for the purpose of payment, shall no longer be protected by the Indenture and shall not be deemed to be outstanding under the provisions of the Indenture.

With respect to notices of optional redemption, unless moneys sufficient to pay the principal of and interest on the Bonds to be redeemed have been received by the Trustee prior to the giving of such notice, such notice shall state that such redemption shall be conditional on the receipt of such moneys by the Trustee on or prior to the date fixed for such redemption. If such moneys shall not have been so received, such notice shall be of no force and effect, the City shall not redeem such Bonds, and the Trustee shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

While the Bonds are being held by DTC under the book-entry system, notice of redemption will be sent only to DTC. See **THE BONDS, Book-Entry Only System** herein.

Purpose for Bonds. The Bonds are being issued to advance refund the Bonds Refunded (the "Refunding"), to finance all or a portion of the costs of the Project, to fund a debt service reserve and to pay expenses of issuing the Bonds.

The Project includes capital improvements for the City including particularly, without limitation, the acquisition, construction and equipping of baseball fields, softball fields and related improvements. A portion of Bond proceeds and other available funds will be held by the trustee for the Bonds Refunded and invested in United States Treasury Obligations – State and Local Government Series, which will mature and bear interest at such times and in such amounts as will, together with uninvested cash, provide a cash flow sufficient to pay the principal of and interest on the Bonds Refunded to and including December 1, 2015, and to fully redeem the Bonds Refunded by December 1, 2015.

The sources and uses of funds to finance the Project and to accomplish the Refunding (exclusive of accrued interest) are estimated by the City as follows:

<b>SOURCES:</b>	
Principal Amount of Bonds	\$3,285,000
Existing Funds of the City for Bonds Refunded	<u>187,697</u>
<b>TOTAL SOURCES</b>	<b>\$3,472,697</b>
<b>USES:</b>	
Refunding Costs	\$1,731,158
Project Costs	1,550,000
Debt Service Reserve	100,491
Underwriter's Discount	49,275
Costs of Issuance	<u>41,773</u>
<b>TOTAL USES</b>	<b>\$3,472,697</b>

The payment of Underwriter's discount and the fee of Bond Counsel will be contingent on the Bonds being issued. See **MISCELLANEOUS, Underwriting** for a description of the Underwriter's discount. The City will deposit the net proceeds of the Bonds (principal amount less Underwriter's discount, Refunding deposit, debt service reserve deposit, and certain issuance costs) into the Series 2014 Project Account in the Project Fund established with the Trustee. See **SUMMARY OF THE INDENTURE**, herein. Moneys contained in Series 2014 Project Account in the Project Fund will be disbursed in payment of costs of the Project, paying necessary expenses incidental thereto and paying expenses of issuing the Bonds. Disbursements shall be on the basis of requisitions which shall contain at least the following information: the person to whom payment is being made; the amount of the payment; and the purpose by general classification of the payment. For a description of how the Bond proceeds are to be invested pending use and the provisions governing those investments, see **SUMMARY OF THE INDENTURE**, herein.

Security. The Bonds are not general obligations of the City but are special obligations, secured by a pledge of all "Pledged Revenues," which are defined to be all revenues derived by the City from all franchise fees collected from public utilities for the privilege of using the streets, highways and other public places in the City, pursuant to the authority contained in Title 14, Chapter 200, Sections 101 through 112 of the Arkansas Code of 1987 Annotated. A debt service reserve has been established in an amount equal to one-half of the maximum annual debt service requirement on the Bonds. The debt service reserve will be funded with Bond proceeds.

The Bonds will be secured by and entitled to the protection of the Indenture. (See **SUMMARY OF THE INDENTURE** herein.)

The City agrees to continuously charge franchise fees to all public utilities occupying the streets, highways and other public places under Arkansas Code Annotated §§14-200-101-112, or successor statutes, while the Bonds are outstanding.

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

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

The City has also reserved the right to pledge Pledged Revenues to additional bonds issued under the Indenture on a parity with the pledge in favor of these Bonds ("Additional Bonds") upon the meeting of certain conditions relating to the amount of Pledged Revenues available to pay the Bonds and the Additional Bonds. The City may issue other obligations secured by a pledge of Pledged Revenues that is subordinate to the pledge in favor of the Bonds. (See **SUMMARY OF THE INDENTURE, Additional Bonds**, herein.)

### **THE CITY AND THE COUNTY**

Location. The City is located on Interstate Highway No. 30 in Clark County (the "County") in southwest Arkansas, approximately 63 miles southwest of Little Rock, Arkansas.

The Population. The estimated population trends for the County and City are set forth below:

<u>Year</u>	<u>County</u>	<u>City</u>
1970	21,537	9,841
1980	23,326	10,005
1990	21,437	10,014
2000	23,546	10,912
2010	22,995	10,714

Transportation. The City is served by U.S. Highway No. 67 and Interstate Highway No. 30.

A municipal airport with a 5,000-foot, paved and lighted runway serves public aircrafts. Charter service is available. The nearest commercial airport is 63 miles away in Little Rock, Arkansas.

Approximately eight motor freight carriers make daily shipments from the City to major cities across the United States. Rail service is provided by the Union Pacific Railroad.

Government. The City has the City Manager form of government under which the City is governed by a Board of Directors consisting of seven elected directors. The current City Manager is Jimmy Bolt who has served in that capacity for approximately nine years.

Members of the Board of Directors of the City, their principal occupations and their terms are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Term Expires</u>
C. T. Hollingshead	Realtor/Retired Postmaster	12/31/2014
James Calhoun	Minister	12/31/2014
Jason Jones	Arkadelphia Promise Director	12/31/2014
Roland Gosey	Funeral Home Director	12/31/2014
Dick Rudolph	Businessman	12/31/2016
Scott Byrd	Dentist	12/31/2016
Julian Jaeger	Retired	12/31/2016

Medical Facilities. The City is served by Baptist Medical Center which has approximately 57 beds. Approximately 16 doctors have offices in the City.

Financial Institutions. The City is served by Southern Bancorp Bank and Summit Bank, which have their principal offices in the City. The following financial intuitions have branches in the City: Regions Bank and U.S. Bank, N.A.

Education. Primary and secondary education for the City’s inhabitants are provided by a public school system which is fully accredited by the North Central Association of Secondary Schools and Colleges. Henderson State University and Ouachita Baptist University are both located in the City.

Economy. The economy of the City is a mixture of industry, agriculture and commercial trade. Set forth below are the characteristics of the major employers within or near the City:

<u>Company</u>	<u>Product/Services</u>	<u>Number of Employees</u>
Henderson State University	Education	610
Georgia Pacific Corporation	Wood Products	500
Ouachita Baptist University	Education	325
Arkadelphia School District	Education	325
Human Development Center	Healthcare	232
Baptist Health Medical Center	Healthcare	203
Danfoss Scroll Technologies	Air Conditioning and Heating Equipment Manufacturing	200
Dawson Educational Cooperative	Education	173
Twin Rivers Health and Rehabilitation	Retirement Services/Healthcare	150
Group Living, Inc.	Developmental Disabilities	145
W. P. Malone, Inc.	Pharmaceutical	135
Anthony Timberlands, Inc.	Lumber Manufacturing	125
Courtyard Gardens Health & Rehabilitation	Retirement Services/Healthcare	100

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

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

<u>Year</u>	<u>Per Capita Personal Income</u>
2008	\$27,517
2009	27,917

<sup>(1)</sup> Source: Bureau of Economic Analysis, United States Department of Commerce.

2010	28,666
2011	29,793
2012	31,252

Total personal income estimates for the County are as follows<sup>(1)</sup>:

<u>Year</u>	<u>Total Personal Income</u>
2008	\$640,379,000
2009	644,891,000
2010	657,988,000
2011	684,821,000
2012	716,803,000

Set forth below are the annual average unemployment rates for the County and the State since 2008, according to the Arkansas Department of Workforce Services:

<u>Year</u>	<u>Annual Average Unemployment Rate (%)</u>	
	<u>County</u>	<u>State</u>
2008	5.8	5.4
2009	7.7	7.5
2010	7.6	7.9
2011	9.4	7.9
2012	9.3	7.3
2013*	7.4	6.9

\*As of November, 2013.

Building Permits. Building permits issued by the City for new construction for the last five years was as follows:

<u>Year</u>	<u>Total</u>
2009	7
2010	14
2011	12
2012	8
2013	10

### CONCERNING THE TRUSTEE

Simmons First Trust Company, N.A., Pine Bluff, Arkansas, (the "Trustee") will be the Trustee under the Indenture. The Trustee may resign at any time by notice in writing to be given to the City and the holders of the Bonds, not less than thirty (30) days before such resignation is to take effect. The Trustee may be removed at any time (i) by the City; provided, however, that the City may not remove the Trustee so long as an Event of Default (as defined under **SUMMARY OF THE INDENTURE**, herein) shall have occurred which has not been cured, or any event shall have occurred which with the passage of time would lead to an Event of Default or (ii) by an instrument or concurrent instruments in writing, signed by the Beneficial Owners of not less than a majority in principal amount of the Bonds and any Additional Bonds issued under the Indenture and then outstanding. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee, by the City or by any court of competent jurisdiction upon the application of the City or the Beneficial Owners of not less than twenty percent (20%) in principal amount of the Bonds and any Additional Bonds issued under the Indenture and then outstanding. Notwithstanding any other provision of the Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor is appointed and has accepted the appointment and the trusts of the Indenture.

<sup>(1)</sup> Source: Bureau of Economic Analysis, United States Department of Commerce.

Each successor Trustee must be a trust company or bank in good standing located in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or state authorities, having combined capital stock, capital surplus and undivided profits of at least \$20,000,000. The foregoing requirement may be met by a parent corporation of the successor Trustee, provided that such parent corporation has guaranteed the obligations of the successor Trustee and further provided that such parent corporation has combined capital stock, capital surplus and undivided profits of at least \$20,000,000.

The Trustee is also the Bond Registrar, Dissemination Agent and Paying Agent for the Bonds.

The Trustee is deemed to have notice only of Events of Default described in the first paragraph under **SUMMARY OF THE INDENTURE**, Events of Default, and of other Events of Default of which it has received written notice from the Beneficial Owners of not less than 10% in outstanding principal amount of the Bonds and any Additional Bonds issued under the Indenture. During the continuance of an Event of Default of which the Trustee is deemed to have notice, the Trustee is required to use the degree of care and skill in the exercise of its duties as would be exercised by a prudent man in the conduct of his own affairs.

The Trustee shall not be required to take any action in discharging its trust until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees, and other reasonable disbursements, and against all liability.

The Trustee is entitled to reasonable compensation from the City. The Trustee's compensation will be paid from Pledged Revenues. If an Event of Default has occurred and is continuing, the Trustee's right to compensation from Pledged Revenues shall be entitled to a preference therefor over the claim of owners for payment of principal of and interest on Bonds from such Pledged Revenues.

## **SUMMARY OF THE INDENTURE**

The following is a summary of certain provisions of the Indenture.

Significant Definitions. The following terms, when used in the Indenture, have the meanings set forth below:

"Beneficial Owner" shall mean (i) so long as the Bonds are held pursuant to a Book-Entry System, the owners of the beneficial interest in a Bond or Bonds as shown on the records of a Participant, and (ii) if the Bonds are no longer held pursuant to a Book-Entry System, an Owner.

"Bonds" refers to and includes the Series 2014 Bonds together with Additional Bonds issued under the Indenture.

"Holder," "Owner," "holder," "bondholder" and "registered owner" shall mean the registered owner of any Bond.

"Outstanding" or "outstanding" shall mean all Bonds which have been issued hereunder other than (a) Bonds which have been defeased under Article X of the Trust Indenture, or (b) Bonds in replacement of which Bonds have been issued under Section 206 of the Trust Indenture.

"Series 2014 Bonds" shall mean the City's Capital Improvement Refunding and Improvement Revenue Bonds, Series 2014.

Application of Bond Proceeds. Proceeds of the Series 2014 Bonds will be applied as follows:

*Refunding.* Series 2014 Bond proceeds, along with other funds of the City, shall be paid to Simmons First Trust Company, N.A., Pine Bluff, Arkansas, trustee for the Bonds Refunded in the amount required to accomplish the refunding of the Bonds Refunded.

*Costs of Issuance.* The sum necessary to pay the costs of issuing the Series 2014 Bonds shall be disbursed to the appropriate parties.

*Debt Service Reserve.* An amount equal to one-half of the maximum annual debt service requirement on the Bonds (the "Reserve Requirement") shall be deposited to the credit of the Debt Service Reserve in the Bond Fund (defined below) established under the Indenture.

*Accrued Interest.* Moneys representing accrued interest shall be deposited in the Bond Fund.

*Project.* The balance of the proceeds shall be deposited to the credit of the Series 2014 Project Account of the Project Fund and shall be expended only for the accomplishment of the Project and the payment of costs of issuance of the Series 2014 Bonds.

#### Use of Pledged Revenues and Flow of Funds.

*Pledged Revenues; Franchise Fee Fund.* The City Treasurer shall be the custodian of all Pledged Revenues. All of the Pledged Revenues (defined under **SECURITY FOR THE BONDS**), as and when received, shall be held and accounted for separately from all other revenues of the City. Upon receipt by the City, the Pledged Revenues shall not be deposited into the general fund but shall be deposited into the Franchise Fee Fund in such depository or depositories for the City as may be lawfully designated by the City from time to time.

The City has heretofore created and established the Franchise Fee Fund that is maintained by the City. Subject to making the required deposits described below, as set forth below, the City is authorized to use Pledged Revenues in the Franchise Fee Fund for any lawful purpose; provided, however, that if the City receives Pledged Revenues only on a quarterly or annual basis, there shall always remain in the Franchise Fee Fund an amount sufficient to make the required payments into the Bond Fund until the next Pledged Revenues are to be received.

*Bond Fund.* The City has established with the Trustee a special fund in the name of the City designated "Capital Improvement Revenue Bond Fund" (the "Bond Fund") into which shall be deposited, from the Franchise Fee Fund, on or before the last business day of each month, commencing in April 2014, a sum equal to one-sixth (1/6) of the next installment of interest plus one-twelfth (1/12) of the next installment of principal on all Bonds then outstanding due at maturity or upon mandatory sinking fund redemption, with trustee's fees and expenses, as the same next become due. Monthly deposits shall be increased as necessary so that there are sufficient funds to make the payments due on the Bonds through March 1, 2015.

The Indenture establishes as part of the Bond Fund a Debt Service Reserve therein, which shall be maintained in an amount equal to the Reserve Requirement. Moneys in the Debt Service Reserve shall be used for the payment of principal and interest on the Bonds to the extent moneys in the Bond Fund on any payment date are insufficient for such purpose. Moneys in the Debt Service Reserve, including the investment earnings thereon, may be used to make deposits in the Bond Fund for the payment or redemption of the Bonds, so long as the Reserve Requirement is maintained.

Should the Debt Service Reserve become impaired or be reduced below the Reserve Requirement, the City shall make additional monthly payments from the Franchise Fee Fund until the impairment or reduction is corrected over a twelve month period.

*Project Fund.* The City has established with the Trustee a Project Fund which shall be used for the purpose of financing the Project.

*Investments.* Moneys held for the credit of the Franchise Fee Fund, Bond Fund and the Project Fund shall, pursuant to the direction of the City, be invested and reinvested in Permitted Investments (defined below).

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

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

Moneys held for the credit of the Project Fund and the Franchise Fee Fund shall be continuously invested and reinvested by the City in Permitted Investments, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when the moneys held for the credit of the particular fund will be required for purposes intended. Moneys held for the credit of the Bond Fund and Project Fund shall be invested and reinvested in the Trustee's discretion in the absence of any direct instructions from the City.

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

Additional Bonds. So long as any of the Bonds are outstanding, the City shall not issue or attempt to issue any bonds or obligations claimed to be entitled to a priority of lien on the Pledged Revenues over the lien securing the Bonds. The City reserves the right to issue Additional Bonds under the Indenture to finance or pay the cost of any capital improvements or to refund obligations issued for such purpose, ranking on a parity with the Bonds then outstanding provided there has been procured and filed with the City Clerk and the Trustee a statement by an Accountant reciting the opinion, based upon necessary investigation, that the Pledged Revenues for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such Additional Bonds were equal to not less than 130% of the average annual principal and interest requirements on all the Bonds then outstanding and the Additional Bonds then proposed to be issued. In making the computation, the Accountant may treat any increase in franchise fees enacted subsequent to the first day of such preceding year as having been in effect throughout that year and may include in Pledged Revenues for such year the amount that would have been received had the increase been in effect throughout such year. Additional Bonds shall rank on a parity of security with the Bonds. The City may issue bonds or incur other obligations secured by a pledge of the Pledged Revenues that is expressly subordinate to the payment of the Bonds.

Events of Default and Remedies. The Indenture defines "Event of Default" as any default in the payment of the principal of or interest on any of the Bonds, or if the City defaults in any Bond Fund requirement or in the performance of any of the other covenants contained in the Indenture, whereupon the Trustee may, and upon the written request of the registered owners of not less than 10% in principal amount of the Bonds then outstanding, shall, by proper suit, compel the performance of the duties of the officials of the City 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 Bonds then outstanding shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any power or right unless such owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the registered owners of not less than 10% in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the

right to exercise such power or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted to the Trustee, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to the execution of any remedy. No one or more registered owners of the Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this 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 Bonds then outstanding.

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

In any proceeding to enforce the provisions of the Indenture any plaintiff bondholder shall be entitled to recover from the City all costs of such proceeding, including reasonable attorneys' fees.

No remedy conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder.

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

The Trustee may, and upon the written request of the Beneficial Owners of not less than 50% in principal amount of the Bonds then outstanding shall, waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Indenture or before the completion of the enforcement of any other remedy under the Indenture, 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.

## **CONTINUING DISCLOSURE AGREEMENT**

Set forth below is a summary of certain portions of the Continuing Disclosure Agreement. This summary does not purport to be comprehensive and reference is made to the full text of the Continuing Disclosure Agreement for a complete description of the provisions. The City has been in compliance with its continuing disclosure obligations with respect to its bonds for the last five (5) years.

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

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

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

Provision of Annual Report. (a) The City shall, or cause the Dissemination Agent to, not later than 180 days after the end of each fiscal year (presently December 31) commencing with the report after the end of the 2014 fiscal year, provide to the MSRB an Annual Report with respect to the Bonds which is consistent with the requirements of the Continuing Disclosure Agreement. Each Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the Continuing Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such audited financial statements shall be submitted within thirty (30) days of receipt thereof by the City. If the fiscal year of the City changes, it shall give notice of such change in the manner as for a Listed Event.

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

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

(d) The Dissemination Agent shall file a report with the City 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 Material Event is required to be filed under the Continuing Disclosure Agreement, the City shall submit such Annual Report or Notice of Material 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 the Continuing 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.

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

1. Pledged Revenues for the latest calendar year and the four (4) previous years, if available;  
and
2. The annual audit of the City prepared in accordance with Government Auditing Standards issued by the Comptroller General of the United States and applicable state law.

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

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

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.
7. 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.

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

(c) After the occurrence of a Listed Event (excluding an event described in (a)8 above), whether by notice from the Trustee or otherwise, the City shall file (or shall cause the Dissemination Agent to file), in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event, a notice of such occurrence with the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.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 filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. In the event of a Listed Event described in (a)8 above, the Trustee shall make the filing and notice thereof need not be given any earlier than the notice for the underlying event is given to registered owners of affected Bonds pursuant to the terms of the Indenture.

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

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

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

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

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

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

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

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

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

Continuing Disclosure Agreement in the event of any failure of the City or the Trustee to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

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

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

### **FINANCIAL INFORMATION**

The Pledged Revenues pledged to the payment of the Bonds consist of franchise fees imposed by the City for products and services furnished or rendered by various public utilities within the City's corporate limits for the permission to occupy the streets, highways or other public places within the City. The maximum amount of the franchise fee that may be charged is the greater of 4.25% or the amount in effect on January 1, 1997, unless agreed to by the affected utility or approved by the voters of the City. The City charges a franchise fee based upon the gross revenues received by the public utility during the preceding calendar year from residential and commercial customers in the City as follows:

<u>Public Utility</u>	<u>Charge Levy</u>	<u>Payable</u>
South Central Arkansas	5.00%	Monthly
Suddenlink	5.00	Quarterly
AT&T	5.00	Quarterly
Arkla	5.00	Quarterly
Entergy	5.00	Monthly

Set forth below is a table showing the Pledged Revenues received for the past five years from each public utility:<sup>(1)</sup>

<u>Year</u>	<u>South Central Arkansas</u>	<u>Suddenlink</u>	<u>AT&amp;T</u>	<u>Arkla</u>	<u>Entergy</u>	<u>Year Total</u>
2009	\$20,987.64	\$90,658.02	\$46,293.44	\$197,045.53	\$506,695.31	\$861,679.94
2010	35,097.82	93,201.47	43,435.40	161,075.87	485,188.79	817,999.35
2011	36,632.50	93,136.95	39,569.52	136,399.41	478,399.36	784,137.74
2012	37,470.59	91,710.22	25,633.38	114,288.39	497,831.27	766,933.85
2013	38,490.04	69,854.47 <sup>(2)</sup>	38,850.87	118,598.57	482,900.61	748,694.56

<sup>(1)</sup>Presented on a cash basis.

<sup>(2)</sup>Suddenlink was delinquent in paying fees due in the third quarter of 2013. The delinquent fees total \$22,617.26. Suddenlink made such payment in the first quarter of 2014. Suddenlink pays franchise fees quarterly to the City and has no other history of delinquent payments.

## DEBT SERVICE COVERAGE

The following table shows the net revenues available for debt service based upon Pledged Revenues collected in 2013, the amount of maximum annual debt service for the Bonds, and the extent to which debt service on the Bonds is covered by such funds:

Pledged Revenues Available for Debt Service(A)	\$748,695
Maximum Annual Debt Service Requirements(B) <sup>(1)</sup>	200,983
Debt Service Coverage (A/B)	3.73x

<sup>(1)</sup>Using a year ending March 1.

## DEBT SERVICE REQUIREMENTS

Set forth below are the debt service requirements for the Bonds for each year:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 70,000	\$ 130,982.50	\$ 200,982.50
2016	70,000	130,282.50	200,282.50
2017	70,000	129,582.50	199,582.50
2018	70,000	128,567.50	198,567.50
2019	70,000	127,552.50	197,552.50
2020	70,000	125,977.50	195,977.50
2021	75,000	124,402.50	199,402.50
2022	75,000	122,152.50	197,152.50
2023	80,000	119,902.50	199,902.50
2024	80,000	117,222.50	197,222.50
2025	85,000	114,542.50	199,542.50
2026	85,000	111,227.50	196,227.50
2027	90,000	107,912.50	197,912.50
2028	95,000	104,402.50	199,402.50
2029	100,000	100,697.50	200,697.50
2030	100,000	96,797.50	196,797.50
2031	105,000	92,397.50	197,397.50
2032	110,000	87,777.50	197,777.50
2033	115,000	82,937.50	197,937.50
2034	120,000	77,877.50	197,877.50
2035	125,000	72,597.50	197,597.50
2036	130,000	66,847.50	196,847.50
2037	135,000	60,867.50	195,867.50
2038	145,000	54,657.50	199,657.50
2039	150,000	47,987.50	197,987.50
2040	155,000	41,087.50	196,087.50
2041	165,000	33,725.00	198,725.00
2042	175,000	25,887.50	200,887.50
2043	180,000	17,575.00	197,575.00
2044	190,000	9,025.00	199,025.00
<b>TOTALS</b>	<b>\$3,285,000</b>	<b>\$2,663,452.50</b>	<b>\$5,948,452.50</b>

## LEGAL MATTERS

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

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

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

In the opinion of Bond Counsel, interest on the Bonds under existing law is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. These requirements generally relate to arbitrage, the use of the proceeds of the Bonds, the Project and the facilities financed and refinanced by the Bonds Refunded. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements in the Indenture.

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

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

An exception allows a deduction of certain interest expense allocable to "qualified tax-exempt obligations." The City has designated the Bonds as "qualified tax-exempt obligations" and has covenanted not to use the Project, the facilities financed and refinanced by the Bonds Refunded, and the proceeds of the Bonds in a manner which would cause the Bonds to be "private activity bonds," within the meaning of the Code, and has represented that the City and its subordinate entities do not expect to issue more than \$10,000,000 of such tax-exempt obligations (other than private-activity bonds (excluding from that term "qualified 501(c)(3) bonds" under Section 145 of the Code)) during calendar year 2014.

Prospective purchasers of the Bonds should also be aware that Section 17 of Act 785 of the Acts of Arkansas of 1993 added new subsections (b) and (c) to Section 26-51-431 of the Arkansas Code of 1987 Annotated. Subsection (b) states that Section 265(a) of the Internal Revenue Code is adopted for the purpose of computing Arkansas corporation income tax liability. Subsection (c) provides that in computing Arkansas corporation income tax liability, no deduction shall be allowed for interest "on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly

exempt from the taxes imposed by Arkansas law." On December 8, 1993, the Arkansas Department of Finance and Administration Revenue Division issued Revenue Policy Statement 1993-2, which provides in part:

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

Current or future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. Recent legislative proposals include provisions that would limit the amount of exclusions (including tax-exempt interest) and deductions available to certain high income taxpayers. 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. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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

#### **MISCELLANEOUS**

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

Underwriting. Under a Bond Purchase Agreement (the "Agreement") entered into by and between the City, as issuer, and Stephens Inc., as underwriter (the "Underwriter"), the Bonds are being purchased at a price of \$3,235,725 (principal amount less Underwriter's discount of \$49,275 or 1.5% of par) plus accrued interest. The Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the Bonds or any proceedings in connection with the issuance thereof, and the absence of material adverse changes in the financial or business condition of the City.

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

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

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

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

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

CITY OF ARKADELPHIA, ARKANSAS

By /s/ C. T. Hollingshead  
Mayor

Dated: As of the Cover Page hereof