

OFFICIAL STATEMENT DATED FEBRUARY 22, 2018

NEW ISSUE  
BOOK-ENTRY ONLY

NO RATING

*In the opinion of Williams & Anderson PLC, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2018 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. Under existing laws, regulations, rulings and judicial decisions, Bond Counsel is of the opinion that the Series 2018 Bonds and the interest thereon are exempt from all state, county and municipal taxes in the State of Arkansas. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code. Bond Counsel expresses no other opinions with regard to federal tax consequences arising from ownership of the Bonds. For a more complete description, see the caption "TAX MATTERS" herein.*

**\$2,655,000**  
**CITY OF CABOT, ARKANSAS**  
**FRANCHISE FEE REVENUE BONDS**  
**SERIES 2018**

**Dated: Date of Delivery**

**Due: February 1, as shown on inside front cover**

The Franchise Fee Revenue Bonds, Series 2018 (the "Series 2018 Bonds") are being issued by the City of Cabot, Arkansas (the "City") for the purpose of (i) financing the costs of constructing and equipping a new central fire station for the City, (ii) funding a deposit to the debt service reserve fund, and (iii) paying certain expenses in connection with the issuance of the Series 2018 Bonds. See the captions "SOURCES AND USES OF FUNDS" and "THE PROJECT" herein.

The Series 2018 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal, premium, if any, and interest payments on the Series 2018 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2018 Bonds. Individual purchases of the Series 2018 Bonds will be made only in book-entry form, in denominations of \$5,000 or integral multiples thereof. Individual purchasers ("Beneficial Owners") of Series 2018 Bonds will not receive physical delivery of bond certificates. See the caption "BOOK-ENTRY ONLY SYSTEM" herein.

The Series 2018 Bonds shall bear interest from their dated date, payable on February 1 and August 1 of each year, commencing August 1, 2018. All such interest payments shall be payable to the persons in whose name such Series 2018 Bonds are registered on the bond registration books maintained by First Security Bank, Searcy, Arkansas as trustee (the "Trustee"), as of the fifteenth day of the calendar month preceding the calendar month in which the applicable interest payment date falls. Principal of and premium, if any, on the Series 2018 Bonds shall be payable at the principal corporate trust office of the Trustee. So long as DTC or its nominee is the registered owner of the Series 2018 Bonds, disbursement of such payments to DTC Participants is the responsibility of DTC, and the disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants or Indirect Participants, as more fully described herein.

Pursuant to a Trust Indenture dated as of April 3, 2018 (the "Indenture"), between the City and the Trustee, the payment of the principal of, premium, if any, and interest on the Series 2018 Bonds is secured by a pledge of the receipts from all municipal franchise fees imposed by the City (the "Franchise Fees"). See the caption "SECURITY FOR THE SERIES 2018 BONDS" herein. The Series 2018 Bonds are subject to optional and mandatory redemption prior to maturity as more fully described herein under the caption "THE SERIES 2018 BONDS - Redemption."

The Series 2018 Bonds are special obligations of the City secured by and payable solely from receipts of the Franchise Fees. The Series 2018 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Series 2018 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2018 Bonds, except as described herein with respect to the Franchise Fees.

The Series 2018 Bonds are offered when, as and if issued by the City and are subject to the final approving opinion of Williams & Anderson PLC, Little Rock, Arkansas, Bond Counsel. It is expected that the Series 2018 Bonds will be available for delivery in New York, New York, on or about April 3, 2018.

**Stephens Inc.**  
Investment Bankers

**MATURITY SCHEDULE  
(Term Bonds)**

<b>(February 1) <u>Maturity</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>
2021	\$220,000	2.000%	2.000%	100.000%
2024	235,000	2.625%	2.625%	100.000%
2027	260,000	3.000%	3.000%	100.000%
2030	285,000	3.375%	3.375%	100.000%
2033	315,000	3.625%	3.625%	100.000%
2036	350,000	3.750%	3.750%	100.000%
2039	390,000	3.750%	3.800%	99.280%
2043	600,000	3.875%	3.875%	100.000%

**CITY OF CABOT, ARKANSAS  
Issuer**

**City Council**

William A. Cypert, Mayor  
Eddie Long  
Rick Prentice  
Kevin Davis  
Ann Gilliam  
Ron Waymack  
Doug Warner  
Norma Naquin  
Damon Bivens

Tammy Yocom, Clerk-Treasurer  
Jim Taylor, City Attorney

First Security Bank  
Searcy, Arkansas  
Trustee and Paying Agent

**WILLIAMS & ANDERSON PLC**  
Little Rock, Arkansas  
Bond Counsel

**STEPHENS INC.**  
Little Rock, Arkansas  
Underwriter

No dealer, broker, salesman or other person has been authorized by the City or by Stephens Inc. (the "Underwriter") to give any information or to make any representations, other than those contained herein; and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of any Series 2018 Bonds in any jurisdiction in which such offer is not authorized, or in which the person making such offer, solicitation or sale is not qualified to do so, or to any person to whom it is unlawful to make such offer, solicitation or sale. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

THE SERIES 2018 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE TRUST INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON CERTAIN EXEMPTIONS FROM SUCH REGISTRATION AND QUALIFICATION CONTAINED IN SUCH LAWS.

CERTAIN INFORMATION CONTAINED HEREIN HAS BEEN OBTAINED FROM THE CITY, THE DEPOSITORY TRUST COMPANY AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTY THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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## OFFICIAL STATEMENT

**\$2,655,000**  
**CITY OF CABOT, ARKANSAS**  
**FRANCHISE FEE REVENUE BONDS**  
**SERIES 2018**

### INTRODUCTORY STATEMENT

The following introductory statement is subject in all respects to the more complete information set forth in this Official Statement. All descriptions and summaries of documents hereinafter set forth are qualified in their entirety by reference to each such document. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms under the caption "DEFINITIONS OF CERTAIN TERMS" herein.

This Official Statement, including the cover page and the Appendix hereto, is furnished in connection with the offering by the City of Cabot, Arkansas (the "City") of its Franchise Fee Revenue Bonds, Series 2018, in the principal amount of \$2,655,000 (the "Series 2018 Bonds").

The City is a city of the first class organized and existing under the laws of the State of Arkansas (the "State"). The City is authorized under Amendment 65 to the Constitution of the State ("Amendment 65") and Arkansas Code Annotated §§14-164-401 *et seq.* (as from time to time amended, the "Act"), to issue and sell bonds for the purpose of financing "capital improvements," as defined in the Act.

The Series 2018 Bonds are to be issued by the City pursuant to Amendment 65, the Act and Ordinance No. 8 of 2018, adopted and approved on February 22, 2018 (the "Authorizing Ordinance"), for the purpose of (i) financing the costs of constructing and equipping a new central fire station for the City (the "Project"), (ii) funding a deposit to the debt service reserve fund, and (iii) paying certain expenses in connection with the issuance of the Series 2018 Bonds. See the captions "SOURCES AND USES OF FUNDS" and "THE PROJECT" herein.

The Series 2018 Bonds are not general obligations of the City, but are special obligations payable solely from and secured by a pledge of the receipts from all municipal franchise fees imposed by the City (the "Franchise Fees"). See the captions "SECURITY FOR THE SERIES 2018 BONDS" and "RATING" herein.

**The faith and credit of the City are not pledged to the payment of the Series 2018 Bonds, and the Series 2018 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Series 2018 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2018 Bonds, except as described herein with respect to the Franchise Fees.**

Additional bonds may be issued by the City on a parity of security with the Series 2018 Bonds under certain circumstances set forth in the Indenture (hereinafter defined). See the caption "THE SERIES 2018 BONDS - Additional Bonds" herein. The Series 2018 Bonds and any Additional Bonds are herein collectively referred to as the "Bonds."

Pursuant to the provisions of a Continuing Disclosure Agreement dated as of the date of delivery of the Series 2018 Bonds, by and between the City and the Trustee (the "Continuing Disclosure Agreement"), the City has undertaken certain obligations with respect to providing ongoing disclosure of certain financial and operating data concerning the City and the Franchise Fees and of the occurrence of certain material events. See the caption "SUMMARY OF THE CONTINUING DISCLOSURE AGREEMENT" herein.

This Official Statement contains brief descriptions or summaries of, among other matters, the City, the Series 2018 Bonds, the Franchise Fees, the Continuing Disclosure Agreement, and the Trust Indenture dated as of April 3, 2018 (the "Indenture"), by and between the City and First Security Bank, Searcy, Arkansas, as trustee (the "Trustee"), pursuant to which the Series 2018 Bonds are issued and secured. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture and the Continuing Disclosure Agreement are qualified in their entirety by reference to each such document, and all references to the Series 2018 Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto included in the Indenture. Copies of the Continuing Disclosure Agreement, the Indenture, and the form of Series 2018 Bond included therein, are available from the City by writing to the attention of Tammy Yocom, City of Cabot, City Hall, 101 No. 2nd Street, Cabot, Arkansas 72023 and, during the initial offering period only, from the representative for the Underwriter, Stephens Inc., 111 Center Street, Little Rock, Arkansas 72201. Certain financial and operating data has been provided by the City from the audited records of the City and certain demographic information has been obtained from other sources which are believed to be reliable.

### **THE SERIES 2018 BONDS**

*Description.* The Series 2018 Bonds will be initially dated as of April 3, 2018, and will bear interest payable semiannually on February 1 and August 1 of each year, commencing August 1, 2018, at the rates set forth on the inside cover page hereof. The Series 2018 Bonds will mature on February 1 in the years and in the principal amounts set forth on the inside cover page hereof.

The Series 2018 Bonds are issuable only in the form of fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal, premium, if any, and interest payments on the Series 2018 Bonds will be made so long as Cede & Co. is the registered owner of the Series 2018 Bonds. Individual purchases of the Series 2018 Bonds will be made only in book-entry form, in denominations of \$5,000 or integral multiples thereof. Individual purchasers ("Beneficial Owners") of Series 2018 Bonds will not receive physical delivery of bond certificates. See the caption "BOOK-ENTRY ONLY SYSTEM" herein.

All interest payments on the Series 2018 Bonds shall be payable to the persons in whose name such Series 2018 Bonds are registered on the bond registration books maintained by the Trustee, as of the fifteenth day of the calendar month preceding the calendar month in which the applicable interest payment date falls. Principal of and premium, if any, on the Series 2018 Bonds shall be payable at the principal corporate trust office of the Trustee. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2018 Bond to the extent of the sum or sums so paid. So long as DTC or its nominee is the registered owner of the Series 2018 Bonds, disbursement of such payments to DTC Participants is the responsibility of DTC, and the disbursement of such payments to Beneficial Owners is the responsibility of DTC Participants or Indirect Participants, as more fully described herein.

*Redemption.* The Series 2018 Bonds are subject to redemption prior to maturity as follows:

(i) The Series 2018 Bonds are subject to redemption prior to maturity, at the option of the City, on and after February 1, 2023, in whole or in part at any time in inverse order of maturity, from funds from any source, at a redemption price equal to 100% of the principal amount of the Series 2018 Bonds being redeemed, plus accrued interest to the date of redemption;

(ii) The Series 2018 Bonds shall be redeemed prior to maturity, in whole or in part at any time in inverse order of maturity, at a redemption price equal to 100% of the principal amount of the Series 2018 Bonds being redeemed, plus accrued interest to the date of redemption, from unexpended proceeds of the Series 2018 Bonds;

(iii) The Series 2018 Bonds maturing on February 1, 2021, are subject to mandatory sinking fund redemption prior to maturity in part, on February 1 in the years and amounts set forth below at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium;

<u>Year</u>	<u>Principal Amount</u>
2019	\$70,000
2020	75,000
2021*	75,000

(iv) The Series 2018 Bonds maturing on February 1, 2024, are subject to mandatory sinking fund redemption prior to maturity in part, on February 1 in the years and amounts set forth below at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium;

<u>Year</u>	<u>Principal Amount*</u>
2022	\$75,000
2023	80,000
2024*	80,000

(v) The Series 2018 Bonds maturing on February 1, 2027, are subject to mandatory sinking fund redemption prior to maturity in part, on February 1 in the years and amounts set forth below at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium;

<u>Year</u>	<u>Principal Amount</u>
2025	\$85,000
2026	85,000
2027*	90,000

(vi) The Series 2018 Bonds maturing on February 1, 2030, are subject to mandatory sinking fund redemption prior to maturity in part, on February 1 in the years and amounts set forth below at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium;

<u>Year</u>	<u>Principal Amount</u>
2028	\$90,000
2029	95,000
2030*	100,000

(vii) The Series 2018 Bonds maturing on February 1, 2033, are subject to mandatory sinking fund redemption prior to maturity in part, on February 1 in the years and amounts set forth below at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium;

<u>Year</u>	<u>Principal Amount</u>
2031	\$100,000
2032	105,000
2033*	110,000

\*Final Maturity

(viii) The Series 2018 Bonds maturing on February 1, 2036, are subject to mandatory sinking fund redemption prior to maturity in part, on February 1 in the years and amounts set forth below at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium;

<u>Year</u>	<u>Principal Amount</u>
2034	\$115,000
2035	115,000
2036*	120,000

(ix) The Series 2018 Bonds maturing on February 1, 2039, are subject to mandatory sinking fund redemption prior to maturity in part, on February 1 in the years and amounts set forth below at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium;

<u>Year</u>	<u>Principal Amount</u>
2037	\$125,000
2038	130,000
2039*	135,000

(x) The Series 2018 Bonds maturing on February 1, 2043, are subject to mandatory sinking fund redemption prior to maturity in part, on February 1 in the years and amounts set forth below at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium;

<u>Year</u>	<u>Principal Amount</u>
2040	\$140,000
2041	145,000
2042	155,000
2043*	160,000

\*Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory sinking fund redemption date for any Series 2018 Bonds, the City may deliver to the Trustee for cancellation Series 2018 Bonds of the appropriate maturity, or portions thereof (\$5,000 or any integral multiple thereof), in any aggregate principal amount desired. Each such Series 2018 Bond, or portion thereof, so delivered or previously redeemed (otherwise than through mandatory sinking fund redemption) and canceled by the Trustee shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the City on such mandatory sinking fund redemption date, and any excess over such amount shall be credited on future mandatory sinking fund redemption obligations of that maturity in chronological order, and the principal amount of such Series 2018 Bonds so to be redeemed shall be accordingly reduced.

*Partial Redemption of a Series 2018 Bond.* If less than all of the Series 2018 Bonds of a maturity are called for redemption, the particular Series 2018 Bonds or portions of Series 2018 Bonds to be redeemed shall be selected by lot in such manner as the Trustee in its discretion may deem fair and appropriate. So long as DTC or its nominee is the sole registered owner of the Series 2018 Bonds, the procedures established by DTC shall control with respect to the selection of the particular Series 2018 Bonds to be redeemed.

*Notice of Redemption.* Notice of the call for any redemption, identifying the Series 2018 Bonds or portions thereof being called and the date on which they shall be presented for payment, shall be mailed by the Trustee by first class mail (or, so long as DTC or its nominee is the sole registered owner of the Series 2018 Bonds, by any other means acceptable to DTC, including facsimile) to the registered owner of each such Series 2018 Bond addressed to such registered owner at his registered address and placed in the mails not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption;

provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2018 Bond with respect to which no such failure or defect has occurred. Any notice mailed as provided above shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

*Additional Bonds.* The City may issue from time to time one or more series of Additional Bonds for the purpose of (i) financing Project Costs in connection with the acquisition, construction and equipping of "capital improvements" (as defined in the Act), (ii) refunding the Series 2018 Bonds or any series of Additional Bonds, in whole or in part, or (iii) any combination thereof. Additional Bonds shall be secured equally and ratably with the Series 2018 Bonds and any other series of Additional Bonds theretofore issued and then Outstanding, except insofar as any terms or conditions of redemption or purchase established under the Indenture may afford additional benefit or security for the Bonds of any particular series. Before any Additional Bonds are authenticated, there shall be delivered to the Trustee the items required for the issuance of Bonds by the Indenture, plus a statement by a Qualified Accountant reciting the opinion, based upon necessary investigation, that the Franchise Fee receipts for the Fiscal Year immediately preceding the Fiscal Year in which such Additional Bonds are to be issued were not less than (i) 125% of the maximum Annual Debt Service on all then outstanding Bonds plus the Additional Bonds then proposed to be issued, and (ii) the amount, if any, needed to make required deposits to the Debt Service Reserve Fund.

If any changes have been made, and are in effect on the date of issuance of the Additional Bonds, in any rates and charges imposed by the City for Franchise Fees which were not in effect during the entire preceding Fiscal Year, the Qualified Accountant may, if such changes resulted in increases in such rates and charges, and shall, if such changes resulted in reductions in such rates and charges, adjust the Franchise Fee Receipts for the preceding Fiscal Year to reflect any changes in such Franchise Fee receipts which would have occurred if the changed rates and charges had been in effect during the entire preceding Fiscal Year.

Notwithstanding any of the foregoing, no Additional Bonds shall be issued unless there is no default existing at the time of issuance under the Indenture.

*Transfer or Exchange.* The Series 2018 Bonds may be transferred on the books of registration kept by the Trustee by the registered owner in person or by the owner's duly authorized attorney, upon surrender thereof, together with a written instrument of transfer duly executed by the registered owner or the owner's duly authorized attorney. Upon surrender for transfer of any Series 2018 Bond at the principal corporate office of the Trustee, the City shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Series 2018 Bond or Bonds in the same aggregate principal amount and of any authorized denomination or denominations.

Transfers of registration or exchanges of Series 2018 Bonds shall be without charge to the Holders of such Series 2018 Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder of the Series 2018 Bond requesting such transfer or exchange as a condition precedent to the exercise of such privilege.

The Trustee shall not be required to transfer or exchange any Series 2018 Bond during the period from and including a Record Date to the next succeeding interest payment date of such Series 2018 Bond nor to transfer or exchange any Series 2018 Bond after the mailing of notice calling such Series 2018 Bond for redemption has been made, and prior to such redemption.

So long as DTC or its nominee is the sole registered owner of the Series 2018 Bonds, transfers of beneficial interests in the Series 2018 Bonds shall be in accordance with the rules and procedures of DTC and its direct and indirect participants. See the caption "BOOK-ENTRY ONLY SYSTEM" herein.



## SECURITY FOR THE SERIES 2018 BONDS

*General.* The Series 2018 Bonds are special obligations of the City secured by and payable from the receipts of the Franchise Fees. The Franchise Fees have been imposed by the City pursuant to various ordinances adopted by the City Council. The Franchise Fees are charged to private entities for the privilege of the use of City streets, alleys, easements and other City-owned property. The Franchise Fee receipts have been pledged to secure the payment of Debt Service on the Series 2018 Bonds pursuant to Ordinance No. 8 of 2018, duly adopted by the City Council of the City on February 22, 2018 (the "Authorizing Ordinance").

To date, Franchise Fees have been assessed by the City to the following entities using the formulas set forth below:

<u>Payor</u>	<u>Service Provided</u>	<u>Franchise Fee Basis</u>
Entergy <sup>(1)</sup>	Electricity	4.25% of gross revenues within City (payable quarterly)
Suddenlink <sup>(2)</sup>	Cable	3.0% of gross revenues from providing basic cable service within City (payable quarterly)
Centerpoint <sup>(3)</sup>	Gas	2.00% per meter (payable annually on March 1 of each year)
CenturyTel <sup>(4)</sup>	Telephone	2.00% of gross revenues within City (payable quarterly)
First Electric <sup>(5)</sup>	Electricity	4.5% of gross revenues within City (payable monthly)
Ritter Communications <sup>(6)</sup>	Communication System	3.00% of gross revenues from providing basic cable service within City (payable quarterly)

<sup>(1)</sup>Imposed by Ordinance No. 6 of 1965.  
<sup>(2)</sup>Imposed by Ordinance No. 32 of 2007.  
<sup>(3)</sup>Imposed by Ordinance No. 4 of 1978.  
<sup>(4)</sup>Imposed by Ordinance No. 1 of 1963.  
<sup>(5)</sup>Imposed by Ordinance No. 8 of 1980.  
<sup>(6)</sup>Imposed by Ordinance No. 32 of 2015.

Set forth below is a table showing Franchise Fee collections by the City over the last nine years.

<u>Year</u>	<u>Historic Collections</u>
2009	\$ 866,468.50
2010	861,944.19
2011	926,685.19
2012	941,443.32
2013	983,662.21
2014	1,000,978.83
2015	1,014,522.97
2016	1,061,476.98
2017	1,038,144.74

The Series 2018 Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The issuance of the Series 2018 Bonds shall not directly, indirectly or contingently obligate the City to levy or pledge any taxes whatsoever or to make any appropriation for the payment of the Series 2018 Bonds, except as described herein with respect to the Franchise Fees.

The City has covenanted that Franchise Fee rates and charges will never be reduced while any of the Series 2018 Bonds are Outstanding unless there is obtained from a Qualified Accountant a certificate to the effect that Franchise Fee receipts, with the reduced rates, in the current Fiscal Year will be at least equal to (i) 125% of the maximum Annual Debt Service on all Bonds, and (ii) the amount, if any, needed to make required deposits to the Debt Service Reserve Fund.

*Debt Service Reserve.* From the proceeds of sale of the Series 2018 Bonds, there shall be deposited into the Debt Service Reserve Fund an amount sufficient to cause the amount on deposit therein to be equal to 50% of the maximum Annual Debt Service with respect to such series (the "Reserve Requirement"). Amounts on deposit in the Debt Service Reserve Fund shall be used solely to pay the principal of and interest on the Bonds as due for which there are no available funds in the Bond Fund to make such payments. The Reserve Requirement may be satisfied by cash or by Investment Securities.

If the amount in the Debt Service Reserve Fund is ever reduced below the Reserve Requirement, it shall be reimbursed to an amount equal to the Reserve Requirement through monthly payments, beginning not later than the last day of the month in which the Debt Service Reserve Fund was reduced below the Reserve Requirement, and continuing not later than the last day of each month thereafter until such reimbursement shall have been accomplished, from any funds in the Revenue Fund (after making the required deposits into the Bond Fund, as provided in the Indenture). If a surplus shall exist in the Debt Service Reserve Fund over and above the Reserve Requirement, such surplus shall be deposited into the Bond Fund.

#### **BOOK-ENTRY ONLY SYSTEM**

The Series 2018 Bonds will be issued only as one fully registered Series 2018 Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), as registered owner of all the Series 2018 Bonds. The fully registered Series 2018 Bonds will be retained and immobilized in the custody of DTC.

DTC (or any successor securities depository) or its nominee for all purposes under the Indenture will be considered by the City and the Trustee to be the owner or holder of the Series 2018 Bonds.

Owners of any book entry interests in the Series 2018 Bonds (the "book entry interest owners") described below, will not receive or have the right to receive physical delivery of the Series 2018 Bonds, and will not be considered by the City and the Trustee to be, and will not have any rights as owners or holders of the Series 2018 Bonds under the bond proceedings and the Indenture except to the extent, if any, expressly provided thereunder.

CERTAIN INFORMATION REGARDING DTC AND DIRECT PARTICIPANTS IS SET FORTH BELOW. THIS INFORMATION HAS BEEN PROVIDED BY DTC. THE CITY, THE UNDERWRITER AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR THE ACCURACY OF SUCH STATEMENTS.

DTC, the world's largest depository, 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 and provides asset servicing for over two million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 85 countries that DTC's 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 among 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 by 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 LLC, and the National Association of Securities Dealers, Inc. 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 Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtc.com](http://www.dtc.com).

Purchases of Series 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2018 Bond ("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 2018 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2018 Bonds, except in the event that use of the Book-Entry System for the Series 2018 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2018 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 Series 2018 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Bonds, DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Bonds are credited, which may or may not be the Beneficial Owners. The 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 shall be sent to DTC. If less than all of the Series 2018 Bonds within a maturity are to be redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2018 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date. The Omnibus Proxy will assign Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2018 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payment of debt service and redemption proceeds with respect to the Series 2018 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 the Trustee on 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 redemption proceeds and debt service to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

BENEFICIAL OWNERS SHOULD CONSULT WITH THE DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS FROM WHOM THEY PURCHASE A BOOK ENTRY INTEREST TO OBTAIN INFORMATION CONCERNING THE SYSTEM MAINTAINED BY SUCH DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS TO RECORD SUCH INTERESTS, TO MAKE PAYMENTS, TO FORWARD NOTICES OF REDEMPTION AND OF OTHER INFORMATION.

THE CITY AND THE TRUSTEE HAVE NO RESPONSIBILITY OR LIABILITY FOR ANY ASPECTS OF THE RECORDS OR NOTICES RELATING TO, OR PAYMENTS MADE ON ACCOUNT OF, BOOK ENTRY INTEREST OWNERSHIP, OR FOR MAINTAINING, SUPERVISING OR REVIEWING ANY RECORDS RELATING TO THAT OWNERSHIP.

The Trustee and the City, so long as a book entry method of recording and transferring interest in the Series 2018 Bonds is used, will send any notice of redemption or of any Indenture amendment or supplement or other notices to Bondholders under the Indenture only to DTC (or any successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participants, or of any Direct Participants or Indirect Participants to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series 2018 Bonds called for redemption, the Indenture amendment or supplement, or any other action premised on notice given under the Indenture.

The City and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Series 2018 Bonds made to DTC or its nominee as the registered owner of the Series 2018 Bonds, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as securities depository with respect to the Series 2018 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, bond certificates are required to be printed and delivered.

In addition, the City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

## THE PROJECT

The proceeds of the Series 2018 Bonds will be used to construct and equip a new central fire station for the City (the "Project").

## SOURCES AND USES OF FUNDS

The proceeds of the Series 2018 Bonds are expected to be used as follows:

<i>Sources of Funds</i>	
Par Amount of Bonds	\$2,655,000.00
Original Issue Discount	<u>(2,808.00)</u>
Total Sources:	\$2,652,192.00
 <i>Uses of Funds</i>	
Deposit to Construction Fund	\$2,500,000.00
Deposit to Debt Service Reserve Fund	83,603.13
Underwriter's Discount	39,825.00
Costs of Issuance	28,647.00
Rounding Amount	<u>116.87</u>
Total Uses:	\$2,652,192.00

## DEBT SERVICE REQUIREMENTS

As of the date of closing, the Series 2018 Bonds will constitute the only debt obligations secured by receipts of the Franchise Fees. The following table sets forth the amounts required to pay scheduled principal of and interest on the Series 2018 Bonds during each year:

<u>Year</u>	<u>Principal</u> <sup>(1)</sup>	<u>Interest</u>	<u>Total Debt Service</u>
2019	\$ 70,000	\$74,836.29	\$144,836.29
2020	75,000	89,006.26	164,006.26
2021	75,000	87,506.26	162,506.26
2022	75,000	86,006.26	161,006.26
2023	80,000	84,037.50	164,037.50
2024	80,000	81,937.50	161,937.50
2025	85,000	79,837.50	164,837.50
2026	85,000	77,287.50	162,287.50
2027	90,000	74,737.50	164,737.50
2028	90,000	72,037.50	162,037.50
2029	95,000	69,000.00	164,000.00
2030	100,000	65,793.76	165,793.76
2031	100,000	62,418.76	162,418.76
2032	105,000	58,793.76	163,793.76
2033	110,000	54,987.50	164,987.50
2034	115,000	51,000.00	166,000.00
2035	115,000	46,687.50	161,687.50
2036	120,000	42,375.00	162,375.00
2037	125,000	37,875.00	162,875.00
2038	130,000	33,187.50	163,187.50
2039	135,000	28,312.50	163,312.50
2040	140,000	23,250.00	163,250.00
2041	145,000	17,825.00	162,825.00
2042	155,000	12,206.26	167,206.26
2043	160,000	6,200.00	166,200.00
Totals	\$2,655,000	\$1,417,142.61	\$4,072,142.61

<sup>(1)</sup>Includes mandatory sinking fund redemptions.

## ESTIMATED DEBT SERVICE COVERAGE

The following table shows estimated maximum annual debt service coverage with respect to the Series 2018 Bonds utilizing the most recent 12 months of Franchise Fee receipts.

Historical Franchise Fee Receipts <sup>(1)</sup>	\$1,038,145
Maximum Annual Debt Service Requirement on Series 2018 Bonds <sup>(2)</sup>	168,600
Maximum Annual Debt Service Coverage	6.15x

<sup>(1)</sup>Franchise Fee receipts for the 12-month period from January 1, 2017 to December 31, 2017.

<sup>(2)</sup>See the caption "DEBT SERVICE REQUIREMENTS" herein.

THE COVERAGE NUMBERS SET FORTH ABOVE ARE BASED ON HISTORICAL FRANCHISE FEE RECEIPTS. ACTUAL RECEIPTS OF FRANCHISE FEES WILL DEPEND ON NUMEROUS FACTORS, AND THERE CAN BE NO ASSURANCE THAT FUTURE FRANCHISE FEE RECEIPTS AVAILABLE TO PAY DEBT SERVICE ON THE SERIES 2018 BONDS WILL APPROXIMATE SUCH HISTORICAL RESULTS.

## THE CITY

*General.* The City is a city of the first class organized and existing under the laws of the State of Arkansas.

*Government.* The City currently operates under the Mayor-Council form of government pursuant to which a mayor, city attorney, city clerk and eight aldermen are elected. The mayor and city clerk are full-time positions elected to four year terms. Aldermen serve two year terms.

The City's elected officials and the dates on which their respective terms expire are as follows:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
William A. Cypert	Mayor	December 31, 2018
Tammy Yocom	Clerk-Treasurer	December 31, 2018
Eddie Long	Alderman	December 31, 2018
Rick Prentice	Alderman	December 31, 2018
Kevin Davis	Alderman	December 31, 2018
Ann Gilliam	Alderman	December 31, 2018
Ron Waymack	Alderman	December 31, 2018
Doug Warner	Alderman	December 31, 2018
Norma Naquin	Alderman	December 31, 2018
Damon Bivens	Alderman	December 31, 2018

*Population.* The following is a table of population changes for the City, the County and the State of Arkansas, according to the United States Census Bureau:

<u>Year</u>	<u>City Population</u>	<u>County Population</u>
1960	1,321	24,551
1970	2,903	26,249
1980	4,806	34,518
1990	8,319	39,268
2000	15,261	52,828
2016	25,797	72,228

Source: U.S. Census Bureau, Population Division.

*Economic Data.* Per capita personal income figures for the County and the State of Arkansas are as follows:

<u>Year</u>	<u>Lonoke County</u>		<u>Arkansas</u>	
	<u>PCPI</u>	<u>Annual Growth</u>	<u>PCPI</u>	<u>Annual Growth</u>
2007	\$30,500	-	30,972	--
2008	31,520	3.3%	32,141	3.8%
2009	31,626	0.3%	31,372	(2.4%)
2010	31,903	0.9%	31,798	1.3%
2011	32,896	3.1%	33,780	6.3%
2012	34,259	4.2%	36,149	7.0%
2013	34,741	1.4%	35,985	(0.5%)
2014	35,041	0.9%	37,582	4.4%
2015	35,942	2.6%	39,031	1.8%
2016	36,742	2.2%	39,722	1.8%

Source: Bureau of Economic Analysis.

Unemployment figures for the County and the State of Arkansas, according to the Arkansas Employment Security Division, are as follows:

<u>Year</u>	<u>Annual Average Unemployment Rate (%)</u>	
	<u>County</u>	<u>State</u>
2007	4.4	5.3
2008	4.5	5.5
2009	6.3	7.8
2010	6.8	8.2
2011	7.0	8.3
2012	6.3	7.6
2013	6.2	7.4
2014	5.2	6.1
2015	4.2	5.1
2016	3.4	4.0

Source: AR Dept. of Workforce Services.

*Employment and Industry.* Some of the major employers in the City, their products or services and average employment range set forth below:

<u>Employer</u>	<u>Product</u>	<u>Approximate Number of Employees</u>
Cabot School District	Public schools	1,000 - 2,499
Remington Arms	Ammunition manufacturer	1,000 - 2,499
Wal-Mart	Retail	500 - 999
Lonoke School District	Public schools	200 - 299
McDonalds	Restaurants	100 - 199
Kroger	Retail grocers	100 - 199
Pinnacle Structures, Inc.	Pre-engineered metal buildings	100 - 199
Cabot Nursing & Rehab	Retirement homes	50 - 99

Source: AR Dept. of Workforce Services

## DEFINITIONS OF CERTAIN TERMS

The following are definitions of certain terms used in this Official Statement:

"Act" means the Local Government Capital Improvement Revenue Bond Act of 1985, codified as Arkansas Code Annotated Sections 14-164-401 *et seq.* as from time to time amended.

"Additional Bonds" means Bonds in addition to the Series 2018 Bonds which are issued under the provisions of Section 213 of the Indenture.

"Amendment 65" means Amendment No. 65 to the Constitution of Arkansas, approved by the voters of the State on November 4, 1986.

"Annual Debt Service" means, with respect to all or any particular amount of Bonds, the Debt Service for any particular Fiscal Year required to be paid or set aside during such Fiscal Year, less the amount of such payment which is provided from the proceeds of the sale of the Bonds or from sources other than Franchise Fees.

"Authorized Representative" means either the Mayor or the Finance Officer of the City and such additional persons as from time to time may be designated to act on behalf of the City by a Certificate furnished to the Trustee containing the specimen signature thereof and executed on behalf of the City by its Mayor.

"Authorizing Ordinance" means Ordinance No. 8 of 2018 adopted by the City on February 22, 2018, which authorized the issuance of the Series 2018 Bonds pursuant to the Indenture.

"Beneficial Owner" means any Person who acquires beneficial ownership interest in a Bond held by the Securities Depository. In determining the Beneficial Owner of any Bond, the Trustee may rely exclusively upon written representations made and information given to the Trustee by the Securities Depository or its Participants with respect to any Bond held by the Securities Depository in which a beneficial ownership interest is claimed.

"Bond Counsel" means any firm of nationally recognized municipal bond counsel selected by the City and acceptable to the Trustee.

"Bond Fund" means the fund by that name created and established in the Indenture.

"Bonds" means the Series 2018 Bonds and all Additional Bonds issued by the City pursuant to the Indenture.

"Book-Entry System" means the book-entry system maintained by the Securities Depository and described in the Indenture.

"Business Day" means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York, or the city in which the corporate trust office of the Trustee is located are authorized by law or executive order to close, or (c) a day on which the New York Stock Exchange or the Securities Depository are closed.

"Certificate" means a document signed by an Authorized Representative of the City attesting to or acknowledging the circumstances or other matters therein stated.

"City" means the City of Cabot, Arkansas, a municipality and political subdivision under the laws of the State of Arkansas.

"Closing Date" means, with respect to any series of Bonds, the date upon which there is an exchange of such series of Bonds for the proceeds representing the purchase price for such series of Bonds by the Original Purchaser or Purchasers thereof.

"Code" means the Internal Revenue Code of 1986, as from time to time amended, and applicable regulations issued or proposed thereunder.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement between the City and the Trustee, dated the date of issuance and delivery of the Series 2018 Bonds, as originally executed and as amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense payable or reimbursable directly or indirectly by the City and related to the authorization, sale and issuance of the Series 2018 Bonds, including, but not limited to, underwriting discounts, fees and expenses, election expenses, publication expenses, expenses of printing, reproducing, filing and recording documents, initial fees and charges of the Trustee and any Paying Agent, fees and expenses for legal, accounting and other professional services, rating fees, costs of securing any credit enhancement for the Series 2018 Bonds, costs of execution, transportation and safekeeping of the Series 2018 Bonds, and other costs, charges and fees incurred in connection with the foregoing.

"Costs of Issuance Fund" means the fund by that name created and established in the Indenture.



"Debt Service" means, with respect to all or any particular amount of Bonds, the total as of any particular date of computation and for any particular period of the scheduled amount of interest and amortization of principal payable on such Bonds, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Debt Service Reserve Fund" means the fund by that name created and established in the Indenture.

"Depository" means a national or state banking corporation or association (which may include the Trustee and any Paying Agent) which holds membership in the Federal Deposit Insurance Corporation.

"Event of Default" means any event of default specified in Section 901 of the Indenture.

"Fiscal Year" means the 12-month period used, at any time, by the City for accounting purposes, which may be the calendar year.

"Franchise Fees" means those charges assessed by the City pursuant to the Franchise Fee Ordinances on private entities for their use of City streets, alleys, easements and other City-owned property.

"Franchise Fee Ordinances" means those ordinances heretofore or hereafter adopted by the City Council of the City and setting Franchise Fees to be charged to private entities, including, but not limited to, (i) Ordinance No. 1 of 1963 adopted January 12, 1963; (ii) Ordinance No. 6 of 1965 adopted November 16, 1965; (iii) Ordinance No. 4 of 1978 adopted June 12, 1978; (iv) Ordinance No. 8 of 1980 adopted August 4, 1980; (v) Ordinance No. 32 of 2007 adopted August 20, 2007; and (vi) Ordinance 32 of 2015 adopted December 21, 2015.

"Fund" means a fund established by the Indenture.

"Government Securities" means direct obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States of America, including:

- (a) United States Treasury obligations;
- (b) Farmers Home Administration obligations;
- (c) General Services Administration obligations;
- (d) Guaranteed Title XI financing;
- (e) Government National Mortgage Association (GNMA) obligations; and
- (f) State and Local Government Series obligations.

"Holder" or "Bondholder" or "owner of the Bonds" means the registered owner of any Bond.

"Indenture" means the Trust Indenture dated as of April 3, 2018, between the City and the Trustee, pursuant to which the Bonds are issued, and any amendments and supplements thereto.

"Investment Securities" means, if and to the extent the same are at the time legal for investment of funds held under the Indenture:

- (a) Cash (insured at all times by the Federal Deposit Insurance Corporation);
- (b) Government Securities;
- (c) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:
  - (1) U.S. Export-Import Bank (Eximbank);
  - (2) Rural Economic Community Development Administration;

- (3) U.S. Maritime Administration;
  - (4) Small Business Administration;
  - (5) U.S. Department of Housing & Urban Development (PHAs);
  - (6) Federal Housing Administration (FHA); and
  - (7) Federal Financing Bank;
- (d) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:
- (1) Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC);
  - (2) Obligations of the Resolution Funding Corporation (REFCORP);
  - (3) Senior debt obligations of the Federal Home Loan Bank System; and
  - (4) Senior debt obligations of other Government Sponsored Agencies;
- (e) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);
- (f) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;
- (g) Investments in money market funds rated "AAAm" or "AAAm-G" or better by S&P;
- (h) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and
- (1) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or
  - (2) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or Government Obligations, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (i) Municipal Obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P;

"Mayor" means the person holding the office and performing the duties of the Mayor of the City.

"Original Purchaser" means the first purchaser(s) of a series of Bonds from the City.

"Outstanding" means, when used with reference to the Bonds, as of any particular date, the aggregate of all Bonds authenticated and delivered under the Indenture, except:

- (a) Bonds cancelled at or prior to such date or delivered to or acquired by the Trustee at or prior to such date for cancellation;
- (b) Bonds deemed to be paid in accordance with Article VIII of the Indenture; and
- (c) Bonds in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture.

"Participants" means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository in the Book-Entry System, as such listing of Participants exists at the time of such reference.

"Paying Agent" means any bank or trust company named by the City as the place at which the principal of and premium, if any, and interest on the Bonds are payable.

"Person" means any natural person, firm, association, corporation, limited liability company, partnership, joint stock company, joint venture, trust, unincorporated organization or firm, or a government or any agency or political subdivision thereof or other public body.

"Project" means the betterments and improvements to be financed with the proceeds of the Series 2018 Bonds.

"Project Costs" means, to the extent permitted by the Act or other applicable laws, with respect to the Project, all costs of planning, designing, purchasing, acquiring, constructing, improving, enlarging, extending, repairing, financing and placing in operation, including obtaining governmental approvals, certificates, permits and licenses with respect thereto, heretofore or hereafter paid or incurred by or on behalf of the City and which shall include, but shall not be limited to:

- (a) interest accruing in whole or in part on the Bonds prior to and during construction of the Project, including all amounts required by the Indenture to be paid from the proceeds of the Bonds into the Bond Fund;
- (b) preliminary investigation and development costs, engineering fees, contractors' fee labor costs, the cost of materials, equipment, utility services and supplies, costs of obtaining permit licenses and approvals, costs of real property, insurance premiums, legal and financing fees and cost administrative and general costs, and all other costs properly allocable to the acquisition, construction and equipping of the Project and placing the same in operation;
- (c) all costs relating to injury and damage claims arising out of the acquisition, construction or equipping of the Project;
- (d) all other costs incurred in connection with, and properly allocable to, the acquisition construction and equipping of the Project; and
- (e) amounts to pay or reimburse the City or any City fund for expenses of the City incident and properly allocable to such planning, designing, purchasing, acquiring, constructing, improving, enlarging, extending, repairing, financing and placing in operation of the Project.

"Project Fund" means the fund by that name created and established in the Indenture.

"Qualified Accountant" means an independent certified public accountant or firm of independent certified public accountants not in the regular employ of the City.

"Record Date" means, with respect to any interest payment date on the Bonds, the fifteenth day of the calendar month next preceding the month in which such interest payment date occurs.

"Requisition" means a written requisition of the City, consecutively numbered, signed by an Authorized Representative in the form of Exhibit B to the Indenture.

"Reserve Requirement" means, with respect to each series of Bonds, an amount equal to 50% of the maximum Annual Debt Service with respect to such series of Bonds. For all purposes of the Indenture, the Reserve Requirement may be satisfied by cash or by Investment Securities.

"Revenue Fund" means the fund by that name created and established in the Indenture.

"Securities Depository" means The Depository Trust Company, New York, New York, or its nominee, and its successors and assigns, or any other depository institution appointed by the City or the Trustee to act as depository for the Bonds in connection with the Book-Entry System.

"Series 2018 Bonds" means the City's Franchise Fee Revenue Improvement Bonds, Series 2018, issued under and secured by the Indenture in the original aggregate principal amount of \$2,655,000 for the purpose of constructing and equipping a new central fire station for the City.

"State" means the State of Arkansas.

"Supplemental Indenture" means any indenture supplemental to or amendatory of the Indenture.

"Tax Regulatory Agreement" means that Tax Regulatory Agreement of the City relating to maintenance of the excludability of interest on the Series 2018 Bonds from gross income for federal income tax purposes, delivered in connection with the issuance of the Series 2018 Bonds.

"Trustee" means First Security Bank, Searcy, Arkansas, and its successor or successors as such Trustee.

"Trust Estate" means the property described in the granting clauses of the Indenture.

## **SUMMARY OF THE INDENTURE**

The following statements are brief summaries of certain provisions of the Indenture. The statements do not purport to be complete, and reference is made to the Indenture, copies of which are available for examination at the offices of the Finance Officer of the City, for a full statement thereof.

*Funds and Accounts.* Receipts of the Franchise Fees are pledged by the Indenture to the payment of the principal of and interest on the Series 2018 Bonds. The following Funds have been created and established with the Trustee in connection with the Series 2018 Bonds:

Bond Fund  
Debt Service Reserve Fund  
Cost of Issuance Fund

The Revenue Fund and Construction Fund shall be maintained by the City with the Depository of its choice. All other Funds shall be held by the Trustee, which shall hold and maintain said Funds in trust, for the use and benefit of the Bondholders and the City, but subject to the permitted applications contained in the Indenture.

*Application of Franchise Fee Receipts.* The application of Franchise Fee receipts is as follows:

(a) Revenue Fund. All Franchise Fee receipts shall, as and when received, be deposited into the Revenue Fund held by the City. All moneys at any time in the Revenue Fund shall be applied on a monthly basis to the Bond Fund for the payment of Debt Service on the Series 2018 Bonds, to the maintenance of the Debt Service Reserve Fund, to the payment of any arbitrage rebate due under Section 148(f) of the Code, and to the payment of fees and expenses of the Trustee and any Paying Agent, at the times and in the amounts set forth as follows:

(b) Bond Fund. No later than the last day of each month, commencing no later than May 30, 2018, there shall be transferred from the Revenue Fund (i) into the Bond Fund, an amount equal to 1/6 of the interest on the Series 2018 Bonds due on the next interest payment date (1/3 for the August 1, 2018 interest payment) and an amount equal to 1/12 of the principal on the Series 2018 Bonds due on the next principal payment date (1/9 for the February 1, 2019 principal payment). Moneys in the Bond Fund shall be used solely for the purpose of paying Annual Debt Service on the Series 2018 Bonds or for redemption of the Series 2018 Bonds, as provided in the Indenture. The Trustee shall withdraw from the Bond Fund, on the date of any principal or interest payment, an amount equal to such payment for the sole purpose of paying the same.

If Franchise Fee receipts in the Revenue Fund are insufficient to make the required monthly payment into the Bond Fund, the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Bond Fund not later than last day of the next succeeding month.

(c) Debt Service Reserve Fund. See the caption "SECURITY FOR THE SERIES 2018 BONDS — Debt Service Reserve" herein.

(d) Cost of Issuance Fund. A portion of the proceeds of the Series 2018 Bonds shall be deposited to the credit of the Cost of Issuance Fund. The Trustee shall pay those Costs of Issuance as directed by the City pursuant to a Certificate delivered on a Closing Date. After all Costs of Issuance have been paid with respect to the Series 2018 Bonds, any remaining moneys in the Cost of Issuance Fund shall be transferred to the Project Fund.

*Investment of Funds.* At the direction of the City or absent such direction, the Trustee shall invest moneys in Funds held by the Trustee in Investment Securities 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 maturities of Investment Securities in the Debt Service Reserve Fund shall not exceed five years from the date of investment thereof. Moneys in separate Funds may be commingled for the purpose of investment.

Obligations purchased as an investment of moneys in any Fund created by the Indenture shall be deemed at all times to be a part of such Fund, and any income or loss due to an investment thereof shall be charged to the respective Fund for which the investment was made except as otherwise provided in the Indenture.

*Valuation of Funds and Accounts.* In determining the value of any Fund held by the Trustee under the Indenture, the Trustee shall credit Investment Securities 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 held under the Indenture and shall report such determination to the City.

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

*Responsibility of Trustee.* 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.

*Instruments of Further Assurance.* At any and all times the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, ordinances, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming of all and singular the receipts from the Franchise Fees and all other moneys pledged or assigned by the Indenture, or intended so to be, or which the City may become bound to pledge or assign.

*Tax Covenants.* The City shall not use or permit the use of any Series 2018 Bond 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 2018 Bond from gross income for federal income tax purposes. No part of the proceeds of the Series 2018 Bonds shall at any time be used, directly or indirectly, to acquire securities or obligations the acquisition of which would cause any of such Series 2018 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 2018 Bonds remain Outstanding, it will comply with the provisions of the Tax Regulatory Agreement.

*Defeasance.* Any Series 2018 Bond shall be deemed to be paid within the meaning of the Indenture when payment of the principal of and premium, if any, and interest on such Series 2018 Bond (whether at maturity or upon redemption as provided in the Indenture, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Government Securities (provided that such deposit will not affect the tax-exempt status of the interest on any of the Series 2018 Bonds or cause any of the Series 2018 Bonds to be classified as "arbitrage bonds" within the meaning of Section 148(a) of the Code, as reflected in an opinion of Bond Counsel delivered to the Trustee), maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and any Paying Agent pertaining to the Series 2018 Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee and any said Paying Agent.

*Events of Default.* Each of the following events shall constitute and is referred to in the Indenture as an "Event of Default":

- (a) Default in the due and punctual payment of any interest on any Bond;
- (b) Default in the due and punctual payment of the principal of or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;
- (c) Default in the payment of any other amount required to be paid under the Indenture or the performance or observance of any other of the covenants, agreements or conditions contained in the Indenture, or in the Bonds issued under the Indenture, and continuance thereof for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied, shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding, unless the Trustee, or the Trustee and Holders of an aggregate principal amount of Bonds not less than the aggregate principal amount of Bonds the Holders of which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within such period and is being diligently pursued;
- (d) The filing of a petition in bankruptcy by or against the City under the United States Bankruptcy Code or the commencement of a proceeding by or against the City under any other law concerning insolvency, reorganization or bankruptcy; and

(e) If the State has limited or altered the rights of the City pursuant to the Act, as in force on the date of the Indenture, to fulfill the terms of any agreements made with the Trustee or the Bondholders or in any way impaired the rights and remedies of the Trustee or the Bondholders while any Bonds are Outstanding.

The term "default" as used in clauses (a), (b) and (c) above shall mean default by the City in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Indenture, or in the Bonds Outstanding thereunder, exclusive of any period of grace required to constitute a default an "Event of Default" as described above.

*Acceleration.* Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than 51% in aggregate principal amount of Bonds Outstanding shall, by notice in writing delivered to the City, declare the principal of all Bonds then Outstanding, together with any premium and the interest accrued thereon, immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

*Other Remedies; Rights of Bondholders.* Upon the occurrence of an Event of Default, the Trustee may, as an alternative, pursue any available remedy by suit at law or in equity, including, without limitation, mandamus to enforce the payment of the principal of and premium, if any, and interest on the Bonds then Outstanding.

If an Event of Default shall have occurred, and if it shall have been requested so to do by the Holders of 51% in aggregate principal amount of Bonds Outstanding and if it shall have been indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred upon it by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

*Rights and Remedies of Bondholders.* No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless a default has occurred of which the Trustee has been notified as provided in the Indenture, or of which by the Indenture it is deemed to have notice, nor unless such default shall have become an Event of Default and the Holders of not less than 51% in aggregate principal amount of Bonds Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit, or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in the Indenture nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted, or to institute such action, suit, or proceeding in its own name; and such notification, request and offer of indemnity are declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the indenture or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by action of the Holder or Holders or to enforce any right under the Indenture except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, held and

maintained in the manner therein provided for the equal benefit of the Holders of all Bonds Outstanding thereunder. Nothing in the Indenture contained shall, however, affect or impair the right of any Bondholders to enforce the payment of the principal of and premium, if any, and interest on any Bonds at and after the maturity thereof, or the obligation of the City to pay the principal of and premium, if any, and interest on each of the Bonds issued under the Indenture to the respective Holders thereof at the time and place in said Bonds expressed.

*Supplemental Indentures Not Requiring Consent of Bondholders.* The City and the Trustee may, from time to time and at any time, without the consent of or notice to the Bondholders, enter into Supplemental Indentures as follows:

- (a) to cure any formal defect, omission, inconsistency or ambiguity in the Indenture;
- (b) to grant to or confer or impose upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority, security, liabilities or duties which may lawfully be granted, conferred or imposed and which are not contrary to or inconsistent with the Indenture as theretofore in effect, provided that no such additional liabilities or duties shall be imposed upon the Trustee without its consent;
- (c) to add to the covenants and agreements of, and limitations and restrictions upon, the City in the Indenture other covenants, agreements, limitations and restrictions to be observed by the City which are not contrary to or inconsistent with the Indenture as theretofore in effect;
- (d) to confirm, as further assurance, any pledge wider, and the subjection to any claim, lien or pledge created or to be created by, the Indenture, of the Trust Estate or of any other moneys, securities or funds;
- (e) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;
- (f) to authorize the issuance and sale of one or more series of Additional Bonds;
- (g) to make such additions, deletions or modifications as may be necessary to assure compliance with Section 148(f) of the Code relating to required rebate to the United States or otherwise as may be necessary to assure exemption from federal income taxation of interest on the Bonds; or
- (h) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Bondholders and which does not involve a change described in clause (a), (b), (c), (d), (e) or (f) above and which, in the judgment of the Trustee, is not to the prejudice of the Trustee.

*Supplemental Indentures Requiring Consent of Bondholders.* Subject to the terms and provisions contained in this paragraph, and not otherwise, the Holders of not less than 2/3 in aggregate principal amount of the 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, indenture or indentures supplemental to the Indenture 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 nothing contained in the Indenture shall permit or be construed as permitting (a) an extension of the maturity (or mandatory redemption date) of the principal of or the interest on any Bond issued thereunder, or (b) a reduction in the principal amount of or redemption premium or rate of interest on any Bond issued thereunder, or (c) the creation of any lien on the Trust Estate or any part thereof, except as expressly permitted in the Indenture, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (f) depriving the Holder of any Bond then Outstanding of the lien created on the Trust Estate.



If, at any time the City shall request the Trustee to enter into any Supplemental Indenture for any of the purposes described 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 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 principal 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 above. If the Holders of not less than 213 in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof, no Holder of any 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.

### **SUMMARY OF THE 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 its provisions.

Purpose of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement is executed and delivered by the City and the Trustee for the benefit of the Beneficial Owners of the 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:

"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 City, 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.

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

"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.

"State Repository" shall mean any public or private repository or entity designated by the State of Arkansas as a state repository for the purpose of the Rule. As of the date hereof, there is no State Repository.

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.
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 or events affecting the tax-exempt status of the security.
7. Modification to rights of security holders.
8. Bond calls (excluding mandatory sinking fund redemptions).
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the securities.
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; and
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), which by notice from the Trustee or otherwise, the City shall file (or shall cause the Dissemination Agent to file), in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event, a notice of such occurrence with the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any other similar system that is acceptable to the Securities and Exchange Commission, with a copy to the Trustee (if the Trustee is not the Dissemination Agent). Each notice of the occurrence of a Listed Event shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. In the event of a Listed Event described in (a)8 above, the Trustee shall make the filing in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Events.

Financial Information or Operating Data. (a) The City shall, or cause the Dissemination Agent to, not later than one hundred eighty (180) days after the end of the City's fiscal year (presently December 31), commencing with the report after the end of the 2018 fiscal year, provide to the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any similar system acceptable to the Securities and Exchange Commission, a Financial Information or Operating Data Report which is consistent with the requirements of the Continuing Disclosure Agreement. The Financial Information or Operating Data Report shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Financial Information or Operating Data Report may be submitted as a single document or as a separate document comprising a package and may cross-reference other information as provided in the Continuing Disclosure Agreement; provided that the Financial Statements (defined below) may be submitted separately from the balance of the Financial Information or Operating Data Report and later than the date required above for the filing of the Financial Information or Operating Data Report if they are not available by that date, but, in such event, the Financial Statements shall be submitted within thirty (30) days after receipt thereof by the City. If the City's fiscal year changes, it shall give notice of such change in the manner as for a Listed Event. The Financial Information or Operating Data report shall include the following:

1. Franchise Fee receipts for the previous year and the four years previous to that, if available.

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.

3. Any other financial information or operating data which is customarily prepared by the City and is publicly available.

(b) The above-described information and the information described under the Caption Reporting of Significant Events may be obtained from the Mayor, whose address is 101 North 2<sup>nd</sup> Street, Cabot, Arkansas 72023, and whose telephone number is (501) 843-3566.

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 City.

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 reporting of Listed Events, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted.

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

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

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement which relates to the accounting principles to be flowed in preparing financial statements, notice of such change shall be given in the same manner as for a Listed Event.

Additional Information. Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the City from disseminating any other information.

Outstanding Continuing Disclosure Agreements. In the past five years, the City has been a party to certain continuing disclosure agreements in connection with its outstanding bonds. While the City has not made a determination as to materiality, the following constitutes a non-exhaustive summary of the City's compliance with its continuing disclosure obligations over the past five years.

The City's existing continuing disclosure agreements require the City to disclose certain statistical information in annual reports that are filed with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system ("EMMA"). All required annual reports were timely filed.

The existing continuing disclosure agreements also obligate the City to file the audited financial statements of the City. If not available by the date the annual report for that year is due, the audited financial statements must be filed within 30 days after receipt thereof.

The audited financial statements of the City for fiscal years ended December 31, 2012 through December 31, 2016 were not filed timely, but were filed on February 9, 2018. The audited financial statements of the City for the fiscal year ended December 31, 2017 are not yet available. Notices concerning such failures were not filed on EMMA.

During the past five years, the City failed to timely file three notices concerning the mandatory redemption of certain 2013 bonds from surplus sales and use tax collections. The City also failed to timely file one mandatory redemption notice of certain 2016 bonds from surplus sales and use tax collections. Notices concerning such failures were not filed on EMMA.

## **UNDERWRITING**

Under a bond purchase agreement entered into by and among the City and Stephens Inc. (the "Underwriter"), the Series 2018 Bonds are being purchased at a purchase price of \$2,612,367 (representing the stated principal amount of the Series 2018 Bonds less an underwriting discount of \$39,825, less original issue discount of \$2,808). The bond purchase agreement provides that the Underwriter will purchase all of the Series 2018 Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Series 2018 Bonds is subject to various conditions contained in the bond purchase agreement, including the absence of pending or threatened litigation questioning the validity of the Series 2018 Bonds or the Franchise Fees or any proceedings in connection with the issuance thereof, and the absence of material adverse changes in the financial condition of the City.

The Underwriter intends to offer the Series 2018 Bonds to the public initially at the offering prices as set forth on the inside cover page of this Official Statement, which offering prices (or bond yields establishing such offering 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 Series 2018 Bonds to the public, and may offer the Series 2018 Bonds to such dealers and other underwriters at a price below 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 Series 2018 Bonds, including certain liabilities under federal securities laws.

## **TAX MATTERS**

*Federal Income Taxes.* In the opinion of Williams & Anderson PLC, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2018 Bonds is excluded from the gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2018 Bonds. Failure to comply with such requirements could cause interest on the Series 2018 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2018 Bonds. The City has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2018 Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Series 2018 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the

calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Series 2018 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2018 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 2018 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 2018 Bonds.

Prospective purchasers of the Series 2018 Bonds should be further aware that Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2018 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 80% of interest expense allocable to "qualified tax-exempt obligations." Under the Code, the term includes any obligation which (1) is not a "private activity bond" within the meaning of the Code (excluding from that term "qualified 501(c)3 bonds"), (2) is issued by an issuer (and subordinate entities) which reasonably anticipates to issue not more than \$10,000,000 of tax-exempt obligations (other than private activity bonds (excluding from that term "qualified 501(c)(3) bonds" under Section 145 of the Code)) during the calendar year, and (3) is so designated by the issuer.

The City has designated the Bonds as "qualified tax-exempt obligations" and has covenanted not to use the Project and the proceeds of the Bonds in a manner which would cause the Bonds to be "private activity bonds," and has represented that the City and its subordinate entities have not and do not expect to issue more than \$10,000,000 of such tax-exempt obligations during calendar year 2018.

*Changes in Federal Tax Law.* From time to time, there are legislative proposals in the Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 2018 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. Purchasers of the Series 2018 Bonds should consult their tax advisors regarding any pending or proposed tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Series 2018 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation.

*State Taxes.* Bond Counsel is of the opinion that, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2018 Bonds is exempt from all state, county and municipal taxes in the State of Arkansas.

## **RATING**

There is no rating on the Bonds and none is expected.

## LEGAL MATTERS

*Legal Opinions.* Legal matters incident to the authorization and issuance of the Series 2018 Bonds are subject to the unqualified approving opinion of Williams & Anderson PLC, Little Rock, Arkansas, Bond Counsel, a copy of whose approving opinion will be delivered with the Series 2018 Bonds and a form of which is attached hereto as Appendix A.

*Litigation.* There is no litigation pending seeking to restrain or enjoin the issuance or delivery of the Series 2018 Bonds or questioning or affecting the legality of the Series 2018 Bonds or the proceedings and authority under which the Series 2018 Bonds are to be issued, or questioning the right of the City to issue the Series 2018 Bonds. There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the City in any way which could have a material adverse effect on the Franchise Fees or the City's ability to pay debt service with respect to the Series 2018 Bonds.

## MISCELLANEOUS

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 Series 2018 Bonds.

## ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

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 City, this 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 herein, or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement has been duly authorized by the City of Cabot, Arkansas.

## CITY OF CABOT, ARKANSAS

By:           /s/ William A. Cypert            
Mayor

## APPENDIX A

### Proposed Form of Bond Counsel Opinion

Upon delivery of the Series 2018 Bonds in definitive form, Williams & Anderson PLC, Little Rock, Arkansas, proposes to deliver its approving opinion in substantially the following form:

April 3, 2018

City of Cabot, Arkansas  
Cabot, Arkansas

Stephens Inc.  
Little Rock, Arkansas

\$2,655,000  
City of Cabot, Arkansas  
Franchise Fee Revenue Bonds  
Series 2018

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance and sale by the City of Cabot, Arkansas (the "City"), a political subdivision of the State of Arkansas, of its \$2,655,000 Franchise Fee Revenue Bonds, Series 2018 (the "Bonds")

The Bonds are being issued pursuant to the provisions of the Constitution and laws of the State of Arkansas, including, particularly, Amendment 65 and Arkansas Code Annotated §§14-164-401 *et seq.* (2009 Repl.; Supp. 2013) (as from time to time amended, the "Local Government Revenue Bond Act"), pursuant to Ordinance No. 8 of 2018 of the City, duly adopted and approved on February 22, 2018 (the "Authorizing Ordinance"), and pursuant to a Trust Indenture dated as of April 3, 2018 (the "Indenture"), by and between the City and First Security Bank, Searcy, Arkansas, as trustee (the "Trustee"). Reference is hereby made to the Indenture and to all indentures supplemental thereto for the provisions, among others, with respect to the nature and extent of the security for the Series 2018 Bonds, the rights, duties and obligations of the City, the Trustee and the Holders of the Bonds, and the terms upon which the Bonds are issued and secured.

We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the representations of the City contained in the Authorizing Ordinance and the Indenture and in the certified proceedings and other certifications and statements of public officials furnished to us, without undertaking to verify the same by independent investigation.

The Bonds do not constitute a debt, liability or general obligation of the State or any political subdivision thereof, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is duly created and validly existing as a municipal corporation of the State of Arkansas. Pursuant to the Constitution and laws of the State of Arkansas, including, particularly, Amendment 65 and the Local Government Revenue Bond Act, the City is empowered to adopt the Authorizing Ordinance, to execute and deliver the Indenture, to perform the agreements on its part contained therein, and to issue the Bonds.

2. The Authorizing Ordinance has been duly adopted 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 has been duly authorized, executed and delivered by the City and is a valid and binding obligation of the City enforceable upon the City in accordance with its terms.

4. The Bonds have been validly authorized, executed, issued and delivered by the City and represent valid and binding special obligations of the City.

5. Interest on the 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. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with such requirements.

6. The interest on the Bonds is exempt from all state, county and municipal taxes in the State of Arkansas.

7. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80 percent of that portion of such financial institutions' interest expense allocable to interest on the Bonds.

8. The Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Indenture is not required to be qualified under the Trust Indenture Act of 1939, as amended, in connection with the offer and sale of the Bonds.

9. It is to be understood that the rights of the registered owners of the Bonds and the enforceability of the Bonds, the Authorizing Ordinance and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion regarding any other federal or state tax consequences with respect to the Bonds. We are rendering our opinion under existing statutes and court decisions as of the issue date and assume no obligation to update our opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state or local tax law.

Very truly yours,