

NEW ISSUE**BOOK-ENTRY ONLY**

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

\$4,930,000
CITY OF PINE BLUFF, ARKANSAS
CAPITAL IMPROVEMENT REFUNDING
AND IMPROVEMENT REVENUE BONDS
SERIES 2014A

\$1,085,000
CITY OF PINE BLUFF, ARKANSAS
CAPITAL IMPROVEMENT REFUNDING
AND IMPROVEMENT REVENUE BONDS
SERIES 2014B

Dated: May 1, 2014

Due: May 1, as described below

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

Interest on the Bonds is payable on May 1 and November 1 of each year, commencing November 1, 2014, and the Bonds mature (on May 1 of each year), bear interest and are priced to yield as set forth on the inside cover page of this Official Statement.

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

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

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

Stephens Inc.
Investment Bankers

Dated: March 24, 2014.

\$4,930,000
CITY OF PINE BLUFF, ARKANSAS
CAPITAL IMPROVEMENT REFUNDING
AND IMPROVEMENT REVENUE BONDS
SERIES 2014A

MATURITY SCHEDULE

<u>Year</u> <u>(May 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Reoffering</u> <u>Yield</u>
2015	\$280,000	1.000%	0.450%
2016	285,000	1.500	0.650
2017	290,000	2.000	1.000
2018	295,000	2.000	1.400
2019	300,000	2.000	1.750
2020	305,000	2.100	2.125
2021	310,000	2.500	2.500
2022	320,000	2.800	2.800
2023	330,000	3.050	3.050
2024	340,000	3.150	3.150
2025	350,000	3.350	3.350
2026	360,000	3.500	3.500
2027	375,000	3.600	3.600
2028	390,000	3.700	3.700
2029	400,000	3.800	3.800

\$1,085,000
CITY OF PINE BLUFF, ARKANSAS
CAPITAL IMPROVEMENT REFUNDING
AND IMPROVEMENT REVENUE BONDS
SERIES 2014B

MATURITY SCHEDULE

\$320,000 3.15% Term Bonds due May 1, 2024 to Yield 3.15%
 \$355,000 4.00% Term Bonds due May 1, 2032 to Yield 4.05%
 \$410,000 4.25% Term Bonds due May 1, 2039 to Yield 4.35%

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, 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 other solicitation of an offer to buy, nor shall there be any sale of the Bonds by any persons in any state in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion 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.

CONTENTS OF OFFICIAL STATEMENT

	<u>Page</u>
INTRODUCTION TO THE OFFICIAL STATEMENT	1
THE BONDS	2
Book-Entry Only System	2
Generally	4
Redemption	5
Purpose for Bonds	6
Security	7
THE CITY AND THE COUNTY	8
Location	8
The Population	8
Transportation	8
Government	8
Medical Facilities	8
Financial Institutions	8
Education	9
Economy	9
Litigation	9
County Economic Data	9
Building Permits	10
THE AUTHORIZING ORDINANCE	10
General Covenants to Charge Franchise Fees	10
Franchise Fee Fund	11
Bond Fund	11
Additional Parity Bonds	11
Records and Accounts; Audits	12
Default and Remedies	12
Defeasance	13
Amendment of Authorizing Ordinance	14
The Trustee	14
Investments	14
Nonarbitrage	15
CONTINUING DISCLOSURE AGREEMENT	15
Purpose of the Continuing Disclosure Agreement	16
Definitions	16
Provision of Annual Report	16
Content of Annual Reports	17

Reporting of Significant Events	17
Termination of Reporting Obligation	18
Dissemination Agent	18
Amendment; Waiver	18
Additional Information	19
Default	19
Duties of Trustee and Dissemination Agent and Right of Indemnity	19
Beneficiaries	19
FINANCIAL INFORMATION	19
DEBT SERVICE COVERAGE	21
DEBT SERVICE REQUIREMENTS	21
LEGAL MATTERS	23
Legal Proceedings	23
Legal Opinions	23
Tax Exemption	23
MISCELLANEOUS	26
Enforceability of Remedies	26
Underwriting	26
Information in the Official Statement	26

OFFICIAL STATEMENT

\$4,930,000
CITY OF PINE BLUFF, ARKANSAS
CAPITAL IMPROVEMENT REFUNDING
AND IMPROVEMENT REVENUE BONDS
SERIES 2014A

\$1,085,000
CITY OF PINE BLUFF, ARKANSAS
CAPITAL IMPROVEMENT REFUNDING
AND IMPROVEMENT REVENUE BONDS
SERIES 2014B

INTRODUCTION TO THE OFFICIAL STATEMENT

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

This Official Statement is provided to furnish certain information in connection with the issuance by the City of Pine Bluff, Arkansas (the "City") of its Capital Improvement Refunding and Improvement Revenue Bonds, Series 2014A, dated May 1, 2014, in the aggregate principal amount of \$4,930,000 (the "Series 2014A Bonds"), and its Capital Improvement Refunding and Improvement Revenue Bonds, Series 2014B, dated May 1, 2014, in the aggregate principal amount of \$1,085,000 (the "Series 2014B Bonds"). The Series 2014A Bonds are being issued to current refund the City's Franchise Fee Revenue Refunding and Acquisition Bonds, Series 2009 that mature after May 1, 2014 (the "Bonds Refunded"), and to pay expenses of issuing the Series 2014A Bonds. The Series 2014B Bonds are being issued to finance the costs of improvements to the Joe Thomas Public Safety Building and the City Hall Building in the Civic Center Complex (the "Improvements"), and to pay expenses of issuing the Series 2014B Bonds. See **THE BONDS, Purpose for Bonds**.

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

The Series 2014A Bonds and the Series 2014B Bonds (collectively, the "Bonds") are not general obligations of the City, but are special obligations secured solely by a pledge of the revenues derived by the City from all franchise fees collected from public utilities for the privilege of using the streets, highways and other public places in the City pursuant to the authority contained in Title 14, Chapter 200, Sections 101 through 112 of the Arkansas Code of 1987 Annotated (the "Pledged Revenues").

The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State, particularly the Authorizing Legislation, and Ordinance No. 6481, adopted March 17, 2014 (the "Authorizing Ordinance"). See **THE AUTHORIZING ORDINANCE**.

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

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Interest is payable November 1, 2014, and semiannually thereafter on each May 1 and November 1. Payment of principal of the Bonds will be made to the owners of the Bonds at the principal office of Simmons First Trust Company, N.A., Pine Bluff, Arkansas (the "Trustee"), and payment of interest on the Bonds shall be by check of the Trustee to the registered owner as shown on the Bond registration book of the City maintained by the Trustee.

The record date for payment of interest on the Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. See **THE BONDS**.

The Bonds are subject to extraordinary redemption from proceeds of the Bonds not needed for the purposes intended. The Bonds are subject to optional redemption on and after May 1, 2019. The Series 2014B Bonds are also subject to mandatory sinking fund redemption as described herein. The Trustee shall give at least thirty (30) days notice of redemption. See **THE BONDS, Redemption**.

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

It is expected that the Bonds will be available for delivery on or about May 1, 2014, through the facilities of the Depository Trust Company, in New York, New York.

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

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

THE BONDS

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

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

through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

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

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

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

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

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

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

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

(2) *Optional Redemption.* The Bonds are subject to redemption on and after May 1, 2019, at the option of the City, from funds from any source, in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Bonds of a series shall be called for redemption, the particular maturities of that series to be redeemed shall be selected by the City in its discretion. If fewer than all of the Bonds of any one maturity of a series shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

(3) *Mandatory Sinking Fund Redemption.* To the extent not previously redeemed, the Series 2014B Bonds shall be subject to mandatory sinking fund redemption, at a price equal to the principal amount being redeemed plus accrued interest to the date of redemption, on May 1 of the years and in the amounts as follows:

Series 2014B Bonds due May 1, 2024

<u>Year</u>	<u>Principal Amount</u>
2015	\$30,000
2016	30,000
2017	30,000
2018	30,000
2019	30,000
2020	30,000
2021	35,000
2022	35,000
2023	35,000
2024 (maturity)	35,000

Series 2014B Bonds due May 1, 2032

<u>Year</u>	<u>Principal Amount</u>
2025	\$40,000
2026	40,000
2027	40,000
2028	45,000
2029	45,000
2030	45,000
2031	50,000
2032 (maturity)	50,000

Series 2014B Bonds due May 1, 2039

<u>Year</u>	<u>Principal Amount</u>
2033	\$50,000
2034	55,000
2035	55,000
2036	60,000
2037	60,000
2038	65,000
2039 (maturity)	65,000

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

Notice of redemption identifying the Bonds or portions thereof (which must be \$5,000 or an integral multiple thereof) to be redeemed shall be given by the Trustee, not less than 30 nor more than 60 days prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class mail, postage prepaid, or sending a copy of the redemption notice via other standard means, including electronic or facsimile communication, to all registered owners of Bonds to be redeemed. Failure to mail or send an appropriate notice or any such notice to one or more registered owners of Bonds to be redeemed shall not effect the validity of the proceedings for redemption of other Bonds as to which notice of redemption is duly given and in proper and timely fashion. All such Bonds thus called for redemption shall cease to bear interest on and after the date fixed for redemption, provided funds for their redemption are on deposit with the Trustee at that time. Notwithstanding the above, so long as the Bonds are issued in book-entry only form, if fewer than all the Bonds of an issue are called for redemption, the particular Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Bonds are issued in book-entry only form, notice of redemption will be given only to Cede & Co., as nominee for DTC. **The Trustee will not give any notice of redemption to the Beneficial Owners of the Bonds.** The Bonds Refunded will be called for redemption on May 1, 2014.

Purpose for Bonds. The Series 2014A Bonds are being issued to current refund the Bonds Refunded (the "Refunding") and to pay expenses of issuing the Series 2014A Bonds. The Bonds Refunded consist of the City's Franchise Fee Revenue Refunding and Acquisition Bonds, Series 2009, which were issued for the purpose of financing: (i) the acquisition of new fire apparatus and equipment, (ii) the acquisition and construction of various capital improvements to the sewer system and streets of

the City, (iii) the acquisition and construction of improvements to the Pine Bluff Convention Center, (iv) the acquisition of other equipment or capital projects for the City, and (v) the refunding of certain outstanding lease purchase agreements. The Bonds Refunded will be called for redemption on May 1, 2014.

The Series 2014B Bonds are being issued to finance costs of the Improvements and to pay the expenses of issuing the Series 2014B Bonds. The Improvements consist of the improvements to the Joe Thomas Public Safety Building and the City Hall Building in the Civic Center Complex.

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

	<u>Series 2014A Bonds</u>	<u>Series 2014B Bonds</u>	<u>Total</u>
SOURCES:			
Principal Amount	\$4,930,000	\$1,085,000	\$6,015,000
Original Issue Premium (Discount)	<u>24,893</u>	<u>(8,466)</u>	<u>16,427</u>
TOTAL SOURCES	\$4,954,893	\$1,076,534	\$6,031,427
USES:			
Cost of Improvements		\$1,050,000	\$1,050,000
Refunding Costs	\$4,855,000		4,855,000
Underwriter's Discount	61,625	13,563	75,188
Costs of Issuance	33,623	8,921	42,544
Contingency	<u>4,645</u>	<u>4,050</u>	<u>8,695</u>
TOTAL USES	\$4,954,893	\$1,076,534	\$6,031,427

The payment of the Underwriter's discount and the costs of issuing the Bonds relating to the payment of professional fees will be contingent on the Bonds being issued. The net proceeds of the Series 2014A Bonds (principal amount plus net original issue premium and less Underwriter's discount and certain costs of issuing the Series 2014A Bonds) will be deposited with the Trustee and used to redeem the Bonds Refunded.

The City will deposit the net proceeds of the Series 2014B Bonds (principal amount less original issue discount, Underwriter's discount and certain costs of issuing the Series 2014B Bonds) into a special fund established with the Trustee and designated "2014 Improvement Fund" (the "Improvement Fund"). Moneys contained in the Improvement Fund will be disbursed solely in payment of costs of the Improvements and paying necessary expenses incidental thereto. Disbursements shall be on the basis of requisitions which shall contain at least the following information: the person to whom payment is being made; the amount of the payment; and the purpose by general classification of the payment. For a description of how the Bond proceeds are to be invested pending use and the provisions governing those investments, see **THE AUTHORIZING ORDINANCE**, Investments.

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

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

THE CITY AND THE COUNTY

Location. The City is a city of the first class organized and existing under the laws of the State. The City is the seat of government of Jefferson County, Arkansas (the “County”). The City is located in the southeastern part of the State.

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

<u>Year</u>	<u>City of Pine Bluff</u>	<u>Jefferson County</u>
2009 ⁽¹⁾	50,388	78,705
2010 ⁽²⁾	49,083	77,435
2011 ⁽¹⁾	48,083	75,974
2012 ⁽¹⁾	47,035	74,723
2013 ⁽¹⁾	47,035	74,723

Transportation. The City is served by Interstate 530 and U.S. Highway Nos. 65 and 79. A new highway I-69 connector is under construction running South of I-530 from Pine Bluff. The City is also served by the Burlington Northern Santa Fe Railway and the Union Pacific System. There is a slack water harbor and an industrial port at the Port of Pine Bluff on the Arkansas River.

Pine Bluff Municipal Airport has a 6,000 feet paved and lighted runway for private aircraft. Little Rock's Bill & Hillary Clinton National Airport, which is approximately 50 miles from the City, provides commercial air service.

Government. The City has the Mayor-City Council form of government. The Mayor is elected for a four-year term (current term expires December 31, 2016) and members of the City Council also serve four-year terms. The current Mayor and members of the City Council are as follows:

<u>Name</u>	<u>Occupation</u>
Debe Hollingsworth	Mayor
Lloyd Holcomb	Owner, Funeral Home
Thelma Walker	Owner, Nursing Home
Charles Boyd	Minister
Wayne Easterly	Pre-need Manager, Funeral Home
Glen Brown	Owner, Barbershop
Bill Brumett	Owner, Business and Tax Service
Steven Mays	Alderman, City of Pine Bluff
George Stepps	Retired, State Auditor

Medical Facilities. Jefferson Regional Medical Center provides hospital services for residents of the City. The hospital has 471 licensed beds, a medical staff of approximately 150 and is designated as a Level II Trauma Center within the State system.

Financial Institutions. The City is served by Simmons First National Bank and Relyance Bank, both of which have headquarters in the City. There are approximately three other banks with branches in the City.

⁽¹⁾ City estimate.

⁽²⁾ Population division, U.S. Census Bureau.

Education. Primary and secondary education for the City's inhabitants is provided by three public school districts. Located within the school districts, there are twelve elementary schools, four middle schools, two junior high schools, and three high schools.

The University of Arkansas at Pine Bluff is located in the City and had a fall 2013 enrollment of 2,615 students. Southeast Arkansas College is also located in the City and had a fall 2013 enrollment of 1,591 students.

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

<u>Company</u>	<u>Approximate Number of Employees</u>	<u>Product or Service</u>
Jefferson Regional Medical Center	1,575	Hospital
Tyson Foods, Inc.	1,500	Poultry Processing
Arkansas Department of Corrections	1,431	State Prison System
Evergreen Packaging	1,040	Paperboard, Newsprint
Pine Bluff School District	860	Public School
Dept. of the Army, Pine Bluff Arsenal	823	Ammunition Manufacturing
FDA's National Center for Toxicological Research (NCTR)	704	Research
University of Arkansas-Pine Bluff	654	State University
Union Pacific Railroad	612	Railroad
Central Moloney, Inc.	550	Electrical Products
Wal-Mart Supercenter	525	Consumer Retail Sales
City of Pine Bluff	435	City Government
Simmons First National Bank	421	Banking
Jefferson County	407	County Government
Watson Chapel School District	400	Public School

Litigation. There are no lawsuits or regulatory proceedings pending or, to the knowledge of the City, threatened against the City, in which claims of damage are made which, individually or in the aggregate, create a financial exposure which would substantially impair the financial solvency of the City.

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

<u>Year</u>	<u>Per Capita Personal Income</u>
2008	\$29,104
2009	29,593
2010	30,225
2011	31,913
2012	33,552

⁽¹⁾ Source: Bureau of Economic Analysis, U.S. Department of Commerce.

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

<u>Year</u>	<u>Total Personal Income</u>
2008	\$2,280,422,000
2009	2,301,089,000
2010	2,338,551,000
2011	2,424,595,000
2012	2,507,136,000

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

<u>Year</u>	<u>Annual Average Unemployment Rate (%)</u>		
	<u>City</u>	<u>County</u>	<u>State</u>
2008	8.7	7.5	5.4
2009	10.9	9.4	7.5
2010	11.4	9.8	7.9
2011	12.2	10.4	7.9
2012	10.8	9.4	7.3
2013*	11.3	10.0	7.2

*Preliminary as of December 2013.

Building Permits. The number of building permits issued by the City for new construction during each of the last five (5) years was as follows:

<u>Year</u>	<u>Number</u>
2009	29
2010	17
2011	14
2012	21
2013	78

THE AUTHORIZING ORDINANCE

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

General Covenants to Charge Franchise Fees. (a) The City agrees to continuously charge franchise fees to all public utilities occupying the streets, highways and other public places under Arkansas Code Annotated §§14-200-101-112 while the Bonds are outstanding.

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

⁽¹⁾ Source: Bureau of Economic Analysis, U.S. Department of Commerce.

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

Franchise Fee Fund. All Pledged Revenues shall at all times be accounted for separately and distinctly from other moneys of the City and shall be used and applied only as provided in the Authorizing Ordinance. Upon receipt by the City or the Trustee, the Pledged Revenues shall not be deposited into the City's general fund but shall be deposited into a special fund of the City created with the Trustee and designated as the "Franchise Fee Fund".

Any surplus in the Franchise Fee Fund after making the monthly deposits hereinafter described into the Bond Fund shall be transferred by the Trustee to the City, deposited into the City's general fund and used, at the option of the City, for other lawful municipal purposes; provided, however, that if the City receives Pledged Revenues pursuant to its franchise fee ordinances and agreements only on a quarterly, semiannual and/or annual basis, there shall always remain in the Franchise Fee Fund an amount sufficient to make the required payments into the Bond Fund until the next Pledged Revenues are scheduled to be received.

Bond Fund. There shall be transferred from the Franchise Fee Fund into a special fund established with the Trustee and designated "2014 Capital Improvement Revenue Bond Fund" (the "Bond Fund"), the sums in the amounts and at the times set forth below for the purpose of providing funds for the payment of the principal of and interest on the Bonds.

There shall be paid into the Bond Fund on or before the 25th day of each month, commencing in May 2014, a sum equal to one-sixth (1/6) of the next installment of interest due on the Bonds plus one-twelfth (1/12) of the next installment of principal on all outstanding Bonds due at maturity or upon mandatory sinking fund redemption. The City shall also pay into the Bond Fund such additional sums as necessary to provide for the Trustee's fees and expenses and any arbitrage rebate due to be paid to the United States Treasury under Section 148(f) of the Code.

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

If Pledged Revenues are insufficient to make the required payment by the 25th day of the month into the Bond Fund, the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Bond Fund by the 25th day of the next month.

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

Additional Parity Bonds. So long as any of the Bonds are outstanding, the City shall not issue or attempt to issue any additional bonds or obligations claimed to be entitled to a priority of lien on the Pledged Revenues over the lien securing the Bonds. The City reserves the right to issue additional bonds to finance or pay the cost of any additional capital improvements or to refund bonds issued for such purpose, but the City shall not authorize or issue any such additional bonds ranking on a parity with the outstanding Bonds unless and until there have been procured and filed with the City Clerk and the Trustee a statement by an Accountant reciting the opinion, based upon necessary investigation, that the Pledged Revenues for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such additional bonds were equal to not less than 200% of the

maximum annual principal and interest requirements on all the then outstanding obligations secured by Pledged Revenues and the additional bonds then proposed to be issued. In making the computation, the Accountant may treat any increase in franchise fees enacted subsequent to the first day of such preceding year as having been in effect throughout that year and may include in Pledged Revenues for such year the amount that would have been received, based on such opinion, had the increase been in effect throughout such year.

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

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

Default and Remedies. (a) If there be any default in the payment of the principal of and interest on the Bonds or if the City defaults in the performance of any covenant contained in the Authorizing Ordinance, the Trustee may, and upon the written request of the owners of not less than 10% in principal amount of the Bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State, under the Authorizing Ordinance, to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

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

more of such owners by law are restricted by the Authorizing Ordinance to the rights and remedies therein detailed.

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

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

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

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

Defeasance. Any Bond shall be deemed paid within the meaning of the Authorizing Ordinance when payment of the principal of and interest on such Bond, either (i) has been made or caused to be made in accordance with the terms thereof, or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (1) cash sufficient to make such payment and/or (2) Government Securities (as hereinafter defined) that are direct obligations of the United States of America (provided that such deposit will not affect the tax exempt status of the interest on any of the Bonds or cause any of the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code), maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. All moneys must be insured at all times by Federal Deposit Insurance Corporation (“FDIC”) or otherwise collateralized with Government Securities that are direct obligations of the United States of America.

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

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

there will be considered the principal amount of such Government Securities and interest to be earned thereon until the maturity of such Government Securities.

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

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

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

The Trustee. The Trustee shall undertake to perform such duties and only such duties as are specifically set out in the Authorizing Ordinance. In case an event of default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by the Authorizing Ordinance and use the same degree of care and skill in their exercise, as a reasonable and prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The recitals in the Authorizing Ordinance and in the Bonds are the recitals of the City and not of the Trustee. The Trustee shall not be required to take any action unless it shall have been requested to do so in writing by the owners of not less than 10% in principal amount of Bonds then outstanding and shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any time by 60 days' notice in writing to the City and the owners of the Bonds. The majority in principal amount of the owners of the outstanding Bonds or the City, so long as it is not in default under the Authorizing Ordinance, may at any time, with or without cause, remove the Trustee. In the event of a vacancy in the office of Trustee either by resignation or by removal, the City shall forthwith designate a new Trustee. The Trustee and any successor Trustee shall file a written acceptance and agreement to execute the trusts and duties imposed upon it by the Authorizing Ordinance, but only upon the terms and conditions set forth in the Authorizing Ordinance and subject to the provisions of the Authorizing Ordinance, to all of which the respective owners of the Bonds agree. Such written acceptance shall be filed with the City and a copy thereof shall be placed in the bond transcript. Any successor Trustee shall have all the powers herein granted to the original Trustee.

Investments. (a) Moneys held for the credit of the Bond Fund and the Franchise Fee Fund shall be continuously invested and reinvested by the Trustee, at the direction of the City or in the discretion of the Trustee in the absence of such direction, in Permitted Investments (as hereinafter defined), all of which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the payment date for interest or principal and interest in the case of other Bond Fund moneys.

(b) Moneys held for the credit of the Improvement Fund shall be continuously invested and reinvested in Permitted Investments or other investments as may, from time to time, be permitted

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

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

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

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

CONTINUING DISCLOSURE AGREEMENT

Set forth below is a summary of certain portions of the Continuing Disclosure Agreement. This summary does not purport to be comprehensive and reference is made to the full text of the Continuing Disclosure Agreement for a complete description of the provisions. Except as hereinafter described, the City is not in default in any material respect under any of its continuing disclosure agreements with respect to outstanding indebtedness of the City.

The City is a party to a continuing disclosure agreement with respect to the Bonds Refunded (the "2009 Agreement"). The 2009 Agreement requires the City's annual report to include financial statements of the City prepared in accordance with generally accepted accounting principles. This was contrary to the indenture securing the Bonds Refunded and contrary to the City's financial reporting practices since 2001. The financial statements of the City are audited by the Joint Legislative Auditing Committee, Division of Legislative Audit of the State of Arkansas ("Legislative Auditing Committee"). Legislative Auditing Committee conducts its audits in accordance with Government Auditing Standards issued by the Comptroller General of the United States and applicable State law. The financial statements of the City that are audited by Legislative Auditing Committee are prepared on a regulatory basis of accounting as prescribed by Arkansas Code Annotated Section 10-4-412 ("Regulatory Basis of Accounting"). Regulatory Basis of Accounting is a basis of accounting other than generally accepted accounting principles.

The Continuing Disclosure Agreement for the Bonds permits the financial statements of the general fund of the City to be prepared using accounting principles prescribed by Arkansas Code Annotated Section 10-4-412, which permits the use of the Regulatory Basis of Accounting.

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

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

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

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

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

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

“Listed Events” shall mean any of the events listed hereunder.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

Provision of Annual Report. (a) The City shall, or cause the Dissemination Agent to, not later than 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 2014 fiscal year, provide to the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.emma.msrb.org> or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. The Annual Report shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the Continuing Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such audited financial statements shall be submitted within thirty (30) days after receipt thereof by the City. If the City’s fiscal year changes, it shall give notice of such change in the manner as for a Listed Event.

(b) No later than fifteen (15) days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the City and the Dissemination Agent to determine if the City is in compliance with the first sentence of this subsection (b).

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

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

1. Information of the type set forth in this Official Statement under the caption **FINANCIAL INFORMATION**.

2. The annual financial statements of the general fund of the City prepared using accounting practices prescribed by Arkansas Code Annotated Section 10-4-412, as it may be amended from time to time, or successor statute and which shall be audited by the Legislative Auditing Committee or an independent certified public accountant.

Any or all of the items listed in (a) above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been filed with the MSRB's website or submitted to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

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

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

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

(b) After the occurrence of a Listed Event (excluding a Listed 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 any of the Listed Events, the City shall 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 Trustee, the Dissemination Agent (if other than the City) and the MSRB, through its continuing disclosure service portal provided through EMMA at <http://www.msrb.emma.org> or any other similar system that is acceptable to the Securities and Exchange Commission. Each notice of the occurrence of a Listed Event shall be captioned "Notice of Material Event" and shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (a) (8) need not be given under this subsection any earlier than the notice for the underlying event is given to registered owners of affected Bonds pursuant to the terms of the Bonds.

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 Trustee shall be the Dissemination Agent. The initial Dissemination Agent shall be the Trustee.

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

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

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

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

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason of the amendment or waiver and its impact on the type (or in the

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

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

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

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

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

FINANCIAL INFORMATION

The audited financial statements of the City's general fund for the fiscal year ended December 31, 2012 are available on the internet at <http://www.legaudit.state.ar.us/> or by contacting the State of Arkansas Legislative Joint Auditing Committee, Division of Legislative Audit, 172 State Capitol, Little Rock, Arkansas 72201-1099.

The Pledged Revenues pledged to the payment of the Bonds consist of franchise fees imposed by the City for products and services furnished or rendered by various public utilities within the City's corporate limits for the permission to occupy the streets, highways or other public places within the City. The maximum amount of the franchise fee that may be charged is the greater of 4.25% or the amount in effect on January 1, 1997, unless agreed to by the affected utility or approved by the voters

of the City. The City charges a franchise fee based upon the gross revenues received by the public utility during the preceding calendar year from residential and commercial customers in the City as follows:

<u>Public Utility</u>	<u>Charge Levy</u>	<u>Payable</u>
Centerpoint Energy	4.25%	Monthly
Southwestern Bell Company	4.25% ⁽¹⁾	Quarterly
Entergy	4.25%	Monthly
C & L Electric	4.25%	Monthly
Liberty Utilities	4.25%	Monthly
Pine Bluff Cable TV	5.00%	Monthly

⁽¹⁾Southwestern Bell Company pays the greater of 4.25% or \$262,000 per year.

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Centerpoint Energy	\$343,476	\$640,797 ⁽¹⁾	\$365,573 ⁽²⁾	\$501,418	532,151
Southwestern Bell Company	262,000	262,000	262,000	262,000	262,000
Entergy	1,783,526	1,750,210	1,684,572	1,728,400	1,697,169
Liberty Utilities	282,095	334,970	322,306	375,608	335,807
Pine Bluff Cable TV	320,731	311,464	307,157	288,473	264,081
C & L Electric	5,218	5,960	6,182	5,793	5,940
<u>Total</u>	<u>\$2,997,046</u>	<u>\$3,305,401</u>	<u>\$2,947,790</u>	<u>\$3,161,884</u>	<u>\$3,097,148</u>

⁽¹⁾Franchise fee agreement revised from payment annually of previous year collections to require payment monthly of previous month's collections. This resulted in two years of franchise fee collections in 2010.

⁽²⁾ Franchise fee agreement revised from payment based on \$2 per meter to 4.25% of gross revenue. The new agreement was implemented in April 2011 with first collections in May 2011. Natural gas revenues are seasonal with lower summer receipts, but higher receipts in the winter due to heating requirements. The 2011 winter months were on the per meter rate not at 4.25%, resulting in lower collections than expected with the change in calculation of the fee.

DEBT SERVICE COVERAGE

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

Pledged Revenues Available for Debt Service ^(A)	\$3,097,148
Maximum Annual Debt Service Requirements ^{(B)(1)}	491,455
Debt Service Coverage ^(A/B)	6.30x

⁽¹⁾Using a year ending May 1.

DEBT SERVICE REQUIREMENTS

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

SERIES 2014A

<u>Year</u> <u>(Ending May 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$280,000	\$136,120	\$416,120
2016	285,000	133,320	418,320
2017	290,000	129,045	419,045
2018	295,000	123,245	418,245
2019	300,000	117,345	417,345
2020	305,000	111,345	416,345
2021	310,000	104,940	414,940
2022	320,000	97,190	417,190
2023	330,000	88,230	418,230
2024	340,000	78,165	418,165
2025	350,000	67,455	417,455
2026	360,000	55,730	415,730
2027	375,000	43,130	418,130
2028	390,000	29,630	419,630
2029	400,000	15,200	415,200
Totals	\$4,930,000	\$1,330,090	\$6,260,090

SERIES 2014B

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$30,000	\$41,705.00	\$71,705.00
2016	30,000	40,760.00	70,760.00
2017	30,000	39,815.00	69,815.00
2018	30,000	38,870.00	68,870.00
2019	30,000	37,925.00	67,925.00
2020	30,000	36,980.00	66,980.00
2021	35,000	36,035.00	71,035.00
2022	35,000	34,932.50	69,932.50
2023	35,000	33,830.00	68,830.00
2024	35,000	32,727.50	67,727.50
2025	40,000	31,625.00	71,625.00
2026	40,000	30,025.00	70,025.00
2027	40,000	28,425.00	68,425.00
2028	45,000	26,825.00	71,825.00
2029	45,000	25,025.00	70,025.00
2030	45,000	23,225.00	68,225.00
2031	50,000	21,425.00	71,425.00
2032	50,000	19,425.00	69,425.00
2033	50,000	17,425.00	67,425.00
2034	55,000	15,300.00	70,300.00
2035	55,000	12,962.50	67,962.50
2036	60,000	10,625.00	70,625.00
2037	60,000	8,075.00	68,075.00
2038	65,000	5,525.00	70,525.00
2039	65,000	2,762.50	67,762.50
Totals	\$1,085,000	\$652,255.00	\$1,737,255.00

**COMBINED
SERIES 2014A AND SERIES 2014B**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$310,000	\$177,825.00	\$487,825.00
2016	315,000	174,080.00	489,080.00
2017	320,000	168,860.00	488,860.00
2018	325,000	162,115.00	487,115.00
2019	330,000	155,270.00	485,270.00
2020	335,000	148,325.00	483,325.00
2021	345,000	140,975.00	485,975.00
2022	355,000	132,122.50	487,122.50
2023	365,000	122,060.00	487,060.00
2024	375,000	110,892.50	485,892.50
2025	390,000	99,080.00	489,080.00
2026	400,000	85,755.00	485,755.00
2027	415,000	71,555.00	486,555.00
2028	435,000	56,455.00	491,455.00
2029	445,000	40,225.00	485,225.00
2030	45,000	23,225.00	68,225.00
2031	50,000	21,425.00	71,425.00
2032	50,000	19,425.00	69,425.00
2033	50,000	17,425.00	67,425.00
2034	55,000	15,300.00	70,300.00
2035	55,000	12,962.50	67,962.50
2036	60,000	10,625.00	70,625.00
2037	60,000	8,075.00	68,075.00
2038	65,000	5,525.00	70,525.00
2039	65,000	2,762.50	67,762.50
Totals	\$6,015,000	\$1,982,345.00	\$7,997,345.00

LEGAL MATTERS

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

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

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

In the opinion of Bond Counsel, interest on the Bonds under existing law is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is

taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. These requirements generally relate to arbitrage, the use of the proceeds of the Bonds, the Improvements and the facilities financed and refinanced by the Bonds Refunded. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements in the Authorizing Ordinance.

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

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

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

Prospective purchasers of the Bonds should also be aware that Section 17 of Act 785 of the Acts of Arkansas of 1993 added new subsections (b) and (c) to Section 26-51-431 of the Arkansas Code of 1987 Annotated. Subsection (b) states that Section 265(a) of the Internal Revenue Code is adopted for the purpose of computing Arkansas corporation income tax liability. Subsection (c) provides that in computing Arkansas corporation income tax liability, no deduction shall be allowed for interest "on indebtedness incurred or continued to purchase or carry obligations the interest on which is wholly exempt from the taxes imposed by Arkansas law." On December 8, 1993, the Arkansas Department of Finance and Administration Revenue Division issued Revenue Policy Statement 1993-2, which provides in part:

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

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

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

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

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

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

Current or future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. Recent legislative proposals include provisions that would limit the amount of exclusions (including tax-exempt interest) and deductions available to certain high income taxpayers. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. The introduction or enactment of any such legislative proposals may also affect the

market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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

MISCELLANEOUS

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

Underwriting. Under a Bond Purchase Agreement (the "Agreement") entered into by and between the City, as issuer, and Stephens Inc., as underwriter (the "Underwriter"), the Bonds are being purchased at a price of \$5,956,240.10 (principal amount of \$6,015,000 plus net original issue premium of \$16,427.60 less Underwriter's discount of \$75,187.50). The Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the Bonds or any proceedings in connection with the issuance thereof, and the absence of material adverse changes in the financial or business condition of the City.

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

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

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

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

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

CITY OF PINE BLUFF, ARKANSAS

By /s/ Debe Hollingsworth
Mayor

Dated: As of the Cover Page hereof