

DATED OCTOBER 6, 2011

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE – Book-Entry Only

RATING: Standard & Poor's: AA

*In the opinion of Bond Counsel, based on existing statutes, regulations, rulings and court decisions, the interest on the Series 2011 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 Series 2011 Bonds and interest thereon are exempt from all Arkansas state, county and municipal tax. In the opinion of Bond Counsel, interest on the Series 2011 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. See **LEGAL MATTERS, Tax Exemption** herein.*

\$77,185,000*

CITY OF ROGERS, ARKANSAS SALES AND USE TAX REFUNDING AND IMPROVEMENT BONDS SERIES 2011

Dated: November 1, 2011

Due: November 1, as shown below

The Series 2011 Bonds of each maturity will be initially issued as a single registered bond registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC"), New York, New York. The Series 2011 Bonds will be available for purchase in book-entry form only, in denominations of \$5,000 or any integral multiple thereof. Except in limited circumstances described herein, purchasers of the Series 2011 Bonds will not receive physical delivery of Series 2011 Bonds. Payments of principal of and interest on the Series 2011 Bonds will be made by Simmons First Trust Company, N.A., Pine Bluff, Arkansas as the Trustee, directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2011 Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the Series 2011 Bonds, all as further described herein.

Principal of and interest on the Series 2011 Bonds are payable from a pledge of receipts derived by the City of Rogers, Arkansas (the "City") from a 1% sales and use tax levied by the City. See **SECURITY FOR THE SERIES 2011 BONDS** herein.

Interest on the Series 2011 Bonds is payable on each May 1 and November 1, commencing May 1, 2012. The Series 2011 Bonds mature (on November 1 of each year), bear interest and are priced to yield as follows:

MATURITY SCHEDULE*

\$42,405,000 Serial Bonds

Maturity	Amount (\$)	Rate (%)	Yield (%)	Maturity	Amount (\$)	Rate (%)	Yield (%)
11/01/2012	2,045,000			11/01/2020	2,565,000		
11/01/2013	2,090,000			11/01/2021	2,635,000		
11/01/2014	2,150,000			11/01/2022	2,720,000		
11/01/2015	2,210,000			11/01/2023	2,795,000		
11/01/2016	2,280,000			11/01/2034	4,355,000		
11/01/2017	2,345,000			11/01/2035	4,555,000		
11/01/2018	2,415,000			11/01/2036	4,755,000		
11/01/2019	2,490,000						

\$12,240,000 ____ % Term Bonds Due November 1, 2027; Yield ____ %

\$14,380,000 ____ % Term Bonds Due November 1, 2031; Yield ____ %

\$8,160,000 ____ % Term Bonds Due November 1, 2033; Yield ____ %

(Accrued interest from November 1, 2011 to be added)

The Series 2011 Bonds are offered, subject to prior sale, when, as and if issued and received by the Underwriters named below, subject to the approval of legality by Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C. It is expected that the Series 2011 Bonds will be available for delivery on or about _____, 2011.

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

Dated: _____, 2011.

Morgan Keegan

Stephens Inc.
Investment Bankers

*Preliminary, subject to change.

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No dealer, broker, salesman or any other person has been authorized by the City or the Underwriters to give any information or to make any representations other than those contained in this Preliminary Official Statement in connection with the offering of the Series 2011 Bonds described herein and, if given or made, such information or representations must not be relied upon as having been authorized by the City. Neither the delivery of this Preliminary Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the business, operations or financial condition of the City since the date hereof. This Preliminary Official Statement does not constitute an offer or solicitation in any state in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or is made to any person to whom it is unlawful to make such offer or solicitation.

The Series 2011 Bonds have not been registered under the Securities Act of 1933, as amended, nor has the Authorizing Ordinance described herein been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemption in such laws from such registration and qualification.

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PRELIMINARY OFFICIAL STATEMENT
\$77,185,000*
CITY OF ROGERS, ARKANSAS
SALES AND USE TAX REFUNDING AND IMPROVEMENT BONDS
SERIES 2011

INTRODUCTION TO PRELIMINARY OFFICIAL STATEMENT

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

This Preliminary Official Statement of the City of Rogers, Arkansas (the "City") is furnished in connection with the offering by the City of its \$77,185,000* principal amount of Sales and Use Tax Refunding and Improvement Bonds, Series 2011, dated November 1, 2011 (the "Series 2011 Bonds"). The Series 2011 Bonds are being issued for the purpose of financing all or a portion of the costs of the following capital improvements (collectively, the "Improvements"): (i) streets, roads and bridges, including any curb, gutter and drainage improvements, equipment and land acquisition to accomplish such improvements, and street lighting, utility adjustments, sidewalks and traffic signals related thereto (the "Street Improvements"), (ii) public park and recreational facilities and improvements, including particularly, without limitation, land acquisition for future parks, renovations and improvements to existing parks, and a water aquatic park and ball fields and parking, furnishings, equipment, drainage, lighting and utility improvements therefor (the "Park and Recreational Improvements"), (iii) fire department facilities, equipment and apparatus (the "Fire Department Facilities"), and (iv) facility improvements, vehicles and other rolling stock and related apparatus for the police department (the "Police Department Facilities"). The Series 2011 Bonds are also being issued for the purpose of refunding the City's Sales and Use Tax Refunding and Improvement Bonds, Series 2003A and the City's Sales and Use Tax Bonds, Series 2006 (together, the "Bonds Refunded"), paying costs incidental to the foregoing, funding of the required debt service reserve, and paying expenses of issuing the Bonds. See **PURPOSES FOR THE SERIES 2011 BONDS**.

The City is a city of the first class duly organized under the laws of the State of Arkansas (the "State") and is located in northwestern Arkansas. The City is authorized under Amendment No. 62 to the Constitution of the State ("Amendment 62") and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation") to issue capital improvement bonds and to expend the proceeds thereof for the intended purposes. See **THE CITY AND THE COUNTY**.

The Series 2011 Bonds are not general obligations of the City, but are special obligations payable solely from collections of a new 1% sales and use tax (the "Tax"). See **SECURITY FOR THE SERIES 2011 BONDS**, The Tax. The Tax is levied under Ordinance No. 11-65 of the City adopted July 12, 2011 (the "Tax Ordinance"). The issuance of the Series 2011 Bonds and the pledging of the Tax to the payment of the principal of and interest on the Series 2011 Bonds were approved at a special election held September 13, 2011. The Series 2011 Bonds are being issued pursuant to and in full compliance with Amendment 62 and the Authorizing Legislation and Ordinance No. 11-__ of the City, adopted on _____, 2011 (the "Authorizing Ordinance"). See **THE AUTHORIZING ORDINANCE**.

*Preliminary, subject to change.

The City has reserved the right in the Authorizing Ordinance to issue up to \$63,600,000* of additional bonds for Improvements on a parity of security with the Series 2011 Bonds (the “Additional Parity Bonds”). See **THE SERIES 2011 BONDS, Additional Bonds**, herein.

The Series 2011 Bonds are issuable only as fully registered bonds, without coupons, in the denomination of \$5,000 or integral multiple thereof. Interest is payable May 1, 2012, and semiannually thereafter on each November 1 and May 1. Principal is payable at the principal office of Simmons First Trust Company, N.A., Pine Bluff, Arkansas, as trustee and paying agent for the Series 2011 Bonds (the “Trustee”). Interest is payable by the Trustee to the registered owners as of the record date for each interest payment date. The record date for payment of interest on the Series 2011 Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. A Series 2011 Bond may be transferred, in whole or in part (in integral multiples of \$5,000), but only upon delivery of the Series 2011 Bond, together with a written instrument of transfer, to the Trustee. See **THE SERIES 2011 BONDS, Generally**.

The Series 2011 Bonds will be initially issued in book-entry form and purchasers of the Series 2011 Bonds will not receive certificates representing their interest in the Series 2011 Bonds purchased. See **THE SERIES 2011 BONDS, Book-Entry Only System**. The Series 2011 Bonds will contain such other terms and provisions as described herein. See **THE SERIES 2011 BONDS, Generally**.

The Series 2011 Bonds are subject to extraordinary redemption from Surplus Tax Receipts (as hereinafter defined) and proceeds of the Series 2011 Bonds not needed for the purposes intended and are subject to optional redemption on and after November 1, 2021. The Series 2011 Bonds maturing on November 1, 2027*, November 1, 2031* and November 1, 2033* are subject to mandatory sinking fund redemption as described herein. The Trustee shall give at least thirty (30) days’ notice of redemption. See **THE SERIES 2011 BONDS, Redemption**.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Series 2011 Bonds is excludable from gross income for federal income tax purposes, (ii) interest on the Series 2011 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 Series 2011 Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax, and (iv) the Series 2011 Bonds and interest thereon are exempt from all State, county and municipal tax. See **LEGAL MATTERS, Tax Exemption**.

It is expected that the Series 2011 Bonds will be available for delivery on or about _____, 2011 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 Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Continuing Disclosure Agreement”). See **CONTINUING DISCLOSURE AGREEMENT**.

This Preliminary Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Authorizing Ordinance and the Continuing Disclosure Agreement summarized herein are available upon request from Morgan Keegan & Company, Inc., 100 Morgan Keegan Drive, Suite 400, Little Rock, Arkansas 72202, Attention: Public Finance and Stephens Inc., P.O. Box 3507, Little Rock, Arkansas 72203, Attention: Public Finance.

*Preliminary, subject to change.

THE SERIES 2011 BONDS

Book-Entry Only System. The Depository Trust Company (“DTC”), New York, New York, or its successor, will act as securities depository for the Series 2011 Bonds. The Series 2011 Bonds will each be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Bond certificate for each maturity 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 transaction in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, AND EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (referred to herein as “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2011 Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Bonds, except in the event that use of the book-entry system for the Series 2011 Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2011 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices will be sent to Cede & Co. If fewer than all of the Series 2011 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent to vote with respect to the Series 2011 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and premium, if any, payments on the Series 2011 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2011 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 Underwriters nor the City make any representation or warranty regarding the accuracy or completeness thereof.

So long as the Series 2011 Bonds are in book-entry only form, Cede & Co., as nominee for DTC, will be treated as the sole owner of the Series 2011 Bonds for all purposes under the Authorizing Ordinance, including receipt of all principal of and interest on the Series 2011 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 Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Participant; (b) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Series 2011 Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Authorizing Ordinance to be given to owners of the Series 2011 Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Series 2011 Bonds.

Generally. The Series 2011 Bonds shall be dated, mature and bear interest and interest is payable on the Series 2011 Bonds as set forth on the cover page hereof. The Series 2011 Bonds are issuable in the form of registered Series 2011 Bonds without coupons in the denomination of \$5,000 each or any integral multiple number thereof. In the even any Series 2011 Bond is mutilated, lost or destroyed, the Trustee shall authenticate and deliver to the registered owner a new Bond in accordance with the provisions therefor in the Authorizing Ordinance.

Each Series 2011 Bond is exchangeable or transferable by any 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 Series 2011 Bond or Series 2011 Bonds of the same maturity, or authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchanger therefor.

No charge shall be made to the owner of any Series 2011 Bond for the privilege of registration, but any owner requesting any such registration shall pay any tax or other governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new Series 2011 Bond upon each exchange or transfer and any other expenses of the City or the Trustee incurred in connection therewith shall be paid by the City. Neither the City nor the Trustee shall be required to transfer or exchange any Series 2011 Bonds selected for redemption in whole or in part.

The person in whose name any Series 2011 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of, premium, if any, or interest on any Series 2011 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 Series 2011 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 any Series 2011 Bonds or the date fixed for redemption of any Series 2011 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 Series 2011 Bonds are subject to extraordinary, optional and mandatory sinking fund redemption as follows:

(1) Extraordinary Redemption. The Series 2011 Bonds shall be redeemed from proceeds of the Series 2011 Bonds not needed for the purposes intended and Surplus Tax Receipts (hereinafter defined) on any interest payment date, at least annually, in inverse order of maturity (and by lot within a maturity in such manner as the Trustee shall determine), in whole or in part, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. "Surplus Tax Receipts" are collections of the Tax in excess of the amount necessary to (1) ensure the prompt payment of the principal of, interest on, Trustee's and administrative fees and expenses in connection with the Series 2011 Bonds and the Additional Parity Bonds, (2) maintain a debt service reserve in the required amount, and (3) pay any arbitrage rebate due under Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code").

If there are no Additional Parity Bonds outstanding the City shall apply 100% of the Surplus Tax Receipts to the redemption of the Series 2011 Bonds. If there are Additional Parity Bonds outstanding, the City shall use 45% of Surplus Tax Receipts to redeem the Series 2011 Bonds and 55% of Surplus Tax Receipts to redeem the Additional Parity Bonds.

In the case of any defeasance of the Series 2011 Bonds, redemption of defeased Bonds shall be scheduled on the basis of the mandatory redemption requirements and assuming annual Tax Receipts in an amount equal to receipts for the most recent twelve-month period.

(2) Optional Redemption. The Series 2011 Bonds are subject to redemption at the option of the City, from funds from any source, on and after November 1, 2021, 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 Series 2011 Bonds shall be called for redemption, the particular maturities of the Series 2011 Bonds to be redeemed shall be selected by the City in its discretion. If fewer than all of the Series 2011 Bonds of any one maturity shall be called for redemption, the particular Series 2011 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 2011 Bonds maturing on November 1, 2027, November 1, 2031, and November 1, 2033 are subject to mandatory sinking fund redemption by lot in such manner as the trustee shall determine, on November 1 in the years and in the amounts set forth below, at a redemption price equal to the principal amount being redeemed plus accrued interest to the date of redemption:

Bonds Maturing November 1, 2027

<u>Years</u>	<u>Principal Amount</u>
2024	\$2,880,000
2025	3,000,000
2026	3,120,000
2027	3,240,000

Bonds Maturing November 1, 2031

<u>Years</u>	<u>Principal Amount</u>
2028	\$3,375,000
2029	3,515,000
2030	3,665,000
2031	3,825,000

Bonds Maturing November 1, 2033

<u>Years</u>	<u>Principal Amount</u>
2032	\$3,990,000
2033	4,170,000

*Preliminary, subject to change

In the case of any redemption of Series 2011 Bonds prior to maturity, the Trustee shall mail a copy of the redemption notice to the registered owners of the Series 2011 Bonds to be redeemed, in each case not less than 30 nor more than 60 days prior to the date of redemption. After the date for redemption no further interest shall accrue on any Series 2011 Bond called for redemption if funds for redemption of such Series 2011 Bond have been deposited with the Trustee as provided in the Authorizing Ordinance.

Notwithstanding the above, so long as the Series 2011 Bonds are issued in book-entry only form, if fewer than all the Series 2011 Bonds of an issue are called for redemption, the particular Series 2011 Bonds to be redeemed will be selected pursuant to the procedures established by DTC. So long as the Series 2011 Bonds are issued in book-entry only form, notice of redemption will be given only to Cede & Co., as nominee for DTC. **The Trustee will not give any notice of redemption to the Beneficial Owners of the Series 2011 Bonds.**

Otherwise, any selection of Series 2011 Bonds by lot shall be effected by the Trustee, by any method chosen by the Trustee in its discretion.

PURPOSES FOR THE SERIES 2011 BONDS

At the special election held September 13, 2011, there was approved the issuance of the Series 2011 Bonds and Additional Parity Bonds for the purpose of financing the following:

- (a) the refunding of the Bonds Refunded - \$10,500,000;
- (b) the Street Improvements, including particularly without limitation, streets, roads and bridges, including any curb, gutter and drainage improvements, equipment and land acquisition to accomplish such improvements, and street lighting, utility adjustments, sidewalks and traffic signals related thereto - \$102,000,000;
- (c) the Park and Recreational Improvements, including particularly, without limitation, public park and recreational facilities and improvements, including particularly, without limitation, land acquisition for future parks, renovations and improvements to existing parks, and a water aquatic park and ball fields and parking, furnishings, equipment, drainage, lighting and utility improvements therefor - \$26,800,000;
- (d) the Fire Department Facilities, including particularly, without limitation, fire department facilities, equipment and apparatus - \$4,600,000; and
- (e) the Police Department Facilities, including particularly, without limitation, facility improvements, vehicles and other rolling stock and related apparatus for the police department - \$2,000,000.

The principal amount of the Series 2011 Bonds is allocated approximately as follows*:

Refunding of Bonds Refunded	\$5,385,000
Street Improvements	\$43,200,000
Park and Recreational Improvements	\$22,000,000
Fire Department Facilities	\$4,600,000
Police Department Improvements	\$2,000,000
Total	\$77,185,000

*Preliminary, subject to change.

The Additional Parity Bonds are anticipated to be issued in subsequent series and are limited to \$63,600,000*. No Additional Parity Bonds will be issued to accomplish the refunding of the Bonds Refunded. The Additional Parity Bonds will be issued for the Street Improvements and the Park and Recreational Improvements.

The refunding of the Bonds Refunded will be accomplished by the defeasance method. A portion of the proceeds of the Series 2011 Bonds will be held by the trustee for the Bonds Refunded and invested in United States Treasury Obligations that will mature and bear interest at such times and in such amounts as will, together with uninvested cash, provide a cash flow sufficient to pay scheduled principal and interest on the Bonds Refunded to and including September 1, 2012, to redeem a portion of the Bonds Refunded on March 1, 2012, and to redeem the Bonds Refunded maturing after September 1, 2012 on September 1, 2012.

The City will provide a debt service reserve and pay costs of issuing the Series 2011 Bonds and refunding the Bonds Refunded from Series 2011 Bond proceeds. The proceeds of the Series 2011 Bonds (exclusive of accrued interest) are estimated to be expended by the City as follows:

Sources:

Principal Amount of Bonds	\$77,185,000*
Reoffering Premium [Discount]	_____
Bond Funds for Bonds Refunded	_____

Uses:

Refunding of Bonds Refunded	_____
Costs of Improvements	_____
Underwriters' Discount	_____
Costs of Issuance	_____
Debt Service Reserve	_____
Contingency	_____

*Preliminary, subject to change.

The payment of Underwriters' discount and the costs of issuing the Series 2011 Bonds relating to the payment of professional fees will be contingent on the Series 2011 Bonds being issued. See **MISCELLANEOUS, Underwriting** for a description of the Underwriters' discount. The City will remit that portion of the net proceeds of the Series 2011 Bonds (principal amount plus reoffering premium [less original issue discount] less Underwriters' discount and certain issuance costs) as may be required for the refunding of the Bonds Refunded to Simmons First Trust Company, N.A., as Trustee in order to pay the amount necessary to refund the Bonds Refunded. The City will then deposit the remaining net proceeds of the Series 2011 Bonds (principal amount plus reoffering premium [less original issue discount] less Underwriters' discount and certain issuance costs) into the "2011 Sales and Use Tax Construction Fund" (the "Construction Fund") in a bank or trust company designated by the City. Moneys contained in the Construction Fund will be disbursed solely in payment of costs of the Improvements, in payment of the necessary expenses incidental thereto, in payment of the expenses of issuing the Series 2011 Bonds, and for such other purposes as are described in the Authorizing Ordinance (as hereinafter defined), see **THE**

AUTHORIZING ORDINANCE, The Bond Fund. Disbursements shall be on the basis of checks or requisitions that 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 Series 2011 Bond proceeds are to be invested pending use and the provisions governing those investments, see **THE AUTHORIZING ORDINANCE, Investments.**

SECURITY FOR THE SERIES 2011 BONDS

General. The Series 2011 Bonds are not general obligations of the City but are special obligations, secured by the pledge of collections of the Tax (“Tax Receipts”). Tax Receipts shall be used first to pay the principal of and interest on the Series 2011 Bonds, and thereafter to pay Trustee’s fees and expenses and other administrative charges, to pay any arbitrage rebate due under Section 148(f) of the Code, and to maintain the debt service reserve, hereinafter described, at the required level. The Series 2011 Bonds are secured under the Authorizing Ordinance. For a summary of the terms of the Authorizing Ordinance, see **THE AUTHORIZING ORDINANCE.**

Debt Service Reserve. A debt service reserve will be maintained in the Bond Fund in an amount equal to one-half of the maximum annual principal and interest requirements on the Series 2011 Bonds and the Additional Parity Bonds. See **THE AUTHORIZING ORDINANCE, The Bond Fund.** The debt service reserve will be funded with cash. At the time any Additional Parity Bonds are issued, the City will fund the additional amount in order for the debt service reserve to be maintained at the required level as set forth herein. See **THE AUTHORIZING ORDINANCE, The Bond Fund.**

Additional Bonds. The City covenants that it will not issue any additional bonds, or incur any other additional obligations, secured by a lien on or pledge of the Tax Receipts, other than the Additional Parity Bonds. The Additional Parity Bonds are anticipated to be issued in subsequent series. The Additional Parity Bonds may be issued so long as (i) the City has received collections from a City-wide 1% sales and use tax for a twelve-month period ending on the last day of the month preceding the date that the Additional Parity Bonds are authorized by the City Council of the City to be issued, in an amount equal to or in excess of 125% of the maximum annual debt service requirement for the Series 2011 Bonds, any outstanding Additional Parity Bonds and the Additional Parity Bonds proposed to be issued. Notwithstanding the above, nothing shall be construed to prohibit the City from refunding any Series 2011 Bonds or Additional Parity Bonds and pledging Tax Receipts to the refunding bonds on a parity with the non-refunded Series 2011 Bonds or Additional Parity Bonds.

The Tax. Pursuant to the Authorizing Legislation, the City has levied the Tax pursuant to the Tax Ordinance. The Tax is a tax within the City on all items that are subject to taxation under The Arkansas Gross Receipts Act of 1941 and a tax on the receipts from storing, distributing, using or consuming tangible personal property under The Arkansas Compensating (Use) Tax Act of 1949. The Tax was approved at the special election held September 13, 2011.

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

Treasurer to withhold the amount of the refund from future disbursements to the local government levying the sales and use tax. Prior to January 1, 2008, sales and use taxes were collected on the first \$2,500 of sales proceeds for each single transaction, as defined by the City.

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

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

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

Historical Tax Receipts. The City has collected a 1% sales and use tax dedicated to bonded indebtedness that has been in effect since October 1, 1996 (the “Bond Tax”). Collections of the Bond Tax received by the City for each year since 2006 (net of the 3% retainage) are as follows¹:

Calendar Year	Bond Tax Collections	Annual Growth (Decline)
2006	\$10,288,690	13.47%
2007	\$11,283,205	9.67%
2008	\$12,095,583	7.20%
2009	\$11,357,425	(6.10)%
2010	\$11,330,002	(0.24)%

¹Source: Arkansas State Treasurer.

Collections of the Bond Tax received by the City for the 12-month periods ended September 30, 2006, 2007, 2008, 2009, 2010, and 2011 are as follows²:

Period (Ended September 30)	Bond Tax Collections	Annual Growth (Decline)
2007	\$11,112,872	11.94%
2008	\$11,850,652	6.64%
2009	\$11,722,818	(1.08)%
2010	\$11,226,545	(4.23)%
2011	\$11,895,283	5.96%

Future Tax Receipts. Tax Receipts will be contingent upon the sale and use of property and services within the City, which activity is generally dependent upon economic conditions within the City and surrounding trade area. Also, Tax Receipts may be affected by changes to transactions exempted from the Tax made by legislation adopted by the General Assembly of the State or by the people of the State in the form of a constitutional amendment. In the past the General Assembly of the State has considered new exemptions to the sales tax, such as food sales, which, if adopted, would materially reduce Tax Receipts. The City has no control over actions of the General Assembly or the people of the State and cannot predict whether changes to the Tax may be made. Accordingly, the City cannot predict with certainty the expected amount of Tax Receipts to be received and, therefore, there can be no assurance that Tax Receipts will be sufficient to pay the principal of and interest on the Series 2011 Bonds.

DEBT SERVICE REQUIREMENTS

The following table shows amounts required to pay scheduled principal and interest on the Series 2011 Bonds during each year. However, the City expects to retire the Series 2011 Bonds earlier than scheduled from Surplus Tax Receipts (as defined herein) through the use of redemptions of the Series 2011 Bonds. See **THE SERIES 2011 BONDS**, Redemption and **PROJECTED MANDATORY REDEMPTION**.

Year	Principal*	Interest*	Total Debt Service
2012	\$2,045,000		
2013	2,090,000		
2014	2,150,000		
2015	2,210,000		
2016	2,280,000		
2017	2,345,000		
2018	2,415,000		
2019	2,490,000		
2020	2,565,000		
2021	2,635,000		
2022	2,720,000		
2023	2,795,000		
2024	2,880,000		

² Source: Arkansas State Treasurer.

2025	3,000,000
2026	3,120,000
2027	3,240,000
2028	3,375,000
2029	3,515,000
2030	3,665,000
2031	3,825,000
2032	3,990,000
2033	4,170,000
2034	4,355,000
2035	4,555,000
2036	4,755,000

*Preliminary, subject to change.

DEBT SERVICE COVERAGE

Set forth below is the debt service coverage information for the Series 2011 Bonds. In arriving at the estimate of annual Tax Receipts for this calculation, the City examined collections of the Bond Tax for the 12 month period ended September 30, 2011. The amount collected during that period was \$11,895,283. See **SECURITY FOR THE SERIES 2011 BONDS**, Historical Tax Receipts.

Actual Tax Receipts collected by the City will depend upon, among other things, the level of retail activity within the City, the economic health of the City and surrounding trade area, possible future actions by the people of the State or General Assembly of the State defining transactions subject to the Tax and granting exemptions from the Tax, such as exemptions for food sales. The figures set forth below are only estimates based on actual collections of the Bond Tax and there can be no assurance that future Tax Receipts will equal the estimate shown below. See **SECURITY FOR THE SERIES 2011 BONDS**, Future Tax Receipts.

Until such time as Additional Parity Bonds are issued the City will apply 100% of Surplus Tax Receipts to the redemption of the Series 2011 Bonds. At such time as Additional Parity Bonds are issued, the City will apply 45% of the Surplus Tax Receipts to redeem the Series 2011 Bonds and 55% of the Surplus Tax Receipts to redeem the Additional Parity Bonds. See **THE SERIES 2011 BONDS**, Redemption, Extraordinary Redemption. The City currently estimates that all \$63,600,000* of the remaining authorized Additional Parity Bonds will be issued as of November 1, 2015. There is no assurance that Additional Parity Bonds will be issued in such amount or on such date. The Authorizing Ordinance requires a minimum 1.25 X combined debt service coverage for the Series 2011 Bonds and any Additional Parity Bonds. See **SECURITY FOR THE SERIES 2011 BONDS**, Additional Bonds. Based upon the forgoing estimates and assuming an average coupon rate of 3.99% for the Series 2011 Bonds and any Additional Parity Bonds, the initial debt service coverage on the Series 2011 Bonds prior to and after the issuance of the Additional Parity Bonds would be as follows:

*Preliminary, subject to change.

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

Estimated Tax Receipts	\$11,895,283
Maximum Annual Debt Service	\$4,978,875
Estimated Debt Service Coverage	2.39 X

Initial Debt Service Coverage Following Issuance of Additional Parity Bonds:

Estimated Tax Receipts	\$11,895,283
Maximum Annual Debt Service ⁽¹⁾	\$6,884,825
Estimated Debt Service Coverage	1.73 X

⁽¹⁾ Includes debt service on the Series 2011 Bonds after projected redemptions from Surplus Tax Receipts through November 1, 2015.

PROJECTED MANDATORY REDEMPTION

The table under the caption **DEBT SERVICE REQUIREMENTS** does not reflect possible redemptions from the Surplus Tax Receipts, if available. Surplus Tax Receipts are derived solely from Tax Receipts in excess of the amounts needed to pay principal of, interest on, Trustee's and administrative fees and rebate obligations in connection with the Series 2011 Bonds and the Additional Parity Bonds when due and to maintain the Debt Service Reserve Account at its required level. Based upon sales and use tax collections for the 12 month period ended September 30, 2011 and no projected growth, the City estimates that Tax Receipts will be approximately \$11,895,283. The City has also assumed that the Additional Parity Bonds will be issued in November, 2015 with a debt service schedule providing minimum coverage of 125% for the Series 2011 Bonds and the Additional Parity Bonds. **THERE IS NO GUARANTEE THAT THESE ESTIMATES WILL BE TRUE.** See **SECURITY FOR THE SERIES 2011 BONDS, Future Tax Receipts**. The Series 2011 Bonds would be paid in full by November 1, 2024 from Surplus Tax Receipts, if these estimates are accurate, as follows:

<u>Year</u>	<u>Scheduled Principal*</u>	<u>Principal Redeemed*</u>	<u>Total Principal Retired*</u>
2012	2,045,000	4,975,000	7,020,000
2013	2,090,000	7,225,000	16,335,000
2014	2,150,000	7,555,000	26,040,000
2015	2,210,000	7,905,000	36,155,000
2016	2,280,000	1,840,000	40,275,000
2017	2,345,000	1,915,000	44,535,000
2018	2,415,000	2,000,000	48,955,000
2019	2,490,000	2,085,000	53,530,000
2020	2,565,000	2,175,000	58,270,000

2021	2,635,000	2,265,000	63,170,000
2022	2,720,000	2,360,000	68,250,000
2023	2,795,000	2,455,000	73,500,000
2024	2,425,000	1,260,000	77,185,000

*Preliminary, subject to change.

THE CITY AND THE COUNTY

Location. The City is located in Benton County (the “County”) in northwest Arkansas, approximately 210 miles northwest of Little Rock, Arkansas and 136 miles east of Tulsa, Oklahoma.

Population. According to the United States Department of Commerce, Bureau of the Census, population trends of the City and the County are as follows³:

<u>Year</u>	<u>City</u>	<u>County</u>
1960	5,700	36,272
1970	11,050	50,476
1980	17,429	78,115
1990	24,692	97,499
2000	38,829	153,406
2010	55,964	221,339

Transportation. The City is served by U.S. Highway Nos. 62, 71 and 412, and State Highway Nos. 12, 94, 102 and 112 and Interstate No. 540. The City is served by the Rogers Municipal Airport, which offers charter service. The Northwest Arkansas Regional Airport, located in nearby Highfill, offers commercial service.

Approximately 26 motor freight carriers and the Arkansas Missouri Railroad service the Fayetteville metropolitan statistical area, which includes the City.

Government. The City has the Mayor-City Council form of government, under which the City is governed by a City Council and a Mayor. The Mayor is elected for a current six-year term (current term expires December 31, 2016) with subsequent terms of four years each, and one-half the members of the City Council serve current two-year terms expiring December 31, 2012, and the other one-half of the members of the City Council serve current four-year terms expiring December 31, 2014, with all subsequent terms to be four-years in duration. The current Mayor, Chief Financial Officer of the City and members of the City Council and their occupations are as follows:

³ Source: U.S. Bureau of the Census; 2010 Census.

<u>Name</u>	<u>Occupation</u>
Greg Hines	Mayor
Jerry Hudlow	Chief Financial Officer and Treasurer
Dan Brown	Retired
Larry Daniel	Banker
Bob Goodwin	Retired Banker
Mark Kruger	Retired
Betsy Reithemeyer	Executive Vice President, Media and Communications
Gary Townzen	Business Owner - Barber
Marge Wolf	President, Non-Profit
Buddy Wright	Retired

Medical Facilities. The City has one hospital, Mercy Medical Center, with 200 beds and is served by approximately 275 physicians and surgeons.

Financial Institutions. The City is served by Bank of Rogers, First Bank, Parkway Bank, Pinnacle Bank, and Simmons First Bank of Northwest Arkansas and by branches of Arvest Bank, BancorpSouth Bank, Bank of America, N.A., Bank of Arkansas, N.A., Bank of the Ozarks, First Federal Bank of Arkansas, F.A., First National Bank & Trust Company of Fort Smith, First Security Bank, First Western Bank, Great Southern Bank, Iberiabank FSB, INTRUST Bank, N.A., Liberty Bank of Arkansas, Legacy National Bank, Metropolitan National Bank, Pulaski Bank& Trust, Regions Bank, and Signature Bank of Arkansas. Bank deposits in the County have been as follows for the years indicated⁴:

<u>Year</u>	<u>Total Deposits</u>	<u>Average Annual Growth (Decline)</u>
2006	3,906,000,000	21.5%
2007	5,003,000,000	28.1%
2008	3,420,000,000	(31.6)%
2009	3,390,000,000	(0.9)%
2010	3,408,084,000	0.5%

Education. Primary and secondary education for the inhabitants of the City are provided by a public school system fully accredited by the North Central Association of Secondary Schools and Colleges. The University of Arkansas is located 19 miles away in Fayetteville and Northwest Arkansas Community College is located in Bentonville, Arkansas.

⁴ Source: Federal Deposit Insurance Corporation.

Employers. The following are major employers within the City⁵:

<u>Employer</u>	<u>Number of Employees</u>	<u>Product/Service</u>
Tyson Foods, Inc.	4,300	Specialty Frozen Chicken Items
Rogers Public Schools	1,900	Education
Mercy Health System of NWA	1,423	Medical
Tyson Chick-N-Quick Plant	1,025	Poultry and Food Products
Northwest Arkansas Community College	853	Higher Education
Wal-Mart Claims Center	850	Insurance Claims Administration
Crossland Construction	700	General Contractor/Construction
Pinnacle Healthcare, LLC	650	Nursing home
Ozark Mountain Poultry	600	Poultry Processing and Packaging
Glad Manufacturing	585	Glad Plastic Bags, Plastic Cling Wrap
Superior Industries International	525	Aluminum Road Wheels
Wal-Mart Store #5260	500	Retail
Wal-Mart Store #1	500	Retail
Consumer Testing Lab	490	Product Testing
Kennametal	477	Cutting Tools
City of Rogers	398	Government
Benchmark Group	388	Architecture/Engineering
Tyson Plant	347	Poultry Processing
Bekaert	325	Steel tire cord
Tyson Distribution Center	320	Distribution Center
Nabholtz Construction	310	General Contractor/Construction
Preformed Line Products	280	Telephone/Communications Equipment
Crafton Tull Sparks & Associates	250	Architecture/Engineering
Embassy Suites of Northwest Arkansas	200	Hotel, Spa, & Convention Center
PB2 Architects	200	Architecture/Engineering

Litigation. There is no material litigation pending or threatened against the City that would materially adversely affect the financial condition of the City.

⁵ Source: Rogers-Lowell Area Chamber of Commerce.

County Economic Data. Per capita personal income estimates for the County and the State are as follows⁶:

<u>Year</u>	<u>County</u>		<u>State</u>	
	<u>Per Capita Personal Income</u>	<u>Average Annual Growth (Decline) (%)</u>	<u>Per Capita Personal Income</u>	<u>Average Annual Growth (Decline) (%)</u>
2005	30,294	3.1	27,907	4.0
2006	32,094	5.9	29,455	5.5
2007	33,562	4.6	31,424	6.7
2008	34,075	1.5	32,597	3.7
2009	33,065	(3.0)	32,315	(0.9)

Total personal income estimates for the County and the State are as follows⁷:

<u>Year</u>	<u>County</u>		<u>State</u>	
	<u>Total Personal Income</u>	<u>Average Annual Growth (Decline) (%)</u>	<u>Total Personal Income</u>	<u>Average Annual Growth (Decline) (%)</u>
2005	5,822,077	8.1	77,475,378,000	5.1
2006	6,467,214	11.1	82,918,067,000	7.0
2007	7,080,242	9.5	89,312,492,000	7.7
2008	7,479,327	5.6	93,480,735,000	4.7
2009	7,456,396	(0.3)	93,373,894,000	(1.1)

The annual average unemployment rates for the City, County and State since 2006 are as follows according to the Arkansas Department of Workforce Services⁸:

<u>Annual Average Unemployment Rate (%)</u>			
<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>
2006	3.3	3.4	5.3
2007	3.5	3.7	5.2
2008	3.8	4.0	5.3
2009	5.8	6.1	7.4
2010	6.1	6.4	7.9

THE AUTHORIZING ORDINANCE

Set forth below is a summary of certain portions of the Authorizing Ordinance. This summary does not purport to be comprehensive and reference is made to the full text of the Authorizing Ordinance for a

⁶ Source: U.S. Bureau of Economic Analysis.

⁷ Source: U.S. Bureau of Economic Analysis.

⁸ Source: Arkansas Department of Workforce Services.

complete description of its provisions. **Unless the context clearly indicates otherwise, all references under this heading to the “Bonds” shall include the Series 2011 Bonds and the Additional Parity Bonds.** The City will covenant as set forth below in the Authorizing Ordinance.

The Bond Fund. (a) The Trustee shall deposit all Tax Receipts as and when received into a special fund of the City in the Trustee that is created by the Authorizing Ordinance and designated “2011 Sales and Use Tax Bond Fund” (the “Bond Fund”), for the purpose of providing funds for the payment of principal of and interest on the Bonds as they become due at maturity or at redemption prior to maturity, the Trustee’s fees and expenses and other administrative charges, any arbitrage rebate due under Section 148(f) of the Code. Moneys in the Bond Fund shall be used on each interest payment date (or in the case of a rebate payment under clause (6), on any date due) in the following order of priority as and when necessary:

- (1) to pay the interest on the Bonds then due; and
- (2) to pay the principal of the Bonds then due at maturity or upon mandatory sinking fund redemption; and
- (3) to make provision in the Bond Fund for payment of one-half of the principal next due on the Bonds at maturity or upon mandatory sinking fund redemption if principal is not due on such interest payment date; and
- (4) to transfer into the Debt Service Reserve Account (hereinafter identified) such amounts as necessary to increase the Debt Service Reserve Account to the required level (hereinafter defined); and
- (5) to pay the Trustee’s fees and expenses and other administrative charges then due; and
- (6) to pay the amount that is payable as arbitrage rebate to the United States Treasury under Section 148(f) of the Code; and
- (7) to redeem Bonds prior to maturity.

(b) There shall be established and maintained in the Bond Fund a Debt Service Reserve Account in an amount equal to one-half of the maximum annual debt service on the Bonds (the “required level”). The City shall fund the Debt Service Reserve Account at the time or times the Bonds are issued. Moneys in the Debt Service Reserve Account shall be used to make the payments required by clauses (1) and (2) of paragraph (a) above if moneys in the Bond Fund are not otherwise sufficient for that purpose. Moneys in the Debt Service Reserve Account over and above the required level shall be immediately transferred from the Debt Service Reserve Account into the Bond Fund.

(c) When the moneys in the Bond Fund shall be and remain sufficient to pay (1) the principal of all the Bonds then outstanding, (2) interest on the Bonds until the next interest payment date, (3) the Trustee’s fees and expenses and other administrative charges, and (4) any arbitrage rebate due the United States Treasury under Section 148(f) of the Code, there shall be no obligation to make any further payments into the Bond Fund and any Tax Receipts remaining in the Bond Fund after the principal of, premium, if any and interest on the Bonds have been paid may be used by the City for any lawful purpose.

Investments. (a) Moneys held for the credit of the Construction Fund may be invested and reinvested in Permitted Investments and other investments permitted by Arkansas law that shall mature, or that shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when such money will be required for the purposes intended.

(b) Moneys held for the credit of the Debt Service Reserve Account shall be invested and reinvested in Permitted Investments, that shall mature, or that shall be subject to redemption by the holder thereof, at the option of such holder, not later than the earlier of (i) the final maturity date of the Bonds that are outstanding on the date of the investment or (ii) one (1) year.

(c) Moneys held for the credit of the Bond Fund (other than the Debt Service Reserve Account) shall be invested and reinvested in Permitted Investments, that will mature, or that will be subject to redemption by the holder thereof at the option of the holder, not later than the date or dates on which the money shall be required for the payment of the principal of and interest on the Bonds when due.

(d) Obligations purchased as an investment of any fund or account in the Bond Fund shall be deemed at all times a part of such fund. Any profit or loss realized on investments of moneys in any fund shall be charged to said fund. Interest earnings and profits realized from the investment of moneys in any Construction Fund account shall be credited to a separate account in the Construction Fund hereby created and designated "General Account." Moneys credited to the General Account shall be expended for either Street Improvements, the Police Department Facilities, the Fire Department Facilities or the Park and Recreational Improvements, at such times and in such amounts as hereafter designated by the City Council. The City Council will not be obligated to expend General Account moneys proportionately.

(e) The Trustee shall so invest and reinvest any funds held by it pursuant to the direction of the City and in the Trustee's discretion in the absence of any direct instructions from the City.

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

Certain Covenants. The City covenants as follows:

(a) It shall not take any action or suffer or permit any action to be taken or condition to exist that 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.

(b) It will not use or permit the use of the Improvements or the proceeds of the Bonds in such manner as to cause the Bonds to be private activity bonds within the meaning of Section 141 of the Code.

(c) It will faithfully and punctually perform all duties with reference to the Tax and the Bonds, required by the Constitution and laws of the State and by the Authorizing Ordinance, including the collection of Tax, as therein specified and covenanted, the segregating of the Tax Receipts and the applying of the Tax Receipts as provided in the Authorizing Ordinance.

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

Defaults and Remedies.

(a) If there be any default in the payment of the principal of, premium, if any, or interest on any of the Bonds, whether at the stated maturity thereof, by redemption, pursuant to any mandatory sinking fund requirements, by acceleration or otherwise or if the City defaults in the performance of any of the other covenants contained in the Authorizing Ordinance, the Trustee may, and upon the written request of the registered owners of not less than 25% in principal amount of the then outstanding Bonds, shall, by proper suit compel, by mandamus or otherwise, the performance of the duties of the officials of the City and officials of the State, under the 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 registered owner of any of the outstanding Bonds shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any power or right unless such owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the registered owners of not less than 25% in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such power or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted to the Trustee, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to the execution of the power and trust of the Authorizing Ordinance and to any remedy thereunder. No one or more registered owners of the Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Authorizing Ordinance, or to enforce any right thereunder except the manner herein described. All proceedings at law or in equity shall be instituted, had and maintained in the manner herein described and for the benefit of all registered owners of the outstanding Bonds.

(c) All rights of action under the Authorizing Ordinance or under any of the Bonds, 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 herein 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 herein provided, and each and every other remedy given hereunder 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 of the owners in principal amount of the Bonds then outstanding shall, waive any default that shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted under the provisions of the 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 to be paid within the meaning of the Authorizing Ordinance when payment of the principal of and interest on such Bond (whether at maturity or upon redemption as provided herein, 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) cash sufficient to make such payment and/or (2) Government Securities (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 with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

On the payment of any such Bonds within the meaning of the Authorizing Ordinance, the Trustee shall 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 the Trustee has been paid its fees and expenses and if any arbitrage rebate due the United States Treasury has been paid or provided for to the satisfaction of the Trustee, the Trustee shall 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 that 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 shall be considered the principal amount of such Government Securities and interest to be earned thereon until the maturity of such Government Securities.

The Trustee. The Trustee shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The Trustee shall not be required to take any action as Trustee unless it shall have been requested to do so in writing by the registered owners of not less than 25% in principal amount of the Bonds then outstanding and shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby. The Trustee may resign at any time by giving sixty (60) days' notice in writing to the City Clerk and the registered owners of the Bonds, and the City, so long as the City is not in default under the Authorizing Ordinance, upon notice to the majority in value of the registered owners of the outstanding Bonds, with or without cause, may remove the Trustee. In the event of a vacancy in the office of Trustee, either by resignation or by removal, the City shall forthwith designate a new Trustee by a written instrument filed in the office of the City Clerk. Every successor Trustee shall be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$50,000,000. The preceding criteria may be met by a parent corporation if the parent corporation has guaranteed the obligations of the Trustee. The original Trustee and any successor Trustee shall file with the City a written acceptance and agreement to execute the trusts imposed upon it or them but only upon the terms and conditions set forth in the Authorizing Ordinance and subject to the provisions of the Authorizing Ordinance, to all of which the respective registered owners of the Bonds agree. Any successor Trustee shall have all the powers granted to the original Trustee. Notwithstanding the above, neither the removal of the Trustee nor the resignation by the Trustee shall be effective until a successor Trustee shall have been appointed.

Amendment of Authorizing Ordinance.

(a) The terms of the Authorizing Ordinance constitute a contract between the City and the owners of the Bonds. No variation or change in the undertaking set forth in the Authorizing Ordinance shall be made while any of the Bonds are outstanding, except as hereinafter set forth below.

(b) The Trustee may consent to any variation or change in the Authorizing Ordinance without the consent of the owners of the outstanding Bonds (1) in order to cure any ambiguity, defect or omission therein, or (2) that the Trustee determines is not to the material prejudice of the owners of the Bonds or (3) in connection with the issuance of the Additional Parity Bonds.

(c) The owners of not less than 75% in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in the Authorizing Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City of such ordinance supplemental hereto 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; provided, however, that nothing contained in the Authorizing Ordinance shall permit or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Bond, or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or (iii) the creation of a lien or pledge superior to the lien and pledge created by the Authorizing Ordinance, or (iv) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (v) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental ordinance.

CONTINUING DISCLOSURE AGREEMENT

The City will enter into a Continuing Disclosure Agreement with respect to the Series 2011 Bonds.

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. The City is a party to continuing disclosure agreements with respect to outstanding indebtedness of the City. The City is in compliance with its obligations under those agreements.

Purpose of the Continuing Disclosure Agreement. The Continuing Disclosure Agreement will be 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 Underwriters in complying with the Securities and Exchange Commission, Rule 15c2-12(b)(5).

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

“Annual Disclosure Statement” shall mean any Annual Disclosure Statement provided by the City pursuant to, and as described in, Section 3 and Section 4 of the Continuing Disclosure Agreement.

“Beneficial Owner” of a Series 2011 Bond shall mean any person whom (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2011 Bonds (including persons holding Series 2011 Bonds through nominees, depositories, or other intermediaries), or (b) is treated as the owner of any Series 2011 Bonds for federal income tax purposes.

“Business Day” shall mean any day on which banks located in the city in which the designated corporate trust office of the Trustee is located is open for business.

“Disclosure Representative” shall mean the Mayor of the City or his or her designee, or such other officer or employee as the City shall designate in writing to the Trustee from time to time.

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

“EMMA” shall mean the Electronic Municipal Market Access Issuer as described in SEC 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 Disclosure Statements.

(a) The City shall, or shall cause the Trustee as Dissemination Agent, to, not later than 240 days after the end of the City’s fiscal year (presently December 31), commencing with the fiscal year ended December 31, 2011, provide to the MSRB through its continuing disclosure service portal which is provided through EMMA at <http://www.emma.msrb.org>, or any similar City acceptable to the Securities and Exchange Commission, its Annual Disclosure Statement that is consistent with the requirements of the Disclosure Agreement. Not later than 15 days prior to said date, the City shall provide its Annual Disclosure Statement to the Trustee. If the City’s fiscal year changes, the City shall give notice of such change in the same manner as for a Listed Event hereunder.

(b) Each Annual Disclosure Statement shall be in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. Each Annual Disclosure Statement may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in **CONTINUING DISCLOSURE AGREEMENT** Content of Annual Reports; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Disclosure Statement and later than the date required above for the filing of the Annual Disclosure Statement if they are not available by that date, but shall be submitted within 60 days of becoming available.

(c) If by 15 days prior to the date specified in subsection (a) above for providing the Annual Disclosure Statements to the MSRB, the Trustee has not received a copy of the Annual Disclosure Statements of the City, the Trustee shall contact the Disclosure Representative to determine if the City is in compliance with subsection (a) above.

(b) If the Trustee is unable to verify that the Annual Disclosure Statements have been provided to the MSRB by the date required in subsection (a) above Subsection 3(a), the Trustee shall send a notice to the MSRB in substantially the form required by the Disclosure Agreement.

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

(a) Information of the type set forth under the caption **THE CITY AND THE COUNTY** with respect to (i) City and County population in the latest year for which available and the four previous years for which figures are available; (ii) unemployment rates in the latest year for which available and the four previous years; and (iii) major industrial employers in the City on the date of the statement;

(b) Under the caption **SECURITY FOR THE SERIES 2011 BONDS**, Historical Tax Receipts with respect to Tax Receipts for the latest year for which available and the four previous years; and

(c) The annual audit of the City prepared in accordance with the Government Auditing Standards issued by the Comptroller General of the United States and applicable State Law.

Any or all of the items above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included 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:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 Series 2011 Bonds, or other material events affecting the tax status of the Series 2011 Bonds;
- (vii) Modifications to rights of security holders, if material;
- (viii) Series 2011 Bond calls (other than mandatory sinking fund redemptions, if any), if material;
- (ix) Defeasances and tender offers;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the City;

(xiii) 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 an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) If a Listed Event occurs while any Series 2011 Bonds are outstanding, the City shall provide, or shall cause to be provided by the Trustee, a Listed Event Notice, in a timely manner not in excess of 10 Business Days after the occurrence of such Listed Event, to 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 Listed Event" and shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(c) The Trustee shall promptly advise the City whenever, in the course of performing its duties as Trustee hereunder, the Trustee identifies an occurrence that would require the City to provide a Listed Event Notice, provided that the failure of the Trustee so to advise the City shall not constitute a breach by the Trustee of any of its duties and responsibilities hereunder.

(d) If the Trustee has been instructed by the City to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence in a timely manner, not in excess of ten business days after the occurrence of the event, with the MSRB, through EMMA. Notwithstanding the foregoing, notice of Listed Events described in subsections (viii) and (ix) of the definition of "Listed Event" in subsection (a) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the beneficial owners of affected Series 2011 Bonds pursuant to the Ordinance.

(e) Notwithstanding the above, the Trustee shall file a notice in accordance with subsection (d) above of Listed Events described in subsections (viii) and (ix) of the definition of "Listed Event" in subsection (a) above without direction from the City and without a determination by the City as to whether such event must be filed pursuant to applicable federal securities laws.

Termination of Reporting Obligations. The City's obligations under the Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, or payment in full of all the Series 2011 Bonds. If such termination occurs prior to the final maturity of the Series 2011 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event as described above.

Dissemination Agents. 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 the Trustee shall agree to any amendment so requested by the City), and any provision 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 delivery of Annual Disclosure Statements, content of Annual Disclosure Statements, or 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 Series 2011 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of counsel expert in federal securities laws, acceptable to the City and the Trustee, to the effect that such amendment or waiver would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or waiver had been effective on the date hereof, but taking into account any subsequent change in or official interpretation of the Rule; and

(c) The amendment or waiver either (i) is approved by the Owners of the Series 2011 Bonds in the same manner as provided in the Authorizing Ordinance for amendments to the Authorizing Ordinance with the consent of the Beneficial Owners, or (ii) does not, in the opinion of the Trustee, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Agreement, the City shall describe such amendment in the next Annual Disclosure Statement, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event, and (ii) the Annual Disclosure Statement 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 Disclosure Statement 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 Disclosure Statement or notice of occurrence of a Listed Event in addition to that which is specifically required by the Continuing Disclosure Agreement, the City shall not have any obligation under the Continuing Disclosure Agreement to update such information or include it in any Annual Disclosure Statement or notice of occurrence of a Listed Event.

Default.

(a) 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 Underwriters or the Beneficial Owners of at least 25% aggregate principal amount of outstanding Series 2011 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 Trustee, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement.

(d) Notwithstanding the provisions of subsection (a), no Beneficial Owner shall have any right to take any action to challenge the adequacy of the information provided in accordance with the Continuing Disclosure Agreement unless the Beneficial Owners of at least 25% aggregate principal amount of outstanding Series 2011 Bonds shall have made written require to the Trustee to take such action in its own name and shall have offered the Trustee reasonable indemnity, and the Trustee for 60 days after receipt of notice, requires and offer of indemnity has failed to institute any such action.

(e) A default under the Continuing Disclosure Agreement shall not be deemed an Event of 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 Trustees and Dissemination Agents and Rights 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 this 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 that 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 Trustee's negligence or willful misconduct. The obligations of the City under this section shall survive resignation or removal of the Dissemination Agent and payment of the series 2011 Bonds.

Beneficiaries. The Continuing Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, the Dissemination Agent, the Underwriters and Beneficial Owners from time to time of the Series 2011 Bonds, and shall create no rights in any other person or entity.

LEGAL MATTERS

Legal Proceedings. There is no litigation pending seeking to restrain or enjoin the Tax or the issuance or delivery of the Series 2011 Bonds, or questioning or affecting the legality of the Tax or Series 2011 Bonds or the proceedings and authority under which the Series 2011 Bonds are to be issued, or questioning the right of the City to adopt the Authorizing Ordinance or to issue the Series 2011 Bonds or the levy and pledge of the Tax by the City.

Legal Opinions. Legal matters incident to the authorization and issuance of the Series 2011 Bonds are subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Mitchell, Williams, Selig, Gates & Woodyard, P.L.L.C.

Tax Exemption. In the opinion of Friday, Eldredge & Clark, LLP, Bond Counsel, under existing law the interest on the Series 2011 Bonds is exempt from all Arkansas state, county and municipal tax.

Also, in the opinion of Bond Counsel, interest on the Series 2011 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 Series 2011 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 Series 2011 Bonds and the Improvements. Failure to comply with certain of such requirements could cause the interest on the Series 2011 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2011 Bonds. The City has covenanted to comply with all such requirements in the Authorizing Ordinance.

Prospective purchasers of the Series 2011 Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series 2011 Bonds, (ii) interest on the Series 2011 Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income including interest on the Series 2011 Bonds, maybe subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Series 2011 Bonds.

Prospective purchasers of the Series 2011 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 2011 Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Series 2011 Bonds.

On September 12, 2011, the President released a legislative proposal that would, among other things, subject interest on tax-exempt bonds (including the Series 2011 Bonds) to a federal income tax for taxpayers with incomes above certain thresholds for tax years beginning after 2012. The proposal has not yet passed either of the two Houses of Congress and it is not possible to predict whether this proposal will be enacted into law. If enacted into law, such a proposal could affect the value or marketability of tax-exempt bonds (including the Series 2011 Bonds).

As shown on the cover page of this Preliminary Official Statement, certain of the Series 2011 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 that is excluded from gross income for federal income tax purposes, as described above.

The amount of original issue discount that 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 that 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 that 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 each of accrual period) and (ii) the amount that 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 that 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 that 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 Preliminary Official Statement, certain of the Series 2011 Bonds are being sold at an original issue 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 a Premium Bond callable prior to its 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 a Premium Bond should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

MISCELLANEOUS

Underwriting. Under a Bond Purchase Agreement (the “Agreement”) entered into by and between the City and Morgan Keegan & Company, Inc. as authorized representative for the Underwriters, the Series 2011 Bonds are being purchased at a price of \$ _____ (principal amount less Underwriters’ discount of \$ _____ or _____ % of par) plus accrued interest. The Agreement provides that the Underwriters will purchase all of the Series 2011 Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Series 2011 Bonds is subject to various conditions contained in the Agreement, including the absence of pending or threatened litigation questioning the validity of the Series 2011 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 Underwriters intend to offer the Series 2011 Bonds to the public initially at the offering prices set forth on the cover page of this Preliminary Official Statement, which prices may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2011 Bonds to the public. The Underwriters may offer and sell the Series 2011 Bonds to certain dealers (including dealers depositing Series 2011 Bonds into investment trusts) at prices lower than the public offering price.

The City has agreed to indemnify the Underwriters against certain civil liabilities in connection with the offering and sale of the Series 2011 Bonds, including certain liabilities under federal securities laws.

Enforceability of Remedies. Rights of the registered owners of the Series 2011 Bonds and the enforceability of the remedies available under the Authorizing Ordinance may depend on judicial action and may be subject to the valid exercise of the constitutional powers of the United States of America and of the sovereign police powers of the State or other governmental units having jurisdiction, and to the application of federal bankruptcy laws or other debtor relief or moratorium laws in general. Therefore, enforcement of those remedies maybe delayed or limited, or the remedies may be modified or unavailable, subject to the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel expresses no opinion as to any effect upon any right, title, interest or relationship created by or arising under the Authorizing Ordinance resulting from the application of state or federal bankruptcy, insolvency, reorganization, moratorium or similar debtor relief laws affecting creditors' rights that are presently or may from time to time be in effect.

Rating. Standard & Poor's ("S&P") has assigned its municipal bond rating of "AA" to the Series 2011 Bonds. The rating reflects only the views of S&P. An explanation of the significance of the rating may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, the general economic conditions in the country and developments arising from the Budget Control Act of 2011, including the deliberations and results thereof of the Joint Select Committee on Deficit Reduction, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Series 2011 Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Series 2011 Bonds. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2011 Bonds. The Underwriters and the City have undertaken no responsibility after issuance of the Series 2011 Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal. No application has been made to any rating agency other than S&P for a rating on the Series 2011 Bonds.

Information in Preliminary Official Statement. Any statements made in this Preliminary Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Preliminary Official Statement is not to be construed as a contract or agreement between the City and the purchasers or owners of any of the Series 2011 Bonds.

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

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

CITY OF ROGERS, ARKANSAS

By: _____
Mayor

Dated: As of the Cover Page hereof.

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EXHIBIT A

SUMMARY OF STATE SALES AND USE TAX PROVISIONS

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

- (a) Tangible personal property;
- (b) Natural or artificial gas, electricity, water, ice, steam, or any other tangible personal property sold as a utility or provided as a public service;
- (c) (i) Service by telephone, telecommunications and telegraph companies to subscribers or users, including transmission of messages or images, whether local or long distance, including all service, installation, construction and rental charges having any connection with transmission of any message or image;
- (ii) Service of furnishing rooms, suites, condominiums, townhouses, rental houses or other accommodations by hotels, apartment hotels, lodging houses, tourist camps, tourist courts, property management companies, or any other provider of accommodations to transient guests;
- (iii) Service of cable television, community antenna television, and any and all other distribution of television, video, or radio services with or without the use of wires provided to subscribers, paying customers or users, including installation, service, rental, repair and other charges having any connection with the providing of the said services; however, the tax does not apply to services purchased by a radio or television company for use in providing its services;
- (iv) Service or initial installation, alteration, addition, cleaning, refinishing, replacement and repair of motor vehicles, aircraft, farm machinery and implements, motors of all kinds, tires and batteries, boats, electrical appliances and devices, furniture, rugs, flooring upholstery, household appliances, televisions and radios, jewelry, watches and clocks, engineering instruments, medical and surgical instruments, machinery of all kinds, bicycles, office machines and equipment, shoes, tin and sheet metal, mechanical tools and shop equipment; however, the tax does not apply to (A) coin operated car washes, (B) the maintenance or repair of railroad parts, railroad cars and equipment brought into the City solely and exclusively for the purpose of being repaired, refurbished, modified, or converted within the City, (C) the service of alteration, addition, cleaning, refinishing, replacement or repair of commercial jet aircraft or commercial jet aircraft components or subcomponents, (D) the repair or remanufacture of industrial metal rollers or platens that have a remanufactured nonmetallic material covering on all or a part of the roller or platen surface that are brought into the City solely and exclusively for the purpose of being repaired and remanufactured in this City and are then shipped back to the place of origin; (E) the initial installation, alteration, addition, cleaning, refinishing, replacement or repair of non-mechanical, passive or manually operated components of buildings or other improvements or structures affixed to real estate, (F) services performed by a temporary or leased employee or other contract laborer on items owned or leased by the employer, or (G) services performed on watches and clocks that are received by mail or common carrier from outside Arkansas and that, after the service is performed, are returned by mail or common carrier to points outside Arkansas;
- (v) Service of providing transportation or delivery of money, property or valuables by armored car; service of providing cleaning or janitorial work; service of pool and cleaning and servicing; pager services; telephone answering services; landscaping and non-residential lawn care services; service

of parking a motor vehicle or allowing a motor vehicle to be parked; service of storing a motor vehicle; service of storing furs; and the service of providing indoor tanning at a tanning salon;

(d) Printing of all kinds, types and characters, including the service of overprinting, and photography of all kinds;

(e) Tickets or admissions to places of amusement, to athletic, entertainment, recreational events, or fees for the privilege of having access to or the use of amusement, entertainment, athletic or recreational facilities;

(f) Dues and membership fees to health spas, health clubs and fitness clubs; dues and fees to private clubs that hold any permit from the Alcoholic Beverage Control Board allowing the sale, dispensing or serving of alcoholic beverages of any kind on the premises, and sales derived from a private club from the charges to members for the preparation and serving of mixed drinks or for the cooling and serving of beer and wine;

(g) Lease or rental of motor vehicles, other than diesel trucks rented for residential moving or commercial shipping or farm machinery rented or leased for a commercial purpose, for a period less than 30 days, or purchase of motor vehicles for rental or lease regardless of the length of the rental or lease; and

(h) The sale of a subscription for digital audio-visual work and digital audio work to an end user that does not have the right of permanent use granted by the seller and the use is contingent on contained payments by the purchaser;

(i) Lease or rental of a portable toilet on a long-term or short-term basis and any service associated with the lease or rental of a portable toilet provided by the lessor;

(j) Contracts, including services contracts, maintenance agreements and extended warranties, which in whole or in part provide for the future performance of or payment for services;

(k) Sales of computer software, including prewritten software, and service of repairing or maintaining computer equipment or hardware in any form;

(l) Orders transmitted by florists by telegraph, telephone, or other means of communication for flowers, floral arrangements, potted plants, or any other article common to the florist business for delivery to any other place within or without the State;

(m) Withdrawal from stock;

(n) Wrecker and towing services; collection and disposal of solid wastes; cleaning of parking lots and gutters; dry cleaning and laundry services; industrial laundry services; body piercing, tattooing, and electrolysis services; pest control services; security and alarm monitoring services; boat storage and docking fees; the furnishing of camping spaces or trailer spaces at public or privately owned campgrounds, except for federal campgrounds, on less than a month to month basis; locksmith services; and pet grooming and kennel services;

(o) Retail sale of any device used in playing bingo and any charge for admittance to facilities or for the right to play bingo or other games of chance regardless of whether such activity might otherwise be prohibited by law;

(p) Operation or use of coin-operated pin-ball machines, coin-operated music machines, coin-operated mechanical games and all other similar devices;

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

(r) Fishing guide service provided as part of a guided fishing trip if the fishing guide service is purchased in conjunction with the sale or lease of taxable tangible personal property by the person providing the fishing guide service.

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

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

(b) Tangible personal property or services by churches, except where such organizations may be engaged in business for profit;

(c) Tangible personal property, or service by charitable organizations, except where such organizations may be engaged in business for profit;

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

(e) Newspapers;

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

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

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

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

(j) Gate admissions at State, district, county or township fairs or at any rodeo if the receipts derived from gate admissions to the rodeo are used exclusively for the improvement, maintenance and

operation of such rodeo, and if no part of the net earnings thereof inures to the benefit of any private stockholder or individual;

(k) Property or services that the State is prohibited by the constitution or laws of the United States or by the constitution of the State from taxing or further taxing and tangible personal property exempted from taxation by the Arkansas Constitution;

(l) Isolated sales not made by an established business unless the sales related to a motor vehicle, trailer or semitrailer;

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

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

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

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

(q) Unprocessed crude oil;

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

(s) Property consisting of machinery and equipment required . by State law or regulation to be installed and utilized by manufacturing or processing plants or facilities to prevent or reduce air and/or water pollution or contamination;

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

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

- (v) Bagging and other packaging and tie materials sold to and used by cotton gins for packaging and/or tying baled cotton and from the sale of twine that is used in the production of tomato crops;
- (w) Prescription drugs by licensed pharmacists, hospitals, oncologists or dispensing physicians, and oxygen sold for human use on prescription of a licensed physician;
- (x) Property or services to humane societies;
- (y) Vessels, barges and towboats of at least fifty tons load displacement and parts and labor used in the repair and construction of the same;
- (z) Property or sales to all orphans' homes, or children's homes, which are not operated for profit and whether operated by a church, religious organization or other benevolent charitable association;
- (aa) Agricultural fertilizer, agricultural limestone and agricultural chemicals;
- (bb) Sale of tickets or admissions, by municipalities, to places of amusement, to athletic entertainment, recreational events, or fees for the privilege of having access to or the use of amusement;
- (cc) New and used farm machinery and equipment;
- (dd) New automobiles to a veteran of the United States Armed Services who is blind as a result of a service connected injury;
- (ee) Motor vehicles sold to municipalities, counties, public school districts, and state supported colleges and universities;
- (ff) School buses sold to school districts and, in certain cases, to other purchasers providing school bus service to school districts;
- (gg) Natural gas and electricity sold to a manufacturer for use directly in the actual manufacturing process;
- (hh) Feedstuffs used in the commercial production of livestock or poultry;
- (ii) New manufactured homes or modular homes (except that the tax shall be collected on the first 62% of the acquisition price;
- (jj) Mobile home or on subsequent sale of a manufactured home or modular home;
- (kk) The first 500 kilowatt hours of electricity per month and the total franchise tax billed to each residential customer whose household income is less than \$12,000 per year;
- (ll) Waste fuel used in producing, manufacturing, fabricating, assembling, processing, finishing, or packaging of articles of commerce at manufacturing or processing plants or facilities in the State;
- (mm) Electricity and natural gas to qualified steel manufacturers;
- (nn) Tangible personal property lawfully purchased with food stamps, food coupons, food instruments or vouchers in connection with certain Federal programs;

- (oo) Publications sold through regular subscriptions;
- (pp) Tickets for admission to athletic events and interscholastic activities of public and private elementary and secondary schools in the State and tickets for admission to athletic events at public and private colleges and universities in the State;
- (qq) Prescriptive adaptive medical equipment and prescriptive disposable medical;
- (rr) Insulin and test strips for testing blood sugar levels in humans;
- (ss) Telephone instruments sent into the State for refurbishing or repair and then shipped back to the state of origin;
- (tt) Industrial metal rollers sent into the State for repair or remanufacture and then shipped back to the state of origin;
- (uu) New motor vehicles purchased by non-profit organizations and used for the performance of contracts with the Department of Human Services, and new motor vehicles purchased with Urban Mass Transit Administration funds if (i) the vehicles are purchased in lots often vehicles, (ii) meet minimum State specifications, and (iii) vehicles are used for transportation under the Department of Human Services' programs for the aging, disabled, mentally ill, and children and family services;
- (vv) Motor fuels to owners or operators of motor buses operated on designated streets according to regular schedule and under municipal franchise that are used for municipal transportation purposes;
- (ww) Parts or other tangible personal property incorporated into or that become a part of commercial jet aircraft component or subcomponents;
- (xx) Transfer of fill material by a business engaged in transporting or delivering fill material;
- (yy) Long-term leases, thirty days or more, of commercial trucks used for interstate transportation of goods under certain conditions;
- (zz) Food and food ingredients to nonprofit agencies that are used for free distribution to the poor and needy;
- (aaa) Tangible personal property consisting of forms constructed of plaster, cardboard, fiberglass, natural fibers, synthetic fibers or composites and that are destroyed or consumed during the manufacture of the item;
- (bbb) Natural gas used as a fuel in the process of manufacturing glass;
- (ccc) Sales to the Community Service Clearinghouse, Inc. of Fort Smith;
- (ddd) Substitute fuel used in producing, manufacturing, fabricating, assembling, processing, finishing or packaging of articles of commerce at manufacturing facilities or processing plants in the State;
- (eee) Railroad rolling stock used in transporting persons or property in interstate commerce;

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

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

(hhh) Gas produced from biomass and sold for the purpose of generating energy to be sold to the gas producer;

(iii) Electricity used for the production of chlorine and other chemicals;

(jjj) Tangible personal property or services sold to a qualified museum;

(kkk) Clothing, clothing accessory or equipment, school art supply, school instructional material, and supplies are exempt every year from 12:01 a.m. on the first Saturday in August and ending at 11:59 p.m. the following Sunday;

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

(mmm) Textbooks, library books, and other instructional materials;

(nnn) Kegs used to sell beer wholesale by wholesale manufacturers of beer;

(ooo) The first \$50,000 of the purchase price from sale of machinery or equipment and related attachments that is used primarily in harvesting of timber;

(ppp) Natural gas and electricity used in manufacturing of tires;

(qqq) Sales to the United States Government;

(rrr) Tangible personal property or a service to the Arkansas Search Dog Association, Inc.;

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

(ttt) New aircraft manufactured or substantially completed within the State when sold by the manufacturer or substantial completer to a purchaser for use exclusively outside the State.

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

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

length of time any such property is so stored in the City. The use tax is levied on the following described tangible personal property:

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

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

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

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

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

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

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

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

(i) Computer software;

(j) Sales to financial institutions;

(k) New and used motor vehicles, trailers or semitrailers required to be licensed in this State; and

(l) Prepaid telephone calling cards or prepaid authorization numbers and the recharge of prepaid telephone calling cards or prepaid authorization numbers.

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

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

(b) Sales of tangible personal property in which the tax under the Arkansas Gross Receipts Act of 1941 is levied;

(c) Tangible personal property that is exempted from the sales tax under the Arkansas Gross Receipts Act of 1941;

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

(e) Unprocessed crude oil;

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

(g) Modular homes constructed from materials on which the sales or use tax has once been paid;

(h) Aircraft, aircraft equipment, railroad parts, cars, and equipment, and tangible personal property owned or leased by aircraft, automotive, or railroad companies, brought into the State solely and exclusively for refurbishing, conversion, or modification within this State and which is not used or intended for use in this State or for storage for use outside or inside the State;

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

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

(k) Agricultural fertilizer, agricultural limestone, agricultural chemicals, including but not limited to, agricultural pesticides and herbicides used in commercial production of agricultural products, and vaccines, medications, and medicinal preparations, used in treating livestock and poultry being grown for commercial purposes and other ingredients used in the commercial production of yeast;

(l) All new and used motor vehicles, trailers or semi-trailers that are purchased for a total consideration of less than \$2,500 before January 1, 2012, and less than \$4,000 if purchased after January 1, 2012;

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

(n) Tangible personal property purchased, produced or manufactured outside the State shall be exempt until the article has come to rest in the City;

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

- (p) Natural gas used as a fuel in the process of manufacturing glass;
- (q) Sales of the Community Service Clearinghouse, Inc. of Fort Smith;
- (r) Food and food ingredients to nonprofit agencies that are used for distribution to the poor and needy;
- (s) Railroad rolling stock used in transporting persons or property in interstate commerce;
- (t) Parts or other tangible personal property that become a part of railroad parts, railroad cars and equipment brought into the State for the purpose of being repaired, refurbished, modified or converted within the State;
- (u) Fire protection and emergency equipment to be owned by and exclusively used by a volunteer fire department, and supplies and materials to be used in the construction and maintenance of volunteer fire departments;
- (v) Prescriptive adaptive medical equipment and prescriptive disposable medical;
- (w) Tangible personal property or services sold to a qualified museum;
- (x) Electricity and natural gas used in the process of manufacturing wall and floor tile by manufacturers of tile;
- (y) Heavy equipment purchased for storage or use within this State from a dealer located outside of this State; and
- (z) Natural gas and electricity sold to a manufacturer for use directly in the actual manufacturing process.

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

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EXHIBIT B

FORM OF BOND COUNSEL OPINION

_____, 2011

Simmons First Trust Company, N.A.
Pine Bluff, Arkansas, as Trustee

Morgan Keegan & Company, Inc.
Little Rock, Arkansas

Stephens Inc.
Little Rock, Arkansas

Re: \$ _____ City of Rogers, Arkansas Sales and Use Tax
 Refunding and Improvement Bonds, Series 2011

Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Rogers, Arkansas (the "City") of \$ _____ City of Rogers, Arkansas Sales and Use Tax Refunding and Improvement Bonds, Series 2011, dated November 1, 2011 (the "Series 2011 Bonds"). The Series 2011 Bonds are being issued to refund the City's Sales and Use Tax Bonds, Series 2003A and Sales and Use Tax Bonds, Series 2006, finance a portion of the costs of capital improvements, fund a debt service reserve and pay expenses of authorizing and issuing the Series 2011 Bonds. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion, including particularly a certified copy of Ordinance No. _____ of the City adopted on _____, 2011, authorizing the issuance of the Series 2011 Bonds (the "Authorizing Ordinance"), and Ordinance No. 11-65 of the City adopted on July 12, 2011 (the "Tax Ordinance"), levying a 1% sales and use tax within the City (the "Tax").

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Series 2011 Bonds have been lawfully authorized and issued under the Constitution and laws of the State of Arkansas now in force, including particularly Amendment No. 62 to the Constitution of the State of Arkansas and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), and are valid and binding obligations of the City enforceable in accordance with their terms.

2. The Series 2011 Bonds are not general obligations of the City but are special obligations payable from and secured by a pledge of collections of the Tax duly levied by the City under the authority of the Authorizing Legislation and the Tax Ordinance. The Series 2011 Bonds are not secured by any lien on or security interest in any physical properties of the City.

3. The interest on the Series 2011 Bonds (including any original issue discount properly allocable thereto) 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; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2011 Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. The City has covenanted in the Authorizing Ordinance to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the Series 2011 Bonds to be so included in gross income retroactive to the date of issuance of the Series 2011 Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2011 Bonds.

4. The Series 2011 Bonds and income thereon are exempt from all Arkansas state, county and municipal tax.

It is to be understood that the rights of the registered owners of the Series 2011 Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Sincerely yours,

FRIDAY, ELDREDGE & CLARK, LLP

JSR/nkf

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