Mayor – Sandy Sanders

Acting City Administrator – Jeff Dingman

City Clerk – Sherri Gard

Board of Directors
Ward 1 – Keith Lau
Ward 2 – Andre' Good
Ward 3 – Mike Lorenz
Ward 4 – George Catsavis
At Large Position 5 – Tracy Pennartz
At Large Position 6 – Kevin Settle
At Large Position 7 – Don Hutchings

AGENDA

Fort Smith Board of Directors
REGULAR MEETING
November 17, 2015 ~ 6:00 p.m.
Fort Smith Public Schools Service Center
3205 Jenny Lind Road

THIS MEETING IS BEING TELECAST LIVE ON THE GOVERNMENT ACCESS CHANNEL 214 AND ONLINE AT http://www.ustream.tv/channel/city-of-fort-smith-board-of-directors-meetings

INVOCATION & PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENTATION BY MEMBERS OF THE BOARD OF DIRECTORS OF ANY ITEMS OF BUSINESS NOT ALREADY ON THE AGENDA FOR THIS MEETING
(Section 2-37 of Ordinance No. 24-10)

APPROVE MINUTES OF THE NOVEMBER 3, 2015 REGULAR MEETING

ITEMS OF BUSINESS:

1. Ordinance amending the 2009 Unified Development Ordinance of the City of Fort Smith *(microbrewery / microwinery / microdistillery) ~ First reading at the November 3, 2015 regular meeting ~* **SECOND READING**

2. Public hearing and ordinance authorizing the issuance of Water and Sewer Refunding and Construction Revenue Bonds; providing for the payment of the principal of and interest on the bonds; prescribing other matters relating thereto; and declaring an emergency

3. Public hearing and ordinance authorizing the issuance of Industrial Development Revenue Bonds to assist in the financing of an industrial facility expansion *(Dixie Consumer Products, LLC)*

4. Public hearing and ordinance certifying to the Sebastian County Tax Collector delinquent property cleanup liens

5. Ordinance amending Section 2-26 of the Fort Smith Municipal Code setting the date, time and location for regular meetings of the Board of Directors for the year 2016 *~ Settle/Lorenz placed on agenda at the November 10, 2015 study session ~*

6. Ordinance ordering the owners of certain dilapidated and substandard structure to demolish same, authorizing the City Administrator to cause the demolition of such structure to occur, and for other purposes *(600 North 17th Street)*

7. Consent Agenda

   A. Resolution authorizing a time extension for the 2014 Street Overlays/Reconstruction, Phase A, Project No. 14-03-A *(77 days)*

   B. Resolution accepting completion of and authorizing final payment for the 2014 Street Overlays/Reconstruction, Phase A, Project No. 14-03-A *($23,297.15 / Engineering Department / Budgeted – Sales Tax Program Fund)*

   C. Resolution to accept the bid and authorize a contract for the 2015 Street Striping Replacement, Project No. 15-85-A *($72,182.70 / Engineering Department / Budgeted – Sales Tax Program Fund)*

   D. Ordinance declaring exceptional circumstance and authorizing continuation of agreement with ArcBest Technologies

   E. Resolution authorizing execution of escrow agreement and escrow agent fee schedule agreement for private service line replacement program Supplemental Environmental Project

   F. Ordinance declaring an exceptional situation requiring the waiving of competitive bidding and authorizing the Mayor to execute an agreement with Beautify Fort Smith for certain services for inhabitants of the City of Fort Smith *~ Good/Lorenz placed on agenda at the November 10, 2015 study session ~*

   G. Ordinance to repeal Ordinance No. 14-10 (passed and approved on April 6, 2010) to eliminate the usage of Federal Asset Forfeiture Funds to fund one sworn officer position thereby reducing the total authorized sworn officer positions by one for the Fort Smith Police Department

   H. Resolution affirming the appointment of Jennifer Walker as Finance Director for the City of Fort Smith

OFFICIALS FORUM ~ presentation of information requiring no official action

(Section 2-36 of Ordinance No. 24-10)

- Mayor
- Directors
- City Administrator

EXECUTIVE SESSION

- Performance evaluation – Internal Auditor
- Appointments: Library Board of Trustees (2)

ADJOURN

1 AMENDED

ORDINANCE NO._____

AN ORDINANCE AMENDING THE 2009 UNIFIED DEVELOPMENT ORDINANCE OF THE CITY OF FORT SMITH

WHEREAS, the Board of Directors passed and approved Ordinance No. 36-09 which adopted the Unified Development Ordinance on May 19, 2009; and,

WHEREAS, it is necessary to amend certain sections of the Unified Development Ordinance to provide clarity and remove conflicts with other provisions of the municipal code; and,

WHEREAS, the Planning Commission held a public hearing regarding these amendments and recommended on October 13, 2015, that said changes be made; and,

WHEREAS, the Board of Directors recommended amendments to the Planning Commission's recommendation at the Board meeting on November 3, 2015; and,

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH THAT:

SECTION 1: Section 27-200 of the Fort Smith Municipal Code the existing definition for microbrewery shall be deleted and replaced with the following:

Microbrewery/microwinery/microdistillery

Shall mean a small business which seeks the support of informed craft beverage consumers. It is limited to a maximum gross floor area of 10,000 square feet for the manufacturing portion of the facility and production less than 15,000 barrels of alcoholic beverages per year. It may serve alcoholic beverages for sampling on the premises and may also have wholesale and resale for sales of alcoholic beverages produced on the premises.

SECTION 2: Section 27-400, Appendix A of the Fort Smith Municipal Code (Land Use Matrix) is hereby amended to provide that the use "microbrewery/microwinery/microdistillery"

is a permitted use in the Commercial-6, Industrial-1, Industrial-2 and Industrial-3 zoning districts.

SECTION 3: The codifier of the Fort Smith Municipal Code shall cause the amendment adopted by Section 1 to be codified by indicating a "P" under the Commercial-6, Industrial-1, Industrial-2, and Industrial-3 zones for the use "microbrewery/microwinery/microdistillery".

SECTION 3: It is hereby found and determined that the adoption of these amendments to the Unified Development Ordinance is necessary to alleviate an emergency created by the lack of regulation of uses of property within the City of Fort Smith so that the protection of the health, safety and welfare of the inhabitants of the City requires that the amendments be effective, and the amendment is hereby made effective, as of the date of approval of this Ordinance.

PASSED AND APPROVED THIS_____DAY OF____ _____, 2015.

APPROVED:

_____
Mayor

ATTEST:

_____
City Clerk

Approved as to form:

_____
Publish One Time

Appendix A

Districts	RE3	RE1	RS-1	RS-2	RS-3	RS-4	RS-5	RSD-2	RSD-3	RSD-4	RM-2	RM-3	RM-4	RMD	RH	T	C-1	C-2	C-3	C-4	C-5	C-6	I-1	I-2	I-3
P = Permitted Use, C = Conditional Use, A = Accessory Use			R-1	R-2	R-3	R-4	R-6	DP-2	DP-3	DP-4	MF-2	MF-3	MF-4	R-5	H	T1,2,3	C-1	C-2	C-3	C-4	C-5	C-6	I-1,2	I-3	I-4
Video, music, software																		P	P	P	P	P			
Business, Professional, Scientific, and Technical Services																									
Professional Services																									
Abstract services															P	P	P	P	P	P	P	P	P		
Accounting, tax, bookkeeping,payroll															P	P	P	P	P	P	P	P	P		
Advertising and media services															P	P	P	P	P	P	P	P	P		
Architectural, engineering															P	P	P	P	P	P	P	P	P		
Carpet and upholstery cleaning																			P	P	P	P	P	P	P
Consulting services															P	P	P	P	P	P	P	P	P		
Extermination and pest control																					P		P	P	P
Graphic, industrial, interior design															P	P	C	P	P	P	P	P	P		
Investigation and security services																			P	P	P	P	P	P	
Janitorial services																			P	P	P	P	P	P	
Legal services															P	P	P	P	P	P	P	P	P		
Medical laboratory																							P	P	P
Medical laboratory (no animal research/testing)																			C	C	C	C	P	P	
Offices, corporate															P	P	P	P	P	P	P	P	P		
Offices, general															P	P	P	P	P	P	P	P	P	P	P
Property management services (office only)															P	P	P	P	P	P	P	P	P		
Real estate agency															P	P		P	P	P	P	P	P		
Travel arrangement and reservation services															P	P		P	P	P	P	P	P		
Administrative Services																									
Business support services															P	P	P	P	P	P	P	P	P		
Collection agency															P	P	P	P	P	P	P	P	P		
Employment agency																			P	P	P	P	P		
Employment agency (day labor)																					P		P		
Facilities support services															P	P	P	P	P	P	P	P	P		
Office and administrative services															P	P	P	P	P	P	P	P	P		
Telemarketer/call center																			P	P	P	P	P		
Food Services																									
Bar or tavern																		C	C	C	P	P	P		
Beer garden																			C	C	C	P	C		
Catering service																		P	P	P	P	P	P		
Food distribution center																							P	P	
Microbrewery/microwinery/microdistillery																						P	P	P	P
Mobile food services																					P		P	P	
Restaurant															P		C	P	P	P	P	P	P		
Restaurant (with drive-in services)																			P	P	P		P		
Restaurant (with drive-through services)																		C	P	P	P	P	P		
Restaurant (with outdoor dining)																		C	C	C	C	P	C		
Vending																					P		P	P	
Personal Services																									
Bail bonds office																					P	P	P	P	

Fort Smith
4

Use Matrix

Memorandum

To: Jeff Dingman, Acting City Administrator
From: Wally Bailey, Director of Development Services
Date: November 12, 2015
Subject: Microbreweries/Microwinery/Microdistillery

The Planning Commission's recommendation for a proposed text amendment to allow Microbreweries/Microwinery/Microdistillery as a permitted use in Commercial-5 zoning districts was reviewed by the Board of Directors at the November 3, 2015 meeting.

The Board voted to amend the Planning Commission's recommendation to allow the land use in Commercial-6, Industrial-1, Industrial-2 and Industrial-3 zoning districts. While the amended Ordinance did receive the necessary four (4) votes for approval, it did not receive the required five (5) votes required to suspend the rules. Therefore a second reading of the Ordinance is scheduled for the November 17, 2015 Board of Directors agenda.

Approval of this Ordinance would be consistent with the Future Fort Smith Comprehensive Plan. (*Economic Development Policy 1.1 Encourage and support start-up companies and small businesses*).

A revised Ordinance with the amendments has been prepared for the agenda item.

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF WATER AND SEWER REFUNDING AND CONSTRUCTION REVENUE BONDS; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY.

WHEREAS, the City of Fort Smith, Arkansas (the "City") owns and operates its (combined) water and sewer system (the "System"); and

WHEREAS, the Board of Directors of the City has determined that the System is in need of extensions, betterments and improvements in order for the City and its inhabitants to have necessary and proper water and sewer facilities and for the City to meet specific requirements set forth in the Consent Decree entered against the City for violations of the Clean Water Act (the "Improvements"); and

WHEREAS, the City has outstanding an issue of Water and Sewer Revenue Bonds, Series 2005B (the "Refunded Bonds") authorized by Ordinance No. 75-05, adopted November 15, 2005, the proceeds of which were used to finance the cost of acquiring, constructing and equipping improvements to the water facilities of the System; and

WHEREAS, in order to achieve debt service savings, it is in the interest of the City that the Refunded Bonds be refunded; and

WHEREAS, the Board of Directors of the City has determined that the City should proceed with the issuance of water and sewer refunding and construction revenue bonds in the principal amount of $_____ (the "Bonds") to finance all or a portion of the Improvements and to refund the Refunded Bonds; and

WHEREAS, the City has outstanding the following issues of bonds secured by a pledge of System revenues senior to the pledge in favor of the Bonds: Water and Sewer Revenue Bonds, Series 2007 and Water and Sewer Refunding and Construction Revenue Bonds, Series 2008 (collectively, the "Senior Bonds"); and

WHEREAS, the City has outstanding its Water and Sewer Refunding Revenue Bonds, Series 2011 (the "2011 Bonds"), authorized by Ordinance No. 74-11, adopted on October 4, 2011 (the "2011 Ordinance"), and its Water and Sewer Refunding Revenue Bonds, Series 2012 (the "2012 Bonds" and, collectively with the 2011 Bonds, the "Parity Bonds"), authorized by Ordinance No. 6-12, adopted on January 17, 2012 (the "2012 Ordinance" and, collectively with the 2011 Ordinance, the "Parity Ordinances"); and

WHEREAS, the parity provisions of the Parity Ordinances have been or will be met so that the Bonds can be issued on a parity of security with the Parity Bonds; and

WHEREAS, the Preliminary Official Statement, dated November 11, 2015, offering the Bonds for sale (the "Preliminary Official Statement") has been presented to and is before this meeting; and

WHEREAS, the Continuing Disclosure Agreement between the City and BancorpSouth Bank, Stuttgart, Arkansas, as Dissemination Agent (the "Disclosure Agreement"), providing for the ongoing disclosure obligations of the City with respect to the Bonds, has been presented to and is before this meeting; and

WHEREAS, the City has made arrangements for the sale of the Bonds to Stephens Inc. and Raymond James & Associates, Inc. (the "Underwriters") pursuant to a Bond Purchase Agreement (the "Purchase Agreement") which has been presented to and is before this meeting;

NOW THEREFORE, BE IT ORDAINED by the Board of Directors of the City of Fort Smith, Arkansas:

Section 1. The refunding of the Refunded Bonds, by use of the proceeds of the Bonds and other available funds, is hereby authorized. The Refunded Bonds shall be redeemed in full on the date the Bonds are issued or the first practicable date thereafter. The Mayor and other officials of the City are hereby authorized to take, or cause to be taken, all action necessary to accomplish the refunding and to execute all required contracts.

Section 2. The Preliminary Official Statement is hereby approved and the use of the Preliminary Official Statement in connection with the sale of the Bonds is hereby authorized, and the Mayor is hereby authorized and directed, for and on behalf of the City, to execute the Preliminary Official Statement and the final Official Statement in the name of the City for use in connection with the sale of the Bonds.

Section 3. The Board of Directors hereby finds and declares that the period of usefulness of the System will be more than 30 years, which is longer than the term of the Bonds.

Section 4. The sale of the Bonds to the Underwriters pursuant to the terms and conditions set out in the Purchase Agreement at a price of $_____ (principal amount of $_____ less $_____ of Underwriters' discount plus net original issue premium of $_____) plus accrued interest (the "Purchase Price") for Bonds bearing interest, maturing and otherwise subject to the terms and provisions hereafter in this Ordinance set forth in detail be, and the same are hereby, approved and confirmed. The Purchase Agreement is approved and the Mayor is authorized to execute and deliver it on behalf of the City and to take all action required on the part of the City to fulfill its obligations under the Purchase Agreement.

Section 5. Under the authority of the Constitution and laws of the State of Arkansas, including particularly Arkansas Code of 1987 Annotated, Title 14, Chapter 234, Subchapter 2, Title 14, Chapter 235, Subchapter 2, and Title 14, Chapter 164, Subchapter 4, and applicable decisions of the Supreme Court of the State of Arkansas, including City of Harrison v. Braswell, 209 Ark. 1094, 194 S.W.2d 12 (1946), City of Fort Smith, Arkansas Water and Sewer Refunding and Construction Revenue Bonds, Series 2015 are hereby authorized and ordered issued in the principal amount of $_____ for the purpose of financing all or a portion of the costs of

the Improvements and the refunding of the Refunded Bonds, providing a debt service reserve and paying necessary expenses incidental thereto and to the issuance of the Bonds. The Bonds shall be dated December 1, 2015, with interest payable semiannually on April 1 and October 1 of each year, commencing April 1, 2016, shall be numbered consecutively from 1 upward, in order of issuance, and shall be in the denomination of $5,000 or an integral multiple thereof. The Bonds shall mature on October 1 in the years, in the amounts and shall bear interest as follows:

Year (October 1)	Principal Amount	Interest Rate (%)

Payment of each installment of interest shall be made to the person in whose name the Bond is registered on the registration books of the City maintained by BancorpSouth Bank, Stuttgart, Arkansas, as Trustee (the "Trustee"), at the close of business on the fifteenth day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of any such Bond subsequent to such Record Date and prior to such interest payment date.

The Bonds shall be registered initially in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), which shall be considered to be the registered owner of the Bonds for all purposes under this Ordinance, including, without limitation, payment by the City of principal of, redemption price, premium, if any, and interest on the Bonds, and receipt of notices and exercise of rights of registered owners. There shall be one certificated, typewritten Bond for each stated maturity date which shall be immobilized in the custody of DTC with the beneficial owners having no right to receive the Bonds in the form of physical securities or certificates. DTC and its participants shall be responsible for maintenance of records of the ownership of beneficial interests in the Bonds by book-entry on the system maintained and operated by DTC and its participants, and transfers of ownership of beneficial interests shall be made only by DTC and its participants, by book-entry, the City having no responsibility therefor. DTC is expected to maintain records of the positions of participants in the Bonds, and the participants and persons acting through participants are expected to maintain records of the purchasers of beneficial interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another securities depository or to another nominee of a securities depository, without further action by the City.

If any securities depository determines not to continue to act as a securities depository for the Bonds for use in a book-entry system, the City may establish a securities depository/book-entry system relationship with another securities depository. If the City does not or is unable to do so, or upon request of the beneficial owners of all outstanding Bonds, the City and the Trustee, after the Trustee has made provision for notification of the beneficial owners by the then securities depository, shall permit withdrawal of the Bonds from the securities depository, and authenticate and deliver Bond certificates in fully registered form (in denominations of $5,000 or integral multiples thereof) to the assigns of the securities depository or its nominee, all at the cost and expense (including costs of printing definitive Bonds) of the City, if the City fails to maintain a securities depository/book-entry system, or of the beneficial owners, if they request termination of the system.

Prior to issuance of the Bonds, the City shall have executed and delivered to DTC a written agreement (the "Representation Letter") setting forth (or incorporating therein by reference) certain undertakings and responsibilities of the City with respect to the Bonds so long as the Bonds or a portion thereof are registered in the name of Cede & Co. (or a substitute nominee) and held by DTC. Notwithstanding such execution and delivery of the Representation Letter, the terms thereof shall not in any way limit the provisions of this Section or in any other way impose upon the City any obligation whatsoever with respect to persons having interests in the Bonds other than the registered owners, as shown on the registration books kept by the Trustee. The Trustee shall take all action necessary for all representations of the City in the Representation Letter with respect to the Trustee to at all times be complied with.

The authorized officers of the Trustee and the City shall do or perform such acts and execute all such certificates, documents and other instruments as they or any of them deem necessary or advisable to facilitate the efficient use of a securities depository for all or any portion of the Bonds; provided that neither the Trustee nor the City may assume any obligations to such securities depository or beneficial owners of Bonds that are inconsistent with their obligations to any registered owner under this Ordinance.

Each Bond shall bear interest from the payment date next preceding the date on which it is authenticated unless it is authenticated on an interest payment date, in which event it shall bear interest from such date, or unless it is authenticated prior to the first interest payment date, in which event it shall bear interest from December 1, 2015, or unless it is authenticated during the period from the Record Date to the next interest payment date, in which case it shall bear interest from such interest payment date, or unless at the time of authentication thereof interest is in default thereon, in which event it shall bear interest from the date to which interest has been paid.

Only such Bonds as shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in Section 7 hereof (the "Certificate") duly executed by the Trustee shall be entitled to any right or benefit under this Ordinance. No Bond shall be valid and obligatory for any purpose unless and until the Certificate shall have been duly executed by the Trustee, and the Certificate upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The Certificate on any Bond shall be deemed to have been executed if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the Certificate on all of the Bonds.

In case any Bond shall become mutilated or be destroyed or lost, the City shall, if not then prohibited by law, cause to be executed and the Trustee may authenticate and deliver a new Bond of like date, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated Bond, or in lieu of and in substitution for such Bond destroyed or lost, upon the owner paying the reasonable expenses and charges of the City and Trustee in connection therewith, and, in the case of a Bond destroyed or lost, his filing with the Trustee evidence satisfactory to it that such Bond was destroyed or lost, and of his ownership thereof, and furnishing the City and Trustee with indemnity satisfactory to them. The Trustee is hereby authorized to authenticate any such new Bond. In the event any such Bond shall have matured, instead of issuing a new Bond, the City may pay the same without the surrender thereof. Upon the issuance of a new Bond under this Section, the City may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

The City shall keep or cause to be kept books for the registration and for the transfer of the Bonds as provided herein and in the Bonds. The Trustee shall act as the bond registrar. Each Bond is transferable by the registered owner thereof or by his attorney duly authorized in writing at the principal office of the Trustee. Upon such transfer a new fully registered Bond or Bonds of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

No charge shall be made to any owner of any Bond for the privilege of transfer or exchange, but any owner of any Bond requesting any such transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto. Except as otherwise provided in the immediately preceding sentence, the cost of preparing each new Bond upon each exchange or transfer and any other expenses of the City or the Trustee incurred in connection therewith shall be paid by the City. The City shall not be required to transfer or exchange any Bonds selected for redemption in whole or in part.

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

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be a Saturday or Sunday or shall be in the State a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal (and premium, if any) need not be made on such date but may be made on the next succeeding business day 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.

Section 6. The Bonds shall be executed on behalf of the City by the Mayor and City Clerk and shall have impressed thereon the seal of the City. The Bonds, together with interest thereon, shall be payable solely out of the 2015 Water and Sewer Revenue Bond Fund, hereafter described, and shall be a valid claim of the owners thereof only against such fund and the amount of revenues pledged thereto, which revenues are hereby pledged and mortgaged for the equal and ratable payment of the Bonds and shall be used for no other purpose than to pay the principal, premium, if any, interest and Trustee's fees on and in connection with the Bonds and to make other disbursements authorized hereby.

The pledge of System revenues in favor of the Bonds is (1) subordinate to the pledge of System revenues in favor of the Senior Bonds and (2) on a parity with the pledge of System revenues in favor of the Parity Bonds. The Bonds shall not constitute an indebtedness of the City within any constitutional or statutory limitation.

Section 7. The Bonds shall be in substantially the following form and the Mayor and City Clerk are hereby expressly authorized and directed to make all recitals contained therein:

(Form of Bond)

REGISTERED REGISTERED

No. _____

UNITED STATES OF AMERICA
STATE OF ARKANSAS
COUNTY OF SEBASTIAN
CITY OF FORT SMITH
WATER AND SEWER REFUNDING AND
CONSTRUCTION REVENUE BOND
SERIES 2015

Interest Rate: _____% Maturity Date: October 1, ___
Dated Date: December 1, 2015
Registered Owner: Cede & Co.
Principal Amount: _____ Dollars
CUSIP No.: _____

KNOW ALL MEN BY THESE PRESENTS:

That the City of Fort Smith, Arkansas (the "City"), for value received, hereby promises to pay, but solely from the source as hereinafter provided and not otherwise, to the Registered Owner shown above, upon the presentation and surrender hereof at the principal corporate office of BancorpSouth Bank, in Stuttgart, Arkansas, or its successor or successors, as Trustee (the "Trustee"), on the Maturity Date shown above, the Principal Amount shown above, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and to pay by check or draft interest thereon, but solely

from the source as hereinafter provided and not otherwise, in like coin or currency, at the Interest Rate per annum shown above, payable semiannually on the 1st days of April and October of each year, commencing April 1, 2016, until payment of such principal sum or, if this Bond or a portion hereof shall be duly called for redemption, until the date fixed for redemption, and to pay interest on overdue principal and interest (to the extent legally enforceable) at the rate borne by this Bond. Payment of each installment of interest shall be made to the person in whose name this Bond is registered on the registration books of the City maintained by the Trustee at the close of business on the fifteenth day of the month (whether or not a business day) next preceding each interest payment date (the "Record Date"), irrespective of any transfer or exchange of this Bond subsequent to such Record Date and prior to such interest payment date. Interest on this Bond is payable from the interest payment date next preceding the date on which this Bond is authenticated unless this Bond is authenticated on an interest payment date, in which case it shall bear interest from such date, or unless this Bond is authenticated prior to April 1, 2016, in which case it shall bear interest from the Dated Date shown above, or unless this Bond is authenticated during the period from the Record Date to the next interest payment date, in which case it shall bear interest from such interest payment date, or unless at the time of authentication of this Bond interest is in default hereon, in which case it shall bear interest from the date to which interest has been paid.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is required by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

This Bond is one of an issue of City of Fort Smith, Arkansas Water and Sewer Refunding and Construction Revenue Bonds, Series 2015, aggregating _____ Million _____ Hundred _____ Thousand Dollars ($_____) in principal amount (the "Bonds"), and is issued for the purpose of financing all or a portion of the cost of acquiring, constructing and equipping extensions, betterments and improvements to the water and sewer facilities of the City's municipal water and sewer (combined) system (the "System") and refunding the City's Water and Sewer Revenue Bonds, Series 2005B.

THE BONDS ARE ISSUED PURSUANT TO AND IN FULL COMPLIANCE WITH THE CONSTITUTION AND LAWS OF THE STATE OF ARKANSAS, INCLUDING PARTICULARLY TITLE 14, CHAPTER 234, SUBCHAPTER 2, TITLE 14, CHAPTER 235, SUBCHAPTER 2 AND TITLE 14, CHAPTER 164, SUBCHAPTER 4 OF THE ARKANSAS CODE OF 1987 ANNOTATED AND APPLICABLE DECISIONS OF THE SUPREME COURT OF THE STATE OF ARKANSAS, INCLUDING CITY OF HARRISON V. BRASWELL, 209 ARK. 1094, 194 S.W.2d 12 (1946) AND PURSUANT TO ORDINANCE NO. _____, DULY ADOPTED ON _____, 2015 (THE "AUTHORIZING ORDINANCE"), AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN ANY CONSTITUTIONAL OR STATUTORY LIMITATION. The Bonds are not

general obligations of the City but are special obligations secured by and payable solely from the revenues derived from the operation of the System. The pledge of System revenues in favor of the Bonds is (a) subordinate to the pledge in favor of the City's Water and Sewer Revenue Bonds, Series 2007, and Water and Sewer Refunding and Construction Revenue Bonds, Series 2008 and (b) on a parity with the pledge in favor of the City's Water and Sewer Refunding Revenue Bonds, Series 2011 and Series 2012. An amount of System revenues sufficient to pay the principal of and interest on the Bonds has been duly pledged and set aside into the 2015 Water and Sewer Revenue Bond Fund established by the Authorizing Ordinance. Reference is hereby made to the Authorizing Ordinance for a detailed statement of the terms and conditions upon which the Bonds are issued, of the nature and extent of the security for the Bonds, the reservation of the power to issue additional (parity) bonds, and the rights and obligations of the City, the Trustee and the owners of the Bonds.

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

1. The Bonds may be redeemed at the option of the City, from funds from any source, in whole at any time or in part on any interest payment date, on and after October 1, 2025, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Bonds shall be called for redemption, the particular maturities to be redeemed shall be selected by the City in its discretion. If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

2. To the extent not previously redeemed, the Bonds maturing on October 1 in the years 20__, 20__ and 20__ are subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall determine, on October 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 October 1, 20___

Year	Principal Amount

Bonds Maturing October 1, 20___

Year	Principal Amount

Bonds Maturing October 1, 20___

Year	Principal Amount

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

Notice of redemption identifying the Bonds or portions thereof (which shall be $5,000 or a multiple thereof) to be redeemed shall be given by the Trustee, not less than 30 nor more than 60 days prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class mail, postage prepaid; or by other standard means, including facsimile transmissions and electronic communications, to all registered owners of Bonds to be redeemed. Failure to mail an appropriate notice or any such notice to one or more registered owners of Bonds to be redeemed shall not affect the validity of the proceedings for redemption of other Bonds as to which notice of redemption is duly given in proper and timely fashion. All such Bonds or portions thereof thus called for redemption and for the retirement of which funds are duly provided in accordance with the Authorizing Ordinance prior to the date fixed for redemption will cease to bear interest on such redemption date. With respect to notice of redemption of the Bonds, unless moneys sufficient to pay the principal of an premium, if any , and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice, such notice shall state that such redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for such redemption.

The City and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes, and neither the City nor the Trustee shall be affected by any notice to the contrary.

The Bonds are issuable only as fully registered bonds in the denomination of $5,000, and any integral multiple thereof. Subject to the limitations and upon payment of the charges provided in the Authorizing Ordinance, Bonds may be exchanged for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law; that the indebtedness represented by the Bonds, together with all obligations of the City, does not exceed any constitutional or statutory limitation; and that the above referred to revenues pledged to the payment of the principal of and premium, if any, and interest on the Bonds as the same become due and payable will be sufficient in amount for that purpose.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Authorizing Ordinance until the Certificate of Authentication hereon shall have been signed by the Trustee.

IN WITNESS WHEREOF, the City of Fort Smith, Arkansas has caused this Bond to be executed by its Mayor and City Clerk and its corporate seal to be impressed on this Bond, all as of the Dated Date shown above.

CITY OF FORT SMITH, ARKANSAS

ATTEST:

_____ By_____

City Clerk Mayor

(SEAL)

(Form of Trustee's Certificate)

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds designated Water and Sewer Refunding and Construction Revenue Bonds, Series 2015, in and issued under the provisions of the within mentioned Authorizing Ordinance.

BANCORPSOUTH BANK
TRUSTEE

By _____

Authorized Signature

Date of Authentication: _____

(A Form of Assignment shall be
attached to each Bond.)

Section 8. (a) The rates charged for services of the System heretofore fixed, and the conditions, rights and obligations pertaining thereto, as set out in the ordinances fixing such rates, are hereby ratified, confirmed and continued.

The City covenants that the rates shall never be reduced while any of the Bonds are outstanding unless there is obtained from an independent certified public accountant ("Accountant") a certificate that the Net Revenues of the System (being defined as gross revenues of the System less the amounts required to pay the costs of operation, maintenance and repair of the System, including all expense items properly attributable to the operation and maintenance of the System in accordance with generally accepted accounting principles applicable to municipal water and sewer systems (excluding depreciation, interest and amortization expenses)), with the reduced rates, will be at least equal to 110% of the maximum annual principal and interest requirements on all bonds payable from revenues of the System ("System Bonds"), plus the amount needed to make all deposits required to be made into the Depreciation Fund (hereinafter identified) and any debt service reserves for System Bonds and to reimburse the insurers of System Bonds for any amounts owed in connection with debt service reserve fund insurance policies or surety bonds for System Bonds (the "Debt Service Reserve Policies"). The City further covenants that the rates shall, if and when necessary, from time to time, be increased in such manner as will produce net revenues at least equal to 110% of the current year's debt service on all System Bonds and the amount needed to make the deposits into the Depreciation Fund and any debt service reserves for System Bonds and to reimburse the insurers of any System Bonds for any amounts owed in connection with Debt Service Reserve Policies.

(b) The System shall be continuously operated as a revenue producing undertaking, and all moneys received from its operation shall be deposited in such depository or depositories for the City as may be lawfully designated from time to time by the City, subject, however, to the giving of security as now or as hereafter may be required by law, and provided that such depositories shall hold membership in the Federal Deposit Insurance Corporation ("FDIC").

Section 9. All revenues derived from the operation of the System shall be paid into a special fund heretofore created and designated "Water and Sewer Fund." The revenues in the Water and Sewer Fund shall be applied to the payment of the reasonable and necessary expenses of operation and maintenance of the System, to the payment of the principal of and interest on the Bonds and other System Bonds, to the maintenance of the debt service reserves at the required level, to the providing of the Depreciation Fund, and otherwise as described herein.

Section 10. There shall first be paid from the Water and Sewer Fund into a special fund heretofore created and designated "Water and Sewer Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), in a bank selected by the City that is a member of FDIC, on the first business day of each month, an amount sufficient to pay the reasonable and necessary monthly expenses of operation, repair and maintenance of the System for such month and from which disbursements shall be made only for those purposes. Fixed annual charges such as insurance premiums and the cost of major repair and maintenance expenses may be computed and set up on an annual basis, and one-twelfth (1/12) of the amount thereof may be paid into the Operation and Maintenance Fund each month.

If in any month for any reason there shall be a failure to transfer and pay the required amount into the Operation and Maintenance Fund, the amount of the deficiency shall be added to the amount otherwise required to be transferred and paid into the fund the next succeeding month. If in any fiscal year a surplus shall be accumulated in the Operation and Maintenance

Fund over and above the amount which shall be necessary to defray the reasonable and necessary costs of operation and maintenance of the System during the remainder of the then current fiscal year and the next ensuing fiscal year, such surplus may be transferred into bond funds for System Bonds or into the Depreciation Fund, to the extent of any deficit therein, and in the absence of any such deficit, to the Water and Sewer Fund.

Section 11. After making the deposit into the Operation and Maintenance Fund, there shall be transferred and paid from the Water and Sewer Fund into the "Water and Sewer Revenue Bond Fund" (the "Senior Bond Fund") the deposits required by the ordinances authorizing the Senior Bonds plus any amounts necessary to increase the debt service reserve therein to its required level and to reimburse any insurer of the Senior Bonds for any amounts due under any Debt Service Reserve Policies.

Section 12. After making the payments required above, there shall next be transferred and paid from the Water and Sewer Fund, pro rata, into the bond funds (and debt service reserves therein) being maintained in connection with the Parity Bonds and any additional parity bonds (the "Parity Bond Funds") and into a special fund, created by the Authorizing Ordinance and designated "2015 Water and Sewer Revenue Bond Fund" (the "Bond Fund") in a bank selected by the City that is a member of FDIC, the sums in the amounts and at the times set forth below.

There shall be paid into the Parity Bond Funds the required monthly deposits pursuant to the Parity Bond Ordinances and any additional parity bonds.

There shall be paid into the Bond Fund until all outstanding Bonds, with interest thereon, have been paid in full or provision made for such payment, on the first business day of each month commencing February 2016 (i) a sum equal to 1/6 of the next installment of interest on the Bonds and a sum equal to 1/12 of the next installment of principal due during the then next twelve months (either at maturity or in accordance with any mandatory redemption provisions) on the Bonds (provided that the interest installments through March 2016 shall be increased to 1/2 of the interest on the Bonds due April 1, 2016 and the principal installments through September 2016 shall be increased to 1/8 of the principal of the Bonds due October 1, 2016), plus (ii) an amount sufficient to provide for Trustee’s fees, on the Bonds.

If the revenues of the System are insufficient to make the required payment on the first business day of any month into the Bond Fund, the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Bond Fund on the first business day of the next month.

There is established and shall be maintained within the Bond Fund a "Debt Service Reserve Account," which shall be continuously maintained by the City in an amount equal to the lesser of 10% of the principal amount of the Bonds and the maximum annual principal and interest requirements on the Bonds (the "Required Level"). If the Debt Service Reserve Account is reduced below the Required Level, the City shall make additional payments from the Water and Sewer Fund until the impairment or reduction is corrected over a twelve month period.

If for any reason there shall be a deficiency in payments made into the Bond Fund so that there are unavailable sufficient moneys therein to pay the principal of and interest on the Bonds as the same become due, any sums then held in the Debt Service Reserve Account shall be used to the extent necessary for the payment of the principal of or interest on the Bonds, but the Debt Service Reserve Account shall be reimbursed from the Water and Sewer Fund in the amount of any such payment as described above. The Debt Service Reserve Account shall secure only the Bonds and be used to pay debt service only on the Bonds. The Debt Service Reserve Account shall be used solely as provided herein, but the moneys therein may be invested as hereinafter set forth.

If a surplus shall exist in the Bond Fund over and above the amount required for making all principal and interest payments during the next succeeding twelve-month period, and in excess of the Required Level for the Debt Service Reserve Account, such surplus (1) shall be applied at the direction of the City to the payment of the principal of and interest on Bonds that may be called for redemption prior to maturity or (2) shall be paid to the City and deposited into the Water and Sewer Fund. Otherwise moneys in the Bond Fund shall be used solely for the payment of principal and interest on the Bonds and Trustee's fees.

The City Treasurer shall withdraw from the Bond Fund on or before five business days prior to the due date of any Bond or interest payable therefrom, at maturity or redemption prior to maturity, and deposit with the Trustee at least one business day prior to the due date, an amount equal to the amount of such Bond or interest payment for the sole purpose of paying the same, together with the Trustee's fee.

Section 13. There shall next be paid from the Water and Sewer Fund into a fund heretofore created and designated "Water and Sewer Depreciation Fund" (the "Depreciation Fund"), in a bank, selected by the City, that is a member of the FDIC, on the first business day of each month while any of the Bonds are outstanding, a sum equal to three percent (3%) of the gross revenues of the System for the then preceding month plus $5,000 per month until there is accumulated the sum of $500,000. When the sum of $500,000 has been accumulated, the payments may be discontinued. If the moneys in the Depreciation Fund fall below $500,000, the monthly payments shall resume until the balance again reaches $500,000. The moneys in the Depreciation Fund shall be used solely for the purpose of providing for replacements made necessary by the depreciation of the System and for the purpose of paying costs of damage caused by unforeseen catastrophes, except that moneys in the Depreciation Fund shall be used to the extent necessary at any time to prevent default in the payment of principal, interest, and Trustee's fees on the Bonds and any other System Bonds.

If in any fiscal year a surplus shall be accumulated in the Depreciation Fund over and above the amount which shall be necessary to cover probable replacement costs during the current fiscal year and the next ensuing fiscal year, such surplus may be transferred to the Senior Bond Fund and the Bond Fund, to the extent of any deficit therein, and, in the absence of any such deficit, to the Water and Sewer Fund.

Section 14. Any surplus in the Water and Sewer Fund, after making all required disbursements and making full provision for the funds herein described shall be used for the payment of interest on amounts advanced under the Debt Service Reserve Policies for System Bonds and any amounts owed the insurers of the System Bonds, and may be used, at the option of the City, for the redemption of System Bonds prior to maturity in accordance with their respective redemption provisions; for constructing extensions, betterments and improvements to the System; or for any other lawful municipal purpose.

Section 15. As long as any of the Bonds are outstanding, the City shall not issue or attempt to issue any bonds claimed to be entitled to a priority of lien on the revenues of the System over the lien securing the Bonds.

The City may issue additional bonds to finance or refinance the cost of constructing extensions, betterments and improvements to the System. However, the City may not authorize or issue any such additional bonds ranking on a parity of security with outstanding Bonds, unless and until either: (1) there shall have been procured and filed with the Trustee a statement by an Accountant reciting that, based upon necessary investigation, the Net Revenues of the System for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such additional bonds shall equal not less than 125% of the average annual principal and interest requirements on the System Bonds then outstanding and the additional bonds proposed to be issued; or (2) there shall have been procured and filed with the Trustee a statement by an Accountant reciting, based upon necessary investigation, that the Net Revenues of the System for the next ensuing fiscal year as reflected by a certificate of a duly qualified consulting engineer not in the regular employ of the City and approved by the Trustee, and taking into consideration any rate increase, shall be equal to not less than 130% of the average annual principal and interest requirements on all of the System Bonds then outstanding and the additional bonds then proposed to be issued. For purposes of the required computation, there may be added to the Net Revenues of the System of the fiscal year immediately preceding the fiscal year in which it is proposed to issue additional bonds the following: if prior to the issuance of the additional bonds and subsequent to the first day of such preceding fiscal year the City shall have increased the rates charged for water services or sewer services, the additional net revenues which would have been received from the operation of the System had the increase been in effect throughout such fiscal year. For purposes of the required computation, there shall be added to the average annual principal and interest requirement any amounts due and owing under any Debt Service Reserve Policies.

The additional bonds the issuance of which is restricted and conditioned as hereinabove described shall not be deemed to include other obligations the security and source of payment of which is subordinate and subject to the priority of the Bonds.

Section 16. The City will keep proper books of accounts and records (separate from all other records and accounts) in which complete and correct entries shall be made of all transactions relating to the operation of the System, and such books shall be available for inspection by the owner of any of the Bonds at reasonable times and under reasonable circumstances. The City agrees to have these records audited by an Accountant at least once each year. A copy of the audit shall be delivered to the Trustee not later than 180 days after the end of each fiscal year and shall be made available to any Bondholder making request therefor.

In the event that the City fails or refuses to make the audit, the Trustee or any owner of the Bonds, may have the audit made, and the cost thereof shall be charged against the Operation and Maintenance Fund.

Section 17. The City covenants that it will maintain the System in good condition and operate the same in an efficient manner and at reasonable cost. The City agrees that, to the extent that comparable protection is not otherwise provided to the satisfaction of the Trustee, it will insure and at all times keep insured, in the amount of the full insurable value thereof, in a responsible insurance company or companies authorized and qualified under the laws of the State of Arkansas to assume the risk thereof, properties of the System, to the extent that such properties would be covered by insurance by private companies engaged in similar types of businesses, against loss or damage thereto from fire and other perils included in extended coverage insurance in effect in Arkansas. The insurance policies are to carry a clause making them payable to the Trustee as its interest may appear, and are either to be placed in the custody of the Trustee or satisfactory evidence of such insurance shall be filed with the Trustee. In the event of loss, the proceeds of such insurance shall be applied solely toward the reconstruction, replacement or repair of the System, and in such event the City will, with reasonable promptness, cause to be commenced and completed the reconstruction, replacement and repair work. If such proceeds are more than sufficient for such purposes, the balance remaining shall be deposited to the credit of the Water and Sewer Fund, and if such proceeds shall be insufficient for such purposes the deficiency shall be supplied first from moneys in the Depreciation Fund and second from moneys in the Operation and Maintenance Fund and third from surplus moneys in the Water and Sewer Fund. Nothing shall be construed as requiring the City to expend any moneys for operation and maintenance of the System or for premiums on its insurance which are derived from sources other than the operation of the System, but nothing shall be construed as preventing the City from doing so.

Section 18. The Bonds shall be subject to redemption prior to maturity as set forth in Section 7 hereof. The City covenants and agrees to cause to be paid into the Bond Fund sufficient funds to redeem Bonds subject to mandatory sinking fund redemption in the amounts and on the dates set forth in the Bonds. Therefore, in calculating the monthly payments to be deposited into the Bond Fund, the term "next installment of principal" shall include the principal of the Bonds maturing on the next principal payment date and the principal of the Bonds which will be redeemed in accordance with the mandatory sinking fund redemption provisions of the Bonds on the next interest payment date scheduled for such redemption.

Section 19. There shall be a statutory mortgage lien upon the water facilities which are part of the System (including all extensions, improvements and betterments now or hereafter existing) which shall exist in favor of the owners of the Bonds, and each of them and such water facilities shall remain subject to such statutory mortgage lien until payment in full of the interest on and principal of the Bonds, provided, however, that such statutory mortgage lien shall be interpreted according to the decision of the Supreme Court of the State of Arkansas in City of Harrison v. Braswell, supra.

Section 20. If there be any default in the payment of the principal of or interest on any of the Bonds, if the City declares bankruptcy, or if the City defaults in any Bond Fund requirements or in the performance of any of the other covenants contained and set forth in this Ordinance, the Trustee may, and upon the written request of the registered owners of not less than 10% in principal amount of the Bonds shall, by proper suit compel, by mandamus or otherwise, the performance of the duties of the officials of the City under the laws of Arkansas. And, in the case of a default in the payment of the principal of and interest on any of the Bonds, the Trustee may, and upon the written request of the registered owners of not less than 10% in principal amount of the Bonds shall, apply in a proper action to a court of competent jurisdiction for the appointment of a receiver to administer the System on behalf of the City and the registered owners with power to charge and collect (or by mandatory injunction or otherwise to cause to be charged and collected) rates sufficient to provide for the payment of the expenses of operation, maintenance and repair and to pay any Bonds and interest outstanding and to apply the revenue in conformity with the laws of Arkansas and with this Ordinance. When all defaults in principal and interest payments have been cured, the custody and operation of the System shall revert to the City.

(b) No 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 right under this Ordinance or under the laws of Arkansas unless such owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than 10% in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted by the laws of Arkansas, 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, and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Ordinance or to any other remedy hereunder. It is understood and intended that no one or more owners of the Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Ordinance, or to enforce any right hereunder except in the manner herein provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all owners of all outstanding Bonds, and that any individual rights of action or other right given to one or more of such owners by law are restricted by this Ordinance to the rights and remedies herein provided.

(c) All rights of action under this Ordinance or under any of the Bonds secured hereby, 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 for the benefit of all the owners of the Bonds, subject to the provisions of this 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 such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or given by law.

(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 this 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 50% in principal amount of the Bonds then outstanding shall, waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted under the provisions of this 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.

(g) The cost of any proceedings brought to enforce the Bonds or any provision of this Ordinance, including reasonable attorney's fees, shall be a debt of the City and shall be paid by the City; provided, however, that such proceedings shall have resulted in a successful determination, ruling, order or agreement for the Trustee or the Bondholders.

(h) After payment of reasonable expenses of the Trustee, the funds realized upon default shall be applied to the payment of expenses of the City and arbitrage rebate only after payment of past due and current debt service on the Bonds.

Section 21. (a) This Ordinance shall constitute a binding contract between the City and the owners of the outstanding Bonds. The City will at all times strictly adhere to the terms and provisions hereof and will fully discharge all of its obligations hereunder. No variation or change in the undertaking herein set forth shall be made while any of the Bonds are outstanding, except as hereinafter set forth in subsections (b) and (c).

(b) The Trustee may consent to any variation or change in this Ordinance to cure any ambiguity, defect or omission in this Ordinance or any amendment hereto or to make any change that the Trustee determines is not to the material prejudice of the owners of the 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 this 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 this Ordinance or in any supplemental ordinance; provided, however, that nothing contained in this Section 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 this 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.

Section 22. (a) Moneys held for the credit of the Bond Fund (excluding the Debt Service Reserve Account) shall be invested and reinvested pursuant to the direction of the City (or at the discretion of the Trustee in the absence of direction by the City) in (i) direct obligations of the United States of America (including any such securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America ("Government Securities") or (ii) in demand deposits or certificates of deposit of banks, including the Trustee, which are insured by the FDIC, or, if in excess of insurance coverage, collateralized by Government Securities or other securities authorized by Arkansas law to secure public deposits, held by a third party and in which securities the Trustee has a perfected security interest, or (iii) savings accounts, deposit accounts or money market deposits in banks, including the Trustee, which are fully insured by the FDIC, or (iv) bonds or notes issued by the State or a municipality or county thereof which are rated by Moody's and S&P in one of the highest rating categories assigned by such agencies, or (v) money market funds comprised exclusively of Government Securities and registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 and having a rating by S&P of "AAAm-G," "AAAm," or "AAm" (collectively, "Permitted Investments"), all of which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when the moneys will be required for payment of the principal of or interest on the Bonds when due.

(b) Moneys held for the credit of the Debt Service Reserve Account shall be invested and reinvested pursuant to the direction of the City (or at the discretion of the Trustee in the absence of direction by the City) in Permitted Investments, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than seven (7) years after the date of investment or the maturity date of the outstanding Bonds, whichever is earlier.

(c) Moneys held for the credit of the Construction Fund (hereinafter identified) shall be invested and reinvested pursuant to the direction of the City (or at the discretion of the Trustee in the absence of direction by the City) in Permitted Investments or other investments permitted by Arkansas law, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when such money will be required for the purposes intended.

(d) Moneys held for the credit of the Cost of Issuance Fund (hereinafter identified) may be invested and reinvested pursuant to the direction of the City in Permitted Investments or other investments permitted by Arkansas law, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when such money will be required for the purposes intended.

(e) Obligations so purchased as an investment of moneys in any fund established by this Ordinance shall be deemed at all times to be a part of such fund and the interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investment shall be charged to such fund, except that interest earnings and profits on investments of moneys in the Debt Service Reserve Account which increase the amount thereof above the Required Level shall to the extent of any such excess be transferred from time to time into the Bond Fund.

Section 23. Any Bond shall be deemed to be paid within the meaning of this 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) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America ("Investment 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 pertaining thereto shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

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

When all the Bonds shall have been paid within the meaning of this 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 this Ordinance to be discharged and cancelled, and (ii) all moneys held by it pursuant to this Ordinance and which are not required for the payment of such Bonds to be paid over or delivered to or at the direction of the City. In determining the sufficiency of the deposit of Investment Securities there shall be considered the principal amount of such Investment Securities and interest to be earned thereon until the maturity of such Investment Securities.

Section 24. When the Bonds have been executed and sealed as herein provided, they shall be delivered to the Trustee. The Trustee shall authenticate the Bonds and deliver them to or at the direction of the Underwriters upon payment of the Purchase Price. The Trustee shall disburse the Purchase Price received by it as set forth in detail in a letter of delivery instructions signed by the Mayor and delivered to the Trustee (the "Delivery Instructions"), as follows:

(a) The Trustee shall pay to the City the amount of the accrued interest for deposit into the Bond Fund.

(b) The amount necessary to pay the costs of issuance of the Bonds shall be deposited into a special account in the name of the City designated "Cost of Issuance Fund, Series 2015" (the "Cost of Issuance Fund") in the Trustee. Moneys in the Cost of Issuance Fund shall be used to pay costs of issuance as directed in the Delivery Instructions or in requisitions. Requisitions 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. Each requisition must be signed by the City Administrator or Deputy City Administrator and the City Treasurer. Any amount remaining in the Cost of Issuance Fund on March 1, 2016 shall be transferred by the Trustee to the Construction Fund (identified below).

(c) The amount of the Purchase Price necessary to fund the Debt Service Reserve Account at the Required Level shall be deposited into the Debt Service Reserve Account in the Bond Fund.

(d) The amount of the Purchase Price necessary to accomplish the refunding of the Refunded Bonds shall be deposited with the trustee of the Refunded Bonds.

(e) The Trustee shall deposit the balance in a special fund in the name of the City hereby created and designated "Water and Sewer Bond Construction Fund, Series 2015" (the "Construction Fund") established with the Trustee. The moneys in the Construction Fund shall be disbursed in payment of costs of accomplishing the Improvements, paying necessary expenses incidental thereto and paying expenses of issuing the Bonds and refunding the Refunded Bonds. Disbursements shall be on the basis of requisitions which shall contain at least the following information: the person to whom payment is being made; the amount of the payment; and the purpose by general classification of the payment. Each requisition must be signed by the City Administrator or Deputy City Administrator and the City Treasurer. The Trustee shall issue its check upon the Construction Fund payable to the person, firm or corporation designated in the requisition. The Trustee shall keep accurate records as to all payments made on the basis of requisitions.

If moneys remain in the Construction Fund after the Improvements are completed and after all required expenses have been paid and expenditures made from the Construction Fund for and in connection with the accomplishment of the Improvements and the financing thereof, the Mayor shall file a certificate to such effect with the Trustee and the Trustee shall transfer any remaining balance to the Bond Fund.

Section 25. All moneys in the Senior Bond Fund that are allocated to the Refunded Bonds are hereby appropriated and shall be used as set forth in the Delivery Instructions for one or both of the following purposes: to accomplish the refunding of the Refunded Bonds and to pay a portion of the interest on the Bonds due April 1, 2016 by depositing such amount in the Bond Fund.

Section 26. The Trustee shall only be responsible for the exercise of good faith and reasonable prudence in the execution of its trust. The recitals in this Ordinance and in the face of the Bonds are the recitals of the City and not of the Trustee. 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 owners of

not less than 10% 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 30 days' notice in writing to the City Clerk and the owners of the Bonds then outstanding. At any time, with or without cause, the City or a majority in principal amount of the Bonds may remove the Trustee. In the event of a vacancy in the office of Trustee, either by resignation or by removal, the City shall appoint a new Trustee, such appointment to be evidenced by a written instrument or instruments filed with the City Clerk. Every successor Trustee appointed pursuant to this Section 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 $75,000,000. The original Trustee and any successor Trustee shall execute a written acceptance of the trust imposed upon it or them by this Ordinance, but only upon the terms and conditions set forth in this Ordinance and subject to the provisions of this Ordinance, to all of which the respective owners of the Bonds agree. Such written acceptance shall be filed with the City Clerk and a copy thereof shall be placed in the bond transcript. Any successor Trustee shall have all the powers herein granted to the original Trustee. No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee hereunder.

Section 27. (a) The City covenants that it shall not take any action or suffer or permit any action to be taken or condition to exist which causes or may cause the interest payable on the Bonds to be subject to federal income taxation. Without limiting the generality of the foregoing, the City represents and covenants that the proceeds of the Bonds and System revenues will not 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 Internal Revenue Code of 1986, as amended (the "Code").

(b) The City shall assure that (i) not in excess of 10% of the Net Proceeds of the Bonds is used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed moneys used or to be used for a Private Business Use; and (ii) that, in the event that both (A) in excess of 5% of the Net Proceeds of the Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for a Private Business Use, the excess over such 5% of Net Proceeds of the Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Improvements.

The City shall assure that not in excess of 5% of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan to persons other than state or local governmental units.

As used in this subsection (b), the following terms shall have the following meanings:

"Net Proceeds" means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, less any amount deposited into the Debt Service Reserve Account which is derived from the sale proceeds of the Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

(c) The City covenants that it will take no action which would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code. Nothing in this Section shall prohibit investments in bonds issued by the United States Treasury.

(d) The City covenants that it will submit to the Secretary of the Treasury of the United States, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, the statement required by Section 149(e) of the Code.

(e) The City covenants that it will, in compliance with the requirements of Section 148(f) of the Code, pay with moneys in the Water and Sewer Fund that remain after all required deposits have been made into the Operation and Maintenance Fund and the Bond Fund, to the United States Government in accordance with the requirements of Section 148(f) of the Code, from time to time, an amount equal to the sum of (1) the excess of (A) the amount earned on all Nonpurpose Investments (as therein defined) attributable to the Bonds, other than investments attributable to such excess over (B) the amount which would have been earned if such Nonpurpose Investments attributable to the Bonds were invested at a rate equal to the Yield (as defined in the Code) applicable to the particular series or issuance of Bonds, plus (2) any income attributable to the excess described in (1), subject to the exceptions set forth in Section 148 of the Code. The City further covenants that in order to assure compliance with its covenants herein, it will employ a qualified consultant to advise the City in making the determination required to comply with this subsection (e). Anything herein to the contrary notwithstanding, this provision may be modified or rescinded if in the opinion of Bond Counsel such modification or rescission will not affect the tax-exempt status of the Bonds for federal income tax purposes. As used herein, the term "Bond Counsel" means any lawyer or firm of lawyers of national reputation with respect to the exemption from income tax for interest on state and local debt obligations.

(f) The City covenants that it will not reimburse itself from proceeds of the Bonds for costs paid prior to the date the Bonds are issued except in compliance with United States Treasury Regulation No. 1.150-2 (the "Regulation"). This Ordinance shall constitute an "official intent" for the purpose of the Regulation.

Section 28. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Trustee and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Trustee and the registered owners of the Bonds.

Section 29. The Disclosure Agreement, in substantially the form submitted to this meeting, is approved, and the Mayor is hereby authorized and directed to execute and deliver the Disclosure Agreement on behalf of the City. The Mayor and City Administrator are each authorized and directed to take all action required on the part of the City to fulfill the City's obligations under the Disclosure Agreement.

Section 30. The Mayor, and other officers of the City in accordance with their offices, are authorized to execute such writings and take such action as may be appropriate to cause the Bonds to be issued.

Section 31. The provisions of this Ordinance are hereby declared to be separable and if any provision shall for any reason be held illegal or invalid, such holding shall not affect the validity of the remainder of the Ordinance.

Section 32. All ordinances and resolutions or parts thereof, in conflict herewith are hereby repealed to the extent of such conflict.

Section 33. It is hereby ascertained and declared that the Improvements are immediately needed for the preservation of the public peace, health and safety and to remove existing hazards thereto. The Improvements cannot be accomplished without the issuance of the Bonds, which cannot be sold at the interest rates specified herein unless this Ordinance is immediately effective. Therefore, it is declared that an emergency exists and this Ordinance being necessary for the preservation of the public peace, health and safety shall be in force and take effect immediately upon and after its passage.

PASSED: _____, 2015.

APPROVED:

ATTEST:

_____
Mayor

_____
City Clerk

(SEAL)

CERTIFICATE

The undersigned, City Clerk of the City of Fort Smith, Arkansas, hereby certifies that the foregoing pages are a true and correct copy of Ordinance No. _____, adopted at a regular session of the Board of Directors of the City, held at the regular meeting place of the Board of Directors in the City at 6:00 p.m., on the _____ day of _____, 2015, and that said Ordinance is of record in Ordinance Record Book No. _____, Page _____, now in my possession.

GIVEN under my hand and seal this _____ day of _____, 2015.

_____
City Clerk

(SEAL)

Memo

To: Honorable Mayor & Members of the Board of Directors

From: Jeff Dingman, Acting City Administrator

Date: 11/13/2015

Re: Bond Ordinance: Water and Sewer Refunding & Construction Revenue Bonds, Series 2015

For your consideration at the November 17, regular meeting is an ordinance authorizing the sale of $33,640,000 in Water and Sewer Refunding and Construction Revenue Bonds, Series 2015. The offering of these refunding and construction revenue bonds was authorized by Resolution No. R-134-15 adopted at the August 4, 2015 regular meeting, and the proposed ordinance is required to authorize the refunding and construction bonds. Included in the documentation attached to this memo are the following:

1. Bond Ordinance
2. Preliminary Official Statement
3. Bond Purchase Agreement
4. Continuing Disclosure Agreement

These documents have been prepared for the Board's consideration by Friday, Eldredge & Clark, LLP serving as the City's bond counsel.

As you will recall, the purpose of this bond issuance is to refinance Water and Sewer Refunding and Construction Revenue Bonds, Series 2005B, and provide for sewer system improvements. The Series 2005B bonds were issued to provide financing for purchase of a portion of the South Sebastian Users Association transmission lines and extending services to the area, construction of an elevated storage tank in the Howard Hill area, installation of a 12" water line along Highway 45 West, and repainting the Wildcat Mountain storage tank. Refunding the Series 2005B bonds will result in a net savings to the city's Water & Sewer Fund of approximately $517,000.

The new construction portion of the bonds are issued to provide water system improvements and sewer system construction and rehabilitation that including sewer interceptors, collection lines, pump station projects, technology improvements, and treatment plant improvements as prescribed by the Consent Decree. The cost of such new construction and improvements is $28.9 million.

The ordinance presented for the Board packet is a draft and does not yet include pricing. The bonds will be priced and offered for sale on Tuesday, November 17, at such time the pricing will be determined for inclusion in the bond ordinance and documentation. The ordinance will be updated and presented to the Board at the meeting for authorization to sell the bonds at those specific prices.

Shep Russell, bond counsel, and representatives from Stephens, Inc. and Raymond James will be in attendance at the Board meeting to answer any questions the Board may have. In the meantime, the Board may direct questions regarding this agenda item to me.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor any offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 11, 2015

NEW ISSUE
BOOK-ENTRY ONLY

RATING: Standard & Poor's: "A-"

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax, provided that with respect to corporations, interest on the Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax. Under existing law, Bond Counsel is of the opinion that the Bonds and the interest thereon are exempt from all state, county and municipal taxes in the State of Arkansas. See ***LEGAL MATTERS****, Tax Exemption.*

$33,640,000*
CITY OF FORT SMITH, ARKANSAS
WATER AND SEWER REFUNDING AND CONSTRUCTION REVENUE BONDS
SERIES 2015

Dated: December 1, 2015 Due: October 1, as shown below

The Bonds will not be general obligations of the City of Fort Smith, Arkansas (the "City"), but will be special obligations, secured by a pledge of and payable from revenues derived from the operation of the City's Water and Sewer System (a) subordinate to the pledge in favor of the City's outstanding Water and Sewer Refunding and Construction Revenue Bonds, Series 2008, and Water and Sewer Revenue Bonds, Series 2007, and (b) on a parity with the pledge in favor of the City's outstanding Water and Sewer Refunding Revenue Bonds, Series 2011 and Series 2012.

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

Interest on the Bonds is payable on April 1 and October 1 of each year, commencing April 1, 2016. The Bonds mature on October 1 in the years and in the amounts, bear interest at the rates and are priced to yield as follows:

MATURITY SCHEDULE*
$15,480,000 Serial Bonds

Maturity	Amount	Rate(%)	Yield(%)	Maturity	Amount	Rate(%)	Yield(%)
2016	$ 890,000			2024	$1,055,000		
2017	780,000			2025	1,110,000		
2018	795,000			2026	1,145,000		
2019	830,000			2027	1,190,000		
2020	870,000			2028	1,250,000		
2021	915,000			2029	1,310,000		
2022	960,000			2030	1,375,000		
2023	1,005,000						

$7,975,000 ____% Term Bonds Due October 1, 2035 to Yield ____%
$10,185,000 ____% Term Bonds Due October 1, 2040 to Yield ____%

(Accrued interest from December 1, 2015 to be added.)

The Bonds are offered when, as and if issued and received by the Underwriters named below, subject to approval as to legality by Friday, Eldredge & Clark, LLP, Bond Counsel, and subject to satisfaction of certain other conditions. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about December 22, 2015.

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

Stephens Inc. RAYMOND JAMES®

Dated: _____, 2015

*Preliminary; subject to change.

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

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

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EXHIBIT A - Audited Financial Statements of the Water and Sewer System for the Fiscal Year Ended December 31, 2014

EXHIBIT B - Unaudited Financial Statements of the Water and Sewer System for the Six Month Periods Ended June 30, 2015 and 2014

EXHIBIT C - Consulting Engineer's Report

OFFICIAL STATEMENT

$33,640,000*
CITY OF FORT SMITH, ARKANSAS
WATER AND SEWER REFUNDING AND CONSTRUCTION
REVENUE BONDS
SERIES 2015

INTRODUCTION TO THE OFFICIAL STATEMENT

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

This Official Statement is provided to furnish certain information in connection with the issuance by the City of Fort Smith, Arkansas (the "City") of its Water and Sewer Refunding and Construction Revenue Bonds, Series 2015, dated December 1, 2015, in the aggregate principal amount of $33,640,000* (the "Bonds"). The Bonds are being issued to finance the cost of acquiring, constructing, and equipping water and sewer improvements, current refunding the City's Water and Sewer Revenue Bonds, Series 2005B (the "Bonds to be Refunded"), providing a debt service reserve and paying costs incidental thereto and of issuing the Bonds. See **THE BONDS**, Purposes for Bonds.

The City is a city of the first class organized under the laws of the State of Arkansas (the "State") located in Sebastian County, Arkansas which is in northwestern Arkansas. The City is authorized and empowered under the laws of the State, including particularly Title 14, Chapter 234, Subchapter 2, Title 14, Chapter 235, Subchapter 2 and Title 14, Chapter 164, Subchapter 4 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), to issue revenue bonds and to expend the proceeds thereof for the intended purposes. See **THE CITY AND THE COUNTY**.

The Bonds are not general obligations of the City, but are special obligations equally and ratably secured by and payable solely from the revenues derived from the operation of the City's water and sewer (combined) system (the "System"). The pledge of System revenues to the payment of the Bonds is (a) subordinate to the pledge in favor of the City's Water and Sewer Revenue Bonds, Series 2007 (the "2007 Bonds") and Water and Sewer Refunding and Construction Revenue Bonds, Series 2008 (the "2008 Bonds" and, collectively with the 2007 Bonds, the "Senior Bonds") and (b) on a parity with the pledge in favor of the City's Water and Sewer Refunding Revenue Bonds, Series 2011 (the "2011 Bonds") and Water and Sewer Refunding Revenue Bonds, Series 2012 (the "2012 Bonds" and, collectively with the 2011 Bonds, the "Parity Bonds"). See **THE BONDS**, Security. The Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State, particularly the Authorizing Legislation and Ordinance No. ____, adopted on _____, 2015 (the "Authorizing Ordinance"). See THE **AUTHORIZING ORDINANCE**.

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

The Bonds are issuable only as fully registered bonds, without coupons, in the denomination of $5,000 or integral multiple thereof. Interest is payable semiannually on each April 1 and October 1, commencing April 1, 2016. Principal is payable at the principal office of BancorpSouth Bank, Stuttgart, Arkansas, as trustee and paying agent (the "Trustee"). Interest is payable by check mailed 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 Bonds shall be the fifteenth day of the calendar month next preceding each interest payment date. A Bond may be transferred, in whole or in part (in integral multiples of $5,000), but only upon delivery of the Bond, together with a written instrument of transfer, to the Trustee. See **THE BONDS**, Generally.

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*Preliminary; subject to change.

The Bonds are subject to redemption on and after October 1, 2025. The Bonds maturing on October 1 in the years 2035* and 2040* are subject to mandatory sinking fund redemption. See **THE BONDS**, Redemption.

Under existing law and assuming compliance with certain covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes, (ii) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (iii) with respect to corporations, interest on the Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax, (iv) interest on the Bonds is exempt from State income tax and (v) the Bonds are not subject to property taxes in the State. See **LEGAL MATTERS**, Tax Exemption.

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**.

It is expected that the Bonds will be available for delivery on or about December 22, 2015, through the facilities of The Depository Trust Company in New York, New York.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Authorizing Ordinance and the Continuing Disclosure Agreement summarized herein are available upon request from Stephens Inc., P. O. Box 3507, Little Rock, Arkansas 72201, Attention: Public Finance.

THE BONDS

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry 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 & Closing 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 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

*Preliminary; subject to change.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Authorizing Ordinance to be given to owners of Bonds; or (d) other action taken by DTC or Cede & Co. as owner of the Bonds.

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

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

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

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

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

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

(1) Optional Redemption. The Bonds are subject to redemption at the option of the City, from funds from any source on and after October 1, 2025, in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the Bonds shall be called for redemption, the particular maturities of the Bonds to be redeemed shall be selected by the City in its discretion. If fewer than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portion thereof to be redeemed from such maturity shall be selected by lot by the Trustee.

(2) Mandatory Sinking Fund Redemption.* The Bonds maturing on October 1 in the years 2035 and 2040 shall be redeemed prior to stated maturity, in part, as selected by the Trustee, at the principal amount of such bonds plus accrued interest to the date of redemption as follows:

*Preliminary; subject to change.

Bonds Due October 1, 2035

Year (October 1)	Amount
2031	$1,445,000
2032	1,515,000
2033	1,590,000
2034	1,670,000
2035 (maturity)	1,755,000

Bonds Due October 1, 2040

Year (October 1)	Amount
2036	$1,845,000
2037	1,935,000
2038	2,030,000
2039	2,135,000
2040 (maturity)	2,240,000

Notice of redemption identifying the Bonds or portions thereof (which shall be $5,000 or a multiple thereof) to be redeemed shall be given by the Trustee, not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption, by mailing a copy of the redemption notice by first class mail, postage prepaid, or by other standard means, including facsimile transmission and electric communication, to all registered owners of Bonds to be redeemed. Failure to mail an appropriate notice or any such notice to one or more registered owners of Bonds to be redeemed shall not affect the validity of the proceedings for redemption of other Bonds as to which notice of redemption is duly given in proper and timely fashion. All such Bonds or portions thereof thus called for redemption and for the retirement of which funds are duly provided in accordance with the Authorizing Ordinance prior to the date fixed for redemption will cease to bear interest on such redemption date. With respect to notice of redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Trustee prior to the giving of such notice, such notice shall state that such redemption shall be conditional upon the receipt of such moneys by the Trustee on or prior to the date fixed for such redemption. If such moneys shall not have been so received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

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

Purposes for Bonds. The Bonds are being issued to provide funds to finance all or a portion of the costs of water and sewer improvements and related operations facility improvements, technology systems improvements and equipment, to current refund the Bonds to be Refunded, to provide a debt service reserve and to pay the expenses of issuing the Bonds.

The water improvements include particularly, without limitation, water line installation, extension, repair, rehabilitation and replacement; water storage tank water installation and rehabilitation; pump station installation, expansion, repair, rehabilitation and replacement; water transmission line installation, extension, repair, rehabilitation and replacement; water meter installation and replacement; and watershed stream bank stabilization.

The sewer improvements include particularly, without limitation, sewer line installation, extension, repair, rehabilitation and replacement; Massard wastewater treatment plant odor control improvements; P Street wastewater treatment plant headworks improvements; pump station and force main installation, expansion,

repair, rehabilitation and replacement; sewage equalization facility installation, expansion, repair, rehabilitation and replacement; wastewater treatment plant and pump station alternative power supply installation.

The operations facility improvements include particularly, without limitation, acquiring, constructing and equipping new structures and rehabilitating and expanding existing structures for water and sewer operations including apparatus and any necessary land acquisition.

The technology systems improvements include particularly, without limitation, acquiring and installing computer hardware, network systems and equipment, and communications systems and equipment; and acquiring, implementing and integrating software.

The Bonds to be Refunded were issued to finance all or a portion of the costs of the acquisition of a portion of the South Sebastian County Water Users System; engineering design and construction of an elevated water storage tank; engineering design and construction of a water line along Highway 45; metering, valving and piping to incorporate the water facilities acquired from South Sebastian into the System; and repainting the Wildcat Mountain Water Storage Tank. The Bonds to be Refunded will be redeemed on the date the Bonds are issued or the first practicable date thereafter, at a price of par plus accrued interest.

The proceeds of the Bonds (exclusive of accrued interest) plus funds from the Bonds to be Refunded are estimated to be expended by the City as follows:

PROCEEDS:*	
Principal Amount of Bonds	$33,640,000
Reoffering Premium	3,802,208
Available Funds from Bonds to be Refunded	138,750
Total Proceeds	$37,580,958
USES:*	
Costs of Improvements	$29,000,000
Costs of Refunding	5,744,562
Debt Service Reserve Account	2,355,100
Costs of Issuance and Underwriters' Discount	481,296
Total Uses	$37,580,958

The payment of Underwriters' discount and the costs of issuing the Bonds relating to the payment of professional fees will be contingent on the Bonds being issued. See **MISCELLANEOUS**, Underwriting for a description of the Underwriters' discount. The Underwriters will also be reimbursed certain costs of closing and delivering the Bonds. The City will deposit the net proceeds of the Bonds (principal amount plus any original issue premium and less any original issue discount and less Debt Service Reserve Account deposit, Underwriters' discount, refunding deposit and certain issuance costs) into a special fund of the City established with the Trustee designated "Water and Sewer Bond Construction Fund, Series 2015" (the "Construction Fund"). Moneys contained in the Construction Fund will be disbursed solely in payment of costs of improvements to the System, paying necessary expenses incidental thereto and paying expenses of issuing the Bonds. Disbursements shall be on the basis of checks or requisitions which shall contain at least the following information: the person to whom payment is being made; the amount of the payment; and the purpose by general classification of the payment. For a description of how the Bond proceeds are to be invested pending use and the provisions governing those investments, see **THE AUTHORIZING ORDINANCE**, Investments.

Security. The Bonds are not general obligations of the City but are special obligations, equally and ratably secured by a pledge of System revenues. The pledge of System revenues in favor of the Bonds is subordinate to the pledge in favor of the Senior Bonds and is on a parity with the pledge in favor of the Parity Bonds. The Bonds are secured under the Authorizing Ordinance. For a summary of the terms of the Authorizing

*Preliminary; subject to change.

Ordinance, see **THE AUTHORIZING ORDINANCE** herein. The City did not meet the rate covenant for the fiscal year ended December 31, 2014. Debt service coverage for 2014 was 97%. The City instituted sewer rate increases effective May 1, 2015, January 1, 2016 and January 1, 2017 in an attempt to meet the rate covenant. Based on the rate increases, the City anticipates that it will meet the rate covenant for the fiscal year ended December 31, 2015. See **FINANCIAL INFORMATION**.

The City may issue additional bonds on a parity of security with the Bonds. See **THE AUTHORIZING ORDINANCE**, Additional Parity Bonds. The City has covenanted to maintain rates sufficient to produce net system revenues of at least 110% of the current year's debt service plus reserve payments and amounts due bond insurers. See **THE AUTHORIZING ORDINANCE**, Rates and General Covenants to Operate herein.

Debt Service Reserve. The Bonds are secured by a Debt Service Reserve Account in an amount equal to the lesser of 10% of the principal amount of the Bonds or the maximum annual principal and interest requirements on the Bonds. The Debt Service Reserve Account will only secure the Bonds and will not secure any parity bonds. The Debt Service Reserve Account will be funded with Bond proceeds.

THE CITY AND THE COUNTY

Location. The City, incorporated in 1842, is located in Sebastian County (the "County") and in northwest Arkansas, on the Oklahoma state line and 159 miles west of Little Rock, Arkansas and 145 miles southeast of Tulsa, Oklahoma. The City is the seat of government for the upper district of the County and serves as the central focus for a six-county economic and trade region in the west central area of Arkansas and the east central area of Oklahoma.

Population. Population trends of the City and the County are estimated as follows:[1]

Year	City	County
2009	85,547	123,597
2010	86,209	125,744
2011	87,155	126,948
2012	87,443	127,304
2013	87,489	127,118
2014	87,351	126,776

Transportation. The City is served by U.S. Highways Nos. 271, 71 and 64 as well as Interstate Nos. 540 and 40. The City is also served by two short line railroads with access to three class 1 railroads, more than 30 motor freight carriers and an airport for which two commercial carriers provide service. The City is located on the Arkansas River and has available a public port with a barge-rail terminal.

Government. Since 1967, the City has operated under a City Administrator-Director form of government. Four directors are elected from wards, three are elected at large, and the Mayor is elected at large. Jeff Dingman, a city management professional with more than 18 years of experience, has been the Acting City Administrator since July 2015. Prior to that time, he served as Deputy City Administrator for approximately 4 years. Mr. Dingman replaced Ray Gosack who retired after serving as City Administrator since January 2011.

[1]Sources: University of Arkansas Institute for Economic Development; U.S. Census Bureau.

The following are the Mayor and the members of the Board of Directors, their occupations and their terms of office:

Name	Occupation	Term Expires
Sandy Sanders, Mayor	Retired, Executive Management	2018
Kevin Settle, Vice Mayor	Industrial Management	2018
Tracy Pennartz	Consultant	2018
Don Hutchings	Pastor	2018
Keith Lau	Real Estate	2016
André Good	Federal Express Service	2016
Mike Lorenz	Health Care Administration	2016
George Catsavis	Restaurant Owner	2016

City Services. The City provides through its budget the following services: administrative, code enforcement, police protection, fire protection, parks and recreation, downtown parking, public transit, water and sewer, solid waste disposal and collection, planning, airport, district court, street construction and maintenance, library, convention center and information technology services.

Medical Facilities. The City serves as a regional medical center with St. Edward Mercy Medical Center and Sparks Regional Medical Center having approximately 850 acute care beds. In addition, a 54-bed rehabilitation center is located in the City. There are over 275 physicians practicing in the area.

Financial Institutions. The City is served by two banks having their principal offices in the City and by nine banks that have branch offices in the City. Bank deposits in the County have been as follows for the years indicated:[1]

Year	Total Deposits	Average Annual Growth (%)
1970	$ 150,086,000	--
1980	459,908,000	206.43
1990	862,752,000	87.59
2000	1,786,774,000	107.10
2010	2,417,335,000	35.29
2014	2,464,980,000	1.97

Education. The Fort Smith School District system (elementary and secondary) has approximately 29 schools. There are several private schools in the City providing education for kindergarten through high school. The southern most area of the City is served by the Greenwood School District.

University of Arkansas-Fort Smith, with an enrollment of approximately 6,823 (expressed as FTE) for the fall semester of 2014, has four-year degree programs and continues its collaboration with other universities to offer graduate degrees locally. Webster University and John Brown University also offer undergraduate and graduate degrees in the City.

The Arkansas College of Osteopathic Medicine will be established in the City and will enroll its inaugural class in the fall of 2016. The college anticipates graduating 150 doctors of osteopathy annually beginning in 2020.

[1] Source: Federal Deposit Insurance Corporation.

Economy. The economy of the City is a mixture of industrial, medical, corporate and commercial trade. According to the Fort Smith Chamber of Commerce, the ten largest employers in the City are as follows:

Employer	Business or Product	Number of Employees[1]
Sparks Health System	Hospital	2,336
Mercy Medical Center	Hospital	2,200
O.K. Industries	Poultry processing	2,033
Baldor Electric Company	Electric motors	2,000
Fort Smith Public Schools	Primary and secondary education	1,918
Arkansas Best Corp.	Trucking	1,388
University of Arkansas at Fort Smith	Higher education	1,000
Bost Human Development Services	Developmental disabilities	969
City of Fort Smith	Government	943
Golden Living/Beverly Enterprises	Nursing homes	926

Litigation. The City is a party to multiple matters of litigation and regulatory proceedings arising from the City's various governmental activities. In the course of business, a number of claims and lawsuits arise from individuals seeking compensation for personal injury, death, and/or property damage resulting from accidents occurring in the City. In addition, the City has been named as a defendant in a number of lawsuits relating to personnel and contractual matters. Management does not believe that the outcome of these claims will have a material adverse effect on the City's financial position. The City appropriates funds as necessary to meet settlements and awards.

The City recently negotiated with the United States Environmental Protection Agency and the United States Department of Justice the terms of a Consent Decree, which concerns the City's compliance with federal regulations involving discharges, including wet weather overflows, from the System. The Board of Directors of the City approved the terms of the Consent Decree, and the Consent Decree was filed as the Decree of the United States Court for the Western District of Arkansas. See **THE SYSTEM**, Sewer System for further discussion of the Consent Decree.

County Economic Data. Per capita personal income estimates for the County and the State are as follows for the years indicated:[2]

	County		State	
Year	Per Capita Personal Income	Average Annual Growth (Decline) (%)	Per Capita Personal Income	Average Annual Growth (%)
2009	$35,646	--	$31,646	--
2010	35,187	(1.29)	32,017	1.17
2011	38,672	9.90	34,089	6.47
2012	41,150	6.41	36,423	6.85
2013	40,934	(0.52)	36,698	0.76
2014	N/A[A]	--	37,751	2.87

[A] Not yet available.

[1] Approximate as of January 1, 2015.
[2] Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Total personal income estimates for the County and the State are as follows for the years indicated:[1]

	County		State	
Year	Total Personal Income	Average Annual Growth (Decline) (%)	Total Personal Income	Average Annual Growth (%)
2009	$4,459,884,000	--	$ 91,672,159,000	--
2010	4,427,867,000	(0.72)	93,561,655,000	2.06
2011	4,910,656,000	10.90	100,171,552,000	7.06
2012	5,242,659,000	6.76	107,443,010,000	7.26
2013	5,212,594,000	(0.57)	108,603,298,000	1.08
2014	N/A[A]	--	111,983,770,000	3.11

[A]Not yet available.

The annual average unemployment rates for the County and the State since 2010 are as follows according to the Arkansas Department of Workforce Services:

	Annual Average Unemployment Rate(%)	
Year	County	State
2010	8.0	8.2
2011	8.7	8.3
2012	7.9	7.6
2013	7.6	7.4
2014	5.8	6.1

Construction Activity and Estimated Values. The following are the construction activity for the years indicated and the estimated real property values resulting from construction in the City: [2]

	Commercial Construction		Residential Construction	
Year	Number Of Units	Value	Number of Units	Value
2010	41	23,582,143	359	49,402,500
2011	43	64,716,229	339	45,224,255
2012	32	25,389,627	303	46,405,142
2013	46	89,440,083	316	46,604,682
2014	49	72,768,852	345	47,507,085

THE SYSTEM

General. The System, consisting of water and sewer utilities, is owned and operated by the City. The names, ages and length of service of the key employees of the System are as follows:

Name	Title	Age	Length of Service
Steve Parke	Director of Utilities	62	38 years
Jack Dillon, Jr.	Assistant Director of Utilities	66	27 years
Steve Floyd	Superintendent of Operations	62	33 years
Jimmie Johnson	Superintendent of Line Maintenance	51	25 years

[1]Source: Bureau of Economic Analysis, U.S. Department of Commerce.
[2]City of Fort Smith Building Department Estimate.

The System employs approximately 224 persons that are assigned by the following categories:

Administrative	35
Sewer Treatment	31
Water Treatment	22
Laboratory Services	10
Equipment Maintenance	31
Industrial Waste Monitoring	10
Metering/Transmission Line Maintenance	20
Water and Sewer Line Maintenance	65

Water System. The City's water supply includes Lake Fort Smith and Lee Creek Reservoir and has a combined surface area of 2,124 acres and a storage capacity of 91,120 acre feet. The water supply has the combined capacity of producing a firm yield of 54.1 million gallons per day ("MGD"). The current average delivery of water to the water system is approximately 26.7 MGD with a maximum daily delivery of 34.1 MGD. Raw water lines with the capacity of approximately 94 MGD transport the water from the two lakes to the treatment plants, which have a combined rated capacity of 64 MGD. Once the water is delivered to the City, it is transported to storage facilities throughout the City through 16" and larger transmission lines. The maximum storage capacity is a 9.5 million gallon clearwell storage volume at the water treatment plants with an inter-city reservoir capacity of 32.95 million gallons. There are approximately 560 miles of water distribution lines within the City.

The average number of water users by category for the years indicated is as follows:

Year	Residential	Commercial	Wholesale	Other	Total
2010	28,877	4,108	13	10	33,008
2011	28,955	4,174	13	10	33,152
2012	29,104	4,196	13	132	33,445
2013	29,261	4,190	13	140	33,604
2014	29,346	4,222	13	151	33,732

The City supplies water to all residents in the City. There are approximately 1,250 retail users located outside the City. The City sells water wholesale to six municipalities, one water district, one public facilities board, four water users associations and Fort Chaffee. The City also has a contract with a public facilities board to sell water on an emergency basis. The largest user is the City of Van Buren, Arkansas which purchased 20% of the water sold by the City in 2014 and accounted for approximately 9.04% of System revenues for 2014. The remaining wholesale users as a group purchased 16% of the water sold by the City in 2014 and accounted for approximately 8.41% of System revenues for 2014. The wholesale water users serve approximately 30,540 retail customers.

The following sets forth the average daily water use, the maximum daily water use and the total water use for the years indicated:

Year	Average Daily Water Use in Gallons	Maximum Daily Water Use in Gallons	Total Water Use for Year in Gallons
2010	26,473,000	41,999,000	8,340,570,000
2011	30,532,000	43,500,000	8,503,902,000
2012	28,554,000	41,594,000	10,450,796,000
2013	26,850,000	38,419,000	9,800,220,000
2014	22,137,000	38,157,000	8,079,966,000

Sewer System. The City owns and operates two treatment plants with a combined permitted treatment capacity of 20 MGD. The average dry weather flow capacity is 13.5 MGD and the peak dry weather flow capacity is 21.5 MGD. The City has approximately 510 miles of sewage lines and 23 lift stations.

The City has entered into a Consent Decree with the United States of America and the State providing for improvements to its sewer collection and treatment system to satisfy the requirements of the Clean Water Act and the National Pollutant Discharge Elimination System permits issued for the City's wastewater treatment plants. The Consent Decree provides for capital improvements and agreed operating and maintenance procedures on which the City anticipates to spend $480 million during the 12 year period of the Consent Decree. Of the $480 million, the City anticipates spending $286 million on capital improvements to the sewer facilities of the System and expects to finance all or a portion of such improvements by issuing water and sewer revenue bonds. See **THE SYSTEM**, Capital Improvement Plans. The agreed improvements and procedures are designated to obtain significant reduction in both dry weather and wet weather overflows from the sewer facilities of the System.

The average number of sewer users by category for the years indicated is as follows:

Year	Residential	Commercial	Government	Total
2010	26,699	3,618	10	30,327
2011	26,695	3,685	10	30,390
2012	26,833	3,691	83	30,607
2013	26,976	3,669	87	30,732
2014	27,062	3,654	91	30,807

The following sets forth the average daily sewage flow for the years indicated:

Year	Gallons
2010	16,844,000
2011	17,421,000
2012	15,200,000
2013	14,684,000
2014	17,100,000

Largest Users of System. No user of the System accounts for 5% or more of gross revenues of the System except for the City of Van Buren, Arkansas and OK Foods. The following are the largest users of the System which collectively accounted for approximately 24.44% of gross revenues of the System for the fiscal year ended December 31, 2014:

	Water	Sewer	Total	% of Gross Revenues
City of Van Buren	$3,248,401	0	$3,248,401	9.04%
OK Foods	2,167,372	$ 101,227	2,268,599	6.32
Gerber Products	1,219,559	0	1,219,559	3.40
Gerdau Macsteel	441,989	240,041	682,030	1.90
Sparks Medical Center	264,927	241,790	506,717	1.41
Kraft Foods	89,108	113,958	203,066	0.57
St. Edward Mercy Medical Center	143,846	44,869	188,715	0.53
Mars Petcare US	138,534	48,426	186,960	0.52
The Links Fort Smith	63,955	85,540	149,495	0.42
Sebastian County Park/Jail	49,978	66,845	116,823	0.33
Top Ten Users	$7,827,669	$942,696	$8,770,365	24.44%

Litigation. There is no material litigation or administrative proceeding pending or threatened against the System except as described above under **THE SYSTEM**, Sewer System.

Capital Improvement Plans. The City has entered into a Consent Decree with the United States of America and the State. See **THE SYSTEM**, Sewer System. In order to meet the requirements of the Consent Decree, the City must make certain improvements to its sewer collection and treatment facilities and improve its sewer operations and maintenance programs. Over the next ten-year period, the City anticipates the need for capital improvements to the sewer facilities of the System in the approximate amount of $286,000,000. To

finance all or a portion of such costs, the City anticipates that it will issue water and sewer revenue bonds or sales and use tax bonds or a combination thereof in 2017, 2019, 2021, 2023 and 2025.

In addition, the City has developed a long term plan for its future growth and demand on the water facilities of the System, including that of its wholesale customers, by identifying water source, treatment and transmission needs through year 2040, and inter-city water transmission and storage needs through 2025. The City anticipates the need for capital improvements to the water facilities of the System in the approximate amount of $325,000,000. The City's ability to finance these water improvements depends on System demand and availability of funding sources.

Rates. Set forth below are the monthly rates for the System.

Water Rates

Set forth below are the monthly minimum charge and volume charge rates for the water services of the System in effect since January 1, 2006 and as increased for one or more classes of customers as of October 1, 2007, January 1, 2009, January 1, 2010 and January 1, 2011:

A. Retail Customers:

Monthly Minimum Charge			Volume Charge	Effective 1/1/06	Effective 10/1/07	Effective 1/1/09	Effective 1/1/10	Effective 1/1/11
5/8"-3/4"	--	$ 4.97	Residential-each ccf of usage	$1.96				
1"	--	9.98	0.5 ccf		$2.03	$2.09	$2.17	$2.28
1"-1/4"	--	11.78	6-15		2.64	2.72	2.82	2.96
1"-1/2"	--	21.24	16 ccf and above		2.99	3.08	3.19	3.35
2"	--	30.69	Commercial-each ccf of usage	1.65	2.17	2.21	2.29	2.40
3"	--	92.72	Industrial-each ccf of usage	1.62/1.74	2.13/2.28	2.15/2.32	2.22/2.39	2.33/2.51
4"	--	151.77						
6"	--	219.82						
8"	--	338.45						
10"	--	$449.30						

B. The monthly minimum charge for the City of Van Buren, Arkansas is the sum of $7,182.33 plus, effective January 1, 2006, a volume charge of $1.25 per ccf of metered water use; effective October 1, 2007, a volume charge of $1.37 per ccf of metered water use; and effective January 17, 2011, a volume charge of $1.44 per ccf of metered water use.

C. All other customers:

Monthly Minimum Charge			Volume Charge	Effective 1/1/06	Effective 10/1/07	Effective 1/1/09	Effective 1/1/11
2"	--	$ 104.03	Each ccf of usage	$1.31	$1.64	$1.71	$1.80
3"	--	206.54					
4"	--	321.85					
6"	--	642.16					
8"	--	1,026.54					
10"	--	1,474.99					
12"	--	2,756.26					

Sewer Rates

Set forth below are the monthly sewer rates for the System in effect since January 1, 2006 and as increased as of October 1, 2007, January 1, 2009, January 1, 2010, January 1, 2011, May 1, 2015, January 1, 2016 and January 1, 2017:

User Class	Unit	Effective 1/1/06 Dollars	Effective 10/1/07 Dollars	Effective 1/1/09 Dollars	Effective 7/1/09 Dollars	Effective 1/1/10 Dollars	Effective 1/1/11 Dollars	Effective 5/1/15 Dollars	Effective 1/1/16 Dollars	Effective 1/1/17 Dollars
Billing Charge	Per Account	$1.43	$1.43	$1.43	$1.43	$1.43	$1.43	$2.50	$3.50	$4.50
Sewer Surcharge	ccf				0.12	0.12	0.12			
Volume Charge										
Residential	ccf	2.40	2.75	2.91	2.91	3.05	3.21	5.30	7.10	8.45
Industrial and Commercial	ccf	2.40	2.75	2.91	2.91	3.05	3.21	5.30	7.10	8.45
High-Strength charge (for strengths above 250mg/1)										
BOD	lb.	0.1309	0.1548	0.1620	0.1620	0.1699	0.1699	0.2786	0.3762	0.4476
TSS	lb.	0.0998	0.1180	0.1235	0.1235	0.1295	0.1295	0.2124	0.2867	0.3412
Monitoring	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost
Contract/Wholesale Users	ccf	0.89	0.89	0.93	0.93	0.97	1.02	1.68	2.26	2.69
High-Strength charge (for strengths above 250mg/1)										
BOD	lb.	0.1309	0.1548	0.1620	0.1620	0.1699	0.1699	0.2786	0.3762	0.4476
TSS	lb.	0.0908	0.1180	0.1235	0.1235	0.1295	0.1295	0.2124	0.2867	0.3412
Monitoring	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost	Actual Cost

THE AUTHORIZING ORDINANCE

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

Rates and General Covenants to Operate. (a) The rates charged for services of the System heretofore fixed by ordinances of the City and the conditions, rights and obligations pertaining thereto, as set out in those ordinances, are ratified, confirmed and continued.

The City covenants that the rates shall never be reduced while any of the Bonds are outstanding unless there is obtained from an independent certified public accountant ("Accountant") a certificate that the net revenues of the System (net revenues being defined as gross revenues of the System less the amounts required to pay the costs of operation, maintenance and repair of the System, including all expense items properly attributable to the operation and maintenance of the System in accordance with generally accepted accounting principles applicable to municipal water and sewer systems (excluding depreciation, interest and amortization expenses)), with the reduced rates, will be at least equal to 110% of the maximum annual principal and interest requirements on all bonds payable from revenues of the System ("System Bonds"), plus the amount needed to make all deposits required to be made into the Depreciation Fund and any debt service reserves for System Bonds and to reimburse the insurers of System Bonds for any amounts owed in connection with debt service reserve fund insurance policies or surety bonds for System Bonds. The City further covenants that the rates shall, if and when necessary, from time to time, be increased in such manner as will produce net revenues at least equal to 110% of the current year's debt service on all System Bonds and the amount needed to make the deposits into the Depreciation Fund and any debt service reserves for System Bonds and to reimburse the insurers of any System Bonds for any amounts owed in connection with debt service reserve fund insurance policies or surety bonds for System Bonds.

(b) The System shall be continuously operated as a revenue producing undertaking, and all moneys received from its operation shall be deposited in such depository or depositories for the City as may be lawfully designated from time to time by the City, subject, however, to the giving of security as now or as hereafter may be required by law, and provided that such depositories shall hold membership in the Federal Deposit Insurance Corporation ("FDIC").

Funds and Disposition of Revenues. (a) All revenues derived from the operation of the System shall be paid into a special fund designated "Water and Sewer Fund." The revenues in the Water and Sewer Fund shall be applied to the payment of the reasonable and necessary expenses of operation and maintenance of the System, to the payment of the principal of and interest on the Bonds and other System bonds, to the maintenance of the debt service reserves at the required level, to the providing of the Depreciation Fund, and otherwise as described herein.

(b) There shall first be paid from the Water and Sewer Fund into a special fund designated "Water and Sewer Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), in a bank selected by the City that is a member of FDIC, on the first business day of each month, an amount sufficient to pay the reasonable and necessary monthly expenses of operation, repair and maintenance of the System for such month and from which disbursements shall be made only for those purposes. Fixed annual charges such as insurance premiums and the cost of major repair and maintenance expenses may be computed and set up on an annual basis, and one-twelfth (1/12) of the amount thereof may be paid into the Operation and Maintenance Fund each month.

If in any month for any reason there shall be a failure to transfer and pay the required amount into the Operation and Maintenance Fund, the amount of the deficiency shall be added to the amount otherwise required to be transferred and paid into the fund the next succeeding month. If in any fiscal year a surplus shall be accumulated in the Operation and Maintenance Fund over and above the amount which shall be necessary to defray the reasonable and necessary costs of operation and maintenance of the System during the remainder of the then current fiscal year and the next ensuing fiscal year, such surplus may be transferred into the bond funds for System Bonds or into the Depreciation Fund, to the extent of any deficit therein, and in the absence of any such deficit, to the Water and Sewer Fund.

(c) After making the deposit into the Operation and Maintenance Fund, there shall be transferred and paid from the Water and Sewer Fund into the "Water and Sewer Revenue Bond Fund" (the "Senior Bond Fund") the deposits required in connection with the Senior Bonds plus any amounts necessary to increase the debt service reserve therein to its required level and to reimburse any insurer of Senior Bonds for any amounts due under any surety bonds or debt service reserve insurance policies.

(d) After making the payments required above, there shall next be transferred and paid from the Water and Sewer Fund, pro rata, into the bond funds (and debt serve reserves therein) being maintained in connection with the Parity Bonds and any additional parity bonds (the "Parity Bond Funds") and into a special fund, created by the Authorizing Ordinance and designated "2015 Water and Sewer Revenue Bond Fund" (the "Bond Fund") in a bank selected by the City that is a member of FDIC, the sums in the amounts and at the times set forth below.

There shall be paid into the Parity Bond Funds the required monthly deposits pursuant to the ordinances authorizing the Parity Bonds and any additional parity bonds.

There shall be paid into the Bond Fund until all outstanding Bonds, with interest thereon, have been paid in full or provision made for such payment, on the first business day of each month commencing February 2016 (i) a sum equal to 1/6 of the next installment of interest on the Bonds and a sum equal to 1/12 of the installment of principal due during the then next twelve months (either at maturity or in accordance with any mandatory redemption provisions) on the Bonds (provided that the interest installments through March 2016 shall be increased to 1/2 of the interest on the Bonds due April 1, 2016 and the principal installments through September 2016 shall be increased to 1/8 of the principal of the Bonds due October 1, 2016), plus (ii) an amount sufficient to provide for Trustee's fees, on the Bonds.

If the revenues of the System are insufficient to make the required payment on the first business day of any month into the Bond Fund, the amount of any such deficiency in the payment made shall be added to the amount otherwise required to be paid into the Bond Fund on the first business day of the next month.

There shall be maintained, as a part of the Bond Fund, a "Debt Service Reserve Account," which the City agrees to continuously maintain in an amount equal to the lesser of 10% of the principal amount of the Bonds or the maximum annual principal and interest requirements on the Bonds (the "Required Level"). If the Debt Service Reserve Account is reduced below the Required Level, the City shall make additional payments from the Water and Sewer Fund until the impairment or reduction is corrected over a twelve month period.

If for any reason there shall be a deficiency in the payments made into the Bond Fund so that there are unavailable sufficient moneys therein to pay the principal of and interest on the Bonds as the same become due, any sums then held in the Debt Service Reserve Account shall be used to the extent necessary to pay such principal and interest, but the Debt Service Reserve Account shall be reimbursed from the Water and Sewer Fund in the amount of any such payment as described above. The Debt Service Reserve Account shall be used solely as described in the Authorizing Ordinance, but the moneys therein may be invested as set forth below.

If a surplus shall exist in the Bond Fund over and above the amount required for making all principal and interest payments during the next succeeding twelve-month period, and in excess of the Required Level for the Debt Service Reserve Account, such surplus (1) shall be applied at the direction of the City to the payment of the principal of and interest on Bonds that may be called for redemption prior to maturity or (2) shall be paid to the City and deposited into the Water and Sewer Fund. Otherwise moneys in the Bond Fund shall be used solely for the payment of principal and interest on the Bonds and Trustee's fees.

The City Treasurer shall withdraw from the Bond Fund on or before two business days prior to the due date of any Bond or interest payable therefrom, at maturity or redemption prior to maturity, and deposit with the Trustee at least one business day prior to the due date, an amount equal to the amount of such Bond or interest payment for the sole purpose of paying the same, together with the Trustee's fee.

(e) There shall next be paid from the Water and Sewer Fund into a fund designated Water and Sewer Depreciation Fund (the "Depreciation Fund"), in a bank, selected by the City, that is a member of the FDIC, on the first business day of each month while any of the Bonds are outstanding, a sum equal to three percent (3%) of the gross revenues of the System for the then preceding month plus $5,000 per month until there is accumulated the sum of $500,000. When the sum of $500,000 has been accumulated, the payments may be discontinued. If the moneys in the Depreciation Fund fall below $500,000, the monthly payments shall resume until the balance again reaches $500,000. The moneys in the Depreciation Fund shall be used solely for the purpose of providing for replacements made necessary by the depreciation of the System and for the purpose of paying costs of damage caused by unforeseen catastrophes, except that moneys in the Depreciation Fund shall be used to the extent necessary at any time to prevent default in the payment of principal, interest, and Trustee's fees on the Bonds and any other System Bonds. (It is not expected that moneys remaining in the Depreciation Fund would be sufficient to prevent such a default.)

If in any fiscal year a surplus shall be accumulated in the Depreciation Fund over and above the amount which shall be necessary to cover probable replacement costs during the current fiscal year and the next ensuing fiscal year, such surplus may be transferred to the Senior Bond Fund and the Bond Fund, to the extent of any deficit therein, and, in the absence of any such deficit, to the Water and Sewer Fund.

(f) Any surplus in the Water and Sewer Fund, after making all required disbursements and making full provision for the funds herein described shall be used for the payment of interest on amounts advanced under any surety bonds and debt service reserve insurance policies for the System Bonds and any amounts owed the insurers of the System Bonds, may be used, at the option of the City, for the redemption of Bonds or additional bonds prior to maturity in accordance with their respective redemption provisions; for constructing extensions, betterments and improvements to the System; or for any other lawful municipal purpose.

Additional Parity Bonds. As long as any of the Bonds are outstanding, the City shall not issue or attempt to issue any bonds claimed to be entitled to a priority of lien on the revenues of the System over the lien securing the Bonds.

The City may issue additional bonds to finance or refinance the cost of constructing extensions, betterments and improvements to the System. However, the City may not authorize or issue any such additional bonds ranking on a parity of security with outstanding Bonds, unless and until either: (1) there shall have been procured and filed with the Trustee a statement by an Accountant reciting that, based upon necessary investigation, the net revenues of the System for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such additional bonds shall equal not less than 125% of the average annual principal and interest requirements on the System Bonds then outstanding and the additional bonds proposed to be issued; or (2) there shall have been procured and filed with the Trustee a statement by an Accountant reciting, based upon necessary investigation, that the net revenues of the System for the next ensuing fiscal year as reflected by a certificate of a duly qualified consulting engineer not in the regular employ of the City and approved by the Trustee, and taking into consideration any rate increase, shall be equal to not less than 130% of the average annual principal and interest requirements on all of the System Bonds then outstanding and the additional bonds then proposed to be issued. For purposes of the required computation, there may be added to the net revenues of the fiscal year immediately preceding the fiscal year in which it is proposed to issue additional bonds the following: if prior to the issuance of the additional bonds and subsequent to the first day of such preceding fiscal year the City shall have increased the rates charged for water services or sewer services, the additional net revenues which would have been received from the operation of the System had the increase been in effect throughout such fiscal year. The term "net revenues" means gross revenues of the System less the amounts required to pay the costs of operation, maintenance and repair of the System (exclusive of depreciation, interest and amortization expenses), as described under **AUTHORIZING ORDINANCE**, Rates and General Covenants To Operate.

The additional bonds the issuance of which is restricted and conditioned as hereinabove described shall not be deemed to include other obligations the security and source of payment of which is subordinate and subject to the priority of the Bonds.

Accounts and Records. The City will keep proper books of accounts and records (separate from all other records and accounts) in which complete and correct entries shall be made of all transactions relating to the operation of the System, and such books shall be available for inspection by the owner of any of the Bonds at reasonable times and under reasonable circumstances. The City agrees to have these records audited by an Accountant at least once each year. A copy of the audit shall be delivered to the Trustee not later than 180 days after the end of each fiscal year and shall be made available to any Bondholder making request therefor. In the event that the City fails or refuses to make the audit, the Trustee or any owner of the Bonds, may have the audit made, and the cost thereof shall be charged against the Operation and Maintenance Fund.

Maintenance; Insurance. The City covenants that it will maintain the System in good condition and operate the same in an efficient manner and at reasonable cost. The City agrees that, to the extent that comparable protection is not otherwise provided to the satisfaction of the Trustee, it will insure and at all times keep insured, in the amount of the full insurable value thereof, in a responsible insurance company or companies authorized and qualified under the laws of the State of Arkansas to assume the risk thereof, properties of the System, to the extent that such properties would be covered by insurance by private companies engaged in similar types of businesses, against loss or damage thereto from fire and other perils included in extended coverage insurance in effect in Arkansas. The insurance policies are to carry a clause making them payable to the Trustee as its interest may appear, and are either to be placed in the custody of the Trustee or satisfactory evidence of such insurance shall be filed with the Trustee. In the event of loss, the proceeds of such insurance shall be applied solely toward the reconstruction, replacement or repair of the System, and in such event the City will, with reasonable promptness, cause to be commenced and completed the reconstruction, replacement and repair work. If such proceeds are more than sufficient for such purposes, the balance remaining shall be deposited to the credit of the Water and Sewer Fund, and if such proceeds shall be insufficient for such purposes the deficiency shall be supplied first from moneys in the Depreciation Fund and second from moneys in the Operation and Maintenance Fund and third from surplus moneys in the Water and Sewer Fund. Nothing shall be construed as requiring the City to expend any moneys for operation and maintenance of the System or for premiums on its insurance which are derived from sources other than the operation of the System, but nothing shall be construed as preventing the City from doing so.

Defeasance. Bonds for the payment or redemption of which moneys or Government Securities, as defined under Investments, below, which are not subject to call prior to maturity (except at the option of the owner thereof) shall have been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such bonds) shall be deemed to be paid within the meaning of the Authorizing Ordinance; provided, however that if such Bonds are to be redeemed prior to the maturity thereof, notice, of such redemption shall have been duly given or provided for. In determining the sufficiency of the deposit there shall be considered the principal amount of such Government Securities, the maturity dates therefor and interest to be earned thereon until the maturity of such Government Securities.

Defaults and Remedies. (a) If there be any default in the payment of the principal of or interest on any of the Bonds, if the City defaults in any Bond Fund requirements or in the performance of any of the other covenants contained in the Authorizing Ordinance, or if the City declares bankruptcy, the Trustee may, and upon the written request of the owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding shall, by proper suit, compel the performance of the duties of the officials of the City under the laws of Arkansas. And, in the case of a default in the payment of the principal of and interest on any of the Bonds, the Trustee may, and upon the written request of the owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding shall, apply in a proper action to a court of competent jurisdiction for the appointment of a receiver to administer the System on behalf of the City and the owners of the Bonds, with power to charge and collect (or by mandatory injunction or otherwise to cause to be charged and collected) rates sufficient to provide for the payment of the expenses of operation, maintenance and repair and to pay any Bonds and interest outstanding and to apply the revenues in conformity with the laws of Arkansas and with the Authorizing Ordinance. When all defaults in principal and interest payments have been cured, the custody and operation of the System shall revert to the City.

(b) No 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 right under the Authorizing Ordinance or under the laws of the State unless such owner previously shall have given to the Trustee written notice of the default on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than ten percent (10%) in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such power or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted to the Trustee, or to institute such action, suit or proceeding in its name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are, at the option of the Trustee, conditions precedent to the execution of any remedy. No one or more owners of the Bonds shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of the Authorizing Ordinance or to enforce any right thereunder except in 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 owners of the outstanding Bonds.

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

(d) The Trustee may, and upon the request of the owners of not less than fifty percent (50%) in principal amount of the Bonds then outstanding shall, waive any default which shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted under the 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.

Amendment of Authorizing Ordinance. (a) The Authorizing Ordinance provides that it shall constitute a binding contract between the City and the owners of the outstanding Bonds and that the City will at all times strictly adhere to the terms and provisions thereof and fully discharge all of its obligations thereunder. 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 in subsections (b) and (c).

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

(c) 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 herein 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.

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 owners of not less than ten percent (10%) 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 thirty (30) days' notice in writing to the City Clerk and the owners of the Bonds. The majority in principal amount of the owners of the outstanding Bonds, or the City, at any time, 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 appoint a new Trustee, such appointment to be evidenced by a written instrument or instruments filed with the City Clerk. The original Trustee and any successor Trustee shall execute a written acceptance of 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 owners of the Bonds agree. Any successor Trustee shall have all the powers granted to the original Trustee. No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee under the Authorizing Ordinance.

Investments. (a) Moneys held for the credit of the Bond Fund (excluding the Debt Service Reserve Account) shall be invested and reinvested pursuant to the direction of the City (or at the discretion of the Trustee in the absence of direction by the City) in (i) direct obligations of the United States of America (including any such securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America ("Government Securities") or (ii) in demand deposits or certificates of deposit of banks, including the Trustee, which are insured by the FDIC, or, if in excess of insurance coverage, collateralized by Government Securities or other securities authorized by Arkansas law to secure public deposits, held by a third party and in which securities the Trustee has a perfected security interest, or (iii) savings accounts, deposit accounts or money market deposits in banks, including the Trustee, which are fully insured by the FDIC, or (iv) bonds or notes issued by the State or a municipality or county thereof which are rated by Moody's and S&P in one of the highest rating categories assigned by such agencies, or (v) money market funds comprised exclusively of Government Securities and registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 and having a rating by S&P of "AAAm-G," "AAAm," or "AAm" (collectively, "Permitted Investments"), all of which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when the moneys will be required for payment of the principal of or interest on the Bonds when due.

(b) Moneys held for the credit of the Debt Service Reserve Account shall be invested and reinvested pursuant to the direction of the City (or at the discretion of the Trustee in the absence of direction by the City) in Permitted Investments, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than seven (7) years after the date of investment or the final maturity date of the outstanding Bonds, whichever is earlier.

(c) Moneys held for the credit of the Construction Fund shall be invested and reinvested pursuant to the direction of the City (or at the discretion of the Trustee in the absence of direction by the City) in Permitted Investments or other investments permitted by State law, which shall mature, or which shall be subject to redemption by the holder thereof, at the option of such holder, not later than the date or dates when such money will be required for the purposes intended.

CONTINUING DISCLOSURE AGREEMENT

During the past five years the City has been obligated to comply with continuing disclosure agreements involving approximately 19 bond issues. Such agreements require the City to file annual reports with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access system ("EMMA") within certain time periods set forth in the agreements. While the City has not made any determination as to materiality, the following constitutes a non-exhaustive summary of the City's compliance with its continuing disclosure obligations over the past five years.

As part of each annual report, the City has been obligated to file annual audited financial statements. For 17 bond issues, the City was required to file audited financial statements of the City's general purpose funds or audited financial statements of the System, both of which are contained in the City's Comprehensive Annual Financial Report ("CAFR"). For two bond issues, the City was required to file the audited financial statements of the Fort Smith Regional Airport (the "Airport").

For the bond issues that required the City to file its CAFR, the City filed the CAFR on a timely basis for years ended December 31, 2011 through 2014. The CAFR for the fiscal year ended December 31, 2010 was filed one day late. For the bond issues that required the City to file the audited financial statements of the

Airport, the audited financial statements for the years ended December 31, 2010 through 2014 were filed in a timely manner.

All of the continuing disclosure agreements require that certain supplemental financial and operating data be provided as part of the annual report. The supplemental data to be provided varies depending on the type of bond issue and how each is secured.

For bond issues secured by sales and use taxes levied by the City or by System revenues, all supplemental data was included in the City's CAFR. Accordingly, all such supplemental data was filed in a timely manner except for the supplemental data included in the CAFR for the year ended December 31, 2010, which was filed one day late. For the bond issues secured by Airport revenues, all supplemental data was included in the audited financial statements of the Airport, which was filed in a timely manner each year.

For bond issues secured by general revenues of the City and by parking revenues of the City, the City intended that all supplemental data be included in the City's CAFR. However, the supplemental data contained in the CAFR was not in the form required of it by the applicable continuing disclosure agreements and certain data was missing. Neither issue remains outstanding.

The continuing disclosure agreements also obligated the City to file a notice of the occurrence of any event listed in Securities and Exchange Commission, Rule 15c2-12(b)(5). Included in the list of events are rating changes. During the past five years, rating changes concerning changes to the ratings of its bond insurers were either not filed or were filed but not uploaded to all applicable CUSIPs. The City has filed such notices under all CUSIPs of bonds that are currently outstanding.

Set forth below is a summary of certain portions of the Continuing Disclosure Agreement entered into in connection with the Bonds. This summary does not purport to be comprehensive and reference is made to the full text of the Continuing Disclosure Agreement for a complete description of its provisions.

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

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

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

Provision of Annual Report. (a) The City shall, or cause the Dissemination Agent to, not later than 180 days after the end of the City's fiscal year (presently December 31), commencing with the report after the end of the 2015 fiscal year, provide to the MSRB, through its continuing disclosure service portal EMMA at http://www.emma.msrb.org or any similar system acceptable to the Securities and Exchange Commission, an Annual Report which is consistent with the requirements of the Continuing Disclosure Agreement. The Annual Report shall be filed in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in the Continuing Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but, in such event, such audited financial statements shall be submitted within thirty (30) days after receipt thereof by the City.

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

(c) If the Trustee is unable to verify that an Annual Report (containing the information required in (a)(1) under Content of Annual Reports, below) has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB.

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

(1) Information of the type set forth in this Official Statement under the caption **THE SYSTEM** with respect to (i) average daily water use in gallons, maximum daily water use in gallons and total annual water use in gallons for the preceding fiscal year and the previous four fiscal years; (ii) the number of water and sewer users for the fiscal year then ended and the four previous fiscal years; and (iii) the top ten users of the System for the previous fiscal year and a statement as to which users, if any, accounted for 5% or more of System revenues for the preceding fiscal year; and

(2) The financial statements of the System prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America.

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

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

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.

7. Modifications to rights of security holders, if material.

8. Bond calls (excluding mandatory sinking fund redemptions), if material.

9. Defeasances and tender offers.

10. Release, substitution, or sale of property securing repayment of the securities, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the City.

13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

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

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

(c) After the occurrence of any of the Listed Events, the City shall file (or cause the Dissemination Agent to file), a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event, a notice of such occurrence with the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any other similar system that is acceptable to the Securities and Exchange Commission, with a copy to the Trustee (if the Trustee is not the Dissemination Agent). Each notice of the occurrence of a Listed Event shall be 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.

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

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

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

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

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

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

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

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

Default. In the event of a failure of the City or the Dissemination Agent 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 Bonds, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City or the Dissemination Agent, as the case may be, to comply with its obligations under the Continuing Disclosure Agreement. A default under the Continuing Disclosure Agreement shall not be deemed a default under the Authorizing Ordinance, and the sole remedy under the Continuing Disclosure Agreement in the event of any failure of the City or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall be an action to compel performance.

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

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

PENSION PLANS AND OTHER POST EMPLOYMENT BENEFITS

The City contributes to five retirement plans: (i) the Public Employees Retirement System ("PERS"); (ii) the Arkansas District Judges Retirement System ("ADJRS"); (iii) the Fire Relief and Pension Plan and the Police Relief and Pension Plan (the "Old Fire and Police Plans"); (iv) the Arkansas Local Police and Fire Retirement System ("LOPFI"); and (v) the Arkansas Public Employees Retirement System ("APERS"). The City also sponsors and administers other postemployment benefits ("OPEB").

Public Employee's Retirement System

Effective April 1, 1997, PERS was converted to a money purchase retirement plan, a defined contribution plan that is qualified under Section 401(a) of the Code. All full-time, non-uniformed City employees with the exception of the three district judges and the District Court Clerk are covered by PERS. Plan provisions and contribution rates are established by an agreement between the City and ICMARC, the plan administrator. City employees make no contributions to the plan; however, the City makes contributions equal to 10% of each covered employee's earnings. Employer contributions to the PERS plan totaled $2,505,202 for 2014.

Arkansas District Judges Retirement System

ADJRS is a statewide cost sharing multiple employee plan that provides for the retirement of all district court judges who are not covered by APERS. The employee contribution rate is five percent of annual, covered salary. The contribution requirements of the City are established and can be amended by the State. Plan members are not required to contribute. Employer contributions for 2014 were made by the State.

Fire Relief and Pension Plan and Police Relief and Pension Plan

The Old Fire and Police Plans are agent multiple-employer defined benefit pension plans for employees of the Fire and Police Departments who were hired prior to January 1, 1983. The Old Fire and Police Plans were established in accordance with State statutes and were closed, by state law, to new employees effective January 1, 1983. On September 20, 1990, the City entered into an agreement with LOPFI whereby LOPFI assumed responsibility for administration and a portion of the obligation of the Old Fire and Police Plans pursuant to Act 364 of 1981, as amended and Act 655 of 1983 of the General Assembly of the State. Pension benefit provisions for the Old Fire and Police Plans and all other requirements, including vesting, are established by State statutes.

State statues require yearly contributions at a level percentage of covered payroll sufficient to cover the costs of benefit commitments made to participants for their service rendered in that year and, over a reasonable period of time, to fully cover the unfunded costs of benefit commitments for services previously rendered. The City is required to contribute the actuarially required normal costs and amortized costs of the unfunded actuarial accrued liability. In addition, active employees are required to make contributions equal to 6% of their gross salary. The actuarially required contributions rate as of December 31, 2014, 2013, and 2012, and amounts required by the City and active participants of the Old Fire and Police Plans for 2014, 2013, and 2012 were as follows:

	Fire Plan			Police Plan		
	2014	2013	2012	2014	2013	2012
Employer actuarially required contribution rates	38.94%	40.16%	40.68%	31.36%	30.36%	28.74%
Employer contributions as a percentage of annual covered payroll	38.94%	40.16%	40.68%	31.36%	30.36%	28.74%
Employer contributions to LOPFI	$68,060	$163,405	$217,033	$16,963	$56,259	$55,323
Annual Pension Cost (APC)	$68,060	$163,405	$217,033	$16,963	$56,259	$55,323
Percentage of APC contributed	100%	100%	100%	100%	100%	100%
Net pension obligation	--	--	--	--	--	--

As of December 31, 2014, the Fire portion of the Old Fire and Police Plans had 2 active members with vested benefits and 119 retirees and beneficiaries receiving benefits, and the Police portion of the Old Fire and Police Plans had 92 retirees and beneficiaries receiving benefits.

The Fire portion of the Old Fire and Police Plans, as of December 31, 2013, the most recent actuarial valuation date, was 42% funded. The actuarial accrued liability for benefits was $34,879,595, and the actuarial value of assets was $14,543,880, resulting in an unfunded actuarial accrued liability ("UAAL") of $20,335,715. The covered payroll (annual payroll of active employees covered by the plan) was $8,400,715 and the ratio of the UAAL to the covered payroll was 242.1%.

The Police portion of the Old Fire and Police Plans, as of December 31, 2013, the most recent actuarial valuation date, was 34% funded. The actuarial accrued liability for benefits was $25,426,159, and the actuarial value of assets was $8,557,300, resulting in an UAAL of $16,868,859. The covered payroll (annual payroll of active employees covered by the plan) was $8,186,136 and the ratio of the UAAL to the covered payroll was 206.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to revision as actual results are compared with past expectations and new estimates are made about the future. The following schedule of funding progress presents multiyear trend information concerning the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funded Ratio (1)/(2)	Total Funded Excess (Unfunded) Actuarial Liability (1)/(2)	Annual Covered Payroll	Ratio of Funded Excess (Unfunded) Actuarial Liability to Annual Covered Payroll (4)/(5)
Fire Plan						
2013	$14,543,880	$34,879,595	41.7%	$(20,335,715)	$8,400,715	-242.1%
2012	15,942,926	34,902,373	45.7	(18,959,447)	8,146,011	-232.7
2011	16,540,360	33,089,514	50.0	(16,549,154)	7,532,651	-219.7
Police Plan						
2013	$8,557,300	$25,426,159	33.7%	$(16,868,859)	$8,186,136	-206.1%
2012	7,641,672	24,681,528	31.0	(17,039,856)	8,392,891	-203.0
2011	7,749,397	23,537,921	32.9	(15,788,524)	8,248,459	-191.4

Arkansas Local Police and Fire Retirement System

LOPFI is a statewide cost-sharing multiple employer defined benefit retirement program that provides retirement, disability and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect at July 1, 1981, are eligible to participate in the plan. The City contributes 38.94% of covered employee salaries' to the new plan for firefighters and 31.36% of covered employee salaries' to the new plan for police officers. Employees contributed $1,394,347 to the contributory plan for the year ended December 31, 2014. City contributions to the LOPFI plans for the years ended December 31, 2014, 2013 and 2012, were approximately $5,753,389, $5,599,856 and $5,162,533, respectively, and were equal to 100% of the required contributions for each year. The contribution provisions applicable to the City are established by the LOPFI Board of Trustees and are based on the actuary's determination of the rate required to fund the LOPFI plans.

Arkansas Public Employees' Retirement System

On January 1, 2005, the District Court Clerk became a member of APERS. APERS is administered by the State as a defined benefit plan. The employer contribution rate was 14.88% from January 1 through June 30, 2014, and it was 14.76% from July 1 through December 31, 2014 of covered payroll. The clerk's contribution rate was 5% of covered payroll for 2014. Covered payroll for the clerk was $89,533 for the fiscal year ended December 31, 2014. There is one retired clerk receiving benefits from APERS.

Other Postemployment Benefits

The City sponsors and administers an informal single-employer defined benefit healthcare plan that provides coverage for medical, dental and vision benefits. Arkansas statutes provide that any municipal city official or employee vested in any of the City's retirement plans with 20 years of service and attains 55 years of age may continue to participate in the City's healthcare plan after retirement. In addition, members employed at least five years with age plus service exceeding 70 at retirement are eligible for benefits.

The contribution requirements of plan members are established by the City and may be amended as needed. Plan members pay the entire cost of monthly insurance premiums at the same rate charged to active employees and receive a benefit from the blended premium rate from all of the employees participating in the City's health insurance plans. Employees are required to elect the coverage at the time of termination. The City is not required to make contributions to the plan on behalf of the retirees. The Plan has 876 active participants and 26 retirees and beneficiaries receiving benefits who pay

monthly premiums between $459 for single coverage and $1,289 for family coverage. Administrative costs of the plan are financed through investment earnings and employer contributions.

The following table show the components of the City's annual Other Postemployment Benefits ("OPEB") cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligations:

Annual required contribution (ARC)	$ 4,182,987
Adjustment of ARC	(1,127,151)
Interest on net OPEB obligation	847,020
Annual OPEB cost	3,902,856
Total annual employer contribution	10,197
Increase in net OPEB obligation	3,892,659
Net OPEB obligation - beginning of year	17,832,005
Net OPEB obligation - end of year	$21,724,664

The net OPEB obligation is recorded in the government-wide statement of net position as non-current liabilities due in more than one year for governmental activities at $14,685,873 and for business-type activities at $7,038,791. Furthermore, the obligation for business-type activities is reflected on the statement of fund net position for a proprietary funds as non-current liabilities for the Water and Sewer Fund ($4,801,151) and for the Sanitation Fund ($2,237,640).

The components of the annual required contribution (ARC) calculation reflecting a 30 year amortization period is a follows:

Normal cost	$2,000,193
Amortization of transition obligation	2,182,794
Annual required contribution	$4,182,987

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013 and 2012 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	$3,902,856	0.00%	$21,724,664
12/31/2013	4,807,529	1.90%	17,832,005
12/31/2012	4,437,022	1.98%	13,115,718
12/31/2011	3,450,496	35.15%	8,766,762

As of January 1, 2014, the most recent actuarial valuation date, the plan was 4.1% funded. The actuarial accrued liability for benefits was $35,992,306, and the actuarial value of assets was $1,483,531, resulting in an UAAL of $34,508,775. The covered payroll (annual payroll of active employees covered by the plan) was $42,608,739, and the ratio of the UAAL to the covered payroll was 81.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The following schedule of funding progress presents multiyear trend information about

whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Funded Ratio (1)/(2)	Total Funded Excess (Unfunded) Actuarial Liability (1)/(2)	Annual Covered Payroll	Ratio of Funded Excess (Unfunded) Actuarial Liability to Annual Covered Payroll (4)/(5)
2014	$1,483,531	$35,992,306	4.1%	$(34,508,775)	$42,608,739	-81.0%
2013	1,459,584	27,401,372	5.3%	(25,941,788)	42,584,483	-60.9%
2012	1,499,451	34,363,100	4.4%	(32,863,649)	40,638,488	-80.9%

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.75% investment rate of return based upon funding the plan in the future, a 4.75% inflation rate, and an annual healthcare cost trend rate of 10% for 2014 and then reduced by decrements of 0.5% to 1.0% annually to an ultimate rate of 4.5% after seven years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2014, was twenty-four years.

Information regarding the pension plans and OPEB is found in Notes 7 and 8 to the City's CAFR for the year ended December 31, 2014, which is located on the City's website and can be viewed by visiting www.fortsmithar.gov/finance/ and clicking on the "Documents" tab.

FINANCIAL INFORMATION

Historical Financial Information. Set forth in Exhibit A to this Official Statement is the 2014 condensed financial information of the City's Water and Sewer Fund (the "Fund") that has been extracted from the Fund's financial statements included in the City's Comprehensive Annual Financial Report ("CAFR"). The financial statements in the 2014 CAFR were prepared in accordance with account principles generally accepted in the United States of America and were audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Reference should be made to the CAFR for disclosures and required supplementary information necessary to fairly present the financial position and results of operations of the Fund. The CAFR contains the audited general purpose financial statements of the City for the fiscal year ended December 31, 2014. The Bonds are not general obligations of the City but are special obligations payable solely from System revenues. The CAFR in its entirety, including the auditor's report, notes to the financial statements and required supplementary information, is located on the City's website and can be viewed by visiting www.fortsmithar.gov/finance/ and clicking on the "Documents" tab.

Set forth in Exhibit B to this Official Statement are the unaudited financial statements of the System as of and for the six month periods ended June 30, 2015 and 2014 that have been prepared by the City. The unaudited financial statements were prepared by management of the City.

Operating revenues and expenses of the System have been summarized by management of the City for the five fiscal years ended December 31, 2014 - 2010 from the audited financial statements of the City, and for the six month periods ended June 30, 2015 and 2014 from the internal financial statements of the City that are unaudited, as follows:

	Fiscal Years Ended December 31					Six Month Periods Ended June 30, 2015 and 2014	
	Audited 2014	Audited 2013	Audited 2012	Audited 2011	Audited 2010	Unaudited 2015	Unaudited 2014
Operating Revenues	$35,918,255	$37,805,650	$41,049,517	$40,818,042	$38,509,851	$17,319,492	$17,209,950
Operating Expenses Excluding Depreciation	(23,037,349)	(22,867,856)	(22,019,792)	(20,759,793)	(20,872,208)	(11,713,419)	(11,049,236)
Net Operating Income Before Depreciation	12,880,906	14,937,794	19,029,725	20,058,249	17,637,643	5,606,073	6,160,714
Depreciation	(11,861,667)	(11,611,191)	(10,447,574)	(8,791,515)	(8,609,224)	(6,093,274)	(5,793,925)
Operating Income	$1,019,239	$3,326,603	$8,582,151	$11,266,734	$9,033,419	($487,201)	$366,789

Projected Revenues and Expenses. Operating revenues and expenses of the System for the years ending December 31, 2015 - 2019 have been projected below by Burns & McDonnell Engineering Company, Inc., Kansas City, Missouri. A copy of the report prepared by Burns & McDonnell Engineering Company, Inc. is attached hereto as Exhibit C. Forecasts were estimated assuming the City will continue modest growth in accounts and experience climate conditions consistent with historical averages. Projected revenues include approved sewer rate increases effective May 1, 2015, January 1, 2016 and January 1, 2017. In general, operating expenses have been projected to increase as a result of inflation estimated at 2.5% and the cost of implementing agreed operating and maintenance procedures set forth in the Consent Decree. See **THE SYSTEM**, Sewer System.

While Burns & McDonnell Engineering Company, Inc. believes the assumptions upon which these estimates are based are reasonable and the methodology valid, actual results may differ materially from those forecasts, as influenced by the conditions, events and circumstances which may actually occur.

	Fiscal Years Ending December 31				
	Projected 2019	Projected 2018	Projected 2017	Projected 2016	Projected 2015
Operating Revenues	$56,140,000	$56,519,000	$56,501,000	$51,895,000	$42,870,000
Operating Expenses Excluding Depreciation	(33,256,000)	(32,500,000)	(33,055,000)	(30,761,000)	(27,134,500)
Net Operating Income Before Depreciation	$22,884,000	$24,019,000	$23,446,000	$21,134,000	$15,735,500

Water and Sewer
Revenue Bond Debt Service Coverage

Last Ten Fiscal Years and
Fiscal Year Ended December 31, 2015[5]
(Unaudited)

Fiscal Year	Revenue[1]	Direct Operating Expenses[2]	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest[3]	Total	Coverage
2005	$32,668,644	$17,116,764	$15,551,880	$5,700,000	$3,016,704	$8,716,704	178%
2006	35,439,335	21,269,130	14,170,205	6,820,000	2,776,864	9,596,864	148
2007	35,181,555	19,365,972	15,815,583	7,115,000	6,245,962	13,360,962	118
2008	38,608,012	20,463,804	18,144,208	8,350,000	6,411,852	14,761,852	123
2009	37,118,841	21,489,095	15,629,746	5,665,000	9,335,000	15,000,000	104
2010	38,661,437	20,872,208	17,789,229	5,910,000	9,089,126	14,999,126	119
2011	40,820,838	20,759,793	20,061,045	6,170,000	8,828,313	14,998,313	134
2012	41,080,985	22,019,792	19,061,193	4,045,000	7,968,048	12,013,048	159
2013	37,841,132	22,867,856	14,973,276	5,705,000	7,896,016	13,601,016	110
2014	36,176,568	23,037,349	13,139,219	5,870,000	7,728,715	13,598,715	97[4]
2015	42,869,700	27,134,500	15,735,200	6,085,000	7,512,743	13,597,743	116

[1] For purposes of this schedule, revenue includes operating revenue, investment revenues and gross other nonoperating revenues.
[2] Excludes depreciation expense and amortization expense.
[3] Total interest paid for the fiscal year is presented in this schedule including capitalized interest or accrued interest.
[4] The City increased sewer rates on April 7, 2015. The first increase became effective on May 1, 2015, with additional increases effective January 1, 2016 and January 1, 2017. See **THE SYSTEM**, Rates.
[5] Burns & McDonnell Engineering Company, Inc., Kansas City, Missouri has estimated that the water and sewer rates effective May 1, 2015, will produce net revenues available for debt service for the fiscal year ending December 1, 2015 of $15,735,200. A copy of the report prepared by Burns & McDonnell Engineering Company, Inc. is attached hereto as Exhibit C.

ESTIMATED DEBT SERVICE COVERAGE

The following table shows the estimated net revenues available for debt service on the Bonds, the Parity Bonds and the Senior Bonds for the fiscal year ending December 31, 2016, the amount of maximum annual debt service expected to be due and the extent to which debt service is covered by such funds:

Estimated Net Revenues Available for Debt Service[1]	$21,134,400
Maximum Annual Debt Service Requirements for Bonds, Parity Bonds and Senior Bonds[2]	15,964,037
Debt Service Coverage	1.32x

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[1] Net Revenues available for debt service are defined to mean gross revenues of the System (including interest earnings) less the expenses of operation, maintenance and repair of the System (excluding depreciation, interest and amortization expenses). Net revenues available for debt service for the fiscal year ending December 31, 2016 are based upon forecasts prepared by Burns & McDonnell Engineering Company, Inc., Kansas City, Missouri. See **FINANCIAL INFORMATION**, Projected Revenues and Expenses. A copy of the report prepared by Burns & McDonnell Engineering Company, Inc. is attached hereto as Exhibit C. Revenue forecasts were estimated assuming the City will continue modest growth in accounts and experience climate conditions consistent with historical averages. Estimated Net Revenues Available for Debt Service for the fiscal year ending December 31, 2016 include additional revenues expected as a result of approved sewer rate increases effective May 1, 2015 and January 1, 2016, but do not include additional revenues expected as a result of the approved January 1, 2017 sewer rate increase. Operating expenses have been projected to increase as a result of inflation estimated at 2.5% and the costs of implementing approved operating maintenance procedures set forth in the Consent Decree. While Burns & McDonnell Engineering Company, Inc. believes the assumptions upon which these estimates are based are reasonable and the methodology valid, actual results may differ materially from those forecasts, as influenced by the conditions, events and circumstances which may actually occur.

[2] Assuming an average coupon rate of 4.92% for the Bonds.

DEBT SERVICE REQUIREMENTS

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

Year	Principal*	Interest	Total Debt Service
2016	$ 890,000		
2017	780,000		
2018	795,000		
2019	830,000		
2020	870,000		
2021	915,000		
2022	960,000		
2023	1,005,000		
2024	1,055,000		
2025	1,110,000		
2026	1,145,000		
2027	1,190,000		
2028	1,250,000		
2029	1,310,000		
2030	1,375,000		
2031	1,445,000		
2032	1,515,000		
2033	1,590,000		
2034	1,670,000		
2035	1,755,000		
2036	1,845,000		
2037	1,935,000		
2038	2,030,000		
2039	2,135,000		
2040	2,240,000		
TOTALS	$33,640,000		

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*Preliminary; subject to change.

Set forth below are the debt service requirements for the Bonds, the Parity Bonds and the Senior Bonds for each of the following years:

Year	Bonds	Parity Bonds	Senior Bonds	Total
2016		$3,963,222.50	$ 8,811,497.52	
2017		3,956,672.50	8,809,297.52	
2018		3,960,022.50	8,808,297.52	
2019		3,958,110.00	8,806,503.76	
2020		1,814,790.00	10,960,468.76	
2021		1,808,862.50	10,962,550.00	
2022		1,811,412.50	10,957,250.00	
2023		1,807,500.00	10,961,500.00	
2024			13,500,700.00	
2025			13,503,125.00	
2026			13,608,987.50	
2027			13,606,300.00	
2028			13,605,837.50	
2029			13,607,500.00	
2030			13,607,750.00	
2031			13,605,000.00	
2032			13,608,000.00	
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
TOTALS		$23,080,592.50	$201,330,565.08	

LEGAL MATTERS

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

Legal Opinions. Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas, Bond Counsel. Certain matters will be passed upon for the City by its counsel, Daily & Woods, P.L.L.C., Fort Smith, Arkansas.

Tax Exemption. In the opinion of Bond Counsel, interest on the Bonds under existing law (a) is excluded from gross income for federal income tax purposes and (b) 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. The opinions set forth the preceding sentence are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. These requirements generally relate to arbitrage, the use of the proceeds of the Bonds and the System. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements in the Authorizing Ordinance.

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

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

In the further opinion of Bond Counsel, under existing law, the interest on the Bonds is exempt from all State income taxes and the Bonds are exempt from property taxation in the State.

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

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

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

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

As shown on the front cover of this Official Statement, certain of the 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 Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to the call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its

maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult 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.

Current or future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent holders of the Bonds from realizing the full current benefit of the tax status of such interest. Recent legislative proposals include provisions that would limit the amount of exclusions (including tax-exempt interest) and deductions available to certain high income taxpayers. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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

MISCELLANEOUS

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

Underwriting. Stephens Inc. and Raymond James & Associates, Inc., the Underwriters, have agreed, subject to certain conditions precedent, to purchase the Bonds from the City at an aggregate purchase price of $_____ (principal amount _____ [net] original issue _____ of $_____ and less an Underwriters' discount of $_____), plus accrued interest. The Underwriters are committed to purchase all of the Bonds if any are purchased.

The Bonds are being purchased by the Underwriters for reoffering in the normal course of the Underwriters' business activities. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment accounts) and others at prices lower than the offering price stated on the cover page hereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriters.

Rating. S&P has assigned a municipal bond rating of "A-" (stable outlook) to the Bonds. Any explanation of such rating may only be obtained from S&P. Generally, rating agencies base their ratings upon information and materials supplied to them and on their own investigations, studies and assumptions. There is no assurance that such rating, once assigned, will remain for any given period of time or that the rating will not be lowered or withdrawn entirely by S&P if in its judgment circumstances so warrant. Any such downward change or withdrawal of the rating assigned to the Bonds by S&P may have an adverse effect on the market price of the Bonds. The Underwriters and the City have undertaken no responsibility after issuance of the Bonds to assure the maintenance of the rating or to oppose any such revision or withdrawal.

Forward-Looking Statements. This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "intend," "expect," "project" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those

contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results; those differences could be material.

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

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

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

CITY OF FORT SMITH, ARKANSAS

By _____
Mayor

Dated: As of the Cover Page hereof.

EXHIBIT A

Audited Financial Statements of the Water and Sewer System for the Fiscal Year Ended December 31, 2014

EXHIBIT B

Unaudited Financial Statements of the Water and Sewer System for the Six Month Periods Ended June 30, 2015 and 2014

EXHIBIT C

Consulting Engineer's Report

The following report of Burns & McDonnell Engineering Company, Inc., Kansas, City, Missouri is preliminary and will not be finalized until after the Bond sale.

EXHIBIT A

Audited Financial Statements of the Water and Sewer System for the Fiscal Year Ended December 31, 2014

City of Fort Smith, Arkansas

Statement of Fund Net Position – Proprietary Funds

December 31, 2014

	Enterprise Funds			
	Water and Sewer	Sanitation	Total	Internal Service Funds
Current Assets				
Cash	$ 207,855	$ 870,302	$ 1,078,157	$ 1,360,942
Investments	10,869,298	7,268,055	18,137,353	1,605,129
Receivables				
Accounts, net of uncollectibles of $126,924; $33,589 and $-0-	4,109,853	1,086,031	5,195,884	26,446
Accrued interest	516	2,685	3,201	609
Restricted				
Cash	130,300	-	130,300	
Investments	7,487,473	-	7,487,473	-
Accounts receivable, net of uncollectibles of $588,905	-	196,301	196,301	-
Interest receivable	2,600	-	2,600	-
Inventories	876,751	40,689	917,440	24,090
Prepaid items	-	127	127	15,467
Due from other funds	-	-	-	50,414
Total Current Assets	23,684,646	9,464,190	33,148,836	3,083,097
Noncurrent Assets				
Restricted				
Investments	-	4,599,595	4,599,595	-
Prepaid items and deposits	177,445	-	177,445	-
Capital assets				
Land	12,592,448	373,772	12,966,220	-
Buildings	-	1,999,645	1,999,645	-
Improvements other than buildings	-	21,206,087	21,206,087	-
Leasehold improvements	-	709,952	709,952	-
Machinery and equipment	12,942,311	23,505,228	36,447,539	-
Water system	384,529,748	-	384,529,748	-
Sewer system	250,899,994	-	250,899,994	-
Construction in progress	34,036,575	3,705,684	37,742,259	-
Less accumulated depreciation	(180,560,839)	(26,015,670)	(206,576,509)	-
Total Noncurrent Assets	514,617,682	30,084,293	544,701,975	-
Total Assets	538,302,328	39,548,483	577,850,811	3,083,097
Deferred outflows of resources				
Deferred amount on refunding	232,494	-	232,494	-
Total deferred outflows of resources	232,494	-	232,494	-

See accompanying notes to basic financial statements.

City of Fort Smith, Arkansas

Statement of Fund Net Position – Proprietary Funds (Continued)

December 31, 2014

	Enterprise Funds			
	Water and Sewer	Sanitation	Total	Internal Service Funds
Current liabilities				
Accounts payable and accrued liabilities	$ 1,090,741	$ 641,384	$ 1,732,125	$ 172,777
Retainage payable	148,438	40,396	188,834	-
Accrued vacation and sick leave	9,524	2,173	11,697	-
Accrued interest	1,878,185	-	1,878,185	-
Claims and judgments	-	-	-	2,532,820
Revenue bonds payable	6,085,000	-	6,085,000	-
Capital leases payable	54,271	300,920	355,191	-
Deposits	533,090	-	533,090	-
Other	2,548	-	2,548	-
Total Current Liabilities	9,801,797	984,873	10,786,670	2,705,597
Noncurrent liabilities				
Accrued vacation and sick leave	932,447	215,103	1,147,550	-
Landfill closure and postclosure care	-	4,599,595	4,599,595	-
Revenue bonds, net	156,541,341	-	156,541,341	-
OPEB liabilities	4,801,151	2,237,640	7,038,791	-
Total Noncurrent Liabilities	162,274,939	7,052,338	169,327,277	-
Total Liabilities	172,076,736	8,037,211	180,113,947	2,705,597
Deferred inflows of resources				
Deferred amount on refunding	214,069	-	214,069	-
Total deferred inflows of resources	214,069	-	214,069	-
Net Position				
Net investment in capital assets	353,002,946	25,183,778	378,186,724	-
Restricted for bond retirement	17,547,827	-	17,547,827	-
Restricted for asset replacement	1,400,000	125,471	1,525,471	-
Unrestricted (deficit)	(5,706,756)	6,202,023	495,267	377,500
Total Net Position	$ 366,244,017	$ 31,511,272	397,755,289	$ 377,500

Reconciliation to government - wide statement of net position:

Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	153,887
Net position of business type activities	$ 397,909,176

See accompanying notes to basic financial statements.

City of Fort Smith, Arkansas

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds

For the Year Ended December 31, 2014

	Enterprise Funds			
	Water and Sewer	Sanitation	Total	Internal Service Funds
Operating Revenues				
Water service	$ 23,697,905	$ -	$ 23,697,905	$ -
Sewer service	11,363,532	-	11,363,532	-
Charges for services	821,148	13,291,198	14,112,346	11,195,168
Other	35,670	-	35,670	-
Total Operating Revenues	35,918,255	13,291,198	49,209,453	11,195,168
Operating Expenses				
Personnel services	13,309,239	6,252,851	19,562,090	-
Contractual services	3,264,695	1,648,406	4,913,101	878,016
Materials and supplies	4,648,653	3,594,069	8,242,722	958,430
Heat, light, and power	1,814,762	103,282	1,918,044	-
Depreciation	11,861,667	1,663,234	13,524,901	-
Insurance claims and expenses	-	-	-	9,465,883
Total Operating Expenses	34,899,016	13,261,842	48,160,858	11,302,329
Operating Income (Loss)	1,019,239	29,356	1,048,595	(107,161)
Nonoperating Revenues (Expenses)				
Interest revenue	46,145	41,085	87,230	8,350
Interest expense and fiscal charges	(7,674,723)	-	(7,674,723)	-
Other nonoperating revenues, net	399,005	306,639	705,644	-
Total Nonoperating Revenues (Expenses)	(7,229,573)	347,724	(6,881,849)	8,350
Income Before Contributions and Transfers	(6,210,334)	377,080	(5,833,254)	(98,811)
Capital contributions	20,801,276	-	20,801,276	-
Transfers in	-	90,000	90,000	349,000
Transfers out	(168,000)	(219,000)	(387,000)	-
Change in Net Position	14,422,942	248,080	14,671,022	250,189
Net position, beginning of year	351,821,075	31,263,192		127,311
Net position, ending	$ 366,244,017	$ 31,511,272		$ 377,500

Reconciliation to government - wide statement of activities:

Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	77,952
Change in net position of business type activities for government - wide statement of activities	$ 14,748,974

See accompanying notes to basic financial statements.

City of Fort Smith, Arkansas
Statement of Cash Flows – Proprietary Funds
For the Year Ended December 31, 2014

	Enterprise Funds			
	Water and Sewer	Sanitation	Total	Internal Service Funds
Operating Activities				
Cash received from customers	$ 36,434,665	$ 13,387,291	$ 49,821,956	$ -
Cash received from service users	-	-	-	1,475,356
Cash received from city and employee contributions	-	-	-	9,686,540
Cash payments for goods and services	(8,932,731)	(4,648,665)	(13,581,396)	(991,918)
Cash paid to employees	(12,418,269)	(5,868,487)	(18,286,756)	-
Cash payments for premiums and other operating expenses	-	-	-	(826,124)
Cash payments for claims paid	-	-	-	(9,162,534)
Cash received from other operating revenues	247,838	367,410	615,248	-
Net cash provided by operating activities	15,331,503	3,237,549	18,569,052	181,320
Noncapital Financing Activities				
Transfers in from other funds	-	90,000	90,000	349,000
Transfers out to other funds	(168,000)	(219,000)	(387,000)	-
Net cash provided by (used by) noncapital financing activities	(168,000)	(129,000)	(297,000)	349,000
Capital and Related Financing Activities				
Proceeds from sale of capital assets	136,719	20,466	157,185	-
Acquisition and construction of capital assets	(5,164,370)	(4,044,579)	(9,208,949)	-
Principal paid on bonds	(5,700,715)	-	(5,700,715)	-
Interest paid on bonds	(7,728,716)	-	(7,728,716)	-
Net cash used for capital and related financing activities	(18,457,082)	(4,024,113)	(22,481,195)	-
Investing Activities				
Proceeds from sales and maturities of investment securities	24,973,942	4,056,836	29,030,778	1,291,050
Outlays for purchases of investment securities	(22,064,595)	(3,750,500)	(25,815,095)	(977,021)
Interest on investments	98,033	80,865	178,898	7,741
Net cash provided by investing activities	3,007,380	387,201	3,394,581	321,770
Net Increase (Decrease) in Cash	(286,199)	(528,363)	(814,562)	852,090
Cash, January 1	624,354	1,398,665	2,023,019	508,852
Cash, December 31	$ 338,155	$ 870,302	$ 1,208,457	$ 1,360,942

See accompanying notes to basic financial statements.

City of Fort Smith, Arkansas

Statement of Cash Flows – Proprietary Funds (Continued)

For the Year Ended December 31, 2014

	Enterprise Funds			
	Water and Sewer	Sanitation	Total	Internal Service Funds
Reconciliation of cash and restricted cash at December 31 to statement of net position				
Cash	$ 207,855	$ 870,302	$ 1,078,157	$ 1,360,942
Restricted cash	130,300	-	130,300	-
Total	$ 338,155	$ 870,302	$ 1,208,457	$ 1,360,942
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	$ 1,019,239	$ 29,356	$ 1,048,595	$ (107,161)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	11,861,667	1,663,234	13,524,901	-
Miscellaneous revenue (expense)	(245,779)	286,173	40,394	-
Change in assets and liabilities				
Accounts receivable	547,776	96,093	643,869	16,805
Due from other funds	-	603,367	603,367	(50,077)
Inventory	14,968	4,761	19,729	22,414
Prepaid items	(49,693)	(53)	(49,746)	219,429
Accounts payable and accrued liabilities	1,323,803	185,483	1,509,286	(72,757)
Deposits	4,304	-	4,304	-
Accrued vacation and sick leave	(7,512)	(31,808)	(39,320)	-
Liability for claims and judgments	-	-	-	152,667
OPEB liabilities	860,278	400,943	1,261,221	-
Other liabilities	2,452	-	2,452	-
Total adjustments	14,312,264	3,208,193	17,520,457	288,481
Net cash provided by operating activities	$ 15,331,503	$ 3,237,549	$ 18,569,052	$ 181,320

Noncash investing, capital and financing activities:

Enterprise funds:

The Water and Sewer Fund received contributions of capital assets of $20,118,505 for 2014. The 2005 advance refunding and the 2011 advance refunding for water and sewer revenue bonds resulted in cash flow savings of $26,005, and $4,628 respectively, for 2014.

See accompanying notes to basic financial statements.

EXHIBIT B

Unaudited Financial Statements of the Water and Sewer System for the Six Month Periods Ended June 30, 2015 and 2014

City of Fort Smith, Arkansas
Water and Sewer Fund
Financial Report
For the Six Months Ended
June 30, 2015
(Unaudited)

City of Fort Smith, Arkansas
Water and Sewer Fund
Statement of Net Assets
June 30, 2015 and June 30, 2014
(Unaudited)

	2015	2014
Assets		
Current Assets:		
Cash	$ 500	$ 500
Investments	8,360,754	11,269,655
Accounts receivable, net of allowances for uncollectibles	4,110,569	4,433,302
Restricted assets:		
Cash	17,592	23,099
Investments	8,135,197	7,459,713
Inventory	900,870	1,093,236
Total current assets	21,525,482	24,279,505
Noncurrent Assets:		
Restricted assets:		
Investments	2,538,663	3,757,510
Prepaid items and deposits	3,600	117,527
Capital assets:		
Land	12,631,096	12,562,958
Water system	384,506,578	378,773,014
Sewer system	251,175,337	239,180,370
Machinery and equipment	13,373,182	12,090,802
Construction in progress	40,708,029	38,012,509
Less accumulated depreciation	(186,654,113)	(174,797,297)
Total noncurrent assets	518,282,372	509,697,393
Total Assets	$ 539,807,854	$ 533,976,898
Deferred Outflows of Resources		
Deferred amount on refunding	232,494	261,556
Total Deferred Outflows of Resources	232,494	261,556

City of Fort Smith, Arkansas
Water and Sewer Fund
Statement of Net Assets
June 30, 2015 and June 30, 2014
(Unaudited)
(Continued)

	2015	2014
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 697,290	$ 792,008
Retainage payable	-	175,937
Payable from restricted assets:		
Revenue bonds payable	6,085,000	5,870,000
Capital leases payable	54,271	52,425
Deposits	539,164	435,293
Other	9,610	4,420
Total current liabilities	7,385,335	7,330,083
Noncurrent Liabilities:		
Accrued vacation and sick leave	941,971	949,483
OPEB Liabilities	5,246,151	3,940,873
Other long-term liabilities	-	100,000
Revenue bonds payable, net	156,541,341	162,896,138
Capital leases payable	-	54,271
Total noncurrent liabilities	162,729,463	167,940,765
Total Liabilities	170,114,798	175,270,848
Deferred Intflows of Resources		
Deferred amount on refunding	214,069	259,784
Total Deferred Intflows of Resources	214,069	259,784
Net Assets		
Invested in capital assets, net of related debt	353,938,976	338,900,776
Restricted for bond retirement	17,547,827	17,547,827
Restricted for asset replacement	1,627,817	1,176,794
Unrestricted (deficit)	(3,403,139)	1,082,425
Total Net Assets	$ 369,711,481	$ 358,707,822

City of Fort Smith, Arkansas
Water and Sewer Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Six Months Ended June 30, 2015 and June 30, 2014
(Unaudited)

	2015	2014
Operating Revenues:		
Water service	$ 11,288,087	$ 11,034,282
Sewer service	5,584,119	5,724,734
Charges for services	428,905	433,164
Other	18,381	17,770
Total operating revenues	17,319,492	17,209,950
Operating Expenses:		
Personnel services	6,829,527	6,386,388
Contractual services	1,705,182	1,363,623
Materials and supplies	2,440,695	2,499,792
Heat, light and power	738,015	799,433
Depreciation	6,093,274	5,793,925
Total operating expenses	17,806,693	16,843,161
Operating income (loss)	(487,201)	366,789
Nonoperating Revenues (Expenses):		
Interest revenue	26,458	25,955
Interest expense and fiscal charges	(1,878,186)	(1,932,179)
Other nonoperating revenues	(1,998)	67,123
Total nonoperating revenues (expenses)	(1,853,726)	(1,839,101)
Income (loss) before operating transfers	(2,340,927)	(1,472,312)
Capital contributions	5,853,696	8,403,559
Transfers out	(45,305)	(44,500)
Net income	3,467,464	6,886,747
Total net assets, beginning	366,244,017	351,821,075
Total net assets, ending	$ 369,711,481	$ 358,707,822

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EXHIBIT C

Consulting Engineer's Report

The following report of Burns & McDonnell Engineering Company, Inc., Kansas, City, Missouri is preliminary and will not be finalized until after the Bond sale.

BURNS McDONNELL

_____, 2015

Mr. Steve Parke
Director of Utilities
City of Fort Smith
3900 Kelley Highway
Fort Smith, Arkansas 72904

Re: Consulting Engineer's Report

Dear Mr. Parke:

In accordance with its agreement with the Water and Sewer Utilities (System) of the Utility Department of the City of Fort Smith, Arkansas (City), Burns & McDonnell submits this Consulting Engineer's Report (Report). The Report has been prepared in association with the issuance of the Water and Sewer Refunding and Construction Revenue Bonds, Series 2015 (Bonds), in the aggregate principal amount of $_____. The purpose of the Report is to present the findings of our independent studies related to the System and the ability of the System to meet debt covenants regarding annual debt service coverage and the issuance of additional bonds.

In conducting our studies, we have investigated and reviewed the facilities, books, records, and capital improvement programs of the System. We conducted other investigations, as we deemed necessary. Projected revenues and revenue requirements for the System are presented in the Report for a five-year period ending December 31, 2019. The Report concludes with a summary of our major opinions regarding the System.

The City has provided historical data presented in the Report and the Comprehensive Annual Financial Reports prepared for the City, which have been reviewed and discussed with Utility Department staff. The forecast of revenues and revenue requirements for the System have been developed based on the sewer rate study completed in 2015, estimates of future costs associated with Consent Decree implementation, ongoing water utility financial planning, and budget estimates for 2016. Information in this report is presented in a manner consistent with the previous Consulting Engineer's Report completed for the City by Burns & McDonnell. The forecast includes a projection of expected revenue bond debt service coverage including existing debt and the Bonds.

In preparing the forecasts and in forming an opinion of the financial forecasts of future operations summarized in the Report, Burns & McDonnell has made certain assumptions with respect to conditions, events, and circumstances which may occur in the future. Such assumptions and methodologies are summarized in the Report and are reasonable and appropriate for the purpose for which they are used. While Burns & McDonnell believes the assumptions are reasonable and the methodology valid, actual results may differ materially from those forecast, as influenced by the conditions, events, and circumstances which actually occur.

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The methodology utilized by Burns & McDonnell in performing the analyses follows generally accepted practices for such forecasts.

DESCRIPTION OF THE WATER AND SEWER UTILITIES

The System is owned and operated by the City. The names, titles, and length of service of key staff of the System are below:

Name	Title	Length of Service
Steve Parke	Director of Utilities	38 years
Jack Dillon, Jr.	Assistant Director of Utilities	27 years
Steve Floyd	Superintendent of Operations	33 years
Jimmie Johnson	Superintendent of Line Maintenance	25 years

In total, the System currently employs approximately 224 people.

Water System

Lake Fort Smith and Lee Creek Reservoir provide the existing water supply for the City. The combined water treatment facilities have a rated capacity of 64 million gallons per day (MGD). Raw water lines transport the water from the lakes to the treatment plants. Once the water is delivered to the City, it is transported to storage facilities throughout the City. The maximum storage capacity is provided with 9.5 million-gallon clear well storage volume at water treatment plants and with an inter-city reservoir capacity of 32.95 million gallons. There are approximately 560 miles of water distribution lines within the City.

The City sells water wholesale to six municipalities, one water district, one public facilities board, four water users associations, and Fort Chaffee. The largest user in 2014 was the City of Van Buren, Arkansas which purchased 20 percent of the water sold by the City. The remaining wholesale users as a group purchased 16 percent of the water sold by the City in 2014.

Sewer System

The City owns and operates two treatment plants with a combined permitted treatment capacity of 20.0 MGD. The average dry weather flow is 13.5 MGD and the peak dry weather flow capacity is 21.5 MGD. The City has approximately 510 miles of sewage lines and 23 lift stations.

The City has entered into a Consent Decree with the United States of America and the State of Arkansas providing for improvements to its sewer collection and treatment system to satisfy the requirements of the Clean Water Act and the National Pollutant Discharge Elimination System

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permits issued for the City's wastewater treatment plants. The Consent Decree provides for system improvements and operation and maintenance program enhancements on which the City anticipates to spend $480 million during the 12 year period of the Consent Decree. The agreed improvements and procedures are designated to obtain significant reduction in both dry weather and wet weather overflows from the sewer facilities of the System. In 2015 the City approved a series of three sewer rate increases to fund additional resources, professional services, and capital improvements necessary to implement the Consent Decree. The first rate increase was effective May 1, 2015. Additional sewer rate increases were approved and adopted to be effective January 1 in each of the years 2016 and 2017.

FINANCIAL FEASIBILITY FOR THE BONDS

The historical financial data used in the analyses presented herein were obtained from the financial records of the City. The City's financial records are audited annually.

Operating Revenues

Operating revenue of the System is derived primarily from water sales and treatment of sewage flows. Since 2010, the System has experienced modest growth in the number of customers served and a decline in total water sales and in billable sewage flows. Higher than average precipitation contributed to reduced water sales and billable flows in 2013 and 2014. Rates were increased in 2011 and were unchanged for 2012 through 2014. Annual operating revenues for the historical period 2010 through 2014 are presented in Table 1, and were $38,509,851 in 2010 and $35,918,255 in 2014.

Forecasts from 2015 through 2019 were estimated assuming the City will continue modest growth in accounts and experience climate conditions more consistent with historical averages. Projected operating revenues are presented in Table 2, and include approved sewer rate increases of 64 percent effective May 1, 2015, 35 percent to be effective January 1, 2016, and 19 percent to be effective January 1, 2017. No water rate increases have been approved at this time. Operating revenues are estimated to be $42,869,700 in 2015 and are projected to increase in 2016 and 2017 caused primarily by approved sewer rate increases and assumed normal precipitation levels. Operating revenues are projected to be $56,139,500 in 2019.

Operation and Maintenance Expenses

Annual operation and maintenance expenses of the System for the historical period from 2010 through 2014 are presented in Table 1. These expenses consist of personnel services, contractual services, materials and supplies, and heat, light and power. The total operation and maintenance

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expenses for the System for the historical period ranged from $20,872,208 in 2010 to $23,037,349 in 2014.

The projected operation and maintenance expenses for the System for the period 2015 through 2019 are presented in Table 2. Total operation and maintenance expenses are expected to increase from approximately $27,134,500 in 2015 to approximately $33,256,400 in 2019. In general, operation and maintenance expenses have been projected to increase as a result of inflation estimated at 2.5 percent and implementation of the Consent Decree programs. Such increases include additional full time resources and contracted services to perform functions required by the Consent Decree and for developing and implementing related programs.

PURPOSE OF THE BONDS

It is the common practice of utilities to finance a substantial portion the cost of major capital improvements and acquisitions through the sale of bonds. The Bonds are being issued to raise funds to finance all or a portion of the costs of water and sewer improvements and related operations facility improvements, technology systems improvements and equipment; to current refund the City's Water and Sewer Revenue Bonds, Series 2005B; to provide a debt service reserve; and to pay the expenses of issuing the Bonds.

Capital raised by the issuance of the Bonds will fund approximately $1,900,000 in water system improvements and $26,700,000 in sewer system improvements. Water system improvements are related primarily to water line extensions and water line equipment. Sewer system improvements include a variety of projects primarily associated with design and construction of collection system renewal or replacement.

PROVISIONS FOR ISSUANCE OF ADDITIONAL BONDS

The bond ordinances authorizing the City's Water and Sewer Refunding Revenue Bonds, Series 2011 and the City's Water and Sewer Refunding Revenue Bonds, Series 2012 (collectively, the "Parity Bonds") set forth requirements for the issuance of additional bonds on a parity of security with the Parity Bonds. The requirements include, among other things that either:

- The net revenues of the System for the fiscal year immediately preceding the fiscal year in which it is proposed to issue such additional bonds shall equal not less than 125 percent of the average annual principal and interest requirements on all bonds payable from revenues of the System (System Bonds) then outstanding and the additional bonds proposed to be issued; or

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- The net revenues of the System for the next ensuing fiscal year as reflected by a certificate of a duly qualified consulting engineer not in the regular employ of the City and approved by the Trustee, and taking into consideration any rate increase, shall be equal to not less than 130 percent of the average annual principal and interest requirements on all of the System Bonds then outstanding and the additional bonds then proposed to be issued.

Net revenues are defined as gross revenues of the System less amounts required to pay the costs of operation, maintenance and repair of the System, including all expense items properly attributable to the operation and maintenance of the System in accordance with generally accepted accounting principles applicable to municipal water and sewer systems (excluding depreciation, interest and amortization expenses).

Table 3 presents the revenue bond debt service coverage ratio. As a result of rate increases approved by the City effective May 1, 2015 and January 1, 2016, the net revenues of the System for the fiscal year ending December 31, 2016 will be equal to not less than 130 percent of the average annual principal and interest requirements on all of the System Bonds outstanding and the Bonds.

ASSUMPTIONS

The following assumptions were used in conducting our investigations and preparing the detailed analysis summarized in the Report. It is the opinion of Burns & McDonnell that these assumptions are reasonable.

1. Projections of customers and sales have been made based upon an analysis of historical trends and review of anticipated growth patterns.

2. Projections of future sales are based upon the number of projected customers multiplied by recent historical trends of usage per customer, assuming normal climate and precipitation levels.

3. Projected water revenues are based on the current schedule of water rates approved by the City which became effective in 2011. Projected sewer revenues are based on the current schedule of sewer rates approved by the City which became effective May 1, 2015, and the approved sewer rates, which will become effective January 1, 2016, and January 1, 2017.

4. Projections of future operation and maintenance expenses are based on estimated expenses for 2015 and 2016, provided by the City, and include the impact of activities required as a

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result of the Consent Decree. Underlying inflation on operation and maintenance expenses is projected to average approximately 2.5 percent annually.

5. Debt service on the Bonds is calculated based on a $_____ par amount. The amount has been provided by Stephens Inc., the lead underwriter for the City.

6. The projections of water sales and billable sewage flow of the existing System reflect trends observed in the historical period 2010 through 2014 regarding winter water use. Significant variation in weather conditions and in economic and demographic conditions may affect the actual results. No such impacts have been assumed for the projections or analyses presented in the Report.

7. The Utility Department of the City will at all times fix, establish, maintain, and collect rates sufficient to meet the rate covenants contained in the ordinances securing System Bonds, to provide for the payment of the expenses of operation, maintenance and repair, and pay any System Bonds and interest outstanding, and to apply the revenues in conformity with the laws of Arkansas and with all ordinances securing System Bonds.

OPINIONS

As a result of our investigations and analysis of the records of the System, and the reviews, studies, and analyses we have outlined above, and based upon our continuing studies of System operations, it is the opinion of Burns & McDonnell that:

1. The System properties are and have been maintained, preserved, and kept in good working order and condition, and the System makes, as necessary, proper repairs, replacements, and renewals.

2. The assumptions used in preparing the projections and estimates used in our analysis are reasonable. The forecast of debt service coverage is also reasonable.

3. Projected operating results are reasonably attainable by the System.

Based on the financial projections included herein, the requirements for issuance of the Bonds on a parity of security with the Parity Bonds have been met.

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BURNS & McDONNELL QUALIFICATIONS

Burns & McDonnell has specialized in providing engineering, operations, and financial consulting services to water, wastewater, electric, and gas utilities throughout our history of over 115 years. With over 5,000 employee-owners, consisting of specialists from all engineering disciplines and business functions, Burns & McDonnell offers a comprehensive package of experience and skills for performing rate and financial analyses, feasibility studies, and negotiation services. In addition, the firm has extensive experience in assisting utilities with the issuance of debt and with management and financial aspects of their operations.

Sincerely,

BURNS & McDONNELL

David F. Naumann
Project Manager, Business & Technology Services

Sara K. Stafford
Senior Analyst, Business & Technology Services

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Water & Sewer Utility
City of Fort Smith, Arkansas
_____, 2015
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Table 1

HISTORICAL REVENUES AND EXPENSES
Water & Sewer Utilities
City of Fort Smith, Arkansas

	2010	2011	2012	2013	2014
Operating Revenues (a)					
Water Service	$ 25,667,803	$ 27,536,490	$ 28,113,135	$ 25,295,357	$ 23,697,905
Sewer Service	12,046,062	12,539,235	12,048,379	11,622,767	11,363,532
Charges for Services	761,974	708,755	854,917	852,679	821,148
Other	34,012	33,562	33,086	34,847	35,670
Total Operating Revenue	$ 38,509,851	$ 40,818,042	$ 41,049,517	$ 37,805,650	$ 35,918,255
Operation and Maintenance Expenses (a)					
Personnel Services	$ 12,079,716	$ 12,036,163	$ 12,758,364	$ 12,874,668	$ 13,309,239
Contractual Services & Materials and Supplies	7,243,367	7,024,268	7,678,441	8,133,643	7,913,348
Heat, Light and Power	1,549,125	1,699,362	1,582,987	1,859,545	1,814,762
Total Operations and Maintenance Expense	$ 20,872,208	$ 20,759,793	$ 22,019,792	$ 22,867,856	$ 23,037,349

(a) Data from audited financial statements.

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Table 2

PROJECTED REVENUES AND EXPENSES
Water & Sewer Utilities
City of Fort Smith, Arkansas

	2015	2016	2017	2018	2019
Operating Revenues					
Water Service (a)	$ 25,320,700	$ 25,934,200	$ 25,737,300	$ 25,543,500	$ 25,352,500
Sewer Service (a) (b)	16,531,900	24,944,100	29,746,300	29,957,900	29,769,900
Charges for Services	982,200	982,200	982,200	982,200	982,200
Other	34,900	34,900	34,900	34,900	34,900
Total Operating Revenue	$ 42,869,700	$ 51,895,400	$ 56,500,700	$ 56,518,500	$ 56,139,500
Operation and Maintenance Expenses					
Personnel Services (c)	$ 13,392,000	$ 15,384,000	$ 17,101,900	$ 17,559,700	$ 17,998,600
Contractual Services, Materials and Supplies (d)	12,042,500	13,634,500	14,167,000	13,109,400	13,381,200
Heat, Light and Power	1,700,000	1,742,500	1,786,100	1,830,800	1,876,600
Total Operations and Maintenance Expense	$ 27,134,500	$ 30,761,000	$ 33,055,000	$ 32,499,900	$ 33,256,400

(a) Assumes normal weather patterns and levels of precipitation.
(b) Reflects sewer rate increases approved by the Fort Smith Board of Directors of 64 percent implemented in May 2015, 35 percent to be effective January 2016, and 19 percent to be effective January 2017.
(c) Includes additional full time resources added to perform functions required as a condition of the sewer Consent Decree.
(d) Includes contracted services associated with implementing programs for the sewer Consent Decree.

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Table 3

REVENUE BOND DEBT SERVICE COVERAGE
Water & Sewer Utilities
City of Fort Smith, Arkansas
($ Thousands)

	2015	2016	2017	2018	2019
Operating Revenues					
Water & Sewer Operating Revenues	$ 41,852,600	$ 50,878,300	$ 55,483,600	$ 55,501,400	$ 55,122,400
Charges for Services	982,200	982,200	982,200	982,200	982,200
Other	34,900	34,900	34,900	34,900	34,900
Total Revenue and Income	$ 42,869,700	$ 51,895,400	$ 56,500,700	$ 56,518,500	$ 56,139,500
Operation and Maintenance Expenses					
Personnel Services	$ 13,392,000	$ 15,384,000	$ 17,101,900	$ 17,559,700	$ 17,998,600
Contractual Services & Materials and Supplies	12,042,500	13,634,500	14,167,000	13,109,400	13,381,200
Heat, Light and Power	1,700,000	1,742,500	1,786,100	1,830,800	1,876,600
Total Operations and Maintenance Expense	$ 27,134,500	$ 30,761,000	$ 33,055,000	$ 32,499,900	$ 33,256,400
Net Revenue Available for Coverage	$ 15,735,200	$ 21,134,400	$ 23,445,700	$ 24,018,600	$ 22,883,100
Existing Debt Service (a)	$ 13,597,744	$ 12,774,720	$ 12,765,970	$ 12,768,320	$ 12,764,614
Proposed Debt Service (b)	-	2,056,625	2,197,550	2,197,950	2,198,150
Total Debt Service	$ 13,597,744	$ 14,831,345	$ 14,963,520	$ 14,966,270	$ 14,962,764
Average Total Debt Service	$ 11,260,103	$ 11,166,597	$ 11,013,899	$ 10,842,177	$ 10,654,718
Average Total Debt Service Coverage (c)	1.40	1.89	2.13	2.22	2.15
Annual Total Debt Service Coverage (d)	1.16	1.42	1.57	1.60	1.53

(a) Existing debt service in 2015 includes Series 2005b, Series 2007, Series 2008, Series 2011 and Series 2012 revenue bonds.
Existing debt service for 2016 through 2019 includes Series 2007, Series 2008, Series 2011, and Series 2012 revenue bonds.
(b) Provided by Stephens, Inc for total debt service related to Series 2015 revenue bonds with a term of 25 years.
(c) Projected to comply with the minimum required for additional bonds in the ensuing fiscal year (2016) threshold of 1.30.
(d) Projected to comply with the minimum required for annual debt service of 1.10 throughout the forecast period.

BOND PURCHASE AGREEMENT

$_____ City of Fort Smith, Arkansas
Water and Sewer Refunding and Construction Revenue
Bonds, Series 2015

City of Fort Smith, Arkansas November 17, 2015

Ladies and Gentlemen:

The undersigned, Stephens Inc. and Raymond James & Associates, Inc. (collectively, the "Underwriter"), hereby offers to enter into this Bond Purchase Agreement ("Agreement") with you, the City of Fort Smith, Arkansas (the "Issuer"), for the purchase by the Underwriter and the sale by you of the Bonds of the Issuer more particularly described below. Upon acceptance and approval by you this Agreement shall be in full force and effect in accordance with its terms and shall be binding upon both the Issuer and the Underwriter. The further terms of this Agreement are:

1. Upon the terms and conditions and upon the basis of the representations herein set forth, the Underwriter hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Underwriter the entire principal amount of an issue of bonds designated "City of Fort Smith, Arkansas Water and Sewer Refunding and Construction Revenue Bonds, Series 2015" (the "Bonds") to be issued under and secured by Ordinance No. _____of the Issuer (the "Authorizing Ordinance") in the form heretofore delivered to us by the Issuer, with only such changes therein as shall be mutually agreed upon between the Issuer and the Underwriter.

2. The Bonds are being issued for the purpose of financing the costs of acquiring, constructing, and equipping extensions, betterments and improvements to the Issuer's water and sewer system (the "System"), current refunding the Issuer’s Water and Sewer Revenue Bonds, Series 2005B (the "Series 2005B Bonds"), providing a debt service reserve and paying the costs of issuing the Bonds. The Bonds shall be secured by a pledge of revenues derived from the System (a) subordinate to the pledge in favor of the Issuer's Water and Sewer Revenue Bonds, Series 2007 and the Issuer's Water and Sewer Refunding and Construction Revenue Bonds, Series 2008 and (b) on a parity with the pledge in favor of the Issuer’s Water and Sewer Refunding Revenue Bonds, Series 2011 (the "2011 Bonds") and the Issuer's Water and Sewer Refunding Revenue Bonds, Series 2012 (collectively with the 2011 Bonds, the "Parity Bonds").

3. The Bonds shall be dated December 1, 2015. Interest on the Bonds shall be payable on April 1 and October 1 of each year, commencing April 1, 2016. The Bonds shall be authorized in the aggregate principal amount, bearing interest at the rates per annum and maturing on October 1 in each of the years and in the amounts as set forth in the schedule attached hereto, Exhibit A. BancorpSouth Bank, Stuttgart, Arkansas shall be trustee for the holders of the Bonds and paying agent (the "Trustee"). The Bonds shall be subject to redemption prior to maturity as set forth in the Authorizing Ordinance.

4. The parties hereto intend that the Bonds be issued pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), so that the interest on the Bonds will not be includable in the gross income of the recipients for federal income tax purposes, and the Bonds will be exempt from registration under the Securities Act of 1933, as amended.

5. The Underwriter hereby agrees to purchase all of the Bonds from the Issuer and the Issuer hereby agrees to sell all of the Bonds to the Underwriter at a price of $_____ (principal amount of $_____ less Underwriter's discount of $_____ _____ [net] original issue _____ of $_____), plus interest accrued thereon from December 1, 2015 to the date of Closing as hereinafter defined. The sale and purchase of the Bonds shall take place at a closing (the "Closing") at 10:00 a.m., prevailing local time, on December 22, 2015, or at such other time or on such earlier or later date as is mutually agreed upon, and at the offices of Friday, Eldredge & Clark, LLP, 400 West Capitol Ave., Suite 2000, Little Rock, Arkansas. The Issuer will cause the Trustee to authenticate and deliver one Bond certificate per maturity registered in the name of Cede & Co., with a CUSIP number. The Issuer will cause the Trustee to either (i) deliver the Bonds to the Depository Trust Company, New York, New York ("DTC") not later than 1:15 p.m., Eastern Time, on the last business day preceding the date of Closing, with instructions to place the Bonds in safekeeping and await further instructions from the Trustee or (ii) hold the Bonds in safekeeping under procedures acceptable to DTC. At the Closing, and subject to satisfaction (or proper waiver by the Underwriter) of the conditions to its obligations to purchase the Bonds, the Underwriter will pay the purchase price of the Bonds in federal reserve funds payable to the order of the Trustee for the account of the Issuer. Upon receipt of the purchase price the Trustee shall authorize DTC to credit the Bonds to the Underwriter's account.

6. If the Issuer fails to cause the Trustee to deliver the Bonds to DTC as provided herein, or if at the Closing any of the conditions specified in paragraph 9 hereof shall not have been fulfilled to the satisfaction of the Underwriter, the Underwriter may elect to be relieved of any further obligations under this Agreement without thereby waiving any other rights the Underwriter may have by reason of such failure or nonfulfillment. The Underwriter and the Issuer understand that in any of such events the actual respective expenses, costs or damages of such parties may be unequal, and any such amounts incurred by any party may be greater or may be less than those amounts incurred by any other. Accordingly, and subject to paragraph 13 hereof, such parties hereby waive any right to claim that their actual expenses, costs or damages are or will be greater than the actual expenses, costs or damages incurred or suffered by any such party, and no such party shall be entitled to claim any damages from the other.

7. The Issuer will sell the Bonds to the Underwriter and the Underwriter will make a public offering thereof in reliance upon representations and agreements herein set forth solely pursuant to the Official Statement hereinafter described at the initial offering prices or yields set forth in the Official Statement, reserving, however, the right to change such initial offering prices as the Underwriter shall deem necessary in connection with the marketing of the Bonds. The Issuer shall deliver or cause to be delivered to the Underwriter, within seven business days after acceptance of this Agreement, a copy of the Official Statement, substantially in the form of the Preliminary Official Statement, dated November 11, 2015, relating to the Bonds (the "Preliminary Official Statement") with only such changes therein as shall be accepted

by us (such Official Statement with such subsequent modifications and changes, if any, and including the cover page and all appendices, exhibits, reports and statements included therein or attached thereto being herein called the "Official Statement"), signed on behalf of the Issuer by its Mayor. The Issuer authorizes the use of copies of the Official Statement and Authorizing Ordinance in connection with the public offering and sale of the Bonds. The Issuer ratifies the lawful use by the Underwriter prior to the date hereof of the Preliminary Official Statement.

8. In order to induce the Underwriter to enter into this Agreement and to make an offering of the Bonds, the Issuer represents to and agrees with the Underwriter that:

A. The Issuer is and will be at the Closing a duly organized and existing municipality under the Constitution and laws of the State of Arkansas (the "State") and has, and at the date of Closing will have, full legal right, power and authority (i) to enter into this Agreement, (ii) to adopt the Authorizing Ordinance, (iii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, (iv) to current refund the Series 2005B Bonds and (v) to carry out and consummate the transactions contemplated by this Agreement, the Authorizing Ordinance and the Official Statement;

B. The Bonds will be issued pursuant to and in full compliance with the Constitution and laws of the State;

C. Both on the date hereof and at the Closing, the statements and information contained in the Official Statement will be true, correct and complete in all material respects and shall not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

D. The execution and delivery of this Agreement and the compliance with the provisions hereof under the circumstances contemplated hereby, will not in any respect conflict with, or constitute on the part of the Issuer a breach or default under any agreement or other instrument to which the Issuer is a party, or any existing law, administrative regulation, court order or consent decree to which the Issuer is subject;

E. The Issuer will not take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Authorizing Ordinance;

F. When delivered to and paid for by the Underwriter, the Bonds will have been duly authorized, executed, authenticated, issued and delivered, and will constitute valid and legally binding special obligations of the character referred to in the statutes under which issued;

G. (i) The audited financial statements of the System to be contained in the Official Statement present fairly the financial position of the System as of the date indicated and the results of its operations for the period specified, and said audited financial statements have been prepared in conformity with generally accepted accounting principles applied in all material respects on a consistent basis with respect to the period involved and there has been no material adverse change (not in the ordinary course of business) in the financial condition of the System from the most recent date so set forth; and

(ii) The unaudited financial statements of the System contained in the Official Statement present fairly the financial position of the System as of the dates indicated and the results of its operations for the periods specified, and there has been no material adverse change (not in the ordinary course of business) in the financial condition of the System from the dates so set forth;

H. The Issuer will immediately notify the Underwriter of any adverse change of a material nature in the financial condition of the System;

I. Between the date of this Agreement and the Closing, the Issuer will not, without the prior written consent of the Underwriter, issue any bonds, notes, or other obligations for borrowed money and secured by or payable from revenues derived from the operations of the System;

J. The Issuer shall enter into a Continuing Disclosure Agreement with the Trustee, as Dissemination Agent (the "Disclosure Agreement"), as required by the Securities and Exchange Commission, Rule 15c2-12 (the "Rule") and as described in the Official Statement;

K. The Issuer is in compliance with its continuing disclosure undertakings entered into by the Issuer pursuant to the Rule in connection with other bonds issued by the Issuer, and, except for such failures to comply with continuing disclosure undertakings (for which no determination of materiality is made) as set forth in the Official Statement, the Issuer has been in compliance with its continuing disclosure undertakings in all material respects for the past five years;

L. There is no action, suit, proceeding, or investigation which has not been disclosed in the Official Statement involving the Issuer before or by any court, public board, or body pending or, to the knowledge of the Issuer, threatened wherein an unfavorable decision, ruling, or finding would: (i) affect the existence or powers of the Issuer or the titles of its officers to their respective offices, (ii) enjoin or restrain the issuance, sale, and delivery of the Bonds or the collection of any moneys or property pledged or to be pledged under the Authorizing Ordinance or the pledge thereof or the construction of the extensions, betterments and improvements to be System to be financed with the proceeds of the Bonds, (iii) in any way question or affect any of the rights, powers, duties, or obligations of the Issuer with respect to the moneys and assets pledged or to be pledged to pay the principal of and premium, if any, and interest on the Bonds, (iv) in any way question or affect any authority for the issuance of the Bonds or the validity or enforceability of the Bonds, the Authorizing Ordinance, or any ordinance of the Issuer establishing rates to be charged for the services of the System

(collectively, the "Rate Ordinances"), or (v) in any way question or affect this Agreement or the transactions contemplated hereby or by the Official Statement, the documents referred to in the Official Statement, or any other agreement or instrument to which the Issuer is a party and relating to the Bonds or the System; and

M. The Issuer will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter, as the Underwriter may reasonably request, to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate, and the Issuer will assist, if necessary therefor, in the continuance of such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Issuer shall not be required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state.

9. The Underwriter has entered into this Agreement in reliance upon the representations and agreements of the Issuer herein and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing. The Underwriter's obligations under this Agreement are and shall be subject to the following further conditions:

A. At the Closing, the Authorizing Ordinance and the Rate Ordinances shall be in full force and effect and the Authorizing Ordinance and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriter, and the Issuer shall have duly adopted and there shall be in full force and effect such other ordinances and resolutions as, in the opinion of Friday, Eldredge & Clark, LLP, Little Rock, Arkansas (the "Bond Counsel") shall be necessary in connection with the transactions contemplated hereby;

B. At the Closing the Underwriter shall receive the approving opinion, dated as of the Closing, of Bond Counsel, in customary form and content satisfactory to the Underwriter, plus all other documents, opinions and certificates reasonably required by Bond Counsel or the Underwriter to evidence (i) compliance by the Issuer with legal requirements, (ii) the truth and accuracy, as of the date of Closing, of the representations of the Issuer contained herein, (iii) the due performance or satisfaction by the Issuer at or prior to the Closing of all agreements to be performed and all conditions to be satisfied by the Issuer, (iv) the validity of the Bonds, the Disclosure Agreement, and this Agreement, and (v) the tax-exempt status of the interest on the Bonds under the Code;

C. At the Closing, the Underwriter shall receive a certificate, dated the date of the Closing, signed by the Mayor, City Clerk and City Administrator (or Acting City Administrator) and in form and substance satisfactory to the Underwriter, to the effect that

(1) Each of the representations and warranties of the Issuer set forth herein is true and correct in all material respects as of the Closing and the Issuer has complied with each of its covenants and agreements required in this Agreement to be complied with at or prior to the Closing;

(2) There has been no material adverse change in the business, property or financial condition of the System as described in the Official Statement and, except as provided for or contemplated or described in the Official Statement, the System has not incurred any material liabilities other than in the normal course of business; and

(3) They have examined the Official Statement and, in their opinion, with respect to the System and the Issuer, the Official Statement, as of the date of Closing, does not include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

D. At or prior to the Closing, the Underwriter shall receive a consent letter or letters from BKD, LLP (the "Accountants"), in form and content satisfactory to the Underwriter;

E. At the Closing, the Disclosure Agreement shall have been executed by the Issuer and the Trustee, with only such amendments as may have been agreed to by the Underwriter;

F. At or prior to the Closing, the Underwriter shall have received evidence that as of the Closing, the Bonds are rated "A-" (stable outlook) by Standard & Poor's Ratings Services ("S&P");

G. At or prior to the Closing, the Underwriter shall receive a consent letter or letters from Burns & McDonnell Engineering Company, Inc., in form and content satisfactory to the Underwriter;

H. At or prior to the Closing, the Underwriter shall receive an opinion dated the date of the Closing from Daily & Woods, P.L.L.C., Counsel to the Issuer, in such form and content satisfactory to the Underwriter; and

I. At or prior to the Closing, the Trustee shall have received a parity letter from the Accountants reflecting that the test for issuing the Bonds on a parity with the Parity Bonds has been met.

10. The Underwriter and the Issuer shall each have the right to cancel and terminate its obligations under this Agreement at any time before Closing if any of the following occurs (except only the Underwriter may cancel under (e) below):

(a) Legislation shall have been enacted by the Congress of the United States, or adopted by or introduced in either House or any committee thereof, or a decision shall have been rendered by a court of the United States or the Tax Court of the United States, or a ruling shall have been made or regulations shall have been proposed or made by the Treasury Department of the United States, the Internal Revenue Service or any other governmental agency with respect to federal taxation upon revenues or other income of the general character to be derived by the

Issuer or by any similar body, or upon interest received on obligations of the general character of the Bonds which, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds or the market price generally of obligations of the general character of the Bonds; or

(b) Any legislation, ordinance, rule or regulation shall be enacted or be actively considered for enactment by any governmental body, department or agency of the State (excluding the Issuer), or a decision by any court of competent jurisdiction within the State shall be rendered which, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(c) A stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Bonds, or of obligations of the general character of the Bonds, as contemplated hereby, is in violation of any provisions of the Securities Act of 1933, or the Trust Indenture Act of 1939; or

(d) (i) Any restriction on, or general suspension of, trading in securities on the New York Stock Exchange or any banking moratorium, or the establishment by the New York Stock Exchange, by the Securities and Exchange Commission, by any Federal or state agency, or by the decision of any court, of any limitation on prices for such trading or (ii) any new outbreak of hostilities or other national or international calamity or crisis, the effect of which on the financial markets of the United States shall be such as to make it impracticable, in the reasonable judgment of the Underwriter, for the Underwriter to enforce contracts for the sale of the Bonds; or

(e) Any event or condition which, in the judgment of the Underwriter, renders untrue or incorrect, in any material respect as of the time the same purports to speak, the information, including the financial statements, contained in the Official Statement, or which requires that information not reflected in the Official Statement should be reflected therein in order to make the statements and information contained therein not misleading in any material respect as of such time; provided the Issuer and the Underwriter will use its best efforts to amend or supplement the Official Statement to reflect, to the satisfaction of the Underwriter, such changes in or additions to the information contained in the Official Statement.

11. All notices, demands and formal actions hereunder will be in writing mailed, telegraphed or delivered to:

The Issuer: City of Fort Smith, Arkansas
P. O. Box 1908
Fort Smith, Arkansas 72903
Attention: City Administrator

The Underwriter: Stephens Inc.
111 Center Street
Little Rock, Arkansas 72201
Attention: Public Finance

12. All representations, warranties and covenants of the Issuer contained herein shall remain operative and in full force and shall survive (a) the execution and delivery of this Agreement, (b) any investigation made by or on behalf of the Underwriter, (c) the purchase of the Bonds hereunder, and (d) any disposition of or payment for the Bonds.

13. The Underwriter shall be under no obligation to pay and the Issuer shall pay any expenses incident to the performance of its obligations hereunder including, but not limited to: (i) the cost of the preparation and distribution of this Agreement and the Authorizing Ordinance, the cost of the preparation, printing and delivery of the Bonds, and the cost of printing of the Preliminary Official Statement and the Official Statement (in such reasonable quantities as may be requested by the Underwriter); (ii) the fees and disbursements of the Accountants, Bond Counsel and any counsel to the Issuer; (iii) the fees and disbursements of any other experts or consultants retained by the Issuer; (iv) the charges for obtaining CUSIP numbers for the Bonds; (v) legal publication costs; (vi) the Trustee's authentication fee and expenses; (vii) the Underwriter's fees payable to DTC relating to the underwriting of the Bonds; (viii) other costs of the Underwriter, including ticket, day loan charges, Ipreo fees, if any, and other costs of Closing and delivering the Bonds; and (ix) rating fees of S&P.

The Underwriter shall pay: (i) the cost of the preparation and printing of any amendment or supplement to the Official Statement resulting from a determination by the Underwriter to change the initial offering prices or yields set forth in the Official Statement; and (ii) the cost of preparation of Blue Sky and Legal Investment Memoranda.

14. The Issuer covenants and agrees with the Underwriter that:

(a) It will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement or any part thereof. If between the date of this Agreement and twenty-five (25) days after the end of the underwriting period an event occurs which is materially adverse to the purpose for which the Official Statement is to be used and is not disclosed in the Official Statement, or if there shall exist any event which in the reasonable judgment of the Underwriter makes untrue or incorrect in any material respect any statement or information contained in the Official Statement, or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein

not misleading in any material respect, the Issuer will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter, the expense of which shall be paid by the Issuer. The "end of the underwriting period" shall mean the later of (i) the Closing date, or (ii) the date the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the securities for sale to the public. The Underwriter agrees to notify the Issuer in writing when the underwriting period has ended and if no such notification is given within twenty-five (25) days after the Closing date, the Issuer may assume that the underwriting period ended on the Closing date;

(b) It will indemnify and hold harmless the Underwriter and each person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended) the Underwriter against any and all losses, claims, damages, and liabilities of any kind, including the expenses of defense thereof, (i) arising out of any statement or information contained in the Official Statement relating to the Issuer, the Authorizing Ordinance, the Bonds, the System and use of Bond proceeds that is untrue or incorrect in any material respect or the omission from the Official Statement of any statement or information relating to the Issuer, the Bonds, the System, use of Bond proceeds and the Authorizing Ordinance, which is necessary to make the statements therein not misleading in any material respect, and (ii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the Issuer (which consent shall not be unreasonably withheld). In case any claim shall be made or action brought against the Underwriter or any controlling person (as aforesaid) based upon the Official Statement, in respect of which indemnity may be sought against the Issuer, the Underwriter shall promptly notify the Issuer in writing within 15 days of the claim being received by the Underwriter, setting forth the particulars of such claim or action, and the Issuer shall assume the defense thereof, including the retaining of counsel and the payment of all expenses. The Underwriter or any such controlling person shall have the right to retain separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the Underwriter's expense or the expense of such controlling person unless the retaining of such counsel has been specifically authorized by the Issuer. The obligations of the Issuer hereunder are limited to revenues of the System.

15. This Agreement may be executed in any number of counterparts with each executed counterpart constituting an original but all of which together shall constitute one and the same instrument.

16. This Agreement will inure to the benefit of and be binding upon the parties thereto and their successors and will not confer any rights upon any other person. This Agreement shall be governed by and construed in accordance with the laws of the State.

STEPHENS INC.
RAYMOND JAMES & ASSOCIATES, INC.

By: STEPHENS INC.

By _____
Authorized Signature

ACCEPTED this 17th day of November, 2015.

CITY OF FORT SMITH, ARKANSAS

By _____
Mayor

EXHIBIT A

Year (October 1)	Principal Amount	Interest Rate (%)	Reoffering Yield (%)

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the City of Fort Smith, Arkansas (the "Issuer") and BancorpSouth Bank, Stuttgart, Arkansas (the "Trustee") in connection with the issuance of the Issuer's Water and Sewer Refunding and Construction Revenue Bonds, Series 2015 (the "Bonds"). The Bonds are being issued pursuant to Ordinance No. _____ of the Issuer, adopted _____, 2015 (the "Authorizing Ordinance"). The Issuer and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Trustee for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Securities and Exchange Commission, Rule 15c2-12(b)(5).

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

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

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

"System" shall mean the Issuer's water and sewer system.

SECTION 3. Provision of Annual Report. (a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Issuer's fiscal year (presently December 31), commencing with the 2015 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date, but shall be submitted within 30 days of receipt thereof by the Issuer. If the fiscal year of the Issuer changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

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

(c) If the Trustee is unable to verify that an Annual Report (containing the information required in (1) under Section 4 of this Disclosure Agreement) has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB in substantially the form as prescribed by the MSRB.

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

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

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

(1) Information of the type set forth in the Official Statement under the caption "THE SYSTEM" with respect to (i) average daily water use in gallons, maximum daily water use in gallons and total annual water use in gallons for the preceding fiscal year and the previous four fiscal years; (ii) the number of water and sewer users for the fiscal year then ended and the four previous fiscal years; and (iii) the top ten users of the System for the previous fiscal year and a

statement as to which users accounted for 5% or more of System revenues for the preceding fiscal year; and

(2) The financial statements of the System prepared in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America.

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

SECTION 5. Reporting of Listed Events.

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

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security.

7. Modifications to rights of security holders, if material.

8. Bond calls (excluding mandatory sinking fund redemptions), if material.

9. Defeasances and tender offers.

10. Release, substitution, or sale of property securing repayment of the securities, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the obligated person.

13. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

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

(b) After the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent (if other than the Issuer) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence.

(c) After the occurrence of a Listed Event, whether by notice from the Trustee or otherwise, the Issuer shall file (or cause the Dissemination Agent to file), in a timely manner not in excess of ten (10) business days after the occurrence of such Listed Event, a notice of such occurrence with the MSRB, through its continuing disclosure service portal provided through EMMA at http://www.emma.msrb.org or any other similar system that is acceptable to the Securities and Exchange Commission, with a copy to the Trustee (if the Trustee is not the Dissemination Agent). Each notice of the occurrence of a Listed Event shall be 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.

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

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

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Trustee may amend this Disclosure Agreement, and any provisions of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason of the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

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

SECTION 11. Duties of Trustee and Dissemination Agent and Right of Indemnity. The Dissemination Agent (if other than the Trustee) and the Trustee in its capacity as Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and the Trustee, their officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the Trustee's negligence or omissions. The obligations of the Issuer under this Section shall survive resignation or removal of the Trustee or the Dissemination Agent and payment of the Bonds.

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

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

Dated: December 1, 2015.

CITY OF FORT SMITH, ARKANSAS

By _____
Mayor

BANCORPSOUTH BANK
Stuttgart, Arkansas

By _____
Authorized Officer

ORDINANCE NO. _____

AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS AUTHORIZING THE ISSUANCE OF NOT TO EXCEED $55,000,000 IN PRINCIPAL AMOUNT OF INDUSTRIAL DEVELOPMENT REVENUE BONDS UNDER THE AUTHORITY OF ACT. NO. 9 OF 1960 OF THE ARKANSAS GENERAL ASSEMBLY, AS AMENDED, FOR THE PURPOSE OF DEVELOPING INDUSTRY WITHIN THE CITY; AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE AGREEMENT BETWEEN THE CITY, AS LESSOR AND DIXIE CONSUMER PRODUCTS LLC, AS LESSEE; AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT FOR PAYMENTS IN-LIEU-OF-TAXES; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER ANCILLARY AND RELATED DOCUMENTS AND OTHER MATTERS

WHEREAS, the City is authorized by the Municipalities and Counties Industrial Development Revenue Bond Law, Arkansas Code Annotated Sections 14-164-201 *et seq.*, as amended (the "Act"), to own, acquire, construct, reconstruct, extend, equip, improve, operate, maintain, sell, lease, or contract any land, buildings, or facilities of any and every nature, incur other costs and expenses, and make other expenditures incidental to and for the securing and developing of industry; and

WHEREAS, the City is authorized by the Act to issue industrial development revenue bonds payable from revenues derived from the industrial project so acquired, constructed and equipped; and

WHEREAS, Dixie Consumer Products LLC, a Delaware limited liability company, together with any of its designated subsidiaries or affiliates (the "Company"), proposes the acquisition, construction and installation of property and equipment required for the expansion of the Company's facility, including the acquisition and installation of a new printing press, plate presses, packaging and handling equipment, associated machinery and equipment, and infrastructure improvements, all located within the boundaries of the City (the "Project"); and

WHEREAS, the City, pursuant to Resolution No. R-156-14, adopted on November 18, 2014, has previously expressed its intent to issue its industrial development revenue bonds under the Act for the purposes hereinafter described for the benefit of the Company; and

WHEREAS, in order to assist the Company with the expansion of the Company's facility, the City has determined to issue and sell its Taxable Industrial Development Revenue Bonds (Dixie Consumer Products LLC - Fort Smith Project), Series 2015 (the "Series 2015 Bonds"), in an aggregate principal amount of not to exceed $55,000,000; and

WHEREAS, in accordance with the applicable provisions of the Act, the City has determined to enter into a Lease Agreement with the Company, to be dated as of the first day of the month in which the Series 2015 Bonds are delivered (the "**Lease Agreement**"), under the terms of which the City agrees to issue its revenue bonds for the purpose of paying the costs of the Project, to be constructed and equipped by the Company, leased to and operated by the Company, all as is more fully set forth in the Lease Agreement, and the Company agrees to pay to the City specified rents and other payments which will be fully sufficient to pay the principal of, the redemption premium (if any) and the interest on the Series 2015 Bonds hereinafter authorized as the same become due and to pay certain administrative expenses in connection with said Bonds; and

WHEREAS, after careful study and investigation by the City, it appears to be in the best interest of the citizens of the City that the Lease Agreement be entered into, and the City has found and does hereby declare that the acquisition, construction and equipping of the Project is a lawful and valid public purpose in that it will further the public purpose intended to be served by the Act; and

WHEREAS, a project summary for the Project, which has been prepared by the Company and which may be amended from time to time by the Company, has been submitted to and approved by the City and is on file with the Company, and it is estimated that the cost of acquiring and constructing the Project, including expenses incidental thereto, will not exceed $55,000,000; and

WHEREAS, the most feasible method of paying for the cost of the acquisition of the Project by the City is by the issuance of the Series 2015 Bonds; and

WHEREAS, it is anticipated that provision should be made for the issuance from time to time of Additional Bonds which shall be equally and ratably secured hereunder with the Series 2015 Bonds (the Series 2015 Bonds and such Additional Bonds being hereinafter collectively referred to as the "**Bonds**"); and

WHEREAS, a public hearing on the question of the issuance of the Bonds was held before the City Board of Directors on November [16], 2015, following publication of notice in the _____ on November 7, 2015; and

WHEREAS, the City proposed to enter into an Agreement for Payments in Lieu of Taxes (the "**PILOT Agreement**") with the Company pursuant to which the Company will agree to make payments to the County equal to fifty percent (50%) of the ad valorem taxes that would otherwise be payable if the Company owned the Project; and

WHEREAS, the Bonds will be delivered to and paid for by the purchaser in multiple installments as and when moneys are required to complete the acquisition, construction and installation of the Project, as further described in an Indenture of Trust, to be dated as of the first day of the month that the Series 2015 Bonds are delivered (the "**Indenture**"), to be entered into by and between the City and _____, as trustee (the "**Trustee**"); and

WHEREAS, under the terms of the Lease Agreement, the City will receive specified rents and other payments from the Company, which said payments shall be assigned and

pledged, together with the Lease Agreement itself, all rental payments and other payments to be received pursuant to the Lease Agreement, and all amounts on deposit from time to time in the "Bond Fund" and the "Project Fund" (as such terms are defined in the Lease Agreement) as security for the payment of the principal of, redemption premium (if any) and the interest on the Bonds; and

WHEREAS, it is necessary that all right, title and interest of the City in the Lease Agreement, together with the Lease Agreement itself (except certain rights reserved by the City), be assigned to a corporate trustee under the terms of the Indenture; and

WHEREAS, the Company has agreed to enter into a Guaranty Agreement, to be dated as of the first day of the month that the Series 2015 Bonds are delivered (the "**Guaranty Agreement**"), pursuant to which the Company agrees to pay to the Trustee for the benefit of the owners from time to time of the Bonds, the principal of, and the redemption premium (if any) and interest on, the Bonds as the same become due together with other fees and expenses thereunder; and

WHEREAS, the City further finds that the economic benefits that will inure to the City and its residents from the Project and the operation thereof, payments to be made under the Lease Agreement, and the related purchase option contained in the Lease Agreement constitutes bargained for consideration equal to or greater in value than the benefits to be derived by the Company that is the lessee under the Lease Agreement and, therefore, the issuance of the Bonds to finance the cost thereof, and the leasing of the Project to the Company and the related purchase option involves no gratuity to the Company.

NOW, THEREFORE, BE IT ORDAINED, by the Board of Directors of the City, and it is hereby resolved by the authority of the same as follows:

Section 1. **Authority for Bond Resolution**. This Bond Resolution is adopted pursuant to the provisions of the Act.

Section 2. **Findings.** It is hereby ascertained, determined and declared that:

(a) the acquisition of the Project is a lawful and valid public purpose in that it will develop and promote trade, commerce, industry, and employment opportunities for the public good and the general welfare and will promote the general welfare of the State of Arkansas (the "**State**"), and will increase or maintain employment within the City, all in furtherance of the public purposes intended to be served by the Act;

(b) the specified rents and other payments to be received by the City under the Lease Agreement will be fully sufficient to pay the principal of, the redemption premium (if any) and interest on the Bonds as the same become due and to pay certain administrative expenses in connection with the Bonds;

(c) the Company is required to maintain the Project therein described and to carry all proper insurance with respect thereto at the expense of the Company and also to pay the Trustee's annual fee for serving as Trustee and paying agent for the Bonds;

(d) the Bonds will constitute only limited obligations of the City and will be payable solely from the revenues to be assigned and pledged to the payment thereof and will not constitute a debt or a general obligation or a pledge of the faith and credit of the City, Sebastian County, the State, or any political subdivision thereof, and will not directly, indirectly, or contingently obligate the State, Sebastian County or the City to levy or to pledge any form of taxation whatsoever for the payment thereof; and

(e) the Project will be self-liquidating and the City shall not operate the Project as a business other than as a lessor.

Section 3. **Authorization of Acquisition, Construction and Equipping of Project.** The acquisition, construction and installation of the Project as contemplated in the Lease Agreement, is hereby authorized.

Section 4. **Authorization of Bonds.** For the purpose of paying the costs, in whole or in part, of acquiring the Project, the issuance of not to exceed $55,000,000 in aggregate principal amount of revenue bonds of the City to be known as the "City of Fort Smith, Arkansas Taxable Industrial Development Revenue Bonds (Dixie Consumer Products LLC - Fort Smith Project), Series 2015" is hereby authorized. The Bonds shall be dated, mature, bear interest, be subject to redemption prior to maturity and be payable as set forth in Articles II and III of the Indenture. The Bonds shall be issued as registered Bonds without coupons in various denominations with such rights of exchangeability and transfer and shall be in the form and executed and authenticated in the manner provided in the Indenture. The term "Bonds" as used herein shall be deemed to mean and include the Bonds as initially issued and delivered and Bonds issued in exchange therefor or in exchange for Bonds previously issued.

Any Bonds hereafter issued in exchange for the Bonds initially issued and delivered pursuant to the Indenture shall be executed in accordance with the provisions of the Indenture and such execution by the Mayor and attestation by the City Clerk, whether present or future, is hereby authorized.

Section 5. **Authorization of PILOT Agreement.** The execution, delivery and performance of the PILOT Agreement by the City are hereby authorized. The PILOT Agreement shall be in substantially the form attached hereto as **Exhibit A**, subject to such minor changes, insertions or ommissions as may be approved by the Mayor and attested by the City Clerk as hereby authorized shall be conclusive evidence of any such approval.

Section 6. **Authorization of Lease Agreement**. The execution, delivery and performance of the Lease Agreement by and between the City and the Company and from time to time, lease amendments to provide for additional Improvements (as defined in the Lease Agreement), if any, are hereby authorized. The Lease Agreement and any amendments described therein are expressly authorized to be executed by the City with the Company or any permitted successor or assign (as described in the Lease Agreement) as lessee, or any of its affiliates, related parties or any combination of the same. The Lease Agreement shall be in substantially the form attached hereto as Exhibit B, subject to such minor changes, insertions or omissions as may be approved by the Mayor and attested by the City Clerk as hereby authorized shall be conclusive evidence of any such approval.

Section 7. **Authorization of Indenture.** In order to secure the payment of the principal of, the redemption premium (if any) and the interest on, the Bonds herein authorized, and in order to secure the performance and observance of all the agreements and conditions in the Bonds, the execution, delivery and performance of the Indenture by and between the City and the Trustee are hereby authorized. The Indenture shall be in substantially the form attached hereto as Exhibit C, subject to such minor changes, insertions or omissions as may be approved by the Mayor of the City, and the execution of the Indenture by the Mayor and attested by the City Clerk as hereby authorized shall be conclusive evidence of any such approval.

Section 8. **Authorization of Bond Purchase Agreement.** The execution, delivery and performance of the Bond Purchase Agreement providing for the sale of the Bonds (the "**Bond Purchase Agreement**"), by and among the City, the Company, as lessee, and the Company, as purchaser of the Bonds (in such capacity, the "**Purchaser**"), are hereby authorized. The Bond Purchase Agreement shall be in substantially the form attached hereto as Exhibit D, subject to such minor changes, insertions or omissions as may be approved by the Mayor of the City, and the execution of the Bond Purchase Agreement by the Mayor and attested by the City Clerk as hereby authorized shall be conclusive evidence of any such approval.

Section 9. **Acknowledgment of Guaranty Agreement.** The Guaranty Agreement to be entered into by and between the Company and the Trustee in connection with the issuance of the Bonds shall be in substantially the form, attached hereto as Exhibit E, subject to such minor changes, insertions or omissions as may be approved by the Company and the Trustee prior to the execution and delivery thereof.

Section 10. **Designation of Trustee, Paying Agent and Bond Registrar.** _____ is hereby designated Trustee, Paying Agent, and Bond Registrar under the Indenture for the Bonds.

Section 11. **Execution of Bonds.** The Bonds shall be executed in the manner provided in the Indenture and the same shall be delivered to the Trustee for proper authentication and delivery to the purchaser or purchasers thereof with instructions to that effect as provided in the Indenture. Anything herein or in the Indenture to the contrary notwithstanding, the _____ of the City is hereby authorized to execute the Bonds in the event of the absence or incapacity of the Mayor of the City, and the _____ of the City is hereby authorized to attest the Bonds in the absence or incapacity of the City Clerk.

Section 12. **No Personal Liability.** No stipulation, obligation or agreement herein contained or contained in the Lease Agreement, the Indenture and the Bond Purchase Agreement shall be deemed to be a stipulation, obligation or agreement of any officer, director, agent or employee of the City in his/her individual capacity, and no such officer, director, agent or employee shall be personally liable on the Bonds or be subject to personal liability or accountability by reason of the issuance thereof.

Section 13. **General Authority.** From and after the execution and delivery of the documents hereinabove authorized, the proper officers, directors, agents and employees of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents, including but not limited to an intercreditor agreement or non-disturbance,

subordination and attornment agreement with any Mortgagee (as defined in the Indenture), as may be necessary to carry out and comply with the provisions of said documents as executed, and are further authorized to take any and all further actions and to execute and deliver any and all other documents and certificates as may be necessary or desirable in connection with the issuance of the Bonds and the execution and delivery of the Indenture, the Lease Agreement and the Bond Purchase Agreement. Such other documents and certificates shall be in such form and contain such terms and conditions as may be approved by the Mayor of the City, and the execution of such other documents and certificates by the Mayor as herein authorized shall be conclusive evidence of any such approval. The City Clerk is hereby authorized to attest the signature of the Mayor of the City and impress, imprint or otherwise affix the seal of the City on any of the documents and certificates executed in connection with this Bond Resolution, but shall not be obligated to do so, and the absence of the signature of the City Clerk or the City's seal on any such other documents and certificates shall not affect the validity or enforceability of the City's obligations thereunder.

The Mayor and City Clerk of the City are hereby authorized and directed to prepare and furnish to the purchaser or purchasers, when the Bonds are issued, certified copies of all the proceedings and records of the City relating to the Bonds, and such other affidavits and certificates as may be required to show the facts relating to the legality and marketability of the Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the City as to the truth of all statements contained therein.

Section 14. **Actions Approved and Confirmed.** All acts and doings of the officers of the City which are in conformity with the purposes and intents of this Bond Resolution and in the furtherance of the issuance of the Bonds and the execution, delivery and performance of the Indenture, the Lease Agreement and the Bond Purchase Agreement shall be, and the same hereby are, in all respects approved and confirmed.

Section 15. **Severability of Invalid Provisions.** If any one or more of the agreements or provisions herein contained shall be held contrary to any express provision of law, or contrary to the policy of express law though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such agreements or provisions shall be null and void and shall be deemed separable from the remaining agreements and provisions and shall in no way affect the validity of any of the other agreements and provisions hereof or of the Bonds authorized hereunder.

Section 16. **Repealing Clause**. All resolutions or parts thereof of the City in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 17. **Effective Date**. This Bond Resolution shall take effect immediately upon its adoption.

ADOPTED AND APPROVED this ____ day of November, 2015.

THE CITY OF FORT SMITH, ARKANSAS

By:_____
Mayor

(SEAL)

Attest:

_____
City Clerk

Memo

To: Honorable Mayor & Members of the Board of Directors

From: Jeff Dingman, Acting City Administrator

Date: 11/12/2015

Re: Georgia Pacific/Dixie Consumer Products LLC Industrial Revenue Bonds, 2015

Included on the agenda for your November 17, 2015 regular meeting is an ordinance authorizing the issuance of up to $55,000,000 in Industrial Development Revenue Bonds on behalf of Dixie Consumer Products, LLC, and its project to acquire, construct and install property and equipment required for the expansion of the Company's existing facility at 4411 Midland Boulevard, including the acquisition and installation of a new printing press, plate presses, packaging and handling equipment, associated machinery and equipment, and infrastructure improvements, all located within the boundaries of the City of Fort Smith.

Along with the capital investment, Dixie Consumer Products, LLC has indicated that approximately 15 new full-time jobs with an average annual wage of $39,520 plus benefits will be created.

The primary advantage of industrial revenue bonds is reduced property taxes on the project. Pursuant to the Payment in Lieu of Taxes Agreement (also authorized by the proposed ordinance), the company will pay the equivalent of 50% of the normal property taxes for a period of twelve years. Approvals of the necessary Trust Indenture (between the city and the Trustee) and Lease Agreement (between the City and the Company) are also included in the language of the proposed ordinance. The following documents are attached to this agenda item in draft - but substantially complete - form:

1. IRB Ordinance
2. Lease Agreement
3. Trust Indenture
4. Guaranty Agreement
5. PILOT Agreement

Dixie Consumer Products, LLC will be solely responsible for the debt service payments of the bonds. The city has no obligation to make the bond payments.

Staff recommends approval of the attached ordinance. This $55 million investment will support the board's stated priorities of fostering economic development and job creation/retention.

Dixie Consumer Products' bond counsel facilitating this process intends to be present at the meeting if you have specific questions. In the meantime, please contact me if you have general questions regarding this agenda item.

H&W DRAFT 11/11/2015

LEASE AGREEMENT

between

CITY OF FORT SMITH, ARKANSAS

and

DIXIE CONSUMER PRODUCTS, LLC

Dated as of December 1, 2015

This Lease Agreement and all right, title and interest of the City of Fort Smith, Arkansas in any rents, revenues and receipts derived under this Lease Agreement have been assigned to U.S. Bank, National Association, as trustee under the Indenture of Trust, dated as of December 1, 2015, with the City of Fort Smith, Arkansas which secures not to exceed $55,000,000 in aggregate principal amount of City of Fort Smith, Arkansas Industrial Development Revenue Bonds (Dixie Consumer Products, LLC - Fort Smith Project), Series 2015, and any Additional Bonds issued thereunder.

LEASE AGREEMENT

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LEASE AGREEMENT

THIS LEASE AGREEMENT, dated as of December 1, 2015, by and between the CITY OF FORT SMITH, ARKANSAS (the "Issuer"), a municipal corporation duly organized and existing under the laws of the State of Arkansas, as lessor, and DIXIE CONSUMER PRODUCTS, LLC (the "Lessee"), a limited liability company organized and existing under the laws of the State of Delaware, as lessee.

W I T N E S S E T H :

WHEREAS, Lessee previously acquired a fee simple interest in certain property located at 4411 Midland Boulevard, in the City of Fort Smith, Arkansas, which is more particularly described on "Exhibit A" attached hereto and by this reference made a part hereof (the "Leased Land"); and

WHEREAS, the Issuer (i) has acquired the Leased Land from the Lessee and (ii) will acquire all improvements to be located on the Leased Land (the "Improvements") in connection with the Issuer's issuance of City of Fort Smith, Arkansas Industrial Development Revenue Bonds (Dixie Consumer Products, LLC - Fort Smith Project), Series 2015 (the "Bonds") in an aggregate principal amount not to exceed $55,000,000 to pay the costs of the acquisition, construction and installation of property and equipment required for the expansion of the Lessee's facility in Fort Smith, Arkansas, including the acquisition and installation of a new printing press, plate presses, packaging and handling equipment, associated machinery and equipment more particularly described on "Exhibit B" attached hereto and by this reference made a part hereof (the "Leased Equipment"), and infrastructure improvements.

NOW THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Issuer and the Lessee agree as follows (provided, that in the performance of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money shall not be a general debt on its part but shall be payable solely out of the rents, revenues and receipts derived from this Lease, the sale of the Bonds, insurance and condemnation awards as herein described and any other rents, revenues and receipts arising out of or in connection with its ownership of the Project as hereinafter defined (except for the Unassigned Rights)):

ARTICLE I

DEFINITIONS

Section 1.1 **Definitions.** In addition to the words and terms elsewhere defined in this Lease, the following words and terms as used in this Lease shall have the following meanings unless the context or use clearly indicates another or different meaning or intent. Terms which are not defined in this Lease shall have the meaning specified in Article I of the Indenture except as herein otherwise expressly provided or unless the context requires otherwise.

"**Act**" means the Municipalities and Counties Industrial Development Revenue Bond Law, Arkansas Code Annotated Sections 14-164-201 *et seq*., as amended.

"**Additional Bonds**" means the bonds of any series, other than the Series 2015 Bonds, to the extent authorized and consented to under the Indenture and authenticated and delivered in accordance with Sections 401 and 402 of the Indenture.

"Agreement for Payments In Lieu of Taxes" means the Agreement for Payments In Lieu of Taxes, dated _____, 2015, between the Issuer and the Lessee.

"**Authorized Issuer Representative**" means the Mayor or the City Clerk of the Issuer or any other person or persons at the time designated to act on behalf of the Issuer by certificate furnished to the Lessee and the Trustee containing the specimen signature of each such person and signed by the Mayor or the City Clerk of the Issuer. Any such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Issuer Representative. Any such certificate shall be effective until revoked in writing.

"**Authorized Lessee Representative**" means the person or persons at the time designated to act on behalf of the Lessee by written certificate furnished to the Issuer and the Trustee containing the specimen signature of each such persons and signed on behalf of the Lessee. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Lessee Representative. Any such certificate shall be effective until revoked in writing.

"**Bond**" or "**bonds**" shall mean any or all of the not to exceed $55,000,000 in aggregate principal amount of City of Fort Smith, Arkansas Industrial Development Revenue Bonds (Dixie Consumer Products, LLC - Fort Smith Project), Series 2015, to be issued by the Issuer pursuant to the Indenture, and from and after the issuance of any Additional Bonds, unless the context clearly indicates otherwise, such Additional Bonds.

"**Bond Fund**" means the Bond principal and interest payment fund created by Section 602 of the Indenture and within which has been established a General Account and a Special Account. Any reference herein to the "Bond Fund" without further limitation or explanation shall be deemed to be a reference to the General Account in the Bond Fund.

"**Bond Purchase Agreement**" means the Bond Purchase Agreement, dated as of December 1, 2015, among the Issuer, the Lessee in its capacity as Lessee under this Lease, and the Lessee, as purchaser of the Bonds.

"**Bondholder**" or "**holder of the Bonds**" means the registered owner of a Bond or, if a Bond has been pledged and registered in the name of a pledgee, the registered pledgee of that Bond.

"**Certificate of Completion**" means the final Certificate of Completion issued by **[**the City of Fort Smith, Arkansas**]** signifying completion of the Project.

"**Commission**" means the United States Securities and Exchange Commission.

The term "**corporation**" shall include corporations, partnerships, limited partnerships, limited liability companies, associations, companies, real estate investment trusts, business trusts or any other similar entities.

"Completion Date" means the date of completion of the acquisition, construction and installation of the Project as that date shall be certified, as provided in Section 4.5 hereof.

"Construction Period" means the period beginning on the date which the Bonds are delivered to the first purchaser or purchasers thereof or the date upon which the acquisition, construction and installation of the Project began, whichever is earlier, and ending on the Completion Date.

"**Counsel**" means an attorney or firm thereof admitted to practice law before the highest court of any state of the United States of America or the District of Columbia. An attorney for the Issuer or the Lessee may be eligible for appointment as Counsel.

"**Default Rate**" shall mean that rate of interest per annum equal to the lower of (i) one percent (1%) per annum above the Prime Rate in effect from time to time, floating, or (ii) the highest lawful rate of interest.

"**Event of Default**" means any of the events described in Section 10.1 hereof.

"**Exempt Assignment**" has the meaning set forth in Section 9.8 of this Lease.

"**Financing Statements**" means any and all financing statements (including continuation statements) filed for record from time to time to perfect the Security Interests created by the Indenture.

"**Government Obligations**" means (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged, or (b) obligations issued by any agency controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of Treasury of the United States of America), which obligations, in either case, are held in the name of the Trustee and are not subject to redemption prior to maturity by anyone other than the holder thereof.

"**Guaranty Agreement**" means the Guaranty Agreement, of even date herewith, from the Lessee, as guarantor, to the Trustee, pursuant to the terms of which the Lessee has absolutely and unconditionally guaranteed the payment of the principal of and interest on, the Bonds, and any amendments or supplements thereto, including any amendments or any additional Guaranty Agreements executed by the Lessee in connection with the issuance of any Additional Bonds.

"**Improvements**" means, collectively, the buildings, structures, fixtures and other improvements now or hereafter located on the Leased Land, the costs of the acquisition, construction and installation of which or the improvements or replacement thereto, in whole or in part, is to be paid for with the proceeds from the sale of the Bonds, as they may at any time exist.

"**Indenture**" means the Indenture of Trust between the Issuer and the Trustee, of even date herewith, and pursuant to which, *inter alia*, (a) the Bonds are authorized to be issued, and (b) the Issuer's interest in this Lease and the rents, revenues and receipts arising out of or in connection with the Issuer's ownership of the Project are to be pledged and assigned to the Trustee as security for the payment of the principal of, and redemption premium (if any) and interest on, the Bonds, including any indenture supplemental thereto.

"**Independent Counsel**" means an attorney, or firm thereof, duly admitted to practice law before the highest court of any state in the United States of America or the District of Columbia and not an employee of or regularly retained by either the Issuer or the Lessee.

"**Issuer**" means the City of Fort Smith, Arkansas, a municipal corporation duly organized and existing under the laws of the State of Arkansas, and its lawful successors and assigns.

"**Issuer Documents**" means this Lease, the Indenture, the Bond Purchase Agreement, any Quitclaim Deed and Bill of Sale and the Agreement for Payments In Lieu of Taxes.

"**Lease**" means this Lease Agreement as it now exists and as it may hereafter be amended pursuant to Article XIV of the Indenture.

"**Lease Term**" means the duration of the leasehold interest under this Lease as specified in Section 5.1 hereof.

"Leased Equipment" means those items of machinery, equipment and related property acquired and/or installed in any Building or on the Leased Land and any item of machinery, equipment and related property acquired and installed in any Building or on the Leased Land in substitution therefor and renewals and replacements thereof pursuant to Section 6.2, Section 7.1 and Section 7.2 hereof, less such machinery, equipment and related property as may be released from this Lease pursuant to Section 6.2 hereof or taken by the exercise of power of eminent domain as provided in Section 7.2 hereof, but not including the Lessee's own machinery, equipment and related property installed under the provisions of Section 6.1 hereof. The Leased Equipment insofar as it is initially installed as a part of the Project is more fully described in "Exhibit B" attached hereto and a part hereof by this reference.

["Leased Land" means that certain parcel of real property more particularly described on "Exhibit A" attached hereto and by reference made a part hereof, and, together with all easements, hereditaments, tenements and other rights and privileges of

any kind appurtenant thereto, less such real estate and interests in real estate as may be released from this Lease pursuant to Section 8.6 or Section 8.8 hereof or taken by the exercise of the power of eminent domain as provided in Section 7.2 hereof.]

"**Leasehold Mortgagee**" means the Lender that holds a Leasehold Security Deed.

"**Leasehold Security Deed**" means any leasehold deed to secure debt entered into by the Lessee pursuant to Section 9.7 hereof.

"**Lender**" means any financial institution which has advanced credit to the Lessee.

"**Lessee**" means Dixie Consumer Products, LLC, a Delaware limited liability company, and its successors and assigns, including any surviving, resulting or transferee entity as provided in Section 8.3 hereof or Section 9.1 hereof.

"**Lessee Documents**" means this Lease, any Guaranty Agreement, the Bond Purchase Agreement and the Agreement for Payments In Lieu of Taxes.

"Limited Warranty Deed" means the Limited Warranty Deed to be dated the date of actual execution and delivery, pursuant to which Dixie Consumer Products, LLC conveys fee simple interest in the Leased Land and Improvements, subject to Permitted Encumbrances, to the Issuer.

"**Loan Documents**" means the loan documents with respect to a Lessee's Leasehold Mortgage or a Superior Security Document.

"**Mortgage**" means, as a noun, any Superior Security Document, Leasehold Mortgage or any other deed of trust, mortgage deed to secure debt, security agreement or similar voluntary agreement creating a lien upon or security interest or in conveying title to the Project or any part thereof or any interest therein (including without limitation the Lessee's leasehold interest) as security for a debt or other obligation. As a verb, "Mortgage" means to grant any such a deed of trust, mortgage, deed to secure debt, security agreement or similar voluntary agreement creating a lien upon or security interest in or conveying title to the Project or any part thereof or any interest therein (including without limitation the Lessee's leasehold interest) as security for a debt or other obligation.

"**Mortgagee**" means the holder of a Mortgage.

"**Net Proceeds**" when used with respect to any insurance or condemnation award, means the gross proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable and customary expenses (including attorneys' fees and any Extraordinary Expenses of the Trustee as defined in the Indenture) incurred in the collection of such gross proceeds.

The term "**Payment in Full of the Bonds**" specifically encompasses the situations referred to in Sections 1001 and 1002 of the Indenture.

"**Permitted Encumbrances**" means, as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent or permitted to exist as provided in Section 6.3 hereof, (ii) this Lease, the Indenture, and the Security Interests created herein and in the Indenture, (iii) utility, access or other easements and rights-of-way, restrictions, reservations, reversions and exceptions in the nature of easements that the Lessee certifies will not materially interfere with or impair the operations being conducted at the Project, (iv) unfiled and inchoate mechanics' and materialmen's liens for construction work in progress, (v) architects', contractors', subcontractors', mechanics', materialmen's, suppliers', laborers' and vendors' liens or other similar liens not then payable or permitted to exist as provided in Section 6.1(c) hereof, (vi) subleases to operators or residents of portions of the Project, (vii) all matters shown on "Exhibit __", (viii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as the Lessee, by an Authorized Lessee Representative, certifies do not, in the aggregate, materially impair the property affected thereby for the purpose for which it was acquired or is held by the Issuer, (ix) any Superior Encumbrances, and (x) exceptions described in any owner's policy of title insurance procured by the Issuer with the consent of the Lessee and delivered on the date of execution and delivery of this Lease, including the rights of the tenants of the Project identified in such owner's policy of title insurance.

"Permitted Investments" means investments in the following securities, and no others:

(a) Cash deposits, certificates of deposit or money market deposits (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with Government Obligations);

(b) Commercial paper which is rated at the time of purchase in the highest short-term rating category of at least two nationally recognized rating agencies and which matures no more than 270 days after the date of purchase; and

(c) Investments in money market funds subject to SEC Rule 2a-7 and rated in the highest short-term rating category of at least one of S&P and Moody's; and

(d) Any cash sweep account maintained by the Trustee and consisting of investments described in (a) through (c).

"**Prime Rate**" means an index rate of interest per annum announced from time to time by the Trustee or the commercial bank affiliate of the Trustee or its successor as its Prime Rate or Prime Lending Rate (which rate is one of several interest rate bases used by such bank). A change in the Prime Rate shall become effective from the beginning of the day on which such change is announced. If announcement or use of such rate should be discontinued, the Trustee shall substitute a comparable index rate, which shall be effective from and after the date of discontinuance of the original index rate.

"**Project**" means the Leased Equipment, the Leased Land and the Improvements, as they may at any time exist.

"**Project Fund**" means the project fund created by Section 701 of the Indenture and referred to in Sections 4.2 and 4.3 hereof.

"**Project Summary**" means the project summary, filed with the Issuer, as the same may be amended from time to time in accordance with the provisions of this Lease. The Project Summary is contained as "Exhibit C" attached hereto and by this reference made a part of this Lease.

"**Quitclaim Deed and Bill of Sale**" means the Quitclaim Deed and Bill of Sale to be dated the date of actual execution and delivery in accordance with Section 11.4 hereof. The Quitclaim Deed and Bill of Sale, in substantially the form it is to be executed and delivered, is attached as "Exhibit D" hereto.

"**Rental Payments**" means those amounts required to be paid by the Lessee pursuant to Section 5.3 hereof equal to the total amount of the principal and interest payable on the Bonds.

"**Security Interest**" or "**Security Interests**" means the security interests created in the Indenture and shall have the meaning set forth in the Uniform Commercial Code of Arkansas, as now or hereafter amended.

"**Series 2015 Bonds**" means City of Fort Smith, Arkansas Industrial Development Revenue Bonds (Dixie Consumer Products, LLC - Fort Smith Project), Series 2015.

"**Superior Encumbrances**" means any encumbrances created by any Superior Security Document.

"**Superior Security Document**" means any deed to secure debt or similar instrument or instruments in which the Lessee or the Issuer (at the request of the Lessee) or both pledges the Project thereof leased hereunder, its interest in this Lease or its interest in the related Trust Estate or any part thereof to a Lender.

"**Trust Estate**" is defined in the Indenture.

"**Trustee**" means U.S. Bank, National Association, a national banking association organized under the laws of the United States with trust powers in the State of Arkansas, or any co-trustee and any successor trustee under the Indenture.

Section 1.2 Rules of Construction. Unless the context clearly indicates to the contrary:

(a) "Herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Lease and not solely to the particular portion thereof in which any such word is used.

(b) Words importing the singular number shall include the plural number and vice versa, and any pronoun used herein shall be deemed to cover all genders.

(c) All references herein to particular Articles or Sections are references to Articles or Sections of this Lease.

(d) Any certificate or statement required to be delivered under the provisions of this Lease or the Indenture shall, in the absence of manifest error, be deemed to be conclusive evidence of the truth, correctness and accuracy of the matters covered in such certificate or statement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 **Representations and Warranties by the Issuer.** The Issuer makes the following representations and warranties:

(a) Organization and Authority. The Issuer is a political subdivision of the State of Arkansas, duly organized and existing under the laws and constitution of the State of Arkansas. The Issuer has the power to execute and deliver the Issuer Documents, to enter into the transactions contemplated thereby and to perform and observe its obligations contained therein in accordance with the terms thereof. By proper corporate action, the Issuer has duly authorized the execution and delivery of the Issuer Documents.

(b) Qualification of Project Under Act. The Project is an authorized project under the Act and is located within the corporate limits of the Issuer.

(c) Public Purpose. The Issuer has found and hereby declares that the issuance of the Bonds and the use of the proceeds of the Bonds to pay the costs of the acquisition, construction and installation of the Project, the leasing of the Project to the Lessee and the sale of the Project to the Lessee at the expiration or sooner termination of the Lease Term is in furtherance of the public purposes for which the Issuer is created.

(d) Agreements are Legal and Authorized. The Issuer is not subject to any charter, by-law or contractual limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the Issuer from entering into the Issuer Documents or performing any of its obligations thereunder.

(e) Limited Obligations. Notwithstanding anything herein contained to the contrary, any obligation the Issuer may hereby incur for the payment of money shall not be a general debt on its part but shall be limited obligations payable solely from rents, revenues and receipts derived from this Lease, the sale of the Bonds and any other rents, revenues and receipts derived by the Issuer arising out of or in connection with its ownership of the Project (except for Unassigned Rights).

(f) Issuance of Bonds. To accomplish the foregoing, the Issuer proposes to issue not to exceed $55,000,000 in aggregate principal amount of its Series 2015 Bonds immediately following the execution and delivery of this Lease. The date, denominations, interest rate, maturity date, redemption provisions and other pertinent provisions with respect to the Bonds are set forth in the Indenture (particularly Articles II and III thereof) and by this reference thereto they are incorporated herein.

(g) Security for Bonds. The Bonds are to be issued under and secured by the Indenture, pursuant to which the Issuer's right, title and interest in this Lease (except for certain rights of indemnification, payment of expenses and right to inspect the Project), and the rents, revenues and receipts received by Issuer pursuant to this Lease will be

assigned to the Trustee and pledged as security for the payment of the principal of, redemption premium, if any, and interest on the Bonds.

(h) No Prior Pledge. The Trust Estate has not been pledged or hypothecated in any manner or for any purpose other than as provided in the Indenture.

(i) Governmental Consents. Neither the nature of the Issuer nor any of its activities or properties, nor any relationship between the Issuer and any other Person, nor any circumstance in connection with the offer, issue, sale or delivery of any of the Bonds is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of the Issuer in connection with the execution, delivery and performance of any of the Issuer Documents or the offer, issue, sale or delivery of the Bonds, other than those already obtained or filed; provided, however, no representation is made herein as to compliance with the securities or "blue sky" laws of any jurisdiction nor is any representation made as to any governmental consents, approvals or permits required in connection with the acquisition, construction and installation or operation of the Project.

(j) No Defaults. No event has occurred and no condition exists with respect to the Issuer which would constitute an Event of Default, as defined herein or therein, under any of the Issuer Documents or which, with the lapse of time or with the giving of notice or both, would become an Event of Default under any of the Issuer Documents except for certain limited obligation bond issues which may be in default but would not adversely affect payment of the Bonds.

(k) Enforceability. This Lease, assuming due authorization, execution and delivery thereof by Lessee, is a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms, except to the extent that enforcement thereof may be limited by (i) bankruptcy, insolvency, reorganization, receivership, liquidation, fraudulent conveyance, moratorium or other similar laws affecting creditors' rights generally, or (ii) general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity) and except as limited by any principles of public policy limiting the right to enforce the indemnification provisions of this Lease.

(l) No Warranty by Issuer of Condition or Suitability of the Project. The Issuer makes no warranty, either express or implied, as to the suitability or utility of the Project or as to the condition of the Project or that they are or will be suitable for the Lessee's purposes or needs.

Section 2.2 Representations and Warranties by the Lessee. The Lessee makes the following representations and warranties:

(a) Organization and Power. The Lessee is a limited liability company duly organized and validly existing under the laws of the State of Delaware and is qualified to do business in the State of Arkansas. The Lessee has the power and authority to enter into this Lease and to perform its obligations contained herein and under the Lessee Documents heretofore or hereafter to be executed and delivered by the Lessee, and has,

by proper action, been duly authorized to execute, deliver and perform this Lease in accordance with the terms hereof.

(b) Pending Litigation. There is no action, suit, proceeding, inquiry or investigation known to the Lessee to be pending or threatened against or directly affecting the Lessee wherein an unfavorable decision, ruling or finding (i) is reasonably anticipated to materially and adversely affect the transactions contemplated on its part by this Lease, or (ii) is reasonably anticipated to adversely affect the validity or enforceability of the Bonds or the Lessee Documents.

(c) No Violation or Breach. The execution and delivery by the Lessee of the Lessee Documents and the compliance by the Lessee with its obligations thereunder do not result in any violation of the articles or organization or operating agreement of the Lessee and do not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, (i) any indenture, mortgage, deed of trust, lease, note agreement or other agreement or instrument to which the Lessee is a party or by which the Lessee is presently bound for which required consent has not been obtained (except for conflicts, breaches or defaults which would not, individually or in the aggregate, be materially adverse to the Lessee), or (ii) any existing applicable law or any order, rule or regulation of any court or governmental or regulatory authorities having jurisdiction over the Lessee, applicable to the Lessee.

(d) Governmental Consents. Neither the Lessee nor any of its business or properties, nor any relationship between the Lessee and any other Person, nor any circumstance in connection with the execution, delivery and (excepting approvals, consents, and permits from governmental authorities required for development and construction activities) performance by the Lessee of the Lessee Documents, or the offer, issue, sale or delivery by the Issuer of the Bonds, is such as to require the consent, approval or authorization of, or the filing, registration or qualification with, any governmental authority on the part of the Lessee, other than those already obtained or filed; provided, however, no representation is made herein as to compliance with the securities or “blue sky” laws of any jurisdiction.

(e) No Defaults. No event has occurred and no condition exists with respect to the Lessee that would constitute an Event of Default, as defined herein or therein, under this Lease or any of the Lessee Documents or which, with the lapse of time or with the giving of notice or both, would become such an Event of Default.

(f) Governmental Approvals. The Project will be developed in such manner as to conform in all material respects with all applicable zoning, planning, building and other regulations of governmental authorities having jurisdiction over the Project and all necessary utilities will be available in all material respects to the Project.

(g) Enforceability. The execution, delivery and performance by the Lessee of this Lease have been duly authorized on the part of the Lessee. This Lease, assuming due authorization, execution and delivery thereof by the Issuer, is a legal, valid and binding obligation of the Lessee, enforceable against the Lessee in accordance with its terms,

except to the extent that enforcement thereof may be limited by (i) bankruptcy, insolvency, reorganization, receivership, liquidation, fraudulent conveyance, moratorium or other similar laws affecting creditors' rights generally, or (ii) general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity) and except as limited by any principles of public policy limiting the right to enforce the indemnification provisions of this Lease.

(h) Operation of Project. The Lessee presently intends to operate the Project, located wholly within the corporate limits of the City of Fort Smith, Arkansas, in a manner consistent with the Act, from the Completion Date until the expiration or sooner termination of the Lease Term as provided herein.

ARTICLE III

LEASING CLAUSES AND WARRANTY OF TITLE

Section 3.1 **Lease of the Project.** The Issuer hereby leases to the Lessee, and the Lessee hereby leases from the Issuer, subject to Permitted Encumbrances, the Project at the rental set forth in Section 5.3 hereof and in accordance with the provisions of this Lease.

The Issuer hereby authorizes and directs Lessee to exercise all rights under this Lease (and be encumbered by all obligations), subject to the Permitted Encumbrances, as if Lessee were the fee simple owner of the Project. This authorization and appointment of the Lessee pursuant to the foregoing sentence and all authority hereby conferred or granted is conferred and granted irrevocably, until the expiration or earlier termination of this Lease. The Issuer hereby agrees that third parties shall be entitled to rely on the authorization and appointment set forth in this paragraph.

Section 3.2 **Title to Project.** The Lessee and the Issuer agree that the Issuer will hold title to the Project, subject to any Superior Security Document and other Permitted Encumbrances and shall not encumber the Project except as expressly authorized by Lessee in writing. The Lessee may at its own expense obtain such title insurance policies (or binder to issue such policies) insuring (or agreeing to insure) that the Issuer has good and marketable fee simple title in and to the portion of the Leased Land described on "Exhibit A" attached hereto free from all encumbrances except Permitted Encumbrances, or that the Lessee has a valid leasehold interest in the Leased Land and/or that the holder of a Superior Security Document has a first lien on and security title to the Leased Land and/or that Leasehold Mortgagee has a first lien on and security title to the leasehold created by the Lease. Except as otherwise determined pursuant to any Superior Security Document and any Leasehold Security Deed and Net Proceeds of such title insurance shall be used to remedy the title defect resulting in the payment thereof.

The Issuer makes no warranty or representation as to its title to the Project or any portion thereof. The Issuer agrees that it shall upon request of the Lessee join where necessary in any proceeding to protect and defend the Issuer's title in and to the Project, provided that the Lessee shall pay the entire cost of any such proceeding or reimburse the Issuer therefor and indemnify and hold harmless the Issuer from any cost or liability whatsoever.

Section 3.3 **Quiet Enjoyment.** The Issuer warrants and covenants that it will defend the Lessee in the quiet enjoyment and peaceable possession of the Project, and all appurtenances thereunto belonging, free from all claims of all persons whomsoever acting by, through or under the Issuer, throughout the Lease Term.

In addition to the foregoing warranty, the Issuer agrees that it will not take or cause another party to take any action to interfere with the Lessee's peaceful and quiet enjoyment of the Project. The Issuer agrees that in the event the peaceful and quiet enjoyment of the Project shall otherwise be denied to the Lessee or contested by anyone, the Issuer shall upon request of the Lessee join where necessary in any proceeding to protect and defend the quiet enjoyment of the Lessee, provided that, unless such denial or contest shall result from the gross negligence or willful misconduct of the Issuer, the Lessee shall pay the entire cost of any such proceeding,

reimburse the Issuer therefor and indemnify and hold harmless the Issuer from any cost or liability arising from such proceeding whatsoever.

Section 3.4 Limitations of Warranties. The warranties of the Issuer which are contained in Sections 3.2 and 3.3 hereof shall be limited to the extent and in such amount as may be collected from time to time from the Lessee under this Lease; provided, however, that nothing contained in this Section shall restrict the Issuer's liability resulting from the Issuer's tortious acts or gross negligence.

Section 3.5 Agreement of the Issuer to Execute Amendment to Lease Agreement. The Issuer and the Lessee understand and agree that any buildings, structures or other improvements and additional items of machinery, equipment and related personal property may be acquired by the Lessee and conveyed to the Issuer or may be acquired directly by the Issuer from time to time hereafter, and that portions of the Leased Land may be removed from this Lease in accordance with the provisions of Section 8.6 hereof. The Issuer agrees, at the reasonable request of the Lessee, to execute from time to time an Amendment or Amendments to this Lease Agreement in substantially the form contained as Exhibit "E" hereto or such other form as may be reasonably satisfactory to the Issuer and the Lessee, and the additional property added thereby shall become a part of the Project and leased by the Issuer to the Lessee pursuant to this Lease and the property deleted thereby shall no longer constitute part of the Project leased to the Issuer by the Lessee hereunder.

Section 3.6 Agreement of the Issuer to Subordinate to any Leasehold Security Deed. At Lessee's request and with the prior written consent of the owners of a majority in principal amount of Bonds Outstanding, the Issuer shall subordinate its fee simple interest in the Project to any Leasehold Mortgagee. In furtherance of such obligation, the Issuer shall execute any deed to secure debt, assignment of leases or other document reasonably requested by Lessee and with the prior written consent of the owners of a majority in principal amount of Bonds Outstanding at any time there is no Superior Security Document encumbering the Project.

Section 3.7 Acknowledgment of Subordination. Notwithstanding anything contained herein, this Lease is subject and subordinate in all respects to any Superior Security Document, to all other liens granted by the Lessee to the holder of a Superior Security Document with respect to or in connection with the indebtedness secured by the Superior Security Document, and to all modifications, extensions, refinancings (where such liens continue) or renewals of such lien.

ARTICLE IV

ACQUISITION, CONSTRUCTION AND INSTALLATION OF THE PROJECT; ISSUANCE OF THE SERIES 2015 BONDS; ADDITIONAL BONDS

Section 4.1 **Acquisition of the Project.** Not later than the delivery of this Lease, the Issuer will have acquired the title in and to the Leased Land. The Project shall be the property of the Issuer, and subject to the terms of this Lease, Issuer agrees that it will cause the acquisition, construction and installation of the Improvements to be made in accordance with the Project Summary, as may be amended from time to time by the Lessee. The Project shall consist of the Leased Land and the Improvements, and such other buildings, structures and related real property and such other items of machinery, equipment and related personal property as in the Lessee's judgment may be necessary or desirable for the operation of the Project and as shall from time to time prior to the Completion Date be specified in written orders from the Lessee to the Issuer, all of which acquisitions, construction and installations shall be made in accordance with directions given by the Lessee. Any changes to the Project Summary shall be made at the sole discretion of the Lessee and shall also be filed with the City Clerk of the Issuer and the Authorized Lessee Representative. Upon the request of the Lessee, the Issuer shall deliver to the Lessee and the Trustee an Amendment to Lease Agreement in substantially the form of "Exhibit E" hereto and other appropriate documents necessary to convey to the Issuer title to any buildings, structures and related real property and any items of machinery, equipment and related personal property comprising the Project and acquired and installed with the proceeds of the Bonds.

The Issuer, to the maximum extent permitted by law, hereby makes, constitutes and appoints the Lessee as its true, lawful and exclusive agent for the acquisition, construction and installation of the Project, and the Lessee hereby accepts such agency to act and do all things on behalf of the Issuer, to perform all acts of the Issuer hereinbefore provided in this Section 4.1, and to bring any actions or proceedings against any person which the Issuer might bring with respect thereto as the Lessee shall deem proper. The Issuer hereby ratifies and confirms all actions of, and assumes and adopts all contracts entered into by, the Lessee with respect to the Project prior to the date hereof. This appointment of the Lessee to act as agent and all authority conferred or granted is conferred and granted irrevocably until all activities in connection with the acquisition, construction and installation of the Project shall have been completed, and shall not be terminated prior thereto by act of the Issuer or the Lessee.

The Issuer agrees that only such changes will be made in the Project Summary as may be specified by an Authorized Lessee Representative.

The Lessee agrees to complete the acquisition, construction and installation of the Project in accordance with the Project Summary as promptly as practicable after the date of the execution and delivery of this Lease, delays incident to strikes, riots, acts of God or the public enemy beyond the reasonable control of the Lessee only excepted, but if said acquisition is not completed within the time herein contemplated there shall be no resulting diminution in or postponement of the rents required in Section 5.3 hereof to be paid by the Lessee.

The Issuer makes no warranty or representation, either express or implied, as to the suitability or fitness for a particular purpose of the Project or any portion thereof.

Section 4.2 **Agreement to Issue Bonds; Application of Bond Proceeds.** In order to provide funds for payment, directly or indirectly, of the cost of the acquisition, construction and installation of the Project provided for in Section 4.1 hereof, the Issuer agrees that as soon as possible it will authorize, sell and cause to be delivered to the initial purchaser or purchasers thereof, the Bonds, bearing interest and maturing as set forth in Article III of the Indenture, at a price to be approved by the Lessee. Upon receipt of any cash proceeds derived from the sale of the Bonds, the Issuer will deposit said proceeds received upon said sale in the Project Fund.

Section 4.3 **Disbursements from the Project Fund.** The Issuer will, in the Indenture, authorize and direct the Trustee to use the moneys in the Project Fund for the following purposes:

(a) Payment of the initial or acceptance fee of the Trustee and customary and reasonable fees, costs and expenses of the Trustee and its counsel; the fees and expenses for recording or filing the Limited Warranty Deed whereby fee simple title in and to the Leased Land and the Improvements has been or is to be conveyed to the Issuer; the fees and expenses for recording or filing this Lease (or a related memorandum or short form lease) and any other documents by which this Lease is assigned as security for the Bonds; the fees and expenses for recording or filing any documents that the Lessee may deem desirable to file for record in order to protect the title of the Issuer to the Project, or any part thereof; and the fees and expenses in connection with any actions or proceedings that the Lessee may deem desirable to bring in order to perfect or protect the title of the Issuer to the Project;

(b) Payment to the Lessee and the Issuer, as the case may be, of such amounts, if any, as shall be necessary to reimburse the Lessee and the Issuer in full for all advances and payments made by them or either of them prior to or after the delivery of the Bonds for expenditures in connection with the acquisition by the Issuer or the Lessee of title to the Leased Land (including the cost of the Leased Land and of any options to purchase the Leased Land and rights-of-way for the purpose of providing access to and from the Leased Land), the acquisition, construction and installation of the Project, any acquisition, construction or installation reasonably needed necessary to provide utility services or other facilities including trackage to connect the Project with public transportation facilities, and the acquisition of all real or personal properties deemed necessary in connection with the Project, and any architectural, engineering and supervisory services with respect to any of the foregoing;

(c) Payment of, or reimbursement of the Issuer or the Lessee for the fee of the Issuer, the customary and reasonable legal and accounting fees and expenses, financial consultants' fees, rating agencies' fees, financing charges (including underwriting or placement fees) and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Bonds, the preparation of this Lease or any amendment hereto, the Indenture, the Financing Statements and all other documents in

connection therewith and in connection with the acquisition of title to the Project and any financing obtained from the Lessee's lenders;

(d) Payment for labor, services, materials and supplies used or furnished in site improvement and in the acquisition, construction and installation of the Project, all as provided in the plans and specifications therefor; payment for the cost of the acquisition, construction and installation of utility services or other facilities including trackage to connect the Project with public transportation facilities, and payment for the cost of all real and personal property deemed necessary in connection with the Project; and payment for the miscellaneous expenses incidental to any of the foregoing;

(e) (d) Payment of the fees, if any, for architectural, engineering and supervisory services with respect to the Project;

(f) To such extent as they shall not be paid by a contractor for acquisition, construction or installation with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained during the Construction Period under this Lease, or reimbursement thereof if paid by the Lessee under Section 6.4 hereof;

(g) Payment of expenses incurred with approval of the Lessee in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project; and

(h) Any other Cost of the Project.

All moneys remaining in the Project Fund (including moneys earned on investments made pursuant to the provisions of Section 4.6 hereof) after the payment in full of the costs of the acquisition, construction and installation of the Project, and after payment of all other items provided for in the preceding subsections of this Section then due and payable shall, at the written direction of the Authorized Lessee Representative, be (i) used for the purchase of Bonds for the purpose of cancellation, or (ii) paid into the Bond Fund, or (iii) a combination of (i) and (ii) as is provided in such direction, provided that amounts approved by the Lessee and the Authorized Issuer Representative shall be retained by the Trustee in the Project Fund for payment of Project costs not then due and payable. Any balance remaining of such retained funds after full payment of all such Project costs shall be used by the Trustee as directed by the Lessee in the manner specified in clauses (i), (ii) and (iii) of this subsection.

Anything contained in this Section 4.3 to the contrary notwithstanding, if the Bond Purchaser is also the Lessee, in lieu of making a deposit into the Project Fund, the Bond Purchaser may make an internal book entry notation to denote that funds have been advanced by the Bond Purchaser on behalf of the Issuer to the Lessee as payment or reimbursement of Project costs.

The payments specified in subsections (a) through (h) of this Section shall be made by the Trustee only upon receipt of a written requisition or facsimile thereof for such payment signed by the Lessee by an Authorized Lessee Representative in substantially the form contained as "Exhibit F" hereto.

In making any such payment from the Project Fund the Trustee may conclusively rely on any such requisitions and certificates delivered to it pursuant to this Section and the Trustee shall be relieved of all liability with respect to making such payments in accordance with such requisitions and such certificates without inspection of the Project or any other investigation.

Section 4.4 **Obligation of the Parties to Cooperate in Furnishing Documents to Trustee.** The Issuer and the Lessee agree to cooperate with each other in promptly furnishing to the Trustee the documents referred to in Section 4.3 hereof that are required to effect payments out of the Project Fund, and to cause such requisitions and certificates to be directed by the Authorized Lessee Representative to the Trustee as may be necessary to effect payment out of the Project Fund in accordance with Section 4.3 hereof. Such obligation of the Issuer and the Lessee is subject to any provisions of this Lease or the Indenture requiring additional documentation with respect to payments and shall not extend beyond the moneys in the Project Fund available for payment under the terms of the Indenture.

Section 4.5 **Establishment of Completion Date.** The Completion Date shall be evidenced to the Issuer by a certificate signed on behalf of the Lessee by an Authorized Lessee Representative stating that, except for amounts retained by the Trustee for Project costs not then due and payable as provided in Section 4.3(h) hereof, the acquisition, construction and installation of the Project has been substantially completed and all labor, services, materials and supplies used in such acquisition, construction and installation have been paid for, and the Project has been acquired, constructed and installed to the Lessee's satisfaction and all costs and expenses incurred in connection therewith have been paid, and all permissions required of governmental authorities for the use of the Project have been obtained, except governmental permissions as may be required under law to be obtained from time to time in connection with the operation of the Project and such governmental permissions, the lack of which will not materially adversely affect the operation of the Project. Notwithstanding the foregoing, such certificate of the Lessee shall state that it is given without prejudice to any rights against third parties which exist on the date of such certificate or which may subsequently come into being. The Issuer and the Lessee agree to cooperate one with the other in the delivery of such certificate.

Section 4.6 **Lessee Required to Pay Project Costs in Event Project Fund Insufficient.** In the event that moneys in the Project Fund available for payment of the costs of the Project should not be sufficient to pay the costs thereof in full, and if Additional Bonds are not issued to pay for the completion of the Project, the Lessee agrees to complete the Project and to pay all that portion of the costs of the Project as may be in excess of the moneys available therefor in the Project Fund. The Issuer does not make any warranty, either express or implied, that the moneys which will be paid into the Project Fund and which, under the provisions of this Lease, will be available for payment of the costs of the Project, will be sufficient to pay all the costs which will be incurred in that connection. The Lessee agrees that if after exhaustion of the moneys in the Project Fund (to include moneys resulting from Additional Bonds, if any), the Lessee should pay any portion of the costs of the Project pursuant to the provisions of this Section, it shall not be entitled to any reimbursement therefor from the Issuer or from the Trustee or from the holders of any of the Bonds nor shall it be entitled to any diminution in or postponement of the rental payments required in Section 5.3 hereof to be paid by the Lessee.

Section 4.7 **Investment of Project Fund Moneys Permitted.** Any moneys held as part of the Project Fund shall be invested or reinvested by the Trustee upon the written or oral request and direction of the Authorized Lessee Representative, promptly confirmed in writing, in Permitted Investments.

Such investments shall mature or shall be subject to sale prior to maturity in such amounts and at such times as may be necessary to provide funds when needed to make payments from the Project Fund. The Trustee may make any and all such investments through its own bond department as provided in the Indenture. Any interest or gain received from such investments of the moneys in the Project Fund shall be credited to and held in the Project Fund and any loss from such investments shall be charged against the Project Fund.

Section 4.8 **Issuance of Additional Bonds.** So long as there shall not have occurred and be continuing an Event of Default hereunder or an event of default under the Indenture and with the prior written consent of the holder of any Superior Security Document, in its sole discretion, the Issuer shall, from time to time at the written application of the Lessee, use its best efforts to issue Additional Bonds in aggregate principal amounts as requested by the Lessee under the terms and conditions provided herein and in the Indenture, but in no event shall the Issuer be liable for not issuing Additional Bonds. Additional Bonds may be issued to pay the cost of (a) completing the acquisition, construction or installation of the Project, (b) providing for the enlargement, improvement, expansion or replacement of the Project, (c) refunding all of the Bonds of any one or more series then outstanding or (d) any combination of the foregoing; provided, in any case, that either prior to or contemporaneously with the issuance of Additional Bonds (i) the terms, conditions, manner of issuance, purchase price, delivery and contemplated disposition of the proceeds of the sale of such Additional Bonds shall have been approved in writing by the Lessee, executed by an officer of the managing member of the Lessee, and (ii) the conditions specified in the Indenture with respect to the issuance of such Additional Bonds shall have been satisfied.

Section 4.9 **Lessee to Pursue Remedies Against Suppliers, Contractors and Subcontractors and Their Sureties**.

In the event of any default of any supplier, contractor or subcontractor under any contract made by it in connection with the Project or in the event of breach of warranty with respect to any material, workmanship or performance guaranty, the Lessee, as agent of the Issuer will promptly proceed (only at the direction and sole cost of the Lessee), either separately or in conjunction with others, to exhaust the remedies of the Issuer against any defaulting supplier, contractor or subcontractor and against any surety therefore, for the performance of any contract made in connection with the Project. The Lessee agrees to advise the Issuer of the steps it intends to take in connection with any such default, and will not consent to any settlement agreement without the prior written consent of the Lessee. If the Lessee shall so notify the Issuer, the Lessee may, in its own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving any such supplier, contractor, subcontractor or surety which the Lessee deems reasonably necessary, at the sole cost and expense of the Lessee and in such event the Issuer hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the Issuer in any such action or proceeding. Any amounts recovered by way of damages, refunds,

adjustments or otherwise in connection with the foregoing prior to the Completion Date shall be paid into the Project Fund and used in accordance with the provisions of Section 4.3 hereof, and subsequent to the Completion Date shall be paid to the Lessee.

ARTICLE V

EFFECTIVE DATE OF THIS LEASE; DURATION OF LEASE TERM; RENTAL PROVISIONS

Section 5.1 **Effective Date of this Lease; Duration of Lease Term.** This Lease, the leasehold estate created thereby and the Lessee's obligations to pay rent shall become effective upon its execution and delivery, and, subject to the other provisions of this Lease (including particularly Articles X, XI, and XII hereof), shall expire at midnight, _____, 20___, or if at said time and on said date Payment in Full of the Bonds shall not have been made, then on such date as such payment shall have been made.

Section 5.2 **Delivery and Acceptance of Possession.** The Issuer shall retain possession of the Project during construction of the Improvements. The Issuer agrees to deliver to the Lessee sole and exclusive possession of the Project (subject to the right of the Issuer and the Trustee to enter thereon for inspection and other purposes as set forth in Section 8.2 hereof) on the date of the issuance of the Final Certificate of Completion and the Lessee agrees to accept possession of the Project at such time; provided, however, that the Lessee shall granted access to the Project prior to the Completion Date for the sole purpose of constructing and installing the Project, and the Lessee may install and maintain its own equipment during the Construction Period.

Section 5.3 **Rents and Other Amounts Payable.** Subject to Section 208 of the Indenture, on or before June 1 and December 1 in each year, commencing June 1, 2015, until Payment in Full of the Bonds, the Lessee shall pay or cause to be paid to the Trustee for the account of the Issuer as rentals for the Project a sum equal to the amount payable on such date as principal of and interest on the Bonds, as provided in the Indenture. Each Rental Payment under this Section 5.3 shall be sufficient to pay the total amount of principal and interest payable on such semiannual interest payment date, and if at any semiannual interest payment date the balance in the Bond Fund is insufficient to make required payments of principal and interest on such date, the Lessee shall forthwith pay any such deficiency.

If the Lessee elects to terminate this Lease or elects to purchase the Project, and if the Bond has not theretofore been retired, the Lessee shall make a final payment of Rental Payments in an amount sufficient to retire the Bond and shall cause the Bond to be retired on the date the Term expires or the date this Lease is terminated or the date the purchase of the Project is closed, as applicable, provided that if the Lessee or an Affiliate of the Lessee is also the Holder of the Bond, then in lieu of such payment, such Bond shall be marked "canceled and paid" and shall be promptly surrendered by the Holder to the Registrar.

Anything herein to the contrary notwithstanding, any amount at any time held by the Trustee in the Bond Fund shall be credited against the next succeeding rental payment and such

credit shall reduce the payment to be then made by the Lessee; and further, if the amount held by the Trustee in the Bond Fund should be sufficient to pay at the times required the principal of and interest on all Bonds then remaining unpaid, the Lessee shall not be obligated to make any further rental payments under the provisions of this Section.

The Lessee agrees to pay to the Trustee until Payment in Full of the Bonds (i) at least once a year an amount equal to the annual fee of the Trustee for the Ordinary Services of the Trustee rendered and its Ordinary Expenses incurred under the Indenture, (ii) the reasonable fees, costs and expenses of Trustee's counsel as provided in the Indenture, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for Extraordinary Services rendered by it and Extraordinary Expenses incurred by it under the Indenture, as and when the same become due; provided, that the Lessee may, without creating an Event of Default hereunder, withhold such payment to contest in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any such fees, charges or expenses.

If the Lessee should fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Lessee until the same shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the extent legally enforceable, at the Default Rate per annum until paid. The provisions of this Section 5.3 shall be subject to the provisions of Section 9.5 hereof.

Section 5.4 Place of Rental Payments. The rents provided for in the first paragraph of Section 5.3 hereof and the interest on delinquent rents shall be paid directly to the Trustee for the account of the Issuer and will be deposited in the Bond Fund, unless a home office payment agreement is in effect pursuant to the provisions of Section 208 of the Indenture. The other payments provided for in Section 5.3 hereof shall be paid directly to the Trustee for its own use or for disbursement to any other paying agent on the Bonds, as the case may be.

Section 5.5 Obligations of Lessee Hereunder Absolute and Unconditional. Subject to the provisions of Section 9.5 hereof, the obligations of the Lessee to make the payments required in Section 5.3 hereof and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional with no right of set-off. Until such time as Payment in Full of the Bonds shall have been made, the Lessee (i) will not suspend or discontinue any payments provided for in Section 5.3 hereof except to the extent the payments have been prepaid, (ii) will perform and observe all of its other agreements contained in this Lease Agreement, and (iii) except as provided in Sections 11.1 and 11.2 hereof, will not terminate the Lease Term for any cause, including, without limiting the generality of the foregoing, failure of the Issuer's title in and to the Project or any part thereof, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Arkansas or any political subdivision of either thereof or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Lease or the Indenture. Nothing contained in this Section 5.5 shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained; and if the Issuer should fail to perform any such agreement, the Lessee may institute such action against

the Issuer as the Lessee may deem necessary to compel performance or recover its damages for nonperformance so long as such action shall not conflict with the agreements on the part of the Lessee contained in the preceding sentence. The Lessee may, however, at its own cost and expense and in its own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary or desirable in order to insure the acquisition, construction and installation and completion of the Project or to secure or protect its right of possession, occupancy and use of the Project hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Lessee and to take all lawful action which is required to effect the substitution of the Lessee for the Issuer in any such action or proceeding if the Lessee shall so request.

Section 5.6 **Lessee's Performance under Indenture.** The Lessee agrees, for the benefit of the owners from time to time of the Bonds, to do and perform all acts and things contemplated in the Indenture to be done or performed by it.

Section 5.7 **Exculpation.** Notwithstanding any other provision of this Lease Agreement, by acceptance hereof the Issuer agrees, for so long as any Superior Security Document remains outstanding and unpaid, that payment of the rents and other amounts payable under Section 5.3 but not including payments pursuant to Sections 6.7, 6.9 and 10.4, shall be without recourse to the Lessee or its members personally, and the Issuer shall not be entitled either to seek or procure payment of such amounts out of any source other than the Lessee's interest in this Lease Agreement or to procure judgment of any kind against either the Lessee, any member of the Lessee, or any property of the Lessee or any member of the Lessee, except for the Lessee's interest in this Lease Agreement, including, without limitation, for any deficiency remaining after the transfer or other disposition of the Lessee's interest in this Lease Agreement; provided, however, that nothing in this paragraph shall be deemed to preclude the Issuer from exercising its rights under this Lease Agreement or from obtaining a judgment for purposes of enforcing its rights under this Lease Agreement, or to preclude the Trustee from exercising its rights under the Indenture or from obtaining a judgment for purposes of enforcing its rights under the Indenture. This provision is intended to ensure that the obligations of the Lessee under this Lease Agreement remain junior and subordinate in priority to the obligations of the Lessee under any Superior Security Document and shall be so construed.

Section 5.8 **Holdover.** In the event the Lessee remains in possession of the Project after the expiration of the Lease Term including any extensions thereof without the Issuer's written consent, the Lessee shall be a tenant at sufferance and may be evicted by Issuer without any notice. The Lessee shall be obligated to pay rent for each month that it holds over without written consent at a monthly rental of $1.00. All of the Lessee's obligations under this Lease Agreement shall apply during such holdover period and Lessee shall also be liable any Additional Rent as herein provided and for any and all other damages Issuer suffers as a result of such holdover including, without limitation, the loss of a prospective tenant for such space and cost of evicting the Lessee, including reasonable and actual attorneys' fees. There shall be no renewal of this Lease Agreement by operation of law or otherwise. Nothing in this Section shall be construed as a consent by the Issuer for any holding over by the Lessee after the expiration of the Lease Term hereof, or any renewal term.

ARTICLE VI

MAINTENANCE AND MODIFICATIONS, TAXES AND INSURANCE

Section 6.1 **Maintenance and Modifications of Project by Lessee**.

(a) The Lessee will cause the Project to be maintained, preserved and kept in good repair, working order and condition and will from time to time cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Lessee will have no obligation to cause to be maintained, preserved, repaired, replaced or renewed any element or unit of the Project, the maintenance, repair, replacement or renewal of which, in the opinion of the Lessee, becomes uneconomical to the Lessee because of damage or destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The Lessee agrees that the Issuer shall have no obligation to maintain the Project or any portion thereof.

The Lessee covenants that as long as the Lessee or any of its subsidiaries or affiliates operates the Project, it or such subsidiary or affiliate will cause the Project to be maintained and operated as a "project" under the Act.

(b) The Lessee may from time to time, in its sole discretion, at its own expense and not from the proceeds of the Bonds, make any additions, modifications or improvements to the Project, including installation of machinery, equipment and related property in the Improvements or on the Leased Land, which it may deem desirable for its business purposes. All machinery, equipment and related property so installed by the Lessee shall remain the sole property of the Lessee in which neither the Issuer nor the Trustee shall have any interest. All such machinery, equipment and other related property may be modified or removed at any time.

(c) The Lessee shall not permit any mechanics' liens, materialmen's liens or other liens to be established and remain against the Project for labor or materials furnished or services rendered in connection with any additions, modifications, improvements, repairs, renewals or replacements so made by it; provided, that if the Lessee shall first notify the Trustee of its intention so to do, the Lessee may in good faith contest any mechanics' liens, materialmen's liens or other liens filed or established against the Project, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Issuer or the Trustee shall notify the Lessee that, in the opinion of Independent Counsel, by nonpayment of any such items, the Project or any material part thereof or the revenues from the Project will be subject to the reasonably foreseeable prospect of loss or forfeiture, in which event the Lessee shall promptly pay and cause to be satisfied and discharged all such unpaid items. The Issuer will cooperate fully with the Lessee in any such contest.

Section 6.2 **Removal of Leased Equipment.** The Issuer shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable, inappropriate, costly or unnecessary Leased Equipment. In any instance where the Lessee in its

sole discretion determines that any such items have become inadequate, obsolete, worn out, unsuitable, undesirable, inappropriate, costly or unnecessary for their purposes at such time, the Lessee may remove such items of Leased Equipment and (on behalf of the Issuer) sell, trade in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Issuer or the Trustee therefor. The removal from the Project of any portion of the Leased Equipment pursuant to the provisions of this Section 6.2 shall not entitle the Lessee to any abatement or diminution in amount of the rents payable under Section 5.3 hereof, nor shall such removal accelerate any of the rents payable hereunder or the principal owed on the Bonds. The Lessee shall deliver to the Issuer a bill of sale or other appropriate documents conveying to the Issuer title to any machinery, equipment or related property installed or placed in any Building or upon the Leased Land pursuant to this Section 6.2, and upon the request of the Lessee, the Issuer shall deliver and cause or direct the Trustee to deliver to the Lessee an Amendment to Lease Agreement in substantially the form of Exhibit E hereto and a bill of sale or other appropriate documents conveying to the Lessee title to any property removed from the Project pursuant to this Section 6.2 and releasing the same from the provisions of this Lease.

Section 6.3 **Taxes, Other Governmental Charges and Utility Charges.** The Issuer and the Lessee further acknowledge that under present law no part of the Project owned by the Issuer will be subject to ad valorem taxation by the State of Arkansas or by any political or taxing subdivision thereof, and that under present law the income and profits (if any) of the Issuer from the Project are not subject to either federal or Arkansas taxation and these factors have induced the Lessee to enter into this Lease. However, subject to the Agreement for Payments In Lieu of Taxes entered into between the Issuer of the Lessee (attached hereto as "Exhibit G"), the Lessee shall pay, as the same become lawfully due and payable, (i) certain payments in lieu of taxes, (ii) all taxes and governmental charges of any kind whatsoever upon or with respect to any machinery, equipment or related property not a part of the Project but installed or brought by the Lessee therein or thereon (including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the income or profits of the Issuer from the Project which, if not paid, will become a charge on the rents, revenues and receipts from the Project prior to or on a parity with the pledge or assignment thereof created and made in the Indenture), (iii) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project and **[**(iv) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Project; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Lease Term**]**.

It is the understanding and intent of the parties that the Issuer's acquisition of title to the Project, including but not limited to the leased equipment comprising a portion of the Project, shall be solely for the purpose of leasing the same to the Lessee pursuant to the terms hereof. Without limiting the generality of the preceding paragraph concerning payment by the Lessee of all taxes and governmental charges of any kind whatsoever upon or with respect to the Project, it is specifically agreed that the Lessee shall pay, as the same become lawfully due and payable, either in its own name and behalf or in the name and behalf of the Issuer as appropriate, any sales or use taxes due upon payments of rent pursuant to Section 5.3 hereof attributable to leased equipment.

The Lessee may, at its own expense and in its own name and behalf or in the name and behalf of the Issuer, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments and other charges so contested to remain unpaid during the period of such contest and any appeal therefrom. The Issuer shall cooperate fully with the Lessee in any such contest.

Section 6.4 Insurance Required.

(a) The Lessee acknowledges and agrees that the Issuer shall have no obligation to insure the Project or any part thereof, and no responsibility for any damage or destruction thereof. Throughout the Lease Term, the Lessee shall cause the Project to be insured against such property and personal injury risks as is consistent with its insurance practices in effect from time to time, including self insurance, and Lessee shall procure and maintain at its expense a commercial general liability policy covering claims for bodily injury, death or property damage occurring upon, in or about the Property in an amount not less than **[**$1,000,000**]** per occurrence and **[**$3,000,000**]** in the aggregate with no deductible or self insurance retention, and an umbrella liability policy in the amount of **[**$25,000,000**]**. In lieu of separate insurance policies, such insurance may be in the form of a blanket insurance policy or policies of the Lessee. Insurance policies may be written with reasonable deductible amounts and with exceptions and exclusions as the Lessee deems necessary in the normal course of its business. The Issuer and the Trustee shall be named as additional insureds under any general liability insurance policy or policies, as their respective interests may appear, and certificates of insurance reflecting the Issuer and the Trustee as additional insureds under such policy or policies shall be delivered to the Issuer and the Trustee in connection with the execution of this Lease and annually thereafter upon written request to Lessee. The Trustee shall have no duty to review or analyze such insurance policies and shall hold such insurance policies solely as a repository for the benefit of the bondholders; the Trustee shall not be deemed to have notice of any information contained therein or Event of Default which may be disclosed therein in any manner. The Issuer and the Trustee shall be provided thirty days' written notice of cancellation of any such insurance policies.

(b) Issuer shall have the right, but not the obligation, to obtain a separate liability policy or policies covering the Project with the Issuer as the named insured thereunder. In the event the Issuer shall elect at any time during the term of this Lease to obtain a separate liability insurance policy or policies covering the Project with the Issuer as the named insured thereunder, the insurance premium for such policy or policies shall be allocated among the projects covered under such policy or policies, and Lessee agrees to pay its pro rata share of the premium for such liability insurance not to exceed **[**$7,500.00**]** in any year (and such maximum annual amount shall be prorated in the case of any partial year of such coverage or any partial year during the term of this Lease). Lessee shall pay its pro rata share of such premium for any year within thirty (30) days after receipt by Lessee of a statement therefor together with back-up information regarding the amount of such premium and the calculation of Lessee's pro rata share thereof. Lessee shall be an additional insured under any such liability insurance policy or policies obtained by the Issuer, and annually upon written request to the Issuer, the Issuer shall provide Lessee with a certificate of insurance reflecting Lessee as an additional

insured under such policy or policies. The Issuer's own liability insurance shall provide for the waiver of the insurers' rights of subrogation against Lessee where such waivers are possible.

Section 6.5 **Application of Net Proceeds of Insurance.** Unless otherwise provided by any Superior Security Document or a Leasehold Security Deed that has been executed pursuant to the provisions of Section 9.7 hereof, the Net Proceeds of any casualty insurance carried pursuant to the provisions of Section 6.4(a) hereof shall be paid to the Lessee and applied to the repair or replacement of the portion of the Project that was damaged or destroyed by the casualty, the redemption of the Bonds, or for such other use as the Lessee shall determine; provided, however, that no damage to, or destruction of, the Project shall affect the Lessee's obligation to pay rent hereunder, or entitle the Lessee to reduce or otherwise diminish its rental payments.

Section 6.6 **Additional Provisions Respecting Insurance.** Unless otherwise provided by any Superior Security Document or a Leasehold Security Deed that has been executed pursuant to the provisions of Section 9.7 hereof, all claims made under any insurance policies carried by Lessee pursuant to the requirements of Section 6.4(a) hereof, regardless of amount, may be adjusted by the Lessee with the insurers.

Section 6.7 **Other Issuer Expenses.** Anything to the contrary herein notwithstanding, the Lessee shall pay any expenses not specifically mentioned herein which are reasonably incurred by the Issuer and its counsel in connection with the Project, this Lease, the Indenture or the Bonds, and which are not paid from the Project Fund pursuant to Section 4.3 hereof.

Section 6.8 **Advances by Issuer or Trustee.** If the Lessee fails to maintain the full insurance coverage required by this Lease or fails to keep the Project in as reasonably safe condition as its operating conditions will permit, or fails to keep the Project in good repair and good operating condition, the Issuer or the Trustee may (if satisfactorily indemnified) but shall be under no obligation to, take out the required policies of insurance and pay the premiums on the same or make the required repairs, renewals and replacements if the Lessee shall fail to do so within thirty (30) days after written notice of failure to do so has been delivered to Lessee by the Trustee or the Issuer; and all amounts so advanced therefor by the Issuer or the Trustee will become an additional obligation of the Lessee to the one making the advancement, which amounts, together with interest thereon at the Default Rate from the date thereof, the Lessee agrees to pay; provided, however, if the failure stated in the notice cannot be corrected in the applicable time period, the Lessee shall be afforded such additional time as shall be reasonably necessary to correct such failure, provided corrective action is instituted by the Lessee within the applicable time period and diligently pursued until such failure is corrected.

Section 6.9 **Indemnification of Issuer and the Trustee.** The Lessee shall, indemnify and save the Issuer and the Trustee and the officers, members, directors, agents, employees and attorneys of each harmless against and from all claims by or on behalf of any person, firm, corporation or governmental entity arising from the conduct or management of, or from any work or thing done on, the Project during the Lease Term, and against and from all claims arising during the Lease Term from (a) any condition of the Project, (b) any breach or Event of Default on the part of the Lessee in the performance of any of its obligations under this Lease,

(c) any contract entered into in compliance with the provisions of Section 4.1 hereof in connection with the acquisition of the Project, (d) any act of negligence of the Lessee or of any of its agents, contractors, servants, employees or licensees, (e) any act of negligence of any assignee or sublessee of the Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of the Lessee, and (f) in the case of the Issuer and the Trustee and the respective officers, members, directors and agents of each, against and from any loss, liability, expense or claim arising under or in connection with the acceptance or administration of the Trust Estate or the performance by the Trustee of its duties and obligations under the Indenture.

The Lessee shall indemnify and save the Issuer and the Trustee and the officers, members, directors, agents, employees and attorneys of each harmless from and against all costs and expenses incurred in or in connection with any action or proceeding brought on such claims. Nothing contained herein shall require the Lessee to indemnify the Issuer and the Trustee and the officers, directors, agents, employees and attorneys of each for any claim or liability resulting from the Issuer's or the Trustee's own willful misconduct or gross negligence. The Issuer or the Trustee shall reimburse the Lessee for payments made by the Lessee pursuant to this Section 6.9 to the extent of any proceeds, net of all expenses of collection, actually received by either such party from any insurance covering such claims with respect to the losses sustained. The Issuer or the Trustee, as applicable, shall promptly claim any such insurance proceeds and shall assign its rights to such proceeds, to the extent of such required reimbursement, to the Lessee.

In case any action shall be brought against the Issuer or the Trustee in respect of which indemnity may be sought against the Lessee pursuant to this Section 6.9, the Issuer or the Trustee, as applicable, shall promptly notify the Lessee in writing and the Lessee shall have the right to assume the investigation and defense thereof including the employment of counsel and the payment of all expenses. Failure to give any such notice shall not affect the right of the Issuer or Trustee, as applicable, to receive the indemnification provided herein; unless such failure resulted from the gross negligence or willful misconduct of the Issuer or the Trustee, such failure could not be remedied and the result of such failure is that the interests of the Lessee were materially and adversely affected as a direct result of such failure. The Issuer or the Trustee, as applicable shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by the Issuer or the Trustee unless (i) the employment of such counsel has been authorized by the Lessee in writing or, (ii) the Lessee shall have failed promptly after receiving notice of such action from the Issuer or the Trustee, as applicable, to assume the defense of such action and employ counsel reasonably satisfactory to the Issuer or the Trustee, as applicable, or (iii) the named parties to any such action (including any impleaded parties) include both the Issuer or the Trustee, as applicable, and the Lessee or an affiliate of the Lessee, and the Issuer or the Trustee, as applicable, shall have been advised by counsel that there may be one or more legal defenses available to such party which are different from or in addition to those available to the Lessee or affiliate of the Lessee or (iv) the Issuer or the Trustee, as applicable, shall have been advised by counsel in writing that there is a conflict on any material legal issue between the Issuer or the Trustee, as applicable, and the Lessee (in which case, if the Issuer or the Trustee, as applicable, notifies the Lessee in writing that it elects to employ separate counsel at the expense of the Lessee, the Lessee shall not have the right to assume the defense of such action or proceeding on behalf of the Issuer or the Trustee, as applicable). The Lessee shall not be liable for any

settlement of any such action without its written consent but, if any such action is settled with the written consent of the Lessee or if there be a final unappealable judgment for the plaintiff in any such action, the Lessee agrees to indemnify and hold harmless the Issuer and the Trustee and the officers, directors, agents, employees and attorneys of each from and against any loss by reason of such settlement or judgment. Nothing herein shall be construed as requiring the Issuer or the Trustee to acquire or maintain insurance of any form or nature with respect to the Project or any portion thereof or with respect to any phrase, term, provision, condition or obligation of this Lease or any other matter in connection herewith.

The obligations of the Lessee under this Section 6.9 shall survive the termination of this Lease and the satisfaction and discharge of the Indenture or the sooner resignation or removal of the Trustee thereunder and shall continue in full force and effect, binding the Lessee to the provisions of this Section 6.9 without regard to the manner of termination of this Lease.

The obligations of the Lessee to compensate the Trustee for services or to pay or reimburse the Trustee for expenses, disbursements, liabilities and advances shall constitute additional indebtedness secured under the Indenture. Upon default of the payment of such additional indebtedness, the Trustee shall have a lien therefor on any moneys held by the Trustee under the Indenture prior to any rights in such moneys of the Owners of the Bonds except funds held in trust by the Trustee for the benefit of the Owners of particular Bonds for amounts then due and payable on such particular Bonds.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1 **Damage and Destruction.** Unless otherwise provided in any Superior Security Document, or unless the Lessee shall have exercised its options to prepay the Bonds in whole, terminate the Lease Term and purchase the Project, if prior to Payment in Full of the Bonds the Project is damaged or destroyed by fire or other casualty, the Lessee shall be obligated to continue to make the Rental Payments specified in Section 5.3 hereof and subject to Section 6.1 hereof and at the written direction of 100% of the holders of the Bonds outstanding, shall promptly replace, repair, rebuild or restore the property damaged to substantially the same condition as existed prior to the event causing such damage, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair operating unity of the Project or change its character to such an extent that its ownership by the Issuer would not be permitted under the Act. Issuer hereby acknowledges and agrees that Issuer shall have no right to settle any claim with regard to any damage or destruction of the Project without Lessee's written approval, which approval may be granted or withheld in Lessee's sole and absolute discretion. If the Lessee elects not to replace, repair, rebuild and restore, then the Lessee shall be required to exercise its right to purchase the Premises pursuant to Section 11.2 below.

Section 7.2 **Condemnation.** Unless otherwise provided in any Superior Security Document, or unless the Lessee shall have exercised its options to prepay the Bonds in whole, terminate the Lease Term and purchase the Project, if the title in and to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Lessee shall be obligated to continue to make the rental payments specified in Section 5.3 hereof, and, to the extent the Lessee deems it necessary, shall cause the restoration of the Project to substantially the same condition as it existed prior to the exercise of the said power of eminent domain, or shall acquire and install other machinery, equipment or related property suitable for the Lessee's operations at the Project, title to which machinery, equipment or related property will be conveyed to the Issuer by bill of sale, subject to a first priority security interest in favor of the holder of a Superior Security Document if any Superior Security Document is outstanding, and which will be deemed a part of the Project and available for use and occupancy by the Lessee without the payment of any rent other than the payments specified in Section 5.3 hereof.

Section 7.3 **Proceeds of Insurance and Condemnation Awards.** All Net Proceeds of casualty insurance resulting from claims for such losses and all Net Proceeds of any condemnation award shall be paid to the Lessee, unless otherwise required by any Superior Security Document.

ARTICLE VIII

SPECIAL COVENANTS

Section 8.1 **No Warranty of Condition or Suitability by the Issuer.** THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE PROJECT OR THAT IT WILL BE SUITABLE FOR THE LESSEE'S PURPOSES OR NEEDS. The Lessee releases the Issuer from, agrees that the Issuer shall not be liable for and agrees, to the extent permitted by applicable law, to hold the Issuer harmless against, any loss that may be occasioned by the condition of the Project or its suitability for the Lessee's purposes or needs.

Section 8.2 **Inspection of Project; Right of Access to the Project by the Issuer.** The Lessee agrees that upon at least 48 hours' written notice to the Lessee and any subtenant, the Issuer, the Trustee or any of their duly authorized agents who are acceptable to the Lessee, shall have the right at all reasonable times during business hours, to enter upon, examine and inspect the Project, provided that such inspection shall not result in any interference or prejudice to the Lessee's operations and subject to any reasonable restriction imposed by the Lessee or such subtenant for the protection of its patents, trademarks, trade secrets and other confidential proprietary information. If an Event of Default has not occurred, such inspection shall only be made in the presence of an official of the Lessee. The Lessee further agrees that the Issuer and its duly authorized agents shall have such reasonable rights of access to the Project as may be reasonably necessary to cause to be completed the acquisition provided for in Section 4.1 hereof.

Section 8.3 **Lessee to Maintain Its Existence; Exceptions Permitted.** The Lessee agrees that as long as the Bonds, or any portion thereof shall remain Outstanding, and unless the provisions of this Section 8.3 are waived by a majority of Bondholders, it shall maintain its existence as a limited liability company, and shall not merge or consolidate with any other entity and shall not transfer or convey all or substantially all of its property, assets and licenses; provided however, that if no Superior Security Document is outstanding, the Lessee may without violating any provisions of this Lease consolidate with or merge into another corporation, as defined in Section 1.1 hereof, or permit one or more corporations to consolidate with or merge into it or may transfer or convey all or substantially all of its assets to another corporation, but only on the condition that the assignee corporation or the corporation resulting from or surviving such merger or consolidation (if other than the Lessee) or corporation to which such transfer is made, is then solvent and shall expressly assume in writing and agree to pay and to perform all of the Lessee's obligations under this Lease. If the Lessee is the surviving corporation in such a merger the express assumption shall not be required.

Section 8.4 **Qualification in Arkansas.** The Lessee warrants (except as may be otherwise permitted pursuant to the provisions of Section 8.3 above) that it is and throughout the Lease Term it will continue to be qualified to do business in the State of Arkansas.

Section 8.5 **Further Assurances and Corrective Instruments.** The Issuer agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and amendments hereto and such further instruments as may reasonably be required for carrying out the intention or facilitating the

performance of this Lease, including, without limitation, the execution, delivery and performance of the Issuer Documents and issuance of the Bonds.

The Lessee may cause this Lease or an amendment to the memorandum of the Lease, in form and substance satisfactory to the Lessee, in the Lessee's reasonable judgment, to be kept, recorded and filed in such manner and in such places as may be required by law to fully evidence, preserve and protect the leasehold estate of the Lessee hereunder, and the Issuer shall be a party to any such document

Section 8.6 Granting and Release of Easements; Amending or Modifying Easements. The Lessee may at any time or times cause to be granted easements, licenses, rights-of-way (temporary or perpetual and including the dedication of public highways), and other rights or privileges in the nature of easements with respect to any property included in the Project and such grant will be free from the lien or Security Interests created by the Indenture or this Lease, or the Lessee may cause to be amended, modified or released existing easements, licenses, rights-of-way and other rights or privileges in the nature of easements, held with respect to any property included in the Project with or without consideration, and the Issuer agrees that it shall execute and deliver and will cause the Trustee to execute and deliver any instrument necessary or appropriate to confirm and grant, amend, modify or release any such easement, license, right-of-way or other right or privilege upon receipt of: (i) a copy of the instrument of grant, amendment, modification or release, (ii) a written application of the Lessee signed by an Authorized Lessee Representative requesting such instrument and stating (1) that such grant, amendment, modification or release is not detrimental to the proper conduct of the business of the Lessee, and (2) that such grant, amendment, modification or release will not impair the effective use or materially interfere with the operation of the Project and will not materially diminish or impair the security intended to be given by or under this Lease or the Indenture, and (iii) during the time any Superior Security Document or any Leasehold Security Deed is outstanding, as and to the extent permitted any Superior Security Document or any Leasehold Security Deed.

Section 8.7 Release of Certain Land. Notwithstanding any other provision of this Lease, the parties hereto reserve the right at any time and from time to time by mutual agreement and as and to the extent permitted by any Superior Security Document or any Leasehold Security Deed, at any time any Superior Security Document or any Leasehold Security Deed is outstanding, to amend this Lease for the purpose of effecting the release of and removal from this Lease (i) of any unimproved part of the Leased Land (on which the Improvements are not located but on which parking, transportation, utility facilities or other support facilities may be located) on which the Issuer proposes to construct improvements for lease under another and different lease agreement or (ii) of any part of the Leased Land with respect to which the Issuer proposes to convey a fee or other title to a railroad or other public body or quasi-public body or to a public utility in order that transportation facilities or services by rail, water, road or other means or utility services for the Project, for the benefit of the Lessee, may be provided, increased or improved; provided, that if at the time any such amendment is made any of the Bonds are Outstanding and unpaid, there shall be deposited with the Trustee the following:

(a) A copy of the amendment in substantially the form attached as "Exhibit E", as executed or such other form as may be mutually satisfactory to the Issuer and Lessee.

(b) A certificate of the Lessee (i) stating that there is no Event of Default under any of the provisions of this Lease, (ii) giving an adequate legal description of that portion of the Leased Land to be released, (iii) stating the purpose for which the Lessee desires the release, (iv) stating that the improvements which will be constructed or the facilities and services which will be provided, increased or improved will be such as will promote the purposes for which the Issuer was created, and (v) requesting such release.

(c) An opinion of Counsel to the Lessee that all necessary action required under its organizational documents has been taken to authorize and approve such amendment.

(d) A certificate of an Authorized Lessee Representative, dated not more than sixty (60) days prior to the date of the release and stating that, in the opinion of the person signing such certificate, the release so proposed to be made will not materially impair the utility of the Project and will not destroy the means of ingress thereto and egress therefrom.

No release effected under the provisions hereof shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

Section 8.8 Reports by Lessee. The Lessee agrees if any of the Bonds are Outstanding and owned and permitted to be owned under the Indenture by an entity which is not the Lessee or a parent, affiliate or subsidiary of the Lessee or a holder of a Superior Security Document or a Leasehold Mortgagee, and if the Lessee is required by law to file the reports described below, to furnish to the Trustee (for inspection by any owner of the Bonds or any portion thereof or an authorized representative of such Bondholder):

(a) Not later than one hundred (100) days after the end of each fiscal year of the Lessee, the Lessee's Annual Report to the Commission on Form 10-K (or any successor form) for the Lessee's most recent fiscal year then ended, excluding any exhibits and excluding any documents incorporated by reference therein, other than (if applicable) the audited financial statements appearing in the Lessee's annual report to stockholders for the Lessee's most recent fiscal year then ended (such Form 10-K or successor form, subject to such exclusion, being hereinafter called the "Form 10-K"), the Form 10-K to contain audited financial statements prepared in accordance with the requirements of such form, or, if the Lessee is not required to file the Form 10-K with the Commission, audited annual financial statements of the Lessee, for the Lessee's most recent fiscal year then ended, which financial statements will be prepared in accordance with generally accepted accounting principles; and

(b) Not later than ninety (90) days after the end of each fiscal quarter of the Lessee, the Lessee's Quarterly Report to the Commission on Form 10-Q (or any successor form) for the Lessee's most recent fiscal quarter then ended, excluding any

exhibits and excluding any documents incorporated by reference therein, such Form 10-Q to contain unaudited financial statements prepared in accordance with the requirements of such form, or, if the Lessee is not required to file the Form 10-Q with the Commission, unaudited financial statements of the Lessee, for the Lessee's most recent fiscal quarter then ended. The Trustee shall have no duty to review or analyze such reports and shall hold such reports solely as a repository for the benefit of the bondholders; the Trustee shall not be deemed to have notice of any information contained therein or Event of Default which may be disclosed therein in any manner.

Section 8.9 **Filing of Certain Continuation Statements.** Pursuant to Section 1214 of the Indenture, upon written request of the owners of a majority in principal amount of the Bonds, from time to time, the Trustee shall, at the Lessee's expense, duly file or cause to be filed any required amendments and continuation statements for the purpose of continuing without lapse the effectiveness of (i) those Financing Statements which shall have been filed at or prior to the issuance of the Bonds in connection with the security for the Bonds pursuant to the authority of the Uniform Commercial Code of Arkansas, and (ii) any previously filed continuation statements which shall have been filed as herein required. The Lessee shall sign (if necessary) and deliver to the Issuer or its designee and the Issuer shall sign and deliver (if necessary) to the Trustee such continuation statements and related amendments as may be requested of it from time to time by the Trustee. Upon the filing of any such continuation statement or amendment, the Trustee shall immediately notify the Lessee and the Issuer that the same has been accomplished.

Section 8.10 **Compliance with Laws.** The Lessee agrees that it will comply with any applicable law, ordinance, rule or regulation of any governmental authority with respect to its use of the Project other than such as the Lessee is contesting in good faith and by appropriate proceedings.

Section 8.11 **Permitted Contests.** The Lessee may, at its expense and in its name and behalf or in the name and behalf of the Issuer, in good faith contest any:

(a) taxes, assessments and other charges referred to in Section 6.3 hereof; or

(b) regulations or other requirements referred to in Section 8.10 hereof.

In the event of such contest, the Lessee may permit said taxes, assessments or other charges so contested to remain unpaid and undischarged during the period of such contest and any appeal therefrom, unless by nonpayment of any such items, the Project or any part thereof is imminently threatened with loss or forfeiture, in which case (unless bonded or superseded in a manner reasonably satisfactory to the Issuer), the Lessee shall promptly pay such items or cause such items to be satisfied and discharged.

No such contest shall subject the Issuer to the risk of any material civil liability (other than the charge being contested) or any criminal liability, and the Lessee shall give such reasonable security to the Issuer as may be demanded by the Issuer to ensure compliance with the foregoing provisions of this Section.

Section 8.12 **Payments In Lieu of Taxes.** The Issuer represents and warrants that under the provisions of existing law, if the Project is owned by the Issuer and leased to the

Lessee, the Project will be exempt from ad valorem taxation. The Issuer and the Lessee have agreed to enter into an Agreement for Payments In Lieu of Taxes, as set forth in "Exhibit G", requiring the Lessee to make certain payments in lieu of taxes, in such amounts and on such terms as set forth therein.

Section 8.13 Special Environmental Indemnification.

(a) The Lessee agrees to and shall indemnify, hold harmless, and defend the Issuer and Trustee, its officers, members, directors, agents, and employees from and against any and all claims, losses, damages, expenses, causes of action, lawsuits, government regulatory enforcement actions, and liability (individually, a "Claim," collectively, "Claims") asserted against the Issuer arising out of alleged or actual "environmental contamination" (hereinafter defined) arising from the condition of the Leased Land or the Lessee's leasing and operation of the Project.

(b) "Environmental contamination" as used herein shall mean damages to persons or property or violations of state or federal environmental laws or regulations arising out of the Lessee's past operations at the Project or the operations of the Lessee at any time at the Project with respect to but not limited to air emissions, water effluent discharges, and waste generation, transportation, storage, disposal, or the handling of hazardous materials.

(c) The Issuer shall notify the Lessee in writing within thirty (30) days after any Claim is made, brought, or asserted, in any event, in writing, against the Issuer, and as to which the Issuer has actual knowledge by receipt of such written notification. The Lessee shall similarly notify the Issuer in writing within thirty (30) days after any Claim is made, brought, or asserted against the Lessee.

(d) The Issuer shall fully cooperate with the Lessee, including but not limited to, assisting the Lessee in the preparation of a defense to Claims when and as the Lessee fulfills its obligations under this Section of the Lease. In the event the Issuer provides notice to the Lessee under subsection (c) above, the Lessee shall handle and control the defense of all Claims and the Lessee's decision on litigation and settlement and all other such aspects shall be final; provided, however, no settlement or decision shall impose upon the Issuer by apportionment or otherwise, any loss, damage or liability as a result thereof.

(e) The Issuer shall use its best efforts to deliver the notice specified in subsection (c) above within a period of thirty (30) days after the Issuer has direct knowledge (by receipt of written notice or otherwise) of a Claim.

(f) The provisions of this Section 8.13 shall survive the termination of this Lease and shall continue in full force and effect, binding the Lessee to the provisions of this Section 8.13 without regard to the manner of termination of this Lease.

Section 8.14 Resolution of Disputes. The Lessee agrees that it will respond to the Issuer within fifteen (15) days after notice from the Issuer of any dispute, lawsuit or lien relating in any way to the Project and will cooperate fully with the Issuer to resolve such dispute. If any

lien placed on the Project is not removed within ninety (90) days, the Lessee, upon the written request of the Issuer, shall dissolve such lien by the filing of lien dissolution bond pursuant to O.C.G.A. Section 44-14-364.

Section 8.15. Release of Certain Land.

Notwithstanding any other provision of this Lease, the parties hereto reserve the right at any time and from time to time by mutual agreement to amend this Lease for the purpose of effecting the release of and removal from this Lease (i) of any unimproved part of the Leased Land (on which the Buildings are not located but on which parking, transportation, utility facilities or other support facilities may be located) on which the Issuer proposes to construct improvements for lease under another and different lease agreement for the benefit of the Lessee or its affiliate or (ii) of any part of the Leased Land with respect to which the Issuer proposes to convey a fee or other title to a railroad or other public body or quasi-public body or to a public utility in order that transportation facilities or services by rail, water, road or other means or utility services for the Project, for the benefit of the Lessee, may be provided, increased or improved; provided, that if at the time any such amendment is made any of the Bonds are outstanding and unpaid, there shall be deposited with the Trustee the following:

(a) A copy of the amendment in substantially the form attached as "Exhibit E", as executed or such other form as may be mutually satisfactory to the Issuer and Lessee.

(b) A certificate of the Lessee (i) stating that the Lessee is not in default under any of the provisions of this Lease, (ii) giving an adequate legal description of that portion of the Leased Land to be released, and (iii) stating the purpose for which the Lessee desires the release.

(c) An opinion of Counsel to the Lessee that all necessary action required under its organizational documents has been taken to authorize and approve such amendment.

(d) A certificate of an Authorized Lessee Representative, dated not more than 60 days prior to the date of the release and stating that, in the opinion of the person signing such certificate, the release so proposed to be made will not materially impair the utility of the Project and will not destroy the means of ingress thereto and egress therefrom.

No release effected under the provisions hereof shall entitle the Lessee to any abatement or diminution of the rents payable under Section 5.3 hereof.

ARTICLE IX

ASSIGNMENT, SUBLEASING, PLEDGING AND SELLING; REDEMPTION; RENT PREPAYMENT AND ABATEMENT

Section 9.1 **Assignment and Subleasing.** Except as set forth in Sections 9.7 and 9.8 below, this Lease may not be assigned, in whole or in part, by the Lessee without the consent of (i) the Issuer, or (ii) the Trustee or the owners of a majority in principal amount of the Bonds Outstanding, which consents of Issuer and Trustee shall not be unreasonably withheld, conditioned or delayed; provided, however, that this Lease may be assigned in whole or in part without such consents, (1) to any entity controlled, controlling or under common control with the Lessee or to any successor to substantially all of the business of the Lessee or (2) in connection with any sale/leaseback or other arrangement entered into by the Lessee in connection with a financing transaction, only with the prior written consent of any holder of a Superior Security Document and any Leasehold Mortgagee, in its sole discretion, at any time any Superior Security Document or Leasehold Mortgagee is outstanding. Any such assignment is further subject to the following conditions:

(a) The Lessee shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Issuer and to the Trustee a true and complete copy of each such assignment, together with any instrument of assumption executed by the assignee (which shall become the "Lessee" hereunder);

(b) Upon such assignment and assumption, the Lessee that is the assignor shall not be relieved of any of its obligations and covenants under this Lease and said Lessee and the assignee "Lessee" shall be jointly and severally obligated hereunder, unless (i) all owners of the Bonds that are then Outstanding under the Indenture and the holder of a Superior Security Document and any Leasehold Mortgagee shall have consented in writing to such release, or (ii) if the Lessee is the owner of all Bonds and there is no holder of a Superior Security Document or Leasehold Mortgagee of the Project; and

(c) If any required consents to a release of the Lessee is obtained or is not required, as provided in (b) above, then upon such assignment and assumption, the Lessee which is the assignor shall be relieved of all obligations and covenants under this Lease with respect to the Project and the Bonds and the assignee shall thereafter be obligated hereunder as the "Lessee" of the Project.

The Project or any portion thereof may be subleased, in part, without the consent of the Issuer or of the Trustee, on terms and conditions acceptable to Lessee in its sole discretion for a term longer or shorter than the then remaining unexpired term of this Lease; provided, however, that each such sublease shall be subject and subordinate to this Lease. Lessee shall have the absolute right to collect, receive and retain all rentals and other payments payable under any sublease for its own use and benefit throughout the Term of this Lease. The Issuer hereby acknowledges and covenants, for itself and its successors and assigns, that following the expiration of the Term or any earlier termination of this Lease for any reason whatsoever, including, without limitation, termination for default or rejection in bankruptcy, each sublease

shall automatically and without the necessity of action by any party, continue in full force and effect as a direct lease between the Issuer or its successor in title and each such sublessee upon and subject to all of the terms and conditions of the sublease. Although the continuation of such sublease as a direct lease is automatic and requires no action by any party, the Issuer further agrees to confirm same by executing a subordination, non-disturbance and attornment agreement in such form as may be reasonably requested by sublessee. No sublease shall relieve the Lessee of any of its obligations hereunder.

Section 9.2 Restrictions on Sale of Project by Issuer. The Issuer agrees that, except as otherwise permitted under the terms of this Lease or the Indenture, it will not mortgage, sell, assign, transfer, convey or otherwise encumber the Project or any portion thereof or its interest in this Lease during the Lease Term and that it will not, unless legally required to do so, take any other action which results in the levy or assessment of ad valorem taxes on the Project or the Lessee's leasehold interest in the Project, except as set forth in "Exhibit G" hereto. If the laws of the State of Arkansas at the time require or permit such action to be taken, nothing contained in this Section 9.2 shall prevent the consolidation of the Issuer with, or the merger of the Issuer into, or the transfer of the Project as an entirety to, any public entity whose property and income are not subject to taxation and which has the authority to carry on the business of owning and leasing the Project; provided, (a) that no such action shall be taken without the prior written consent of the Lessee, the Trustee and the Bondholders, unless such action shall be required by law, and (b) that upon any such consolidation, merger or transfer, the due and punctual payment of the principal of and interest on the Bonds according to their tenor, and the due and punctual performance and observance of all the agreements and conditions of this Lease to be kept and performed by the Issuer, shall be assumed (either as a matter of law or by express written assumption agreement) by the entity resulting from such consolidation or surviving such merger or to which the Project shall be transferred as an entirety.

Section 9.3 Prepayment of Bonds. The Issuer, at the request at any time of the Lessee and if the same are then redeemable, shall forthwith take all steps that may be necessary under the applicable prepayment provisions of the Indenture to effect prepayment of all or any portion of the Bonds, as may be specified by the Lessee, on the earliest prepayment date on which such prepayment may be made under such applicable provisions of such Bonds or the Indenture. So long as there is no Event of Default hereunder and the Issuer is not obligated to prepay the Bonds pursuant to the terms of the Indenture, the Issuer shall not redeem any Bonds prior to their maturity unless requested in writing by the Lessee. The Lessee agrees to give notice to the Issuer and the Trustee of any prepayment at least forty-five (45) days prior to the prepayment date or such shorter period of time as may be acceptable to the Issuer and the Trustee unless the holders of the Bonds waive, in writing, notice of such prepayment.

Section 9.4 Prepayment of Rents. There is expressly reserved to the Lessee the right, and the Lessee is authorized and permitted, at any time it may choose, so long as there is no Event of Default hereunder, to prepay all or any part of the rents payable under Section 5.3 hereof, and the Issuer agrees that the Trustee may accept such prepayment when the same is tendered by the Lessee. All prepaid rents shall be credited on the rents specified in Section 5.3, in the chronological order of their due dates.

Section 9.5 **Rent Abatements if Bonds Paid Prior to Maturity.** If at any time the aggregate moneys in the Bond Fund are sufficient to retire or defease, in accordance with the terms of the Indenture, all of the Outstanding Bonds and to pay all Ordinary Expenses of the Trustee due or to become due through the date on which the last of the Bonds is to be paid and retired, under circumstances not resulting in termination of the Lease Term, and if there is not at the time otherwise an Event of Default hereunder, the Lessee shall be entitled to use and occupy the Project from the date on which such aggregate moneys are in the Bond Fund to and including midnight on _____, 20___, without the payment of rent during that interval (but otherwise on the terms and conditions hereof).

Section 9.6 **Reference to Bonds Ineffective After Bonds Paid.** Upon Payment in Full of the Bonds and all fees, charges and expenses of the Trustee provided in the Indenture, all references in this Lease to the Bonds and the Trustee shall be ineffective and neither the Trustee nor the holders of any of the Bonds shall thereafter have any rights hereunder, saving and excepting those that shall have theretofore vested. Reference is hereby made to Sections 1001 and 1002 of the Indenture which sets forth the conditions upon the existence or occurrence of which Payment in Full of the Bonds shall be deemed to have been made.

Section 9.7 **Leasehold Security Deeds / Cooperation of Issuer.** Lessee is hereby given the right by the Issuer to mortgage and/or give security interests in this Lease under one or more leasehold deeds to secure debt relating to the Project, the rents and Net Proceeds therefrom as the same may be amended, modified, consolidated or extended (each such leasehold deed to secure debt (including any assignment of rents and leases or other similar documents) and amendment, modification, consolidation or extension being herein called a "Leasehold Security Deed") and may assign this Lease to a lender as collateral security under any such permitted Leasehold Security Deed.

The Issuer shall, at Lessee's written request, join in any such new Leasehold Security Deed or execute a separate security deed in order to subject its fee interest in the Project described therein, and the rents and Net Proceeds therefrom, to the lien of such Leasehold Security Deed or separate security deed provided that such Leasehold Security Deed or separate security deed shall be fully non-recourse to the Issuer and the Issuer shall deliver such other documents or instruments as the holder of the Leasehold Security Deed or separate security deed shall reasonably require in connection therewith.

If Lessee shall give a permitted Leasehold Security Deed with respect to the Project, Lessee shall provide the Issuer and the Trustee with notice of the Leasehold Security Deed and the name and address of the Leasehold Mortgagee, and the Trustee shall subordinate its interest in the Trust Estate to the lien of such Leasehold Security Deed. Subject to compliance with law, the Issuer agrees that following receipt of such notice from the Lessee, and so long as the Leasehold Security Deed shall not be discharged or reconveyed, or until written notice of discharge and reconveyance is given by the Leasehold Mortgagee to the Issuer and to the Trustee, the following provisions shall apply with respect to this Lease:

(a) No termination, cancellation, surrender or modification of this Lease by Lessee, including, without limitation, any amendment, supplement or modification to the Project Summary or "Exhibit A" to the Lease, nor the waiver by Lessee of any of the

provisions of this Lease nor the giving by Lessee of any consent, shall be effective as to the Leasehold Mortgagee unless consented to in writing by the Leasehold Mortgagee.

(b) The Issuer or the Trustee, upon providing Lessee any notice of (i) an Event of Default under this Lease or (ii) a matter on which the Issuer or the Trustee may predicate or claim an Event of Default, shall at the same time provide a copy of such notice to the Leasehold Mortgagee of which the Issuer and Trustee have been provided notice as provided above. The Issuer and the Trustee shall have no liability for the failure to give any such notice, except that no such notice by the Issuer or by the Trustee to Lessee shall be deemed to have been duly given to Lessee or the Leasehold Mortgagee unless and until a copy thereof has been so provided to the Leasehold Mortgagee of which the Issuer and the Trustee have been provided notice as provided above.

(c) So long as the Leasehold Security Deed is in effect and has not been canceled, unless the Leasehold Mortgagee shall otherwise expressly consent in writing, the fee simple title in and to the Project held by the Issuer and the leasehold estates of Lessee created by this Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee simple title and said leasehold estate by the Issuer or by Lessee or by a third party, by purchase or otherwise.

(d) Notices from the Issuer or from the Trustee to the Leasehold Mortgagee shall be mailed to the address furnished to the Issuer and Trustee, as aforesaid, and those from the Leasehold Mortgagee to the Issuer or to the Trustee shall be mailed to the address designated pursuant to the provisions of this Lease. Such notices, demands and requests shall be given in the manner described in this Lease.

(e) In the event of any proceeding by either the Issuer or Lessee under the United States Bankruptcy Code (Title 11 U.S.C.) as now or hereafter in effect:

(i) If this Lease is rejected as to the Project in connection with a bankruptcy proceeding by Lessee or a trustee in bankruptcy for Lessee, (1) such rejection shall be deemed an assignment by Lessee to the Leasehold Mortgagee of the leasehold estate in the Project and all of Lessee's interest under this Lease, (2) this Lease shall not terminate, and (3) the Leasehold Mortgagee shall have all rights of the Leasehold Mortgagee under this Section 9.7 as if such bankruptcy proceeding had not occurred, unless the Leasehold Mortgagee shall reject such deemed assignment by notice in writing to the Issuer and to the Trustee within thirty (30) days following rejection of this Lease by Lessee or Lessee's trustee in bankruptcy. If any court of competent jurisdiction shall determine that this Lease shall have been terminated notwithstanding the terms of the preceding sentence as a result of rejection by Lessee or the trustee in bankruptcy in connection with any such proceeding, the Issuer shall promptly, within a reasonable time, provide the Leasehold Mortgagee with written notice that this Lease has been terminated (for the purposes of this clause "(i)" a "New Lease Notice"). The Issuer agrees to enter into a new lease of the Project (for purposes of this clause "(i)", a "New Lease") with the Leasehold Mortgagee of the Project or its designee for the

remainder of the Lease Term of this Lease, effective as of the date of termination, upon the terms, covenants and conditions of this Lease provided:

(A) The Leasehold Mortgagee shall make written request upon the Issuer for such New Lease within thirty (30) days after the date the Leasehold Mortgagee receives the New Lease Notice given pursuant to this subsection.

(B) Any New Lease made pursuant to this subsection shall have the same priority with respect to any lien, charge or encumbrance on the Project as this Lease, and the tenant under such New Lease shall have the same right, title and interest in and to the project as Lessee has under this Lease as of the date of such New Lease.

(ii) If this Lease is rejected by the Issuer or by the Issuer's trustee in bankruptcy:

(A) Lessee shall not have the right to treat this Lease as terminated except with the prior written consent of the Leasehold Mortgagee; and the right to treat this Lease as terminated in such event shall be deemed assigned to the Leasehold Mortgagee, whether or not specifically set forth in the Leasehold Security Deed, so that the concurrence in writing of Lessee and such Leasehold Mortgagee shall be required as a condition to treating this Lease as terminated in connection with such proceeding.

(B) Unless this Lease is treated as terminated in accordance with Subsection (ii)(A) above, then this Lease shall continue in effect upon all the terms and conditions set forth herein, but excluding requirements that are not then applicable or pertinent to the remainder of the Lease Term.

(f) The Issuer shall have no rights in and to the rentals payable to Lessee under any sublease(s) of all or any part of the Project, which rentals Issuer acknowledges may be assigned by Lessee to the Leasehold Mortgagee of the Project.

(g) The Issuer acknowledges that, in the event of damage to or taking of the improvements that are part of the Project due to casualty or condemnation, the Net Proceeds of casualty insurance or condemnation, as the case may be, may be required by the Leasehold Mortgagee to be applied to reduce the then balance of the indebtedness secured by the Leasehold Security Deed or may be required by Leasehold Mortgagee to be used for the restoration or replacement of such improvements. In the event of any conflict between the provisions of this Lease and the provisions of a Leasehold Security Deed with respect to application of the Net Proceeds of casualty insurance and condemnation, the provisions of the Leasehold Security Deed shall control.

(h) Notwithstanding any provisions of this Lease to the contrary, no default or event of default under the Leasehold Security Deed or any other document or instrument

evidencing or securing the indebtedness secured by the Leasehold Security Deed will, in and of itself, constitute a default or Event of Default under this Lease unless the Leasehold Mortgagee directs that the same be treated as an Event of Default under this Lease.

(i) (i) Issuer acknowledges that, if the Leasehold Mortgagee or any other party succeeds to the interest of Lessee in the Project under this Lease as a result of foreclosure proceedings or sale under a power of sale or the granting of a deed in lieu of foreclosure, the Leasehold Mortgagee or any such other party, and any transferee of Leasehold Mortgagee or such other party (each, a "Successor Tenant"), shall become a substituted Lessee under this Lease without necessity of any consent of, approval by or notification to Issuer or Trustee. Without the consent of Issuer or the Trustee, the Successor Tenant shall have the right to sell and assign its leasehold estate in the Project or sublease the Project as provided in Section 9.1 hereof without necessity of any consent of, approval by or notification to Issuer. As used in this Lease, the terms "leasehold estate" or "leasehold" shall mean the estate in the Project created by this Lease.

(ii) The Successor Tenant shall be required to assume such Lessee's obligations under this Lease, and shall be deemed to have agreed to perform all of such Lessee's obligations hereunder only from and after the date of such acquisition and only for so long as such Successor Tenant is the owner of the leasehold estate. The Successor Tenant shall, upon any subsequent assignment of the leasehold estate and the assumption by such assignee of this Lease in writing, be relieved of all obligations under this Lease.

(iii) So long as any Successor Tenant is the owner of the leasehold estate, the Issuer and the Trustee shall look solely to the interest of such Successor Tenant in the Project in the event of the breach or default by such Successor Tenant under the terms of this Lease and any judgment or decree to enforce the obligations of such Successor Tenant shall be enforceable only to the extent of the interest of such Successor Tenant in the Project.

(iv) Upon the request of any such Successor Tenant, Issuer agrees to enter into a new, separate direct lease for the Project with any such Successor Tenant for the remainder of the term remaining hereunder at the same rent and having the same other provisions as this Lease, as theretofore amended.

(j) As long as a Leasehold Mortgagee (including any successor or assign) holds a Leasehold Security Deed:

(i) That Leasehold Mortgagee may, but shall not be obligated to, cure any default by the Lessee under this Lease within sixty (60) days after Leasehold Mortgagee's receipt of Issuer's or Trustee's default notice; provided, however, that if any non-monetary default reasonably cannot be cured within such sixty (60) day-period, the same shall be deemed to have been timely cured if that Leasehold Mortgagee commences reasonably appropriate curative action within such sixty (60) day-period and diligently prosecutes same to completion

thereafter. If any such non-monetary default reasonably cannot be cured by Leasehold Mortgagee without Leasehold Mortgagee obtaining possession of the Project, such sixty (60) day cure period shall not commence until Leasehold Mortgagee obtains possession of the Project, as long as all rent payments are made and all other defaults which reasonably can be cured by Leasehold Mortgagee without Leasehold Mortgagee obtaining possession of the Project are so cured, and provided that Leasehold Mortgagee commences to exercise any rights under its Leasehold Security Deed to obtain possession or to effect foreclosure on the Project, and diligently pursues the exercise of such rights thereafter. During any such period, Issuer and Trustee shall take no action to terminate this Lease or to interfere with the occupancy, use or enjoyment of the Project.

(ii) Notwithstanding anything in this Lease to the contrary, if any, default by the Lessee under this Lease is of such a nature that it reasonably cannot be cured by such Leasehold Mortgagee, or reasonably cannot be cured by such Leasehold Mortgagee without such Leasehold Mortgagee obtaining possession of the Project, neither the Issuer nor the Trustee shall take any action that interferes with the occupancy, use, or enjoyment of the Project or terminate this Lease as long as all rent payments are made with respect to the Project and all other defaults which reasonably can be cured by such Leasehold Mortgagee without obtaining possession of the Project are so cured.

(iii) Such Leasehold Mortgagee may exercise any renewal option or any purchase option relating to the Project to which the Lessee under the Lease is now or hereafter entitled under this Lease.

(iv) Neither the Issuer nor the Trustee shall take any action that interferes with the occupancy, use, or enjoyment of the Project or terminate this Lease as to the Project without first giving the Leasehold Mortgagee (i) written notice of its intent to terminate this Lease and (ii) a reasonable period after such notice in which to obtain possession of the Project or to effect foreclosure or otherwise acquire the leasehold estate from the Lessee and, within a reasonable time thereafter, to cure any default which is capable of being cured by such Leasehold Mortgagee without such Leasehold Mortgagee obtaining possession of the Project. If such Leasehold Mortgagee cures those defaults which reasonably can be cured by such Leasehold Mortgagee without obtaining possession of the Project, then Issuer will not terminate this Lease. Further, neither the Issuer nor the Trustee shall exercise any remedies for a default under this Lease as it relates to any property pledged under any Leasehold Security Deed without the prior written consent of the Leasehold Mortgagee which is the holder thereof.

(v) In addition to the rights of any Leasehold Mortgagee set forth in this Lease, if the Lease is terminated due to an Event of Default under this Lease, and if, after giving effect to the provisions of Section 10.2 of this Lease, as amended, or any other agreements or state of facts, the lien of the Leasehold Mortgagee's Leasehold Security Deed on the Project would be terminated, Issuer

will enter into a new lease (for purposes of this clause "(v)", the "New Lease" with such Leasehold Mortgagee for the remainder of the term which was theretofore terminated at the same rent and having the same other provisions as this Lease, as theretofore amended). Such right may be exercised (whether under the provisions of this paragraph or under the provisions of this Lease) by written notice from the Leasehold Mortgagee to Issuer on or before the expiration of thirty (30) days after the receipt by the Leasehold Mortgagee of a written notice from Issuer (for the purposes of this clause "(v)", a "New Lease Notice") of such termination, which notice shall advise such Leasehold Mortgagee of such termination and expressly refer to the New Lease rights of such Leasehold Mortgagee under the provisions of this Lease. After any termination of this Lease after which such Leasehold Mortgagee has the right to obtain a New Lease as provided in this Section 9.7, for so long as such Leasehold Mortgagee has such right, Issuer shall not terminate any tenant subleases or the rights of any subtenant.

(vi) Within twenty (20) days after request by such Leasehold Mortgagee from time to time made, Issuer will execute and deliver to such Leasehold Mortgagee or to such other person or entity as may be specified by such Leasehold Mortgagee an estoppel certificate containing such information concerning this Lease as such Leasehold Mortgagee may reasonably request.

(k) No Leasehold Mortgagee shall become personally liable for the performance or observation of any covenants or conditions to be performed or observed by Lessee unless and until such Leasehold Mortgagee becomes the owner of Lessee's interest hereunder upon the exercise of any remedy provided for in any Leasehold Mortgage or enters into a new lease with Issuer pursuant to this subsection. Thereafter, such Leasehold Mortgagee shall be liable for (i) the performance and observance of such covenants and conditions only so long as such Leasehold Mortgagee owns such interest or is the lessee under such new lease, and (ii) any defaults by such Leasehold Mortgagee occurring during the period it owned such interest or was the lessee under such new lease.

Section 9.8 **Exempt Assignment.** Notwithstanding anything to the contrary set forth in this Lease, Lessee may assign its interest in this Lease pursuant to an Exempt Assignment with the prior written consent of the Leasehold Mortgagee in its sole discretion at any time a Leasehold Security Deed is outstanding and without the approval of the Issuer, the Trustee or the owners of a majority in principal amount of the Bonds Outstanding; provided that, any assignee of the Lessee shall (i) agree to fully and unconditionally assume all obligations of the Lessee under the Lease, including, without limitation, all indemnity provisions contained in the Lease, and unless the Lease has expired or is otherwise terminated (ii) use its best efforts to meet the economic development goals of the Issuer for the Project, as originally agreed upon by the Issuer and the Lessee at the time of execution of the Lease, and (iii) furnish the Issuer, not more than seven days following such assignment, written notification of the name, address and appropriate contact person for such assignee, together with a description of such assignment transaction including consideration received by the Lessee in connection therewith.

(a) An "Exempt Assignment" means any of the following assignments:

(i) Any bona fide Leasehold Mortgage;

(ii) The acquisition by any Leasehold Mortgagee or its designee of the leasehold interest through the exercise of any right or remedy of such Leasehold Mortgagee under a bona fide Leasehold Mortgage, including any assignment of the leasehold interest to the Leasehold Mortgagee or its designee made in lieu of foreclosure;

(iii) Any foreclosure sale by any Leasehold Mortgagee pursuant to any power of sale contained in a bona fide Leasehold Mortgage;

(iv) Any sale or assignment of the leasehold by any Leasehold Mortgagee (or its designee) which has acquired the leasehold by means of any transaction described above;

(v) Any sale or assignment of the leasehold interest to any Qualified Real Estate Investor; and

(vi) Any sale or assignment of this Lease to any person or entity if (a) Lessee or the proposed assignee provides Adequate Financial Assurance (defined below) of the payment of rent and other financial obligations under the Lease for the period the proposed assignee is the Lessee under the Lease, and (b) the proposed assignee has sufficient commercial real estate experience with respect to hospitality projects to properly manage, or oversee the management of, the Project.

(b) ”Institutional Investor” means any of the following persons or entities:

(i) Any savings bank, savings and loan association, commercial bank or trust company having shareholder equity (as determined in accordance with GAAP accounting) of at least $50,000,000;

(ii) Any college, university, credit union, trust or insurance company having assets of at least $50,000,000;

(iii) Any employment benefit plan subject to ERISA having assets held in trust of $50,000,000 or more;

(iv) Any pension plan established for the benefit of the employees of any state or local government, or any governmental authority, having assets of at least $50,000,000;

(v) Any limited partnership, limited liability company or other investment entity having committed capital of $50,000,000 or more;

(vi) Any corporation, limited liability company or other person or entity having shareholder equity (or its equivalent for non-corporate entities) of at least $50,000,000;

(vii) Any lender of substance which performs real estate lending functions similar to any of the foregoing, and which has assets of at least $50,000,000; and

(viii) Any partnership having as a general partner any person or entity described in this Section 9.8(b) above, or any corporation, limited liability company or other person or entity controlling, controlled by or controlled with any person or entity described in Section 9.8(b) above.

(c) "Qualified Real Estate Investor" means any of the following:

(i) Any Institutional Investor; or

(ii) Any person or entity domiciled within the United States of America and having a minimum net worth of $10,000,000, as certified by a reputable firm of certified public accountants, provided such person or entity has sufficient commercial real estate experience to properly manage, or oversee the management of, the Project.

(d) "Adequate Financial Assurance" means a guaranty of payment of the rent and other financial obligations of Lessee under the Lease made by a Qualified Real Estate Investor for the period of time that the proposed assignee is the Lessee under this Lease.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default Defined. The following shall be Events of Default under this Lease:

(a) failure by the Lessee to make any rental payments required under Section 5.3 hereof on or before the date that the payment is due and continuance of such failure for a period of five (5) business days after written notice thereof has been given to the Lessee; or

(b) failure by the Lessee to observe and perform any other material covenant, condition or agreement on its part under this Lease (other than as referred to in subsection (a) of this Section), for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, shall be given to the Lessee by the Trustee, unless the Issuer and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Lessee will be afforded such additional time as shall be reasonably necessary to correct such failure, provided corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected; or

(c) failure by the Lessee to make any payment (including any fees or indemnification) to the Issuer or to the Trustee other than the payment of rent that is paid with respect to debt service on any of the Bonds; or

(d) a default by the Lessee or the Issuer under any Leasehold Security Deed on the Project, if the Leasehold Mortgagee which holds the same directs the Issuer and the Trustee in writing to treat the same as an Event of Default on this Lease and specifies the remedies that are to be exercised.

The foregoing provisions of this Section 10.1 are subject to the following limitations: if by reason of *force majeure*, the Lessee is unable in whole or in part to carry out the agreements on its part herein contained, other than the obligations on the part of the Lessee contained in Sections 5.3, 6.3, 6.4 and 8.3 hereof, the Lessee shall not be deemed in default during the continuance of such inability. The term "*force majeure*" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or of the State of Arkansas or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Lessee. The Lessee agrees, however, to use its reasonable efforts to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Lessee, and the Lessee shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Lessee, unfavorable to the Lessee.

Section 10.2 <u>Remedies on Default</u>. Whenever any Event of Default shall have happened and be continuing, the Issuer, or the Trustee as provided in the Indenture, may take any one or more of the following remedial steps with the prior written consent of the owners of a majority in principal amount of the Bonds Outstanding:

(a) declare all installments of rent payable under Section 5.3 hereof for the remainder of the Lease Term to be immediately due and payable, whereupon such rent shall become immediately due and payable. If the Issuer or the Trustee elects to exercise the remedy afforded in this Section 10.2(a) and accelerates all rents payable under Section 5.3 hereof for the remainder of the Lease Term, the amount then due and payable as accelerated rents shall be the sum of (1) the aggregate principal amount of the Outstanding Bonds, and (2) all interest on the Bonds accruing to the date of maturity by declaration;

(b) re-enter and take possession of the Project without terminating this Lease and without any liability to the Lessee for such entry and repossession, and sublease the Project for the account of the Lessee, holding the Lessee liable for the difference in the

rents and other amounts payable by such sublessee in such subleasing and the rents and other amounts payable by the Lessee hereunder;

(c) the Trustee may exercise any remedies provided for in the Indenture and with respect to any Security Interest, the rights of a secured party under the U.C.C.; and

(d) take whatever action at law or in equity may appear necessary or desirable to collect the rents then due, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Lease.

Provided however, if the Project is subject to a Leasehold Security Deed, no remedies may be exercised by the Issuer or the Trustee without the prior written consent of the Leasehold Mortgagee that holds the same, except that the Trustee and the Issuer may seek a money judgment against Lessee for any fee, expenses, reimbursements or indemnification to which they are entitled under this Lease, the Indenture or any Guaranty Agreement.

Any amounts collected with respect to rent pursuant to action taken under this Section 10.2 shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture and after Payment in Full of the Bonds and the payment of any costs occasioned by an Event of Default hereunder, any excess moneys in the Bond Fund shall be returned to the Lessee as an overpayment of rent. Any enforcement of recovery under this Section shall be limited from and against the Lessee only and no claim or recovery may be made against any member, partner, officer, director or other beneficial owner of the Lessee.

The Issuer will not exercise any remedies (other than to seek a money judgment against Lessee for any fee, expenses, reimbursements or indemnification to which it is entitled under this Lease) without the prior written consent of a majority in principal amount of the Bonds Outstanding that paid the costs of the Project; provided, however, if the Project is encumbered by a permitted Leasehold Security Deed, the Issuer or the Trustee shall exercise such remedies as the Leasehold Mortgagee which holds that Leasehold Security Deed shall direct in writing.

Section 10.3 <u>Remedies Exclusive</u>. The remedies herein conferred upon or reserved to the Issuer or the Trustee are intended to be exclusive of any other available remedy or remedies, notwithstanding every other remedy now or hereafter existing at law or in equity or by statute. Such remedies as are given to the Issuer hereunder shall also extend to the Trustee, and the Trustee and the owners of the Bonds and each Leasehold Mortgagee shall be deemed to be third-party beneficiaries of all covenants and agreements contained in this Lease.

Section 10.4 <u>Agreement to Pay Attorneys' Fees, Costs and Expenses</u>. Should an Event of Default occur and the Issuer or the Trustee employ attorneys or incur other expenses for collection of rents or the enforcement of performance or observance of any obligation or agreement on the part of the Lessee herein contained, the Lessee agrees that it shall on demand therefor pay to the Issuer or the Trustee the customary and reasonable fees actually incurred, costs and expenses of such attorneys and such other reasonable expenses so incurred by the Issuer or the Trustee. The obligations set forth in this Section 10.4 shall survive the termination of this Lease.

Section 10.5 **No Additional Waiver Implied by One Waiver.** If any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 10.6 **Waiver of Appraisement, Valuation, Etc.** If an Event of Default under any of the provisions of this Lease occurs, the Lessee agrees to waive, to the extent it may lawfully do so, the benefit of all appraisement, valuation, stay, extension or redemption laws now or hereafter in force, and all right of appraisement and redemption to which it may be entitled.

ARTICLE XI

OPTIONS IN FAVOR OF LESSEE

Section 11.1 **Options to Terminate the Lease Term.** The Lessee shall have the following options to terminate the Lease Term:

(a) At any time prior to Payment in Full of the Bonds, the Lessee may terminate the Lease Term by giving the Issuer and the Trustee notice in writing of such termination and by paying to the Trustee (or directly to owners of any Bonds which are subject to the terms of any home office payment agreement as provided in Section 208 of the Indenture) an amount which, when added to the funds in the Bond Fund, will be sufficient to pay, retire and prepay without premium or penalty all of the Outstanding Bonds in accordance with the provisions of the Indenture (including, without limiting the generality of the foregoing, principal, interest to maturity or earliest applicable prepayment date, as the case may be, expenses of prepayment and the Trustee's fees and expenses), and, in case of prepayment, making arrangements satisfactory to the Trustee for the giving of the required notice of prepayment; or

(b) At any time after Payment in Full of the Bonds, the Lessee may terminate the Lease Term by giving the Issuer notice in writing of such termination and such termination shall forthwith become effective; or

(c) At any time after the Lessee surrenders Bonds for cancellation, the Lessee may terminate the Lease Term by giving the Issuer notice in writing of such termination and such termination shall forthwith become effective.

Provided, however, if there is a permitted Leasehold Security Deed encumbering the Project, this Lease shall not be terminated without the prior written consent of the Leasehold Mortgagee that holds the same.

Section 11.2 **Option to Purchase Project.** The Lessee shall have, and is hereby granted, the option to purchase, in its name or in the name of its designee, the Project prior to the expiration of the Lease Term and prior to the Payment in Full of the Bonds. To exercise such option, the Lessee shall give written notice to the Issuer specifying the date of closing such purchase, which date shall be not less than thirty (30) (or such shorter period of time not less than five (5) business days as may be acceptable to the holders of 100% of the principal amount of outstanding Bonds) nor more than one hundred-eighty (180) days from the date such notice is given, and shall make arrangements for the giving of the required notice of prepayment of the Bonds in accordance with the provisions of the Indenture. The amount which shall be paid to the Trustee by the Lessee in the event of its exercise of the option granted in this Section 11.2 shall be the sum of the following, which, in addition, may be evidenced by the return of all Outstanding Bonds to the Trustee marked "Paid in Full" by the owners thereof (or a duly appointed attorney-in-fact of such owners):

(1) an amount of money which, when added to the funds in the Bond Fund, will be sufficient to provide for the Payment in Full of the then Outstanding Bonds at par

on the date specified by the Lessee for such prepayment including, without limitation, principal plus accrued interest thereon to said prepayment date, plus

(2) an amount of money equal to the Trustee's and the paying agent's fees and expenses under the Indenture accrued and to accrue until such final prepayment of the Bonds, plus

(3) the sum of one dollar ($1.00) which shall be paid by the Lessee to the Issuer.

Section 11.3 [Reserved.]

Section 11.4 Conveyance on Purchase. At the closing of any purchase pursuant to Article XI or Article XII hereof or pursuant to the exercise of any option to purchase granted herein, the Trustee will, upon the receipt of the purchase price paid by the Lessee and the tender of the Outstanding Bonds to the Trustee, deliver to the Lessee (or to its designee approved in advance by the Leasehold Mortgagee at any time any Leasehold Security Deed is outstanding) the Quitclaim Deed, U.C.C. termination statements and Bill of Sale or similar documents requested by the Lessee conveying to the Lessee or its designee title in and to the property with respect to which such obligation or option was exercised, without other warranty of title, subject to the following, (i) those liens and encumbrances (if any) to which such title in and to said property was subject when conveyed to the Issuer, (ii) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented in writing, (iii) those liens, security interests and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained in this Lease and (iv) Permitted Encumbrances other than the Indenture and this Lease.

If at the time the Indenture has not been satisfied in full, a release by the Trustee from the lien or Security Interest of the Indenture in the property with respect to which such purchase is being consummated shall also be delivered to the Lessee.

Section 11.5 Relative Position of Options and Indenture. The options respectively granted to the Lessee in this Article shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder, provided that such default will not result in non-fulfillment of any condition to the exercise of any such option.

ARTICLE XII

OBLIGATIONS OF LESSEE

Section 12.1 Obligation to Purchase Project. The Lessee hereby agrees to purchase, and the Issuer hereby agrees to sell, the Project for one dollar ($1.00) at the expiration or sooner termination of the Lease Term following Payment in Full of the Bonds. At any time subsequent to the expiration or sooner termination of this Lease, upon notice by the Lessee to the Trustee, as assignee of the Issuer, the Trustee, on behalf of the Issuer, shall upon receipt of the purchase price deliver to the Lessee those documents set forth in Section 11.4 hereof. The obligation specified in this Section 12.1 shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default hereunder provided that such default will not result in non-fulfillment of any condition to this right.

The provisions of this Section 12.1 shall survive the expiration or sooner termination of this Lease.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 **Notices.** Any notice, request or other communication (a "notice") required or permitted to be given hereunder shall be in writing and shall be delivered by hand or overnight courier (such as United Parcel Service or Federal Express), sent by facsimile (provided a copy of such notice is deposited with an overnight courier for next business day delivery) or mailed by United States registered or certified mail, return receipt requested, postage prepaid and addressed to each party at its address as set forth below. Any such notice shall be considered given on the date of such hand or courier delivery, confirmed facsimile transmission (provided a copy of such notice is deposited with an overnight courier for next business day delivery), deposit with such overnight courier for next business day delivery, or receipt via the United States mail, but the time period (if any is provided herein) in which to respond to such notice shall commence on the date of hand or overnight courier delivery or on the date received following deposit in the United States mail as provided above. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice. By giving at least five (5) days' prior written notice thereof, any party may from time to time and at any time change its mailing address hereunder. Any notice of any party may be given by such party's counsel. Notice addresses are as follows:

(a) If to the Issuer:
City of Fort Smith, Arkansas
623 Garrison Avenue
Fort Smith, Arkansas 72901
Attention: City Administrator
E-mail: jdingman@fortsmithar.gov

(b) with a copy to:
Daily & Woods, P.L.L.C.
58 South 6th Street
Fort Smith, Arkansas 72902
Attention: Jerry Lee Canfield, Esq.
City Attorney
E-mail: jcanfield@dailwoods.com

(c) If to the Lessee:
Dixie Consumer Products, LLC
c/o Georgia-Pacific LLC
133 Peachtree Street
Atlanta, Georgia 30303
Attention: Mr. Mark V. DeLorenzo
Assistant Treasurer
E-mail: mvdelore@gapac.com

with a copy to:
Georgia-Pacific LLC
133 Peachtree Street
Atlanta, Georgia 30303
Attention: Joe R. Martin, Esq.
E-mail: joseph.martin@gapac.com

(d) If to the Trustee: U.S. Bank, National Association
_____
_____
Attention: Corporate Trust Department
Facsimile: (___) ___-____

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer, the Lessee or the Trustee shall be given to each of the others. The Issuer, the Lessee and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. The Trustee will accept and act upon instructions or directions pursuant to this Agreement sent by the Issuer or the Lessee sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Issuer and the Lessee, respectively, shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer or the Lessee elect to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer and the Lessee each agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 13.2 Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Issuer, the Lessee and their respective successors and assigns.

Section 13.3 Severability. If any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.4 Amounts Remaining in Bond Fund. The parties hereto agree that, subject to and in accordance with the terms and conditions of Section 609 of the Indenture certain surplus moneys remaining in the Bond Fund shall belong to and be paid to the Lessee by the Trustee as an overpayment of rents.

Section 13.5 Amendments, Changes and Modifications. Except as otherwise provided in this Lease or in the Indenture, subsequent to the initial issuance of the Bonds and prior to Payment in Full of the Bonds, this Lease may only be amended, changed, modified, altered or terminated by the written agreement of the Issuer and the Lessee and may not be effectively amended, changed, modified, altered or terminated without the prior concurring written consent of the Trustee in accordance with the Indenture and the Leasehold Mortgagee at any time a Leasehold Security Deed is outstanding.

Section 13.6 **Execution Counterparts.** This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 13.7 **Captions.** The captions and headings in this Lease are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Lease.

Section 13.8 **Recording of Lease, Memorandum of Lease or Short Form Lease.** This Lease (or the memorandum or short form lease relating to this Lease) and every assignment and modification hereof and thereof shall be recorded in the office of the Sebastian County Clerk in Fort Smith, or in such other office as may be at the time provided by law as the proper place for such recordation.

Section 13.9 **Law Governing Construction of Lease.** This Lease shall be governed by, and construed in accordance with, the laws of the State of Arkansas.

Section 13.10 **Net Lease.** This Lease shall be deemed a "net lease", and the Lessee shall pay absolutely net during the Lease Term the rents, revenues and receipts pledged hereunder, without abatement, deduction or set-off other than those herein expressly provided.

Section 13.11 **Obligations Non-Recourse.** Notwithstanding any provision herein or in the Indenture or any Guaranty Agreement to the contrary, none of the officers, directors, shareholders, partners, members or other beneficial owners of Lessee shall be personally liable for the payment or performance of any of the Lessee's obligations hereunder, it being understood that the recourse of the Issuer, the owners of the Bonds and the Trustee and each of their successors and assigns under or in connection with this Lease, the Indenture and any Guaranty Agreement, as amended or supplemented from time to time, shall be limited to the Lessee (including the Lessee's interest in the Project), and the Issuer, the owners of the Bonds and the Trustee and any of their successors and assigns hereby waive any such liability.

Section 13.12 **Issuer's Obligations Limited.** No recourse under or upon any obligation, or agreement contained in this Lease or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute to otherwise or under any circumstances, under or independent of this Lease, shall be had against the Issuer or any director, member, officer, agent, attorney or employee, as such, in its individual capacity, past, present or future, of the Issuer or any successor entity.

Anything in this Lease to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that (a) the Issuer may rely conclusively on the truth and accuracy of any certificate, notice or other instrument furnished to the Issuer by the Trustee or the Lessee as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer; (b) the Issuer shall not be under any obligation hereunder to perform any record-keeping or to provide any legal services, it being understood that such services shall be performed either by the Trustee or the Lessee; and (c) none of the provisions of this Lease shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless it shall first have been

adequately indemnified to its satisfaction against the cost, expenses and liability which may be incurred thereby.

The obligation hereunder are the special limited obligations of the Issuer and not obligations of the City of Fort Smith, the State of Arkansas or any subdivision thereof. Notwithstanding anything herein contained to the contrary, any obligation the Issuer may hereby incur for the payment of money shall not be a general debt on its part but shall be payable solely from rents, revenues and receipts derived from this Lease, the sale of the Bonds and any other rents, revenues and receipts derived by the Issuer arising out of or in connection with its ownership of the Project (except for Unassigned Rights).

Section 13.13 **Negation of Partnership.** Nothing in this Lease shall be construed to render or constitute Issuer in any way or for any purpose a partner, joint venturer or associate in any relationship with Lessee, or vice versa, other than that as lessor and lessee or landlord and tenant, nor shall this Lease be construed to authorize Issuer as agent for Lessee.

Section 13.14 **Estoppel Certificates.** Upon ten (10) business days written request of the Lessee, the Issuer will provide (or direct the Trustee to provide) a statement to the holder of any Superior Security Document or any Leasehold Mortgagee concerning, to the best of its knowledge, (i) the outstanding amount of the Bonds that have been issued to the Lessee; (ii) whether an Event of Default exists under this Lease or the other Bond Documents, and if so specifying the nature of such Event of Default; (iii) whether this Lease or the Bond Documents have been amended, and if so, specifying the amendments; and (iv) any other matter concerning this Lease or the Bond Documents reasonably requested by such holders.

[Signatures commence on following page]

IN WITNESS WHEREOF, the Issuer and the Lessee have caused this Lease to be executed in their respective names by their duly authorized officers, all as of the date first above written.

Attest:

CITY OF FORT SMITH, ARKANSAS

_____
City Clerk

By:_____
Mayor

(SEAL)

As to the Issuer, signed, sealed and delivered in the presence of:

_____
Witness

_____
Notary Public

My commission expires:_____

(Notarial Seal)

(Signature Page to Lease Agreement)

DIXIE CONSUMER PRODUCTS, LLC,
a Delaware limited liability company

By: _____
Name: _____
Authorized Representative

As to the Lessee, signed, sealed and delivered in the presence of:

_____
Witness

_____
Notary Public

My commission expires:_____

(Notarial Seal)

(Signature Page to Lease Agreement)

"EXHIBIT A"
to
LEASE AGREEMENT

Between
CITY OF FORT SMITH, ARKANSAS
and
DIXIE CONSUMER PRODUCTS, LLC
dated as of _____, 2015

DESCRIPTION OF LEASED LAND

"EXHIBIT B"
to
LEASE AGREEMENT

Between
CITY OF FORT SMITH, ARKANSAS
and
DIXIE CONSUMER PRODUCTS, LLC
dated as of _____, 2015

DESCRIPTION OF LEASED EQUIPMENT

"EXHIBIT C"
to
LEASE AGREEMENT

Between
CITY OF FORT SMITH, ARKANSAS
and
DIXIE CONSUMER PRODUCTS, LLC
dated as of _____, 2015

PROJECT SUMMARY

The acquisition, construction and installation of property and equipment required for the expansion of Dixie Consumer Products, LLC's facility in Fort Smith, Arkansas, including the acquisition and installation of a new printing press, plate presses, packaging and handling equipment, associated machinery and equipment, and infrastructure improvements all located at 4411 Midland Boulevard in Fort Smith, Arkansas.

"EXHIBIT D"
to
LEASE AGREEMENT

Between
CITY OF FORT SMITH, ARKANSAS
and
DIXIE CONSUMER PRODUCTS, LLC
dated as of _____, 2015

FORM OF QUITCLAIM DEED AND BILL OF SALE
by and between
CITY OF FORT SMITH, ARKANSAS
and
DIXIE CONSUMER PRODUCTS, LLC

(See attached)

_____SPACE ABOVE THIS LINE FOR RECORDER'S USE_____

After recording, please return to:

_____
_____
_____

QUITCLAIM DEED AND BILL OF SALE

This QUITCLAIM DEED (the "Deed") dated as of the _____ day of _____, 20__, between the CITY OF FORT SMITH, ARKANSAS (the "Grantor") and DIXIE CONSUMER PRODUCTS, LLC, a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, as grantee (the "Grantee"):

W I T N E S S E T H :

WHEREAS, the Grantor and the Grantee have entered into a Lease Agreement, dated as of December 1, 2015 (the "Lease Agreement"); and

WHEREAS, the Grantor, pursuant to the terms of the Lease Agreement has agreed to execute and deliver this Deed; and

WHEREAS, all capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Lease Agreement; and

WHEREAS, the Grantor desires to assign its right, title and interest in and to the Project to the Grantee and to execute this Quitclaim Deed and Bill of Sale with respect to all property rights it has in and to the Project.

NOW THEREFORE, the Grantor, in consideration of the sum of Ten Dollars ($10.00) by it in hand paid at and before the sealing of these presents (the receipt and sufficiency of which is hereby acknowledged), has granted, bargained, quitclaimed, sold and released, and by these presents does grant, bargain, sell and release, unto the said Grantee, its successors and assigns, whatever right, title, and interest the Grantor does possess, and does by these presents demise, release, and forever quitclaim unto the Grantee all of the interest of the Grantor, if any, in and to the Project without warranty as to title or condition, including, without limitation, the Leased Land described in Exhibit "A" hereto, together with the machinery, equipment and related personal property described in Exhibit "B";

TOGETHER, with all and singular the rights, tenements, hereditaments and appurtenances to the such Project belonging or in any way incident or appertaining.

TO HAVE AND TO HOLD, all and singular the said premises before mentioned unto the said Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, the City of Fort Smith, Arkansas has caused these presents to be executed in its name and its seal to be hereto affixed this ____ day of _____, 20__.

Attest:

_____
City Clerk

(SEAL)

CITY OF FORT SMITH, ARKANSAS

By:_____
Mayor

Signed, sealed and delivered in the presence of:

_____
Witness

_____
Notary Public

My Commission Expires:_____

(NOTARIAL SEAL)

"EXHIBIT A"
TO

FORM OF

QUITCLAIM DEED AND BILL OF SALE

DESCRIPTION OF LEASED LAND

(See Attached)

"EXHIBIT B"
TO

FORM OF

QUITCLAIM DEED AND BILL OF SALE

DESCRIPTION OF LEASED EQUIPMENT

"EXHIBIT E"

FORM OF
AMENDMENT TO LEASE AGREEMENT

Number _____

This AMENDMENT TO LEASE AGREEMENT, Number ___, dated as of _____ __, _____, between the CITY OF FORT SMITH, ARKANSAS (the "City"), a municipal corporation duly organized and existing under the laws of the State of Arkansas, as Lessor, and DIXIE CONSUMER PRODUCTS, LLC (the "Lessee"), a limited liability company organized and existing under the laws of the State of Delaware.

W I T N E S S E T H :

WHEREAS, the City and the Lessee have heretofore entered into a Lease Agreement, dated as of [_____] 1, 20__ (said Lease Agreement, as from time to time modified or amended, is herein called the "Lease"), relating to certain land in Fort Smith, Arkansas (as more fully described hereinafter as the "Leased Land"); and

WHEREAS, the City and the Lessee have now determined that it is necessary to amend the Lease in certain respects to reflect the [removal from] [addition to] the description of the Leased Land the real property (including the improvements thereon constituting a part of the Project) described in Exhibit "1" hereto; and

NOW, THEREFORE, in consideration of the premises and of the mutual covenants hereinafter contained, the City and the Lessee agree to and do hereby amend the Lease to modify the description of the Leased Land contained as "Exhibit A" attached thereto in order to [remove therefrom] [add thereto], effective as of the date hereof, the real property (including all structures, buildings and other improvements thereon) described in Exhibit "1" to this Amendment to Lease Agreement.

Section 1. Amendment of Lease. The Lease shall be deemed to be modified and amended in accordance with the provisions of this Amendment to Lease Agreement and the respective rights, duties and obligations of the City and the Lessee under the Lease shall hereafter be determined, exercised and enforced under the Lease subject in all respects to this Amendment to Lease Agreement, and all the terms and conditions of this Amendment to the Lease Agreement shall be part of the terms and conditions of the Lease for any and all purposes.

All references in the Lease to the Leased Land described in "Exhibit A" thereof shall refer to said Exhibit as hereby amended and modified.

Section 2. Execution Counterparts. This Amendment to Lease Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 3. Recordation. This Amendment to Lease Agreement may be recorded in the office of the Sebastian County Clerk in Fort Smith, or in such other office as may be at the time provided by law as the proper place for such recordation.

Section 4. Lease to Continue in Full Force and Effect. All other terms of the Lease shall continue in full force and effect subject to this Amendment to Lease Agreement as set forth herein.

IN WITNESS WHEREOF, the City and the Lessee have caused this Amendment to the Lease Agreement to be executed in their respective names and their respective seals to be hereunto affixed and attested by their duly authorized officers as of _____ __, ____.

Attest:

_____
City Clerk

(SEAL)

CITY OF FORT SMITH, ARKANSAS

By:_____
Mayor

As to the City, signed, sealed
and delivered in the presence of:

_____
Witness

_____
Notary Public

My commission expires:_____

(Notarial Seal)

DIXIE CONSUMER PRODUCTS, LLC,
a Delaware limited liability company

By:_____
Name: _____
Title:

As to the Lessee, signed, sealed
and delivered in the presence of:

_____
Witness

_____
Notary Public

My commission expires:_____

(Notarial Seal)

EXHIBIT ”1”
TO AMENDMENT TO LEASE AGREEMENT (NUMBER ___)
between
CITY OF FORT SMITH, ARKANSAS,
and
DIXIE CONSUMER PRODUCTS, LLC
dated as of _____

DESCRIPTION OF [ADDITIONAL] [REMOVED] LAND

"EXHIBIT F"

REQUISITION AND CERTIFICATE

Requisition and Certificate No. __
Date: _____, 20__
Amount of Requisition: $_____

_____, as Trustee under the Indenture of Trust, dated as of December 1, 2015, relating to City of Fort Smith, Arkansas Industrial Development Revenue Bonds (Dixie Consumer Products, LLC - Fort Smith Project), Series 2015, in an aggregate principal amount not to exceed $55,000,000

Gentlemen:

All capitalized terms used but not defined herein shall have the meanings assigned to them in that certain Lease Agreement, dated as of December 1, 2015, by and between the City of Fort Smith, Arkansas ("Issuer") and Dixie Consumer Products, LLC ("Lessee"), as amended from time to time ("Lease Agreement").

This is a requisition for payment from the City of Fort Smith, Arkansas Project Fund – Dixie Consumer Products, LLC, of an obligation in the stated amount incurred by or on behalf of the Issuer in connection with the issuance of the Bonds in caption or the acquisition, construction and installation of the Project.

1. This obligation is a proper charge against the Project Fund, the payment thereof is being made in connection with the Project and has not been the basis of any previous withdrawal from the Project Fund.

2. No other certificate in respect of the foregoing obligation is being or has been previously delivered to the Trustee.

3. The Lessee has no notice of any vendor's, mechanic's, or other liens or right to liens, chattel mortgages or conditional sales contracts, or other contracts or obligations (other than those being contested in good faith as permitted in Section 6.1(c) of the Lease Agreement) which should be satisfied or discharged before such payment is made; and

4. Such requisition contains no item representing payment on account of any retained percentages which the Issuer or the Lessee is, as of the date of such requisition, entitled to retain under retained percentage agreements.

5. Purpose and circumstances of such obligation:

Reimbursement of costs of the Project.

Owing to: _____

6. A bill or statement of account for such obligation is available upon request made to the Lessee.

7. The Lease [Amendment] relating to the portion of the Project for which such obligation has been incurred is attached hereto, and has been executed by the Lessee. The Lease [Amendment] and this Requisition and Certificate relate to those portions of the Project conveyed to the Issuer by Quitclaim Deed and Bill of Sale. Payment of this Requisition and Certificate may be made as directed on any such attachment.

All of the foregoing is hereby certified.

By:_____
Authorized Lessee Representative

Insofar as the disbursement requested hereby is to pay obligations incurred for labor, services, material, supplies or equipment in connection with the acquisition, construction and installation of the Project, such labor and services were to the Lessee's knowledge performed and such material, supplies or equipment were or are to be used in connection with the acquisition, construction and installation of the Project or delivered at the site of the Project for such purpose.

This requisition is given without prejudice against any rights of the Issuer or the Lessee against third parties which exist on the date hereof.

_____
Authorized Lessee Representative

"EXHIBIT G"

AGREEMENT FOR PAYMENTS IN LIEU OF TAXES

(See attached)

AGREEMENT FOR PAYMENTS IN LIEU OF TAXES

The City of Fort Smith, Arkansas

Ladies and Gentlemen:

Dixie Consumer Products, LLC, a Delaware limited liability company together with any of its designated subsidiaries or affiliates (the "Company") has requested the City of Fort Smith, Arkansas (the "City") to enter into an Agreement to Issue Bonds pursuant to Act No. 9 of 1960, as amended ("Act 9") of the Arkansas General Assembly, for the purpose of assisting Company in the acquisition, construction and installation of property and equipment required for the expansion of the Company's facility in Fort Smith, Arkansas, including the acquisition and installation of a new printing press, plate presses, packaging and handling equipment, associated machinery and equipment, and infrastructure improvements all located at 4411 Midland Boulevard in Fort Smith, Arkansas (the "Project"). To provide for the financing of the cost of the Project it is proposed that the City issue not to exceed $55,000,000 of industrial development revenue bonds under the authority of Act 9 (the "Bonds").

The Bonds will be secured by a pledge of revenues derived from the Project, including particularly lease rentals to be paid by Company to the City under a lease agreement not to exceed thirty years (the "Lease") proposed to be entered into between the City and Company.

The Lease will provide that Company would be obligated to pay all taxes and assessments, general and special, levied and assessed on the Project during the term of the Lease as well as water and sewer charges, assessments and other governmental charges and impositions. Company is informed and understands that, notwithstanding such provisions in the Lease, under the decision of the Supreme Court of the State of Arkansas in the case of Wayland v. Snapp, 232 Ark. 57, 334 S. W. 2d 633 (1960), the Project will be exempt from ad valorem taxes because it would be owned by the City and used for a public purpose within the meaning of the applicable Constitutional provision affording the exemption. Thus, Company understands that it, as lessee of the Project owned by the City, will, in fact, have no ad valorem taxes to pay under the provisions of the Lease. The City has indicated a reluctance to lose all tax revenues which would otherwise be received if the properties involved were privately owned. Therefore, to induce the City to proceed with the issuance of the Bonds for the purpose indicated and to induce Company to build and/or expand a substantial industrial project in the City, and for other valuable consideration, the receipt of which is hereby acknowledged by the City, Company agrees with the City as follows:

1. In lieu of ad valorem property taxes, the Company will pay, annually for a period commencing with the effective date of the Lease and ending on the earlier of 15 years or the earlier termination or expiration of the Lease, an amount equal to 50 percent of the taxes that would otherwise be due based upon the applicable assessed value and millage rate that would be applicable if the Company owned the Project; with the first such payment to be made on or before the applicable payment date with reference to the first tax year following the date on which the Project is placed in service.

2. The payments to be made by Company, pursuant to this Agreement, are intended to be in lieu of all ad valorem taxes that would have to be paid on the Project leased by Company in the Lease to the State of Arkansas, the City, Sebastian County, school or community college districts and/or other political subdivisions of the State of Arkansas if the Project were not exempt from ad valorem taxes under the provisions of Article 16, Section 5 of the Constitution of the State of Arkansas as interpreted by the Supreme Court of the State of Arkansas in Wayland v. Snapp, supra (the "taxing authorities").

3. The City agrees to distribute each payment hereunder among the tax authorities in the proportion that the millage collected by each bears to the total millage collected by all during the year of distribution.

4. The City and Company agree to cooperate in sustaining the enforceability of this Agreement. However, if by reason of a change in the Constitution, or a change by the Supreme Court of the State of Arkansas in its interpretation of the Constitution or otherwise, Company is required to pay any tax which the payments specified herein are intended to be in lieu of, Company may deduct the aggregate of any such payments made by it from the amount herein agreed to be paid in lieu of taxes and need only pay the difference to the taxing authorities. Furthermore, inasmuch as the payment herein agreed to be made by Company is intended to be in lieu of taxes, it is agreed that said payment shall not as to any year be in an amount greater than would otherwise be payable for such year in ad valorem taxes, in the aggregate, on account of its ownership of the Project.

5. The agreement herein made shall terminate and be of no force and effect from and after the date that the Lease shall terminate for any purpose other than a default on the part of Company.

If such termination shall be at a point constituting a portion of a tax year, Company shall pay in lieu of taxes for the year in which termination occurred that portion of the specified annual payment that the number of days in such tax year that Company was Lessee prior to the termination bears to 365 days.

6. This agreement shall be binding upon the successors and assigns of Company and is freely assignable to any related party or affiliate without consent.

7. This agreement may be executed in counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

If the foregoing is acceptable, please so indicate by executing the acceptance set forth below, and returning to Company, whereupon this instilment shall constitute a valid and binding contract between Company and the City.

DATED: _____, 2015.

DIXIE CONSUMER PRODUCTS, LLC

By:_____
Title:

ACCEPTED:

THE CITY OF FORT SMITH,
ARKANSAS

By:_____
Mayor

H&W DRAFT 11/11/2015

INDENTURE OF TRUST

between

CITY OF FORT SMITH, ARKANSAS

and

U.S. BANK, NATIONAL ASSOCIATION,

as Trustee

Securing the issuance of not to exceed $55,000,000 in aggregate principal amount of City of Fort Smith, Arkansas Industrial Development Revenue Bonds (Dixie Consumer Products, LLC - Fort Smith Project), Series 2015 and any Additional Bonds issued hereunder.

Dated as of December 1, 2015

This instrument was prepared by:
Hunton & Williams LLP
600 Peachtree Street
Suite 4100
Atlanta, Georgia 30308

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST (the "Indenture"), dated as of December 1, 2015, made and entered into by and between the City of Fort Smith, Arkansas, a political subdivision of the State of Arkansas (the "Issuer"), and U.S. Bank, National Association, a national banking association validly existing under the laws of the United States with trust powers in the State of Arkansas, and authorized to accept and execute trusts of the character herein set out, as trustee (the "Trustee");

RECITALS

WHEREAS, the Issuer is authorized by the Municipalities and Counties Industrial Development Revenue Bond Law, Arkansas Code Annotated Sections 14-164-201 *et seq*., as amended (the "Act"), to own, acquire, construct, reconstruct, extend, equip, improve, operate, maintain, sell, lease, or contract any land, buildings, or facilities of any and every nature, incur other costs and expenses, and make other expenditures incidental to and for the securing and developing of industry; and

WHEREAS, the Issuer is authorized by the Act to issue industrial development revenue bonds payable from revenues derived from the industrial project so acquired, constructed and equipped; and

WHEREAS, after careful study and investigation the Issuer, and pursuant to an ordinance duly adopted, has entered into that certain Lease Agreement (the "Lease Agreement"), dated as of even date herewith, with Dixie Consumer Products, LLC (the "Company"), a limited liability company organized and existing under the laws of the State of Delaware, pursuant to which the Issuer has agreed to acquire, construct and equip the Project (as defined in the Lease Agreement), for the exclusive use and occupancy of the Company under the Lease Agreement and the Company has agreed to pay the Issuer specified rental payments and other payments; and

WHEREAS, after careful investigation, the Board of Directors of the Issuer determined and declared that it is in the best interest of the citizens of the City of Fort Smith, Arkansas that the Project be acquired, constructed and equipped and leased to the Company for the purposes stated in the Lease Agreement, all in keeping with the public purpose of the Act; and

WHEREAS, a Project Summary for the Project has been prepared by the Company, and it is estimated that the amount necessary to pay the costs of the acquisition by the Issuer of the Project, including expenses incidental thereto, will not exceed $55,000,000 (said Project Summary, which may be amended from time to time by the Company, has been approved by the Issuer and is on file with the Company) and has been found by the Issuer to be for valid and lawful purposes; and

WHEREAS, the most feasible method of paying for the cost of the acquisition of the Project is through the issuance hereunder of the City of Fort Smith, Arkansas Industrial

Development Revenue Bonds (Dixie Consumer Products, LLC - Fort Smith Project), Series 2015 (the "Series 2015 Bonds"), in the aggregate principal amount of not to exceed $55,000,000; and

WHEREAS, the execution and delivery of this Indenture and the sale, issuance and delivery of the Series 2015 Bonds have been in all respects duly and validly authorized by an ordinance duly adopted by the Issuer; and

WHEREAS, the Issuer will issue the Series 2015 Bonds to pay the cost of the acquisition, construction and installation of property and equipment required for the expansion of Dixie Consumer Products, LLC's facility in Fort Smith, Arkansas, including the acquisition and installation of property and equipment required for the expansion of the Company's facilities, including, but not limited to, a new printing press, plate presses, packaging and handling equipment, associated machinery and equipment, and infrastructure improvements, all to be located in the City of Fort Smith, Arkansas (the "Project"), and provision should be made for the issuance from time to time of Additional Bonds which shall be equally and ratably secured hereunder with the Series 2015 Bonds (the Series 2015 Bonds and such Additional Bonds being hereinafter collectively referred to as the "Bonds"); and

WHEREAS, the Bonds will be delivered to and paid for by the purchaser in multiple installments as and when moneys are required to complete the acquisition of the Project, and the provisions of this Indenture are to be liberally read and construed in a manner which facilitates such approach to delivery and payment; and

WHEREAS, the Issuer will receive rental payments and other payments from the Company, which revenues, together with all other rents, revenues and receipts arising out of or in connection with the Issuer's ownership of the Project, shall be pledged together with the Lease Agreement (except for certain Unassigned Rights) as security for the payment of the principal of and interest on the Bonds; and

WHEREAS, the Trustee recites that a condition of its acceptance of this Indenture was the receipt of a duly authorized, executed and delivered Guaranty Agreement, dated as of even date herewith, pursuant to which the Company absolutely and unconditionally guarantees the full and prompt payment of the rental payments owed by the Company in accordance with the provisions of the Lease; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued and delivered as provided in this Indenture, the valid, binding and legal obligations of the Issuer, according to the import thereof, and to create a valid assignment and pledge of the rental payments and other payments derived from the Lease Agreement to the payment of the principal of and interest on the Bonds and a valid assignment of all the right, title and interest of the Issuer (except for the Unassigned Rights) in the Lease Agreement, have been done and performed, and the execution and delivery of this Indenture and the execution, issuance and delivery of the Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS INDENTURE WITNESSETH:

That the Issuer, in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the owners thereof, and of the sum of One Dollar ($1.00), lawful money of the United States of America, to it duly paid by the Trustee, at or before the execution and delivery of these presents, and for other good and valuable considerations the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect and to insure the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, has given, granted, pledged, assigned, conveyed and transferred and does by these presents give, grant, pledge, assign, convey and transfer to the Trustee, and to its successors in the trusts hereby created, and to them and their assigns forever, all of the Issuer's estate, right, title and interest in, to and under any and all of the following described property, rights and interest:

I.

A security interest in all right, title and interest of the Issuer in the Lease Agreement and all amendments, modifications and renewals thereof (except for the Unassigned Rights).

II.

A security interest in all rental payments and other payments to be received pursuant to the Lease Agreement, together with all other rents, revenues and receipts arising out of or in connection with the Issuer's ownership of the Project (except for the Unassigned Rights), and all amendments, modifications and renewals thereof.

III.

The Quitclaim Deed and Bill of Sale.

IV.

A security interest in all amounts on deposit from time to time in the Project Fund and the Bond Fund, subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein.

TO HAVE AND HOLD all the same with all privileges and appurtenances hereby given, granted, pledged, assigned, conveyed, mortgaged and transferred, or agreed or intended to be to the Trustee and its successors in said trusts and to them and their assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of all owners of the Bonds issued or to be issued under and secured by this Indenture, without preference, priority or distinction as to lien or otherwise of any of the Bonds over any of the others except as herein expressly provided;

PROVIDED, HOWEVER, that upon Payment in Full of the Bonds in accordance with the terms and provisions of this Indenture, this Indenture and the rights hereby

granted shall cease, determine and be void; otherwise, this Indenture shall be of full force and effect.

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all property hereby given, granted, pledged, assigned, conveyed or transferred is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective owners, from time to time, of the Bonds or any part thereof, as follows, that is to say:

ARTICLE I.

DEFINITIONS

Section 101. Definitions. The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations herein (terms which are not defined in this Section shall have the meaning specified in Article I of the Lease Agreement except as herein otherwise expressly provided or unless the context requires otherwise):

"Act" means the Municipalities and Counties Industrial Development Revenue Bond Law, Arkansas Code Annotated Sections 14-164-201 et seq., as amended.

"Additional Bonds" means the bonds of any series, other than the Bonds, authorized under the Indenture and authenticated and delivered in accordance with the provisions of Article IV of this Indenture.

"Bankruptcy Event" means the entry of a decree or order by a court having jurisdiction in the premises for relief in respect of a party or adjudging such party a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the party under Title 11 of the United States Code, as now constituted or as amended or any other applicable Federal or state bankruptcy or other similar law, and such decree or order shall have continued undischarged or unstayed for a period of 90 days; or the entry of a decree or order of a court having jurisdiction of the premises for the appointment of a receiver or liquidator or trustee or custodian or assignee in bankruptcy or insolvency of the party or of all or a major part of such party's property, or for the winding up or liquidation of its affairs and such decree or order shall have remained in force undischarged or unstayed for a period of 90 days.

"Bill of Sale" means the Bill of Sale to be dated the date of actual execution and delivery thereof, held in trust by the Trustee in accordance with the provisions of Section 510 hereof, whereby the Issuer agrees to grant, bargain and sell to the Company whatever right, title, and interest the Issuer has in and to the Project. The Quitclaim Deed and Bill of Sale, in substantially the form it is to be executed and delivered, is attached as Exhibit "D" to the Lease Agreement.

"Bond Fund" means the Bond principal and interest payment fund created by Section 602 hereof and within which there shall be established a General Account and a Special Account. Any reference herein to the words "Bond Fund" without further qualification shall constitute a reference to said General Account.

"Bond Purchase Agreement" means the contract of even date herewith pursuant to which the Issuer has agreed to sell, and the Purchaser has agreed to purchase, the Bonds, in accordance with the provisions thereof.

"Bond" or **"Bonds"** shall mean any or all of the not to exceed $55,000,000 in aggregate principal amount of City of Fort Smith, Arkansas Industrial Development Revenue Bonds (Dixie Consumer Products, LLC - Fort Smith Project), Series 2015, to be issued by the

Issuer hereunder, and from and after the issuance of any Additional Bonds, unless the context clearly indicates otherwise, such Additional Bonds.

"Company" or **"Lessee"** means Dixie Consumer Products, LLC, a Delaware limited liability company, and its successors and assigns, including any surviving, resulting or transferee entity as provided in Section 8.3 of the Lease Agreement.

"**Cost of the Project**" means any and all costs of the acquisition, construction and installation of the Project or any other cost of the project relating to the Project.

"Counsel" means an attorney or firm thereof duly admitted to practice law before the highest court of any state in the United States of America or of the District of Columbia.

The term **"event of default"** means the events specified in Section 1101 hereof, subject to the terms of Sections 1111 and 1112 hereof.

"Extraordinary Services" and **"Extraordinary Expenses"** means all services rendered and all expenses incurred by the Trustee under this Indenture other than Ordinary Services and Ordinary Expenses.

"Financing Statements" means any and all financing statements (including continuation statements) filed for record from time to time.

"Government Obligations" means (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged, or (b) obligations issued by a person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully and unconditionally guaranteed as a full faith and credit obligation by the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of Treasury of the United States of America), which obligations, in either case, are held in the name of the Trustee and not subject to redemption prior to maturity by anyone other than the holder thereof.

"Guaranty Agreement" means the Guaranty Agreement, of even date herewith, from the Company, as guarantor, to the Trustee, pursuant to the terms of which the Company has absolutely and unconditionally guaranteed the payment of the principal of and interest on, the Bonds, and any amendments or supplements thereto, including any amendments or any additional Guaranty Agreements executed by the Company in connection with the issuance of any Additional Bonds.

"Indenture" means this Indenture of Trust, as amended, supplemented or restated from time to time.

"Independent Counsel" means an attorney, or firm thereof, duly admitted to practice law before the highest court of any state in the United States of America or of the District of Columbia and not an employee of or regularly retained by either the Issuer or the Company.

"Interest Payment Date" means, with respect to the Bonds, June 1, 2016, and each December 1 and June 1 thereafter, and each date on which interest or principal is due and payable on all or part of the Bonds by reason of acceleration or redemption.

"Interest Period" means the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date.

"Issuer" means the City of Fort Smith, Arkansas, a municipal corporation duly organized and existing under the laws of the State of Arkansas, and its lawful successors and assigns.

"Lease Agreement" or **"Lease"** means the Lease Agreement, of even date herewith, between the Issuer and the Company, and any amendments or supplements thereto.

"Mortgagee" mans the holder of a mortgage.

"Ordinary Services" and **"Ordinary Expenses"** means those services normally rendered and those expenses normally incurred by a Trustee under instruments similar to this Indenture, including without limitation, fees and expenses of the Trustee as paying agent and bond registrar, and as custodian of the Project Fund and the Bond Fund hereunder.

The term **"outstanding,"** when used with reference to the Bonds at any date as of which the amount of outstanding Bonds is to be determined, means all Bonds which have been authenticated and delivered to Purchasers by the Trustee under this Indenture, except:

(a) Bonds canceled at or prior to such date;

(b) Bonds for the payment or prepayment of which sufficient moneys and/or Government Obligations meeting the terms and conditions specified in Section 1002 hereof shall have been theretofore transferred or deposited into the Bond Fund (whether upon or prior to the maturity or prepayment date of any such Bonds); provided that if such Bonds are to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds in lieu of which others have been authenticated under Section 206 hereof; and

(d) For purposes of any consent or other action to be taken by the owners of a specified percentage of outstanding Bonds hereunder, or unless the Company or an affiliate of the Company shall own at such time 100% of the outstanding Bonds (determined without reference to this subparagraph (d)), Bonds held by the Company or an affiliate of the Company, except that in determining whether the Trustee shall be protected in relying upon any such approval or consent of an owner, only Bonds which a Responsible Officer of the Trustee actually knows to be owned by the Company or an affiliate thereof shall be disregarded, unless all Bonds are owned by the Company or an

affiliate thereof, in which case such Bonds shall be considered outstanding for the purpose of such determination.

The term **"owners of the Bonds"** means the registered owners of the Bonds.

The term **"Payment in Full of the Bonds"** specifically encompasses the situations described in Sections 1001 and 1002 hereof.

"Person" means natural persons, firms, associations, corporations and public bodies and other legal entities.

The term **"Principal Office of the Trustee"** means the corporate trust office of the Trustee in _____, _____, or the principal corporate trust office of any successor trustee designated pursuant to the provisions of a supplemental indenture.

"PILOT Agreement" means the Agreement for Payments in Lieu of Taxes dated December ___, 2015, between the Issuer and the Company.

"Project" means the Leased Land and Leased Equipment and the Improvements defined and described in the Lease Agreement, as each may at any time exist.

"Project Fund" means the trust fund created by the Issuer in Section 701 herein.

"Purchaser" means initially Dixie Consumer Products, LLC, as Purchaser under the Bond Purchase Agreement, and thereafter includes its successors and assigns.

"Quitclaim Deed and Bill of Sale" means the Quitclaim Deed and Bill of Sale to be dated the date of actual execution and delivered in accordance with Section 11.4 of the Lease Agreement. The Quitclaim Deed and Bill of Sale, in substantially the form it is to be executed and delivered, is attached to the Lease Agreement as Exhibit "D."

"Record Date" means the close of business on the 15th day (whether or not a business day) of the month immediately preceding the applicable Interest Payment Date.

"Responsible Officer of the Trustee" means, any vice president, assistant vice president or other officer of the Trustee within the Principal Office of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Principal Office of the Trustee because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Indenture.

"Security interest" or **"security interests"** shall refer to the security interests created herein and shall have the meaning set forth in the Uniform Commercial Code of Arkansas, as now or hereafter amended.

"Series 2015 Bonds" means the City of Fort Smith, Arkansas Industrial Development Revenue Bonds (Dixie Consumer Products, LLC - Fort Smith Project), Series 2015.

"Trust Estate" means the property described in Sections I, II, III and IV of the Granting Clauses of this Indenture.

"Trustee" means the party so named and designated in the first paragraph of this Indenture and any co-trustee or successor trustee hereunder and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party.

"Unassigned Rights" means the rights of the Issuer in and under the Lease Agreement to be reimbursed for fees and expenses, the right of the Issuer to inspect the Project and the right of the Issuer to be indemnified.

Section 102. Use of Phrases. "Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Indenture and not solely to the particular portion hereof in which any such word is used. The definitions set forth in Section 101 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

ARTICLE II.

TERMS, EXECUTION AND DELIVERY OF THE BONDS

Section 201. Issuance of Bonds in Series. The Bonds may be issued in different series and each Bond shall have an appropriate series designation. All of the Bonds shall be equally and ratably secured by this Indenture and by the pledge herein made, it being expressly understood and agreed that no Bonds issued hereunder shall be prior to any other Bonds thereafter issued hereunder, but shall be on a parity therewith, with respect to the pledge of this Indenture.

Section 202. Dates and Places of Payment of Bonds. Each series of the Bonds shall bear such date as shall be specified in this Indenture or in the supplemental indenture providing for the issuance thereof and shall mature on such dates in such years and in such amounts as shall be fixed therefor prior to the issuance thereof. Interest on the Bonds from their respective dates until their respective maturities shall be payable at such rates as shall be fixed therefor prior to the issuance thereof.

The Bonds shall be issued as fully registered Bonds as hereinafter provided.

Each Bond shall be dated the date of its authentication and delivery by the Trustee. The Bonds shall bear interest from the Interest Payment Date next preceding the date of authentication of such Bond to which interest has been paid or provided for, unless: (1) the date of authentication of such Bond is an Interest Payment Date to which interest has been paid or provided for, then from the date of authentication thereof, or (2) no interest has been paid on such Bond, in which case from the date of authentication and delivery of such Bond or (3) such authentication date shall be after any Record Date and before the next succeeding Interest Payment Date in which case interest shall be paid from the next succeeding Interest Payment Date.

The principal of and interest on each of the Bonds shall be payable in lawful money of the United States of America by check to the owner thereof delivered at the address of such owner as shown on the bond register maintained by the Trustee as Bond Registrar (the "Bond Register"), unless there shall be in effect a home office payment agreement satisfactory to the Trustee, as provided in Section 208 hereof. Such payments shall be made to the person in whose name a Bond shall be registered on the Bond Register, with respect to payment of principal, on the date such principal is due, and, with respect to the payment of interest, as of the applicable Record Date as shown on the Bond Register. Payment of the final installment of principal of each Bond to the owner thereof shall be made upon surrender of the Bond to the Trustee. The Bond Registrar shall maintain a record of the amount and date of all payments or prepayments of the principal of and interest on the Bonds.

Section 203. Execution; Limited Obligation. The Bonds shall be executed on behalf of the Issuer by the official manual signature of its Mayor and the Issuer's seal shall be affixed thereto and attested by the official manual signature of its City Clerk or any Assistant City Clerk. The obligation of the Issuer to pay the Bonds and the interest thereon shall not be a general obligation of the Issuer but shall be a limited obligation which shall be payable from, and

wholly secured by, a pledge of the rental payments and other payments received from the Company derived by the Issuer under the Lease Agreement together with all other rents, revenues and receipts arising out of or in connection with the Issuer's ownership of the Project. The Bonds shall not constitute an obligation of the State of Arkansas or the City of Fort Smith, Arkansas or any political subdivision therein. If any officer of the Issuer who shall have signed or sealed any Bonds shall cease to be such officer before such Bond so signed and/or sealed has been authenticated and delivered by the Trustee, such Bond nevertheless may be authenticated and delivered as though the person who signed and/or sealed such Bond had not ceased to be such officer, and also any Bond may be signed and sealed on behalf of the Issuer by such persons as at the actual time of execution of such Bond shall be the proper officers of the Issuer, although at the date of such Bond such persons may not have been officers of the Issuer.

Section 204. Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Trustee shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture. Said certificate of authentication on any Bond shall be deemed to have been executed by the Trustee if signed by an authorized signatory of the Trustee, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Bonds issued hereunder.

Section 205. Form of Bonds. The Bonds and the form for transfer to be printed thereon, and the Trustee's certificate to be endorsed on all Bonds shall be in substantially the form hereinafter set forth in Section 303 hereof with such appropriate variations, omissions, substitutions and insertions as are permitted or required by this Indenture and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon, as may be required to comply with any applicable laws or rules or regulations, or as may, consistently herewith, be determined by the officers executing such Bonds, as evidenced by their execution of the Bonds. (The Bonds of each series of Additional Bonds, and the various certificates to be endorsed thereon shall be in substantially the forms respectively provided therefor in the supplemental indenture under which each series of Additional Bonds is issued, which forms shall in general be similar to the form applicable to the Bonds, with such insertions, omissions and other variations as may be necessary to conform to the provisions hereof and of such supplemental indenture.)

Section 206. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond in the same principal amount in lieu of and in substitution for the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Issuer and the Trustee evidence satisfactory to them and to the Company of the ownership of such Bond and of such loss, theft or destruction, together with indemnity satisfactory to them. If any such Bond shall have fully matured, instead of issuing a new Bond the Issuer may pay the same. The Issuer and the Trustee may charge the owner of such Bond with their reasonable fees, costs and expenses in this connection.

Section 207. Transfer of Bonds; Persons Treated as Owners. The Issuer shall cause books for the transfer of the Bonds as provided in this Indenture to be kept by the Trustee which is hereby constituted and appointed the Bond Registrar of the Issuer. Upon surrender for transfer of any Bond at the Principal Office of the Trustee, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or fully registered Bonds in the same aggregate principal amount of any authorized denomination or denominations. Fully registered Bonds may be exchanged at the Principal Office of the Trustee for an equal aggregate principal amount of fully registered Bonds of any authorized denomination or denominations.

Any Bond shall be fully transferable by the registered owner on the Bond Register to be provided for that purpose, upon presentation of such Bond for notation of transfer thereof at the Principal Office of the Trustee, as Bond Registrar, accompanied by a written instrument of transfer in form satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing. No service charge shall be made for any such transfer, but the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. The person in whose name any Bond is registered from time to time shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of and interest on such Bond shall be made only to or upon the order of the registered owner thereof, or its attorney duly authorized in writing, and neither the Issuer, the Trustee (acting in its capacity as Bond Registrar or otherwise), nor any paying agent acting for the Issuer shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Bonds to the extent of the sum or sums so paid.

Anything in this Indenture to the contrary notwithstanding, there shall not be effected, and the Trustee acting as Bond Registrar shall not permit the effecting of, any transfer of any Bond pursuant to the provisions of this Section, unless there is delivered to the Trustee an opinion of Counsel satisfactory to the Trustee, the Issuer and the Company to the effect that such transfer will not violate applicable securities laws, together with the consent of holder of any Superior Security Document or any Leasehold Mortgagee in their sole discretion at any time the Superior Security Document or any Leasehold Security Deed is outstanding provided, however, no such opinion of Counsel shall be required to be delivered in connection with (i) any pledge, assignment or transfer of a Bond to a lender or any subsequent transfer of such Bond pursuant to the exercise by such lender of its remedies granted in connection with such pledge, assignment or transfer or (ii) any assignment of the Lease in accordance with the provisions of Article IX of the Lease.

All Bonds which have been surrendered to the Trustee pursuant to Section 206 or 207 of this Indenture or for the purpose of payment upon maturity or prepayment prior to maturity shall be canceled and destroyed by the Trustee and a certificate of destruction shall be delivered to the Issuer upon the Issuer's request.

Section 208. Home Office Payment Agreement. Notwithstanding any provision of this Indenture or of any Bond to the contrary, the Issuer and the Trustee may enter into a home office payment agreement with the owner of any Bond in an original principal amount of at least $100,000, providing for the making to such owner of all payments of principal

and interest on such Bond or any part thereof (other than any payment of the entire unpaid principal amount thereof) at a place, by a means and in a manner other than as provided in this Indenture and in the Bonds without presentation or surrender of such Bond, upon such conditions as shall be satisfactory to the Trustee (including the payment by Company of rental payments under the Lease directly to the owners of the Bonds in satisfaction of the principal and interest on the Bonds). The Trustee agrees to make or permit to be made payments of principal and interest on the Bonds in accordance with the provisions of such home office payment agreement. The Trustee shall not be liable to any such owner or to the Issuer for any act or omission to act on the part of the Issuer, any such owner or any agent of the Issuer, in connection with any such agreement, and the Trustee shall have no obligation in connection with any payment of principal or interest made in compliance with any such agreement and shall not be deemed to have notice of any default in the making of any such payment. Upon the transfer of any registered Bond being paid in accordance with the provisions of a home office payment agreement permitted by this Section, the owner of such registered Bond prior to the delivery of such Bond to the transferee, shall make a notation on such Bond of the date to which interest has been paid thereon and the amount of any prepayments made on account of the principal thereof, and the Trustee shall not be deemed to have notice of any such payment.

Section 209. Prepayment. The Bonds are also subject to prepayment prior to maturity by the Issuer at any time, in whole or in part, at the option of the Company, at 100% of the principal amount to be so prepaid plus accrued interest thereon to the prepayment date. If the Bonds are redeemed only in part, the Bonds are redeemed pro rata among the owners of the Bonds.

Section 210. Notice of Prepayment. Notice of the call for any total or partial prepayment shall be given by the Trustee by mailing a copy of the prepayment notice by first class mail at least 30 days prior to the prepayment date (or such shorter period of time not less than 5 days as may be acceptable to the holders of 100% of the outstanding principal amount of the Bonds) to the registered owners of the Bonds at the addresses shown on the Bond Register.

Not later than 11:00 a.m. on the prepayment date, sufficient moneys shall be deposited in the Bond Fund to pay the Bonds or portions thereof called for prepayment and accrued interest thereon to the prepayment date. Any portion of any Bond thus called and provided for as hereinabove specified shall not bear interest after the prepayment date.

The foregoing notices shall not be required in the case of scheduled principal amortization payments required by Section 209 hereof.

Section 211. Payment of Prepayment Price and Endorsement of Bonds. Upon the date set for any prepayment, the Trustee, as paying agent, shall pay the prepayment price in lawful moneys of the United States of America by check to the owners of the Bonds so being prepaid at the addresses of such owners shown in the Bond Register. If a home office payment agreement is in effect the payments shall be made by the Company to the owner of any Bond to which such agreement relates. By acceptance of a Bond, the owner thereof agrees that upon a partial prepayment thereof it will endorse in the space provided on the schedule attached to such Bond, the amount and date of such partial prepayment and shall immediately forward a written confirmation of such prepayment and endorsement to the Trustee.

Section 212. <u>Pro Rata Prepayment</u>. With respect to any partial prepayment of Bonds (including a scheduled prepayment pursuant to Section 209 hereof), the total principal amount of Bonds to be prepaid shall be pro rated among the owners of the Bonds on the basis of the outstanding principal amount of the Bonds held by each owner as related to the Outstanding principal amount of all Bonds.

ARTICLE III.

THE BONDS

Section 301. Issuance of the Bonds. The Bonds (i) shall be designated "City of Fort Smith, Arkansas Industrial Development Revenue Bonds (Dixie Consumer Products, LLC - Fort Smith Project), Series 2015," (ii) shall be issuable as one or more fully registered Bonds in the denomination of at least $100,000 or as may otherwise be necessary to pay the costs of acquisition, construction and installation of the Project, (iii) shall be dated in the manner set forth in Section 202 hereof, (iv) shall bear interest at the rate of **[**__.___%**]** per annum (computed on the basis of a 360-day year, consisting of twelve 30-day months) from the Interest Payment Date next preceding the date of authentication of such Bond to which interest has been paid or provided for, unless: (1) the date of authentication of such Bond is an Interest Payment Date to which interest has been paid or provided for, then from the date of authentication thereof, or (2) no interest has been paid on such Bond, in which case from the date of authentication and delivery of such Bond, or (3) such authentication date shall be after any Record Date and before the next succeeding Interest Payment Date in which case interest shall be paid from the next succeeding Interest Payment Date (interest due on any Bond on any Interest Payment Date shall be paid to the Registered Owner of such Bond as shown on the registration books kept by the Registrar on the Record Date), first interest payable on the next succeeding June 1 or December 1 (whichever shall come first) and semiannually thereafter on June 1 and December 1 of each year until maturity or earlier date of prepayment, and shall mature on December 31, 2035, and (v) shall be numbered from R-1, consecutively upwards in order of authentication according to the records of the Trustee.

Section 302. Prepayment Dates and Prices. The Bonds are subject to prepayment prior to maturity by the Issuer at any time, in whole or in part (pro rata among the owners of the Bonds as provided in this Indenture), at 100% of the principal amount to be so prepaid plus accrued interest thereon to the prepayment date.

Section 303. Form of Bonds. The fully registered Bonds shall be in substantially the form set forth, to the extent provided in Section 205 hereof, as follows:

(FORM OF BOND)

UNITED STATES OF AMERICA

STATE OF ARKANSAS

CITY OF FORT SMITH

INDUSTRIAL DEVELOPMENT REVENUE BOND
(DIXIE CONSUMER PRODUCTS, LLC - FORT SMITH PROJECT),
SERIES 2015

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND IT MAY NOT BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED NOR MAY THE EXTENT OF ITS REGISTRATION BE REDUCED, WITHOUT OPINION OF COUNSEL SATISFACTORY TO THE TRUSTEE, THE ISSUER AND THE INITIAL LESSEE OF THE PROJECT REFERRED TO IN THIS BOND TO THE EFFECT THAT SUCH TRANSFER OR CHANGE IN THE EXTENT OF REGISTRATION WILL NOT VIOLATE APPLICABLE SECURITIES LAWS.

THIS BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF ARKANSAS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON DEBT INCURRENCE.

No. R-__ $_____

FOR VALUE RECEIVED, the City of Fort Smith, Arkansas (the "Issuer"), a political subdivision of the State of Arkansas, hereby promises to pay to the Registered Owner, or registered assigns, solely from the fund hereinafter described and from no other source, on the first day of _____, 20__, the principal sum of

_____ DOLLARS

and to pay to the registered owner hereof solely from said special fund, interest hereon at the rate of ____% per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months), from the dated date hereof or from the last Interest Payment Date to which interest has been paid (interest due on any Bond on any Interest Payment Date shall be paid to the Registered Owner of such Bond as shown on the registration books kept by the Registrar on the Record Date), first interest payable on the next succeeding June 1 or December 1 (whichever shall come first) and semiannually thereafter on June 1 and December 1 each year until payment of the principal amount of this bond. The principal of and the interest on this bond shall be payable in lawful money of the United States of America by check mailed to the registered owner hereof at

the orders shown on the Bond Register or to the order of any subsequent registered owner hereof shown on the Bond Register, unless there shall be in effect, as provided in the hereinafter mentioned Indenture, a home office payment agreement satisfactory to the Trustee. Payment of the final installment of interest on and principal of this bond shall be made upon surrender of this Bond to U.S. Bank, National Association, as trustee (the "Trustee"). Such payment shall be made to the person in whose name this bond is registered on the Bond Register with respect to payment of principal, on the date such principal is due and with respect to the payment of interest.

"Record Date" shall mean the close of business on the 15th day (whether or not a Business Day) of the calendar month immediately preceding the applicable Interest Payment Date.

This bond is a fully registered bond comprising one of a duly authorized series in the aggregate principal amount of not to exceed $55,000,000 (the "bonds"), of like tenor except as to numbers, issued under and secured by an Indenture of Trust, dated as of December 1, 2015, by and between the Issuer and the Trustee (the "Indenture"), and an authorizing ordinance of the Issuer, adopted on November 17, 2015, for the purpose of paying the costs of the acquisition, construction and installation of property and equipment required for the expansion of Dixie Consumer Products, LLC's facility in Fort Smith, Arkansas, including the acquisition and installation of property and equipment required for the expansion of the Company's facilities, including, but not limited to, a new printing press, plate presses, packaging and handling equipment, associated machinery and equipment, and infrastructure improvements, all to be located in the City of Fort Smith, Arkansas (the "Project") for lease to Dixie Consumer Products, LLC, a Delaware limited liability company (the "Company") pursuant to a Lease Agreement, dated as of December 1, 2015 (the "Lease Agreement"), between the Issuer and the Company.

The Indenture recites that the bonds of this series may be delivered to, and paid for by, the purchaser, in multiple installments as and when moneys are required to complete the acquisition of the Project.

THIS BOND AND THE INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A GENERAL OBLIGATION OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF ARKANSAS OR OF THE CITY OF FORT SMITH, ARKANSAS AND DOES NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE SAID STATE OR MUNICIPALITY TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER FOR THE PAYMENT OF SUCH PRINCIPAL AND INTEREST. THIS BOND IS PAYABLE SOLELY FROM THE RENTAL PAYMENTS AND OTHER PAYMENTS RECEIVED UNDER THE LEASE AGREEMENT (HEREINAFTER DESCRIBED) TOGETHER WITH ALL OTHER RENTS, REVENUES AND RECEIPTS ARISING OUT OF OR IN CONNECTION WITH THE ISSUER'S OWNERSHIP OF THE PROJECT (EXCEPT FOR CERTAIN UNASSIGNED RIGHTS) AND THE ISSUER IS OBLIGATED TO PAY THE PRINCIPAL OF AND THE INTEREST ON THIS BOND ONLY FROM AMOUNTS PLEDGED THEREFOR PURSUANT TO THE INDENTURE. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THIS BOND AGAINST ANY OFFICER, EMPLOYEE OR AGENT OF THE ISSUER.

This bond is issued and the Indenture was authorized, executed and delivered by the Issuer under and pursuant to the laws of the State of Arkansas, including particularly the Municipalities and Counties Industrial Development Revenue Bond Law, Arkansas Code Annotated Sections 14-164-201 *et seq*., as amended, and the aforesaid ordinance of the Issuer. Pursuant to the terms of the Lease Agreement, the Company must pay to the Issuer rental payments which are pledged to, and will be fully sufficient to provide for, the payment of the principal of and the interest on the bonds as the same become due.

Pursuant to the Indenture, the Issuer may from time to time after the issuance of all of the bonds of this series which are to be issued have been issued, sell and issue additional parity bonds for the purposes and subject to the terms, consents and conditions contained in the Indenture. Such additional parity bonds will rank on a parity with and be equally secured with the bonds of this series. Reference is hereby made to Article IV of the Indenture for a more complete description of the terms under which such additional parity bonds may be issued by the Issuer. As additional security for the payment of the Bonds, the Company will enter into a Guaranty Agreement with the Trustee, dated as of December 1, 2015, under the terms of which the Company will unconditionally guarantee to the Trustee, for the benefit of the owners of the Bonds, the payment of the rental payments owed by the Company under the Lease Agreement as the same become due.

The Issuer has agreed that it will use its best efforts to keep the Project continuously leased and will prescribe and collect rental payments therefor sufficient to pay when due the principal of and the interest on the bonds. Reference to the Indenture is hereby made for a description of the aforesaid Bond Fund which is charged with, and pledged to, the payment of the principal of and the interest on the bonds, the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer and the Trustee, the rights of the owners of the bonds, the terms and conditions under and upon the occurrence of which the Indenture and the Lease Agreement may be modified, the terms and conditions under which additional parity bonds may be issued and the terms and conditions under and upon the occurrence of which the lien of the Indenture may be defeased as to this bond prior to the maturity or prepayment date hereof, to all of the provisions of which the owner hereof, by the acceptance of this bond, assents.

The bonds of this series are subject to prepayment prior to maturity by the Issuer at any time, in whole or in part, pro rata among the owners of the bonds of this series as provided in the Indenture, at 100% of the principal amount to be so prepaid plus accrued interest thereon to the prepayment date.

When this bond (or any portion hereof) is called for prepayment as aforesaid, notice thereof shall be given by mailing a copy of the prepayment notice by first class mail at least thirty days prior to the prepayment date to the registered owner of this bond at the addresses shown on the registration books.

Less than the entire principal amount of this bond may be prepaid and in such case, upon the surrender of such bond (a) appropriate endorsement shall be made thereon by the Trustee to reflect such partial prepayment, or (b) there shall be issued to the registered owner hereof, without charge therefor, for the unredeemed balance of the principal amount of this bond,

fully registered bonds in any of the authorized denominations, as more fully set forth in the Indenture.

By acceptance of this bond, the owner hereof agrees that in the event it elects not to surrender this bond to the Trustee as described in the foregoing paragraph, upon a partial prepayment of this bond it will endorse in the space provided on the schedule attached hereto, the amount and date of such partial prepayment and shall immediately forward a written confirmation of such prepayment and endorsement to the Trustee.

This bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the principal office of the Trustee, but only in the manner, subject to the conditions, consents and limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this bond. Upon such transfer, a new fully registered bond or fully registered bonds in the same aggregate principal amount and of any authorized denomination or denominations shall be issued to the transferee or transferees in exchange therefor.

The owner of this bond shall have the right to enforce the payment of the principal hereof and the interest hereon at or after the maturity hereof, and the owner of this bond shall have the right to enforce the provisions of the Indenture and to institute action to enforce the covenants therein, and to take any action with respect to any Event of Default under the Indenture, and to institute, appear in or defend any suit or other proceedings with respect thereto, as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with the interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This bond is issued with the intent that the laws of the State of Arkansas shall govern its construction.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of Arkansas to happen, exist and be performed precedent to and in the issuance of this bond, the execution of the Indenture and the adoption of the aforesaid ordinance by the Issuer, have happened, exist and have been performed. The issuance of this bond and the series of which it forms a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

This bond shall not be entitled to any benefit under the Indenture nor shall it become valid or obligatory for any purpose until it shall have been authenticated by execution by the Trustee of the certificate hereon endorsed.

IN WITNESS WHEREOF, the City of Fort Smith, Arkansas has caused this bond to be executed in its name by the signature of its Mayor and its seal to be hereunto affixed and attested by the signature of its City Clerk, all as of the ___ day of _____, 2015.

THE CITY OF FORT SMITH, ARKANSAS

By:_____(Form)_____
Mayor

ATTEST

_____(Form)_____
City Clerk

(SEAL)

* * * * *

TRUSTEE'S AUTHENTICATION CERTIFICATE

Date of authentication: _____

The above bond is one of the fully registered bonds described in the above mentioned Indenture of Trust, and is hereby authenticated on its dated date as specified above.

U.S. BANK, NATIONAL ASSOCIATION,
as Trustee

By:_____(Form)_____

* * * * *

PAYMENTS ON ACCOUNT OF PRINCIPAL

Partial prepayments of the principal of this bond have been made, as follows:

DATE	AMOUNT PREPAID	BALANCE OF PRINCIPAL AMOUNT UNPAID	AUTHORIZED SIGNATURE OF OWNER OF THIS BOND

* * * * *

(Form of Assignment and Transfer)

FOR VALUE RECEIVED, _____ the undersigned, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____

_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 304. Authentication and Delivery of Bonds. Immediately following the execution and delivery of this Indenture, the Issuer will deliver a Series 2015 Bond numbered R-1 executed by the Issuer to the Trustee, together with an order signed by the Mayor of the Issuer calling for the authentication and delivery of said Bond, and the Trustee in accordance with such order, shall authenticate and deliver said Bond as in this Indenture provided and not otherwise.

Prior to the authentication and delivery by the Trustee of the aforesaid Bond which it will be initially ordered to authenticate and deliver hereunder, there shall be filed with the Trustee:

1. A copy, duly certified by the City Clerk or any Assistant City Clerk of the Issuer, of the ordinance by the Issuer authorizing the issuance of the Bonds and the execution, delivery and performance of this Indenture, the Lease Agreement and the Bond Purchase Agreement.

2. An original executed counterpart of this Indenture, the Lease Agreement, the Bond Purchase Agreement, the Guaranty and the PILOT Agreement.

3. Copies of the initial Financing Statements to be filed by the Company to perfect the security interests created herein.

4. The written opinion of Counsel for the Issuer stating (a) that the Issuer has been conveyed title to the Leased Equipment by Bill of Sale, (b) that this Indenture creates a valid first lien on and pledge of the revenues hereby conveyed and pledged, and all filings and/or recordings of any document required in order to perfect and preserve such first lien and pledge have been duly accomplished, and (c) that the Lease Agreement has been properly recorded in the proper place or places where such recordation is required for the giving of notice thereof, such recordation is complete and no other filing, recording, publishing or re-recording is required.

5. The opinion of a firm of nationally recognized bond attorneys satisfactory to the Trustee to the effect that (i) the issuance of such Bonds has been duly authorized and the terms thereof comply with the requirements of this Indenture and the Constitution and laws of the State of Arkansas; (ii) all conditions precedent provided for in this Indenture relating to the authentication and delivery of such Bonds have been satisfied; and (iii) upon the issuance of such Bonds, they shall be valid and binding obligations of the Issuer entitled to the benefits of and secured by this Indenture.

6. An order to the Trustee on behalf of the Issuer and signed by its Mayor to authenticate and deliver a fully registered bond of a specified denomination to the purchaser named in the Bond Purchase Agreement upon payment to the Trustee, but for the account of the Issuer, of a specified sum of money, or in lieu thereof, in exchange for property of the Project having a value as specified by the Company equal to such specified denomination, in which case the Bond Purchaser shall make a book entry of the purchase of such Bond on its books and notify the Trustee of such entry with a direction to authenticate. The proceeds from the sale of any such Bond shall be deposited in the

Project Fund, unless the purchase shall be done by book entry, as hereinafter provided in Article VII.

Prior to the authentication and delivery by the Trustee of any Bond subsequent to the authentication and delivery of the Series 2015 Bond which it shall have been initially ordered to authenticate and deliver hereunder as hereinabove provided, there shall be filed with the Trustee a designation in substantially the form of that which is attached to the Bond Purchase Agreement as Exhibit "A" thereto. Unless the Trustee shall be notified in writing to the contrary by the Mayor of the Issuer not less than five business days prior to the Closing Date specified in said designation, the Trustee may conclusively presume that said designation constitutes, and said designation will constitute, an order of the Issuer to authenticate and deliver to the purchaser named in the Bond Purchase Agreement a fully registered Bond of the designated denomination in accordance with the terms of such designation upon the payment to the Trustee, but for the account of the Issuer, of the purchase price of said Bond as specified in the Bond Purchase Agreement. Such payment may be made with a specified sum of money, or in lieu thereof, in exchange for property of the Project (or previous transfer by operation of law in the case of Improvements constructed on the Leased Land) having a value as specified by the Company in such designation which is equal to such specified denomination. The proceeds from the sale of any such Bond may be made by book entry on the books of the bondholder, so long as the Bond Purchaser is also the Lessee, or alternatively may be deposited in the Project Fund as hereinafter provided in Article VII. Immediately following the authentication and delivery of any such Bond by the Trustee pursuant to a designation described above, the Trustee shall notify the Issuer in writing of the accomplishment of said authentication and delivery.

ARTICLE IV.

ADDITIONAL BONDS

Section 401. Additional Bonds. By an indenture or indentures supplemental hereto and in accordance with the provisions of this Indenture, the Issuer may from time to time provide for the issuance hereunder of Additional Bonds for the purpose of paying the cost of (i) completing the acquisition of the Project, (ii) providing for the enlargement, improvement, expansion or replacement of the Project, (iii) refunding all of the Bonds of any one or more series then outstanding; or (iv) any combination of the foregoing. No Additional Bonds may be issued without the prior written consent of the Mortgagee or any Leasehold Mortgagee, in its sole discretion, at any time the Superior Security Document or any Leasehold Security Deed is outstanding.

Such Additional Bonds shall be in fully registered form and have such identifying designation, shall be dated such date, shall mature at such time or times, shall bear interest at such rate or rates, shall be subject to prepayment prior to maturity at such times and prices and shall contain such other provisions not inconsistent with this Indenture as the ordinance of the Issuer and the supplemental indenture providing for the issuance thereof shall fix and determine.

(a) Additional Bonds for Completion, Expansion, Etc. The Issuer may execute and deliver to the Trustee, and the Trustee shall authenticate and deliver Additional Bonds for the purposes specified in (i) or (ii) above upon receipt by the Trustee of the following:

(1) A written statement of the Company executed on behalf of the Company by an officer of the managing member of the Company (i) approving the terms, conditions, manner of issuance, purchase price, delivery and contemplated disposition of the proceeds of the sale of such Additional Bonds, and (ii) certifying that no Event of Default has occurred and is continuing under the Lease Agreement or, to the best of his knowledge, this Indenture;

(2) A copy, duly certified by the City Clerk or any Assistant City Clerk of the Issuer, of the ordinance adopted and approved by the Issuer authorizing the issuance of such Additional Bonds and the execution and delivery of the supplemental indenture providing for the terms and conditions under which such Additional Bonds shall be issued, together with an executed counterpart of such supplemental indenture;

(3) An executed counterpart of an amendment of the Lease Agreement expressly providing for an adjustment in the rentals of the Company to provide payments sufficient to pay the principal of and interest on such Additional Bonds and further expressly providing that, for all purposes of this Indenture and the Lease Agreement, the Project shall include the facilities being acquired in connection with the Additional Bonds (except in the case of refunding bonds hereinafter referred to), and providing for the use of the proceeds of the sale of such Additional Bonds;

(4) Copies of Financing Statements filed to protect the security interests created in the supplemental indenture with respect to the Additional Bonds;

(5) The written opinion of Counsel satisfactory to the Trustee expressing the opinion (a) that this Indenture, as supplemented, creates a valid first lien on and pledge of the revenues thereby conveyed and pledged, and all filings and/or recordings of any document required in order to perfect and preserve such first lien and pledge have been duly accomplished, and (b) that the amendment to the Lease Agreement has been properly recorded in the proper place or places where such recordation is required for the giving of notice thereof, such recordation is complete and no other filing, recording, publishing or re-recording is required;

(6) An opinion of a firm of nationally recognized bond attorneys satisfactory to the Trustee to the effect that (i) the issuance of such Additional Bonds has been duly authorized and the terms thereof comply with the requirements of this Indenture and the Constitution and laws of the State of Arkansas; (ii) all conditions precedent provided for in this Indenture relating to the authentication and delivery of such Additional Bonds have been satisfied; (iii) upon the issuance of such Additional Bonds, they shall be valid and binding obligations of the Issuer entitled to the benefits of and secured by this Indenture; and (iv) such other matters as may be reasonably required by the Issuer and the Trustee; and

(7) A written request and authorization to the Trustee on behalf of the Issuer and signed by the Mayor of the Issuer to authenticate and deliver such Additional Bonds to the purchaser or purchasers therein identified upon payment to the Trustee, but for the account of the Issuer, of the sum specified in such request and authorization plus accrued interest on such Additional Bonds to the date of delivery thereof.

The proceeds of such Additional Bonds shall be deposited with the Trustee and held and disbursed by the Trustee as provided in the supplemental indenture providing for the issuance of such Additional Bonds.

(b) Additional Bonds for Refunding. The Issuer may execute and deliver to the Trustee, and the Trustee shall authenticate and deliver Additional Bonds for the purpose of refunding any previously issued Bonds upon receipt by the Trustee of the following:

(1) The items specified in subsections (1)-(7) of Section 401(a) hereof;

(2) A copy, duly certified by the City Clerk or any Assistant City Clerk of the Issuer, of the ordinance adopted and approved by the Issuer describing the Bonds to be refunded, and authorizing all necessary action in connection with the refunding thereof pursuant to the provisions of this Indenture;

(3) A written statement of the Mayor of the Issuer indicating the estimate by the Issuer of the expenses incurred or to be incurred by it or on its behalf in connection with the payment and refunding of the Bonds to be refunded and the issuance of such Additional Bonds;

(4) In the event that any of the Bonds being refunded are to be prepaid on any date prior to their maturity, irrevocable instructions to prepay such Bonds on such date and evidence satisfactory to the Trustee that notice of prepayment of the Bonds to be prepaid has been published or given as provided in the Indenture, or irrevocable power authorizing the Trustee to give such notice;

(5) Unless the Bonds being refunded are to be prepaid on the date of issuance of the Additional Bonds, irrevocably in trust for the purpose of paying or prepaying the Bonds to be refunded, either moneys or Government Obligations or a combination thereof in an amount sufficient to discharge the lien of this Indenture with respect to the series of Bonds to be refunded;

(6) Moneys equal to the sum of (i) the amount estimated by the Trustee as necessary for the payment of expenses incurred or to be incurred by it or by or on behalf of the Issuer in connection with the payment or prepayment of the Bonds to be refunded and the issuance of such Additional Bonds plus (ii) the accrued interest, if any, on the Additional Bonds to the date of delivery thereof; and

(7) A written request and authorization to the Trustee on behalf of the Issuer and signed by the Mayor of the Issuer to authenticate and deliver such Additional Bonds to the purchaser or purchasers therein identified upon payment or delivery to the Trustee for the account of the Issuer of the moneys or Government Obligations or combination thereof required by subsections (4) and (5) next above, as the consideration for the sale of such Additional Bonds.

The amounts estimated by the Issuer and the Trustee for payment of their respective expenses incurred or to be incurred in connection with the payment or prepayment of the Bonds to be refunded and the issuance of such Additional Bonds shall be set aside by the Trustee from the proceeds of such Additional Bonds and applied by the Trustee in payment of such expenses. Any amount of the moneys set aside for the payment of such expenses remaining after all such expenses have been paid or provided for shall be transferred by the Trustee to the Bond Fund. The balance of the proceeds of the sale of such Additional Bonds remaining after the deposit of the amount set aside for the payment of the expenses incurred or to be incurred in connection with the payment or prepayment of the Bonds to be refunded and the issuance of such Additional Bonds shall be held by the Trustee in trust for the sole and exclusive purpose of paying the principal of and interest on, the Bonds to be refunded.

Section 402. <u>Parity of Bonds</u>. Each of such Additional Bonds of whatever series shall rank equally and on a parity with the Bonds and shall be equally and ratably secured hereunder with the Bonds and all other series of Additional Bonds, if any, without preference, priority or distinction of any of the aforesaid Bonds, or any coupons appertaining thereto, over

any other thereof. The Issuer shall not incur any indebtedness or issue any bonds or other obligations of any kind (other than the Bonds and any Additional Bonds) secured by a pledge of the rental payments received under the Lease Agreement.

ARTICLE V.

GENERAL COVENANTS

Section 501. Payment of Principal and Interest. The Issuer covenants that it will promptly pay the principal of and interest on the Bonds at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning hereof and thereof. The principal and interest are payable solely from rental payments and other payments received from the Company under the Lease Agreement together with all other rents, revenues and receipts (except for certain Unassigned Rights) arising out of or in connection with the Issuer's ownership of the Project. The Bonds and the interest thereon shall not be deemed to constitute a debt or a general obligation of the State of Arkansas or the City of Fort Smith, Arkansas, and the Bonds do not directly, indirectly or contingently obligate said State or City to levy or to pledge any form of taxation whatsoever for the payment of the principal of or interest on the Bonds. The principal of and interest on the Bonds are payable solely from the Trust Estate, including amounts held in the Bond Fund and specifically from the Special Account established therein pursuant to Section 602 hereof.

Section 502. Performance of Covenants; Issuer. The Issuer covenants that it will faithfully perform at all times any and all covenants, agreements, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond, and in all proceedings of the Issuer pertaining thereto. The Issuer covenants that it is duly authorized under the laws of the State of Arkansas to issue the Bonds and to execute, deliver and perform the obligations contained in this Indenture and to pledge the Lease Agreement and the rental payments and other payments received from the Company under the Lease Agreement together with all other rents, revenues and receipts (except for certain Unassigned Rights) arising out of or in connection with its ownership of the Project in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution, delivery and performance of this Indenture has been duly and effectively taken, and that the Bonds are and will be valid and enforceable limited obligations of the Issuer according to the import thereof.

Section 503. Ownership; Instruments of Further Assurance. The Issuer covenants that it lawfully owns and is lawfully possessed of the Leased Land (subject, however, to Permitted Encumbrances) and that it has good and marketable fee simple title therein and thereto and that it holds and owns the Leased Equipment and Improvements, that it will defend its title in and to the Leased Land and every part thereof to the Trustee, and its respective successors and assigns, for the benefit of the owners of the Bonds against the claims and demands of all persons whomsoever, subject to the Permitted Encumbrances described in the Lease Agreement including, without limitation, the Superior Security Document. The foregoing covenants are subject to the limitations described in Section 3.4 of the Lease Agreement. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better giving, granting, pledging, assigning, conveying, transferring, assuring and confirming unto the Trustee all and singular the rents, revenues and receipts pledged hereby to the payment of the principal of and interest on the Bonds. The Issuer covenants that, except for the Quitclaim Deed and Bill of Sale,

and except as herein and in the Lease Agreement provided, it will not sell, convey, encumber or otherwise dispose of any part of the Project.

Section 504. Payment of Taxes, Charges, etc. Pursuant to the provisions of Section 6.3 of the Lease Agreement, the Company has agreed to pay all lawful taxes, assessments and charges at any time levied or assessed upon or against the Project, or any part thereof, which might impair or prejudice the lien of this Indenture; provided, however, that nothing contained in this Section 504 shall require the payment of any such taxes, assessments or charges if the same are not required to be paid under the provisions of Section 6.3 of the Lease Agreement.

Section 505. Maintenance and Repair. Pursuant to the provisions of Section 6.1 of the Lease Agreement, the Company has agreed at its own expense to keep the Improvements and all other improvements and property forming a part of the Project in as reasonably safe condition as the operation thereof will permit, subject to its discretion, under the circumstances set forth in the Lease Agreement.

Section 506. Recordation of the Lease Agreement, Financing Statements and Continuation Statements. The Issuer covenants that it will cause the Lease Agreement or a memorandum of lease in lieu thereof, and all Financing Statements and all supplements thereto and hereto to be recorded and filed by the Company and at the expense of the Company in such manner and in such places as may be required by law in order to fully protect and preserve the interest of the owners of the Bonds in the rights, privileges and options of the Trustee hereunder and the Trustee has covenanted in Section 8.9 of the Lease Agreement to cause continuation statements and any required amendments with respect to said Financing Statements to be kept recorded and filed in such manner and in such places as may be required by law in order to fully protect and preserve the interest of the owners of the Bonds as aforesaid.

Section 507. Inspection of Project Books. The Issuer covenants that all books and documents in the Issuer's possession relating to the rents, revenues and receipts derived from the Project shall at all times during normal business hours be open to inspection by such accountants or other agents as the Trustee may, from time to time, designate. The Issuer shall be given at least 48 hours prior written notice of any such inspection and the opportunity to have a representative present during such inspection.

Section 508. Priority of Pledge. The pledge hereby made of the Lease Agreement and the rental payments and other payments received from the Company under the Lease Agreement together with all other rents, revenues and receipts (except for certain Unassigned Rights) arising out of or in connection with the Issuer's ownership of the Project constitutes a first and prior pledge thereof and shall not be impaired directly or indirectly by the Issuer or the Trustee and the payments, rents, revenues and receipts from the Project and the Issuer's interest in the Lease Agreement shall not otherwise be pledged and no persons shall have any rights with respect thereto except as provided herein and in the Lease Agreement. The parties hereto acknowledge the prior pledge by the Company of its rents, leases and profits to the holder of any Superior Security Document and any Leasehold Mortgagee.

Notwithstanding anything else contained herein, in connection with any Project loan documents or any Mortgage or Leasehold Mortgage, the Trustee agrees that at the written request of the Company and with the consent of the holders of at least a majority in principal amount of the outstanding Bonds, it shall execute and deliver such subordination agreements, recognition agreements, consents or other documents or instruments which may be in recordable form having the effect of subordinating all or any part of its interest in the Trust Estate and the Project to the interests of a Mortgagee or Leasehold Mortgagee.

Section 509. Rights Under Lease Agreement. The Lease Agreement sets forth the respective obligations of the Issuer and the Company relating to the leasing of the Project, including a provision that subsequent to the initial issuance of the Bonds and prior to Payment in Full thereof, the Lease Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee (other than as provided therein) which consent shall not be unreasonably withheld, conditioned or delayed. Reference is hereby made to the Lease Agreement for a detailed statement of the obligations of the Company thereunder, and the Issuer agrees that the Trustee in its own name or in the name of the Issuer may enforce all rights of the Issuer (except for the Unassigned Rights) and all obligations of the Company under and pursuant to the Lease Agreement for and on behalf of the owners of the Bonds, whether or not the Issuer is in default hereunder.

Section 510. Quitclaim Deed and Bill of Sale. The Trustee agrees that it will hold in escrow the Quitclaim Deed and Bill of Sale, executed by the Issuer, as Grantor, and will deliver the Quitclaim Deed and Bill of Sale to the Company, at the written direction of the Company after there has occurred a Payment in Full of the Bonds.

ARTICLE VI.

REVENUES AND FUNDS

Section 601. Source of Payment of Bonds. The obligation of the Issuer to pay the principal of and interest on the Bonds is not a general obligation of the Issuer but is a limited obligation payable solely from the Trust Estate, including rental payments and other payments received from the Company under the Lease Agreement together with all other rents, revenues and receipts (except for certain Unassigned Rights) arising out of or in connection with the Issuer's ownership of the Project and as authorized and provided herein.

The Project has been leased under the Lease Agreement and the rental payments provided for in Section 5.3 of the Lease Agreement are to be remitted directly to the Trustee for the account of the Issuer and are to be deposited in the Bond Fund. Said rental payments are sufficient in amount and become due in a timely manner so as to insure the prompt payment of the principal and interest on the Bonds.

The Company has also executed the Guaranty Agreement wherein the Company has absolutely and unconditionally guaranteed the full and prompt payment of the principal and interest on the Bonds.

Section 602. Creation of the Bond Fund. There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated "City of Fort Smith, Arkansas Revenue Bond Fund – Dixie Consumer Products, LLC - Fort Smith Project, Series 2015," which shall be used to pay the principal of and interest on the Bonds. There shall be established as trust accounts within the Bond Fund a General Account and a Special Account. The Special Account may be established by the Trustee for bookkeeping purposes only and moneys designated as being held in the Special Account may be held in any segregated account designated by the Trustee for such purpose. Any reference in this Indenture to "Bond Fund" without further qualification or explanation shall constitute a reference to said General Account.

Section 603. Payments into the Bond Fund. There shall be paid into the Bond Fund all accrued interest, if any, derived from the sale of the Bonds. In addition, there shall be paid into the Bond Fund, as and when received, (a) all rental payments specified in Section 5.3 of the Lease Agreement (except for any moneys paid or other payments made directly to the owner of a fully registered Bond pursuant to the provisions of a Home Office Payment Agreement permitted pursuant to Section 208 hereof), (b) all moneys required to be so deposited from the Project Fund, as provided in the Lease Agreement, (c) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease Agreement or this Indenture which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund and (d) any money received from the Company pursuant to the Guaranty Agreement.

The Issuer covenants that so long as any of the Bonds are outstanding it will pay, or cause to be paid, into the Bond Fund from the sources of payment described in Section 601 hereof sufficient moneys to promptly pay the principal of and interest on the Bonds as the same become due and payable. Nothing herein shall be construed as requiring the Issuer to operate the Project or to use any funds from any source to pay the principal of and interest on the Bonds or

to pay the costs of maintaining and insuring the Project other than rents, revenues and receipts arising out of or in connection with its ownership of the Project.

Section 604. Use of Moneys in the Bond Fund.

(a) Except as provided in Section 609 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds. No part of the rental payments under the Lease Agreement required to be paid into the Bond Fund (excluding prepayments under Section 9.4 of the Lease Agreement) shall be used to prepay, prior to maturity, a portion of any Bond; provided, that whenever the moneys held in the Bond Fund (in the General Account and in the Special Account) from any source whatsoever are sufficient to prepay all of the Bonds and to pay interest accrued thereon prior to such prepayment, the Issuer agrees to take and cause to be taken the necessary steps to prepay all of the Bonds from the sources herein provided on the next succeeding prepayment date for which the required prepayment notice can be given; and, provided further, that any moneys in the Bond Fund other than rental payments may be used to prepay a portion of the Bonds so long as the Company is not in default with respect to any rental payments under the Lease Agreement.

(b) At the maturity date or prepayment date prior to maturity of each Bond, the Trustee shall transfer from the General Account in the Bond Fund to the Special Account in the Bond Fund sufficient moneys to pay all principal of and interest (if any) then due and payable with respect to each such Bond. Moneys so transferred into said Special Account shall not thereafter be invested in any manner but shall be held by the Trustee without liability on the part of the Trustee or the Issuer for interest thereon until actually paid out for the purposes intended.

The Issuer hereby authorizes and directs the Trustee to withdraw, from time to time, sufficient moneys from the Special Account in the Bond Fund to pay the principal of and interest on the Bonds as the same become due and payable, which authorization and direction the Trustee hereby accepts.

Section 605. Custody of the Bond Fund. The Bond Fund shall be held by the Trustee as a trust fund for the benefit of the owners of the Bonds. The General Account and the Special Account established in the Bond Fund shall also constitute trust accounts.

Section 606. Non-presentment of Bonds at Maturity. If any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the prepayment date, provided moneys sufficient to pay such Bond shall have been made available to the Trustee and are held in the Special Account in the Bond Fund for the benefit of the owner thereof, all liability of the Issuer to the owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such moneys in said Special Account, without liability for interest thereon, for the benefit of the owner of such Bond who shall thereafter be restricted exclusively to moneys held in said Special Account, for any claim of whatever nature on his part under this Indenture or on, or with respect to, such Bond. This Section 606 is subject to the provisions of Section 609 hereof.

Section 607. Trustee's Fees, Charges and Expenses. Pursuant to the terms of the Lease Agreement the Company has agreed to pay directly to the Trustee: (i) an amount equal to the annual fee of the Trustee for its Ordinary Services rendered as Trustee, paying agent and Bond Registrar and its Ordinary Expenses incurred under this Indenture, (ii) the reasonable fees, costs and expenses of Trustee's Counsel, as and when the same become due, and (iii) the reasonable fees and charges of the Trustee for Extraordinary Expenses incurred by it under this Indenture, as and when the same become due. As specified in Section 5.3 of the Lease Agreement, the Company shall not be deemed to be in default under the Lease Agreement so long as it is contesting in good faith the necessity for any such Extraordinary Services and Extraordinary Expenses and the reasonableness of any such Extraordinary Services and Extraordinary Expenses.

Section 608. Moneys to be Held in Trust. All moneys paid over to the Trustee for the account of the Bond Fund under any provision of this Indenture shall be held in trust by the Trustee for the benefit of the owners of the Bonds entitled to be paid therefrom. This Section 608 is subject to the provisions of Section 609 hereof.

Section 609. Repayment to the Company from the Bond Fund.

(a) Any moneys remaining in the General Account in the Bond Fund after payment in full of all Bonds (taking into consideration that sufficient moneys or obligations such as are described in Section 1002 hereof have been transferred to and/or deposited in the Special Account in the Bond Fund to pay all principal of and interest then due and payable with respect to each Bond not yet presented for payment and to pay all principal and interest relating to each Bond which is not yet due and payable but with respect to which the lien of this Indenture has been defeased upon compliance with Article X hereof), the fees, charges and expenses of the Trustee, any paying agents and the Bond Registrar which have accrued and which will accrue and all other items required to be paid hereunder (other than items payable from the Special Account in the Bond Fund) shall be paid to the Company upon the expiration or sooner termination of the term of the Lease Agreement.

(b) Any moneys held by the Trustee in the Special Account in the Bond Fund in trust for the payment of the principal of or interest on any Bond remaining unclaimed for two years after such principal or interest has become due and payable shall be paid to the Company, and the owner of such Bond shall thereafter, as an unsecured general creditor, look only to the Company for the payment thereof and all liability of the Issuer and the Trustee with respect to such trust money shall thereupon cease.

ARTICLE VII.

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

Section 701. Project Fund; Disbursements. There is hereby created by the Issuer and ordered established with the Trustee a trust fund to be designated "City of Fort Smith, Arkansas Revenue Bonds Project Fund – Dixie Consumer Products, LLC - Fort Smith Project, Series 2015" for the purpose of paying, directly or indirectly, Costs of the Project. The proceeds derived from the sale of the Bonds and moneys received from the Company pursuant to Section 4.2 of the Lease Agreement shall be paid into the Project Fund, unless the entry is made on the books of the bondholder, on behalf of the Issuer, as provided in Section 303 hereof. Moneys in the Project Fund shall be disbursed in accordance with the provisions of the Lease Agreement, and particularly Section 4.3 thereof.

The Issuer agrees to promptly take all necessary and appropriate action in approving and ordering all such disbursements. The Trustee is hereby authorized and directed to issue its checks for each disbursement required by the aforesaid provisions of the Lease Agreement and the Trustee shall be relieved of all liability with respect to making disbursements in accordance with the provisions of Section 4.3 of the Lease Agreement.

The Trustee shall maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and shall file quarterly statements with respect thereto with the Company and, upon the Issuer's written request, with the Issuer.

Section 702. Completion of the Project. The completion of the acquisition, construction and installation of the Project and the payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of the certificate of the Company executed on behalf of the Company by an Authorized Lessee Representative, upon which the Trustee may conclusively rely, which certificate shall state that all costs and expenses in connection with the Project and payable out of the Project Fund have been paid except for costs and expenses not then due and payable with respect to which funds are being retained in the Project Fund with the approval of the Company for the payment of the same. Notwithstanding the foregoing, the completion certificate shall not be filed with the Trustee while the Home Office Payment Agreement is in effect. As soon as practicable, and in any event not later than 60 days from the date of the certificate referred to above, any moneys remaining in the Project Fund (other than moneys retained to pay costs and expenses not then due and payable) shall, without further authorization (but subject to the fulfillment of the conditions specified in Section 4.3(e) of the Lease Agreement relating to the transfer of moneys from the Project Fund to the Bond Fund), be deposited by the Trustee into the Bond Fund with written advice to the Issuer and the Company of such action unless the Company shall have arranged for the purchase of Bonds in the open market and shall have directed the Trustee to settle the purchase of such Bonds for the purpose of cancellation in accordance with Section 4.3(e) of the Lease Agreement.

ARTICLE VIII.

INVESTMENTS

Section 801. Project Fund Investments. Moneys held in the Project Fund or in any other trust fund or account held by the Trustee hereunder (except the Bond Fund or an account in the Bond Fund) shall be invested and reinvested by the Trustee at the oral direction of the Company, promptly confirmed in writing by the Trustee, in accordance with the treatment prescribed for Project Fund moneys in Section 4.6 of the Lease Agreement. Such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Project Fund or other pertinent trust fund and the interest accruing thereon and any profit resulting therefrom shall be credited to the Project Fund or other pertinent trust fund and any loss resulting therefrom shall be charged to the Project Fund or other pertinent trust fund. The Trustee is directed to sell and convert to cash a sufficient amount of such investments whenever the cash held in the Project Fund is insufficient to pay a requisition when presented or to otherwise make a timely disbursement required to be made therefrom.

Section 802. Bond Fund Investments. Moneys held in the Bond Fund (other than moneys held in the Special Account in the Bond Fund referred to in Section 604(b) hereof) shall be invested and reinvested by the Trustee at the written request and direction of the Authorized Lessee Representative, in accordance with the treatment prescribed for Project Fund moneys in Section 4.6 of the Lease Agreement. Such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Bond Fund and the interest accruing thereon and any profit resulting therefrom shall be credited to the Bond Fund and any loss resulting therefrom shall be charged to the Bond Fund. The Trustee is directed to sell and convert to cash a sufficient amount of such investments in the Bond Fund whenever the cash held in the Bond Fund is insufficient to provide for the payment of the principal of (whether at the maturity date or prepayment date prior to maturity) and interest on the Bonds as the same become due and payable.

Section 803. General Provisions Regarding Investments. The Trustee may conclusively rely upon the instructions of the Company or the Authorized Lessee Representative, as applicable, as to both the suitability and legality of the directed investments. If the Company elects to give the Trustee oral investment instructions and the Trustee in its discretion elects to act upon such oral investment instructions, the Trustee's understanding of such oral investment instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such oral investment instructions notwithstanding such oral investment instructions conflict or are inconsistent with a subsequent written investment instruction. Ratings of permitted investments shall be determined at the time of purchase of such permitted investments and without regard to ratings subcategories. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. In the absence of investment instructions from the Company or the Authorized Lessee Representative, as applicable, the Trustee shall not be responsible or liable for keeping the moneys held by it hereunder fully invested in permitted investments.

Although the Issuer and the Company each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Issuer and the Company hereby agree that confirmations of permitted investments are not required to be issued by the Trustee for each quarter in which a quarterly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such quarter.

ARTICLE IX.

POSSESSION, USE AND PARTIAL RELEASE OF PROJECT

Section 901. Subordination to Rights of the Company. So long as the Company is not in default under the Lease Agreement, this Indenture and the rights, options and privileges hereunder of the Trustee and the owners of the Bonds, are specifically made subject and subordinate to the rights, options, obligations and privileges of the Company set forth in the Lease Agreement. So long as not otherwise provided in this Indenture, the Company shall be suffered and permitted to possess, use and enjoy the Project and its appurtenances so as to carry out its rights and obligations under the Lease Agreement.

Section 902. Release of Certain Leased Land. Reference is made to the provisions of the Lease Agreement, including, without limitation, Section 8.7 thereof, wherein the Issuer and the Company have reserved the right to withdraw certain portions of the Leased Land (as defined in the Lease Agreement) from the Lease Agreement upon compliance with the terms and conditions of the Lease Agreement and subject to the terms of any Superior Security Document while outstanding. The Trustee shall release from this Indenture all rights to and liens on the revenues and receipts derived from such released land upon compliance with the provisions of the Lease Agreement. The Trustee is hereby authorized and directed to execute and record or cause to be executed and to be properly recorded any and all instruments reasonably requested by the Company to effectuate a conveyance of the portion of the Leased Land so released and to terminate any security interest or other lien with respect thereto and, on the written request of an Authorized Company Representative, the Trustee and the Issuer shall execute such of said documents as shall be reasonably required to effectuate a conveyance of the portion of the Leased Land so released and to terminate any security interest or other lien with respect thereto.

Section 903. Release of Leased Equipment. Reference is made to the provisions of the Lease Agreement, including, without limitation, Section 6.2 thereof, wherein the Company has reserved the right to withdraw certain items of Leased Equipment (as defined in the Lease Agreement) from the Lease Agreement upon compliance with the terms and conditions of the Lease Agreement. The Trustee shall at the written request of the Issuer or the Company confirm that all rights to and liens on the rents, revenues and receipts derived from such withdrawn items under this Indenture shall be relinquished upon compliance with the provisions of the Lease Agreement. The Trustee is hereby authorized and directed to execute and record, or cause to be executed and properly recorded, any and all instruments reasonably requested by the Company to effectuate a conveyance of the Leased Equipment so released and to terminate any security interest or other lien with respect thereto.

Section 904. Granting or Release of Easements. Reference is made to the provisions of the Lease Agreement, including, without limitation, Section 8.6 thereof, wherein the Company has reserved the right to grant or release easements and take other action upon compliance with the terms and conditions of the Lease Agreement, subject to the terms of any Superior Security Document while outstanding. The Trustee shall confirm in writing any action taken by the Company under said Section 8.6 upon compliance with the provisions of the Lease Agreement.

Section 905. **Subordination of Indenture**. The rights and options granted to Lessee pursuant to the Lease shall be and remain prior and superior to this Indenture and may be exercised whether or not the Lessee is in default thereunder.

ARTICLE X.

DISCHARGE OF LIEN

Section 1001. Discharge of Lien. If the Issuer shall pay or cause to be paid the principal of and interest on the Bonds at the times and in the manner stipulated therein and herein, and if the Issuer shall keep, perform and observe all and singular the covenants and agreements in the Bonds and in this Indenture expressed as to be kept, performed and observed by it or on its part, then the lien of this Indenture, these presents and the Trust Estate shall cease, determine and be void, and thereupon the Trustee shall cancel and discharge this Indenture, and execute and deliver to the Issuer such instruments in writing as shall be required to cancel and discharge this Indenture and reconvey to the Issuer the Trust Estate, and assign and deliver to the Issuer so much of the Trust Estate as may be in its possession or subject to its control, except for moneys and Government Obligations held in the Bond Fund for the purpose of paying Bonds which have not yet been presented for payment and moneys and obligations in the Bond Fund required to be paid to the Company pursuant to Section 609 hereof. At the written direction of the Company and upon Payment in Full of the Bonds, the Trustee shall deliver the Quitclaim Deed and Bill of Sale to the Company pursuant to Section 11.4 of the Lease Agreement.

Section 1002. Provision for Payment of Bonds. Bonds shall be deemed to have been paid within the meaning of Section 1001 hereof if:

(a) The return to the Trustee of all the Bonds outstanding marked "Paid in Full" by the owners thereof (or by the duly appointed attorney-in-fact of such owners), or there shall have been irrevocably deposited in the Bond Fund either

(i) sufficient moneys; or

(ii) Government Obligations of such maturities and interest payment dates and bearing such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings to be held in trust also), be sufficient, together with any moneys referred to in subsection (i) above, for the payment at their respective maturities or prepayment dates prior to maturity, of the principal thereof, together with the interest accrued and to accrue to such maturity or prepayment dates, as the case may be; or

(iii) if the Company or an affiliate of the Company is the owner of 100% of the Outstanding Bonds, all such Outstanding Bonds, together with any moneys or obligations referred to in subsections (i) and (ii) above or if the Company or an affiliate of the Company is the owner of 100% of the Outstanding Bonds, there shall have been irrevocably tendered to the Trustee for cancellation, all Outstanding Bonds.

(b) there shall have been paid to the Trustee all Trustee's fees and expenses (including its fees and expenses in connection with its duties as paying agent and bond

registrar) due or to become due in connection with the payment or prepayment of the Bonds; and

(c) if any Bonds are to be prepaid on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to prepay such Bonds on such date and either evidence satisfactory to the Trustee that all prepayment notices required by this Indenture have been given or irrevocable power authorizing the Trustee to give such prepayment notices.

Section 1003. Discharge of the Indenture. Notwithstanding the fact that the lien of this Indenture upon the Trust Estate may have been discharged and canceled in accordance with Section 1001 hereof, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the lien upon the Trust Estate may have been discharged and canceled, shall nevertheless continue and subsist until the principal of and interest on all of the Bonds shall have been fully paid or the Trustee shall have returned to the Company pursuant to this Indenture all funds theretofore held by the Trustee for payment of any Bonds not theretofore presented for payment.

ARTICLE XI.

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

Section 1101. Defaults; Events of Default. If any of the following events occurs, subject to the terms of Section 1112 hereof, it is hereby defined as and declared to be and to constitute an "event of default" under this Indenture:

(a) default in the due and punctual payment of any interest on any Bond; or

(b) default in the due and punctual payment of the principal of any Bond, whether at the maturity thereof or any prepayment date prior to maturity, or upon maturity thereof by declaration; or

(c) default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in this Indenture or in the Bonds contained; or

(d) the occurrence of an "Event of Default" under the Lease Agreement as provided in Section 10.1 thereof;

(e) the occurrence of a Bankruptcy Event with respect to the Issuer; or

(f) the Company shall have effected a transaction in violation of Section 8.3 of the Lease Agreement.

Section 1102. Acceleration. Upon the occurrence of an event of default, and subject to the waiver provisions of Section 1111 hereof, the owners of not less than 25% in principal amount of Bonds outstanding may, by notice in writing, instruct the Trustee, to declare the principal of all Bonds and the interest accrued thereon to the date of such acceleration immediately due and payable, by notice in writing delivered to the Issuer, and the same shall thereupon become and be immediately due and payable. Upon any declaration of acceleration hereunder, the Trustee shall immediately declare all rental payments due under the Lease Agreement to be immediately due and payable in accordance with Section 10.2 of the Lease Agreement.

Section 1103. Other Remedies. Upon the occurrence of an event of default, and subject to the waiver provisions of Section 1111 hereof, the Trustee, subject to the prior written consent of the Bondholders, shall have the power to proceed with any right or remedy granted by the Constitution and laws of the State of Arkansas, as it may deem best, including any suit, action or special proceeding in equity or at law for the specific performance of any covenant or agreement contained herein or for the enforcement of any proper, legal or equitable remedy as the Trustee shall deem most effectual to protect the rights aforesaid, insofar as such may be authorized by law, and the right to the appointment, as a matter of right and without regard to the sufficiency of the security afforded by the Trust Estate, of a receiver for all or any part of the Trust Estate and the rents, revenues and receipts thereof; the rights herein specified are to be cumulative to all other available rights, remedies or powers and shall not exclude any such

rights, remedies or powers. Without intending to limit the foregoing rights, remedies and powers by virtue of such specification, the Trustee is authorized to further assign the Issuer's right, title and interest in the Lease Agreement to a successor trustee in the manner set forth in this Indenture. When the Trustee incurs costs and expenses or renders services after the occurrence of an event of default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debt relief law.

Section 1104. Rights of Owners of the Bonds. Upon the occurrence of an event of default and if requested so to do by the owners of a majority in principal amount of Bonds outstanding and indemnified as provided in Section 1201(m) hereof, the Trustee shall be obliged to exercise such one or more of the rights and remedies conferred by this Article as the owners of the Bonds shall have instructed the Trustee, subject, however to the provisions of Section 1215 hereof.

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

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

No waiver of any event of default hereunder, whether by the Trustee or by the owners of the Bonds, shall extend to or shall affect any subsequent event of default or shall impair any rights or remedies consequent thereon.

Section 1105. Right of Owners of the Bonds to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the owners of a majority in principal amount of Bonds outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 1106. Appointment of Receivers. Upon the occurrence of an event of default and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights and remedies of the Trustee and of the owners of the Bonds under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Project and of the rents, revenues and receipts thereof and therefrom, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 1107. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the reasonable costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses (including, without limitation, counsel fees, costs and expenses), liabilities and advances of, incurred or made by the Trustee, be deposited in the Bond Fund and all moneys in the Bond Fund shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

first - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds (other than installments of interest on Bonds with respect to the payment of which moneys and/or Government Obligations are set aside in the Special Account in the Bond Fund), in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

second - To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than principal of Bonds with respect to the payment of which moneys and/or Government Obligations are set aside in the Special Account in the Bond Fund), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds (other than principal of and interest on Bonds with respect to the payment of which moneys and/or Government Obligations are set aside in the Special Account in the Bond Fund), without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any Bonds until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if paid in full.

Whenever all Bonds and interest thereon have been paid under the provisions of this Section 1107 and all expenses and charges of the Trustee have been paid, any balance remaining in the Bond Fund shall be paid to the Company as provided in Section 609 hereof.

Section 1108. Rights and Remedies Vested in Trustee. Subject to the provisions of Section 1104, all rights and remedies of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the owners of the Bonds.

Section 1109. Rights and Remedies of Owners of the Bonds. No owner of any Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture, for the execution of any trust thereof or for the appointment of a receiver or to enforce any other right or remedy hereunder, unless a default has occurred of which the Trustee has been notified in writing as provided in subsection (h) of Section 1201 hereof, or of which by said subsection it is deemed to have notice, nor unless also such default shall have become an event of default and the owners of 25% in principal amount of Bonds outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also such owners have offered to the Trustee indemnity as provided in Section 1201(m) hereof, nor unless also the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names. Such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other right or remedy hereunder; it being understood and intended that no one or more owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his, her or their action or to enforce any right or remedy hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the owners of all Bonds. Nothing in this Indenture contained shall, however, affect or impair the right of any owner of the Bonds to enforce the payment of the principal of and interest on any Bond at and

after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds issued hereunder to the respective owners hereof at the time, place, from the source and in the manner expressed in the Bonds.

Section 1110. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right or remedy under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 1111. Waivers of Events of Default. The Trustee (a) may waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal and its consequences, if such event of default has been cured and there is no longer continuing any default hereunder, and (b) shall waive any event of default hereunder and its consequences and rescind any declaration of maturity of principal, upon the written request of the owners of a majority in principal amount of the Bonds outstanding; provided, however, that there shall not be waived (i) any event of default pertaining to the payment of the principal of any Bond at its maturity date or any prepayment date prior to maturity, or (ii) any event of default pertaining to the payment when due of the interest on any Bond, unless prior to such waiver or rescission, all arrears of principal (due otherwise than by declaration) and interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of principal and interest and all arrears of payments of principal when due, as the case may be, and all fees, costs and expenses of the Trustee in connection with such event of default (including reasonable attorneys' fees, costs and expenses), shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such event of default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the owners of the Bonds shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other event of default, or impair any right consequent thereon.

Section 1112. Notice of Defaults; Opportunity of the Issuer and Company to Cure Defaults. No default specified in Section 1101(c) hereof shall constitute an event of default hereunder until notice of such default by registered or certified mail shall be given by the Trustee to the Issuer and the Company, and the Issuer shall have had 30 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, further, that if a default specified in said Section 1101(c) be such that it can be corrected but not within the period specified herein, it shall not constitute the basis of an event of default hereunder (i) if corrective action capable of remedying such default is instituted by the Issuer within the applicable period and diligently pursued until the default is corrected, and (ii) if the Issuer shall within the applicable period furnish to the Trustee a certificate executed as provided in Section 1201(f) hereof certifying that said default is such that it can be corrected but not within the applicable period and that corrective action capable of remedying such default has been instituted and is being diligently pursued and will be diligently pursued until the default is corrected. The Issuer shall notify the Trustee by certificate executed as above when such default

has been corrected. The Trustee shall be entitled to conclusively rely upon any such certificate given pursuant to this Section.

With regard to any default concerning which notice is given to the Company or the Issuer under the provisions of this Section 1112, the Issuer hereby grants to the Company full authority to perform any obligation the performance of which by the Issuer is alleged in said notice to be in default, such performance by the Company to be in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

ARTICLE XII.

THE TRUSTEE

Section 1201. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform its duties hereunder as would an ordinarily prudent trustee, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an event of default and after the curing of all events of default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. In case an event of default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be liable for the conduct of the same if such attorneys, agents, receivers or employees are selected with reasonable care, and shall be entitled to advice of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer or the Company), approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the authentication certificate of the Trustee endorsed on the Bonds), or for the recording or re-recording, filing or re-filing of this Indenture, or the Lease Agreement, or for insuring the Trust Estate or any part of the Project or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds, or for the value of or title in and to the Trust Estate or any part of the Project or otherwise as to the maintenance of the security hereof; except that if the Trustee enters into possession of a part or all of the Trust Estate pursuant to any provision of this Indenture it shall use due diligence in preserving the same, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, agreements or conditions on the part of the Issuer or on the part of the Company under the Lease Agreement, except as hereinafter set forth; but the Trustee may require of the Issuer or the Company full information and advice as to the performance of the covenants, agreements and conditions aforesaid and as to the condition of the Trust Estate. The Trustee shall not be liable for any loss suffered in connection with any investment of funds made by it in accordance with Sections 801 and 802 hereof.

(d) The Trustee may become the owner of Bonds with the same rights which it would have if it were not Trustee.

(e) The Trustee may conclusively rely upon and shall be fully protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or documents believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee, pursuant to this Indenture upon the request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to conclusively rely upon a certificate signed on behalf of the Issuer by the Mayor or the City Clerk of the Issuer and attested by the City Clerk (if such certificate is signed by the Mayor) or any Assistant City Clerk of the Issuer as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the City Clerk or any Assistant City Clerk of the Issuer under its seal to the effect that a resolution or ordinance in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution or ordinance has been duly adopted, and is in full force and effect.

(g) The right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder or under the Lease Agreement except, to the extent hereinafter provided, failure by the Issuer to cause to be made any of the payments to the Trustee required to be made by Article V hereof and failure by the Company to make the rental payments required to be made under Section 5.3 of the Lease, unless the Trustee shall be specifically notified in writing of such default by the Issuer or by the owners of at least 25% in principal amount of the Bonds. The Trustee shall not be deemed to have notice of any of the defaults described in the preceding sentence during any period or with respect to any Bond in respect of which a home office payment agreement is in effect, unless specifically notified in writing of such default by the Purchaser, the Issuer or the Company. All notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the Principal Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(i) The Trustee shall not be personally liable for any debts contracted or for damages to persons or property, or for salaries or non-fulfillment of contracts during any period in which it may be in the possession of or managing the Project as provided in this Indenture.

(j) At reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives who are acceptable to the Company, and accompanied by an official of the Company, shall have the right to inspect the Project as well as all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to take copies of such memoranda from and in regard thereto only as required from the books, papers and records of the Issuer.

(k) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions of Counsel, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee relevant to and deemed desirable in connection with the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Before taking any action hereunder the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or to hazardous substances, except liability which is adjudicated to have resulted from the gross negligence or willful misconduct of the Trustee by reason of any action so taken. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur liability, financial or otherwise, in the performance of any of its duties or the exercise of any of its rights or powers hereunder.

(n) All moneys received by the Trustee or any paying agent for the Bonds shall, until used or applied or invested as herein provided, be held in trust for the purpose for which they were received but need not be segregated from other funds except to the extent required herein or by law. Neither the Trustee nor any such paying agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(o) The Trustee shall not be accountable for the use or application by the obligor of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any paying agent.

(p) Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder.

(q) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(r) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Issuer and the Company, respectively, shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the Issuer or the Company elect to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer and the Company each agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(s) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligation under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or tropical storms; wars; terrorism; similar military disturbances; sabotage; epidemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(t) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or any exercise of any of its rights or powers.

(u) The Trustee's immunities and protections from liability and its rights to compensation and indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee when serving in the role of Paying Agent, as well as to the Trustee's officers, directors, agents and employees. Such immunities and protections and right

to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal in any or all of the capacities it may be serving hereunder and final payment of the Bonds.

Section 1202. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its Ordinary Services rendered hereunder and all advances, Counsel fees, costs and expenses and other Ordinary Expenses reasonably and necessarily made or incurred by the Trustee in connection with such Ordinary Services and, if it should become necessary that the Trustee perform Extraordinary Services, it shall be entitled to reasonable extra compensation therefor, and to reimbursement for reasonable and necessary Extraordinary Expenses in connection therewith; provided, that if such Extraordinary Services or Extraordinary Expenses are occasioned by its gross negligence or willful misconduct, it shall not be entitled to compensation or reimbursement therefor. Upon the occurrence of an event of default, but only upon such occurrence, the Trustee shall have a first lien on the Trust Estate with right of payment prior to payment of the principal of and interest on any Bond for the foregoing advances, fees, costs and expenses incurred. Notwithstanding anything to the contrary herein, the Trustee's fee for Ordinary Services shall be limited to $1,000 per year (the "**Annual Fee**"), the first payment of which shall be payable upon the issuance of the initial Bond. This Annual Fee does not include any advances, Counsel fees and other expenses mentioned above.

Section 1203. Notice to Owners of Bonds If Default Occurs. If a default occurs of which the Trustee is by subsection (h) of Section 1201 hereof required to take notice then the Trustee shall give written notice thereof by first class mail to the registered owners of Bonds, and, as to defaults described in Section 1101(c) hereof, to the Issuer.

Section 1204. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party which, in the opinion of the Trustee and its Counsel, has a substantial bearing on the interest of the owners of the Bonds outstanding, the Trustee may intervene on behalf of the owners of the Bonds and shall do so if requested in writing by the owners of at least 25% in principal amount of the Bonds and is properly indemnified to its satisfaction. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction.

Section 1205. Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 1206. Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days' written notice to the Issuer and the Company and by first class mail to each registered owner of Bonds, and

such resignation shall take effect at the end of such 30-day period, or upon the earlier appointment of a successor Trustee by the owners of a majority in principle amount of the Outstanding Bonds or by the Issuer. Such notice to the Issuer and the Company may be served personally or sent by registered or certified mail. The Trustee's right to fees and indemnity survives the resignation of the Trustee.

Section 1207. Removal of the Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and to the Issuer, and signed by the owners of a majority in principal amount of the Outstanding Bonds. The Trustee's right to fees and indemnity survives the removal of the Trustee.

Section 1208. Appointment of Successor Trustee by the Owners of the Bonds; Temporary Trustee. If the Trustee hereunder shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or shall otherwise become incapable of acting hereunder or in case it shall be taken under the control of any public officer, officers or a receiver appointed by a court, a successor may be appointed by the owners of a majority in principal amount of the Outstanding Bonds, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer by an instrument signed by the Mayor of the Issuer and attested by the City Clerk or any Assistant City Clerk of the Issuer under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the owners of the Bonds in the manner above provided; and any such temporary Trustee shall immediately and without further act be superseded by the Trustee so appointed by such owners of the Bonds. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank (having trust powers) in good standing, within or outside the State of Arkansas, having an unimpaired capital and surplus of not less than fifty million dollars ($50,000,000), if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Section 1209. Concerning Any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee in order to more fully and certainly vest in such successor the estates, properties, rights, powers and trusts hereby vested or intended to be vested in the predecessor any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Trustee in each recording office where the Indenture and Lease Agreement shall have been filed and/or recorded.

Section 1210. Right of Trustee to Pay Taxes and Other Charges. If any tax, assessment or governmental or other charge upon any part of the Trust Estate or the Project is not paid as required herein, the Trustee may pay such tax, assessment or charge, without prejudice, however, to any rights of the Trustee or the owners of the Bonds hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate per annum borne by the Bonds, shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over the principal of and interest on the Bonds and shall be paid out of the revenues and receipts from the Trust Estate, if not otherwise caused to be paid; but the Trustee shall not be under obligation to and shall not make any such payment unless it shall have been requested to do so in writing by the owners of a majority in principal amount of the Bonds and shall have been provided with sufficient moneys for the purpose of making such payment.

Section 1211. Trustee Protected in Relying Upon Resolutions, etc. The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of moneys hereunder.

Section 1212. Successor Trustee as Custodian of Funds, Paying Agent and Bond Registrar. In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or has been removed shall cease to be the owner of the Project Fund and Bond Fund, paying agent for the principal of and interest on the Bonds and Bond Registrar, and the successor Trustee shall become such owner, paying agent and Bond Registrar.

Section 1213. Trust Estate May Be Vested in Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State of Arkansas) denying or restricting the right of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement of either the Indenture or the Lease Agreement upon the occurrence of an event of default, it may be necessary that there be appointed an additional individual or institution as a separate Trustee or Co-Trustee. The following provisions of this Section 1213 are adapted to these ends.

In the event of the incapacity or lack of authority of the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers and trusts herein granted to the Trustee or to hold title to the Trust Estate or to take any other action which may be necessary or desirable in connection therewith, the Issuer with the consent of the Company may appoint, and at the request of the Trustee shall appoint, a separate Trustee or Co-Trustee and each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate Trustee or Co-Trustee but only to the extent necessary to enable the separate Trustee or Co-Trustee to exercise such rights, powers and trusts, and every covenant and obligation necessary to the exercise thereof by such separate Trustee or Co-Trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate Trustee or Co-Trustee so appointed in order to more fully and certainly vest in and confirm to him or it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments shall, on request, be executed, acknowledged and delivered by the Issuer. In case any separate Trustee or Co-Trustee or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate Trustee or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or Co-Trustee.

Section 1214. Continuation Statements. Notwithstanding anything to the contrary contained herein, the Trustee shall not be responsible for any initial filings of any Financing Statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code of Arkansas ("U.C.C."). In addition, unless the Trustee shall have been notified in writing by the Issuer or the Company that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (i) relying on such initial filing and descriptions in filing any continuation statements or modifications thereto pursuant to this Section and (ii) filing any continuation statements in the same filing offices as the initial filings were made. The Trustee shall cause to be filed a continuation statement with respect to each U.C.C. financing statement relating to the Bonds which was filed at the time of the issuance thereof, in such manner and in such places as the initial filings were made, provided that a copy of the filed original financing statement is timely delivered to the Trustee. The Company shall be responsible for the reasonable costs incurred by the Trustee in the preparation and filing of all continuation statements and related amendments hereunder.

Section 1215. Special Trustee Powers Due to Environmental Conditions. Prior to exercising any remedy against the Project which requires the Trustee to re-enter and take possession of the Project, to sub-lease the Project, to terminate the Lease Term and use its best efforts to lease the Project to another lessee, or to exercise any remedies under the U.C.C. of the State or any similar remedy, the Trustee may cause an environmental assessment of the Project to be made and to take such action, based upon advice by its counsel, to safeguard the Trustee from liability and to protect the Trust Estate from liability or impairment of value.

Section 1216. This Article Controls. Whether or not therein expressly so provided every provision of this Indenture relating to the conduct or affecting the liability of the Trustee shall be subject to the provisions of this Article XII.

ARTICLE XIII.

SUPPLEMENTAL INDENTURES

Section 1301. Supplemental Indentures Not Requiring Consent of Owners of the Bonds. The Issuer and the Trustee may without the consent of, or notice to, any of the owners of the Bonds, but with consent of the Mortgagee or any Leasehold Mortgagee (procured as provided in Section 1302 hereof), enter into an indenture or indentures supplemental to this Indenture as shall not be inconsistent with the terms and provision hereof for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the owners of the Bonds any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the owners of the Bonds or the Trustee or either of them;

(c) to subject to the lien and pledge of this Indenture additional rents, revenues or receipts, properties or collateral held or received by the Issuer;

(d) in connection with the issuance of Additional Bonds to the extent permitted by this Indenture; or

(e) in connection with any other changes in this Indenture which are not to the prejudice of the interests of any registered owner of the Bonds, or in the judgment of the Trustee, is not to the prejudice of the interests of the Trustee.

Section 1302. Supplemental Indentures Requiring Consent of Owners of the Bonds. Exclusive of supplemental indentures covered by Section 1301 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the owners of not less than 66 ⅔% in principal amount of the Bonds outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding with the consent of the holder of a Superior Security Document in its sole discretion while the Superior Security Document or any Leasehold Mortgage Deed is outstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any supplemental indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting (a) an extension of the maturity date (or mandatory sinking fund redemption) on which the principal of or the interest on any Bond is, or is to become, due and payable, (b) a reduction in the principal amount of any Bond or the rate of interest thereon, (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the principal amount of the Bonds required for consent to such supplemental indenture.

If the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such

supplemental indenture to be given to the owners of the Bonds and to the holder of a Superior Security Document or any Leasehold Mortgagee while the Superior Security Document or any Leasehold Security Deed is outstanding. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all owners of the Bonds. If, within 60 days or such longer period as shall be prescribed by the Issuer following the giving such notice, the owners of not less than 66 ⅔% in principal amount of the Bonds outstanding shall have consented to and approved the execution of such supplemental indenture as herein provided together with any required consent of the Mortgagee, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Indenture shall be modified and amended in accordance therewith.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XIII which affects any right or obligation of the Company under the Lease Agreement shall not become effective unless and until the Company shall have consented in writing to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail or overnight delivery to the Company at least 60 days prior to the proposed date of execution and delivery of any such supplemental indenture.

The Trustee may require an opinion of Counsel stating that any proposed supplemental indenture under either Section 1301 or 1302 conforms to the requirements of and is permitted by the Indenture.

The Trustee shall have no obligation to execute any supplemental indenture which affects its own rights, duties, obligations or compensation.

ARTICLE XIV.

AMENDMENT OF LEASE AGREEMENT

Section 1401. Amendments, etc., to Lease Agreement Not Requiring Consent of Owners of the Bonds. The Trustee shall without the consent of, or notice to, the owners of the Bonds consent to any amendment, change or modification of the Lease Agreement as may be required (i) by the provisions of the Lease Agreement or this Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission in the Lease Agreement, (iii) in connection with additional real property which pursuant to the Lease Agreement is to become part of the Leased Land, (iv) in connection with the machinery, fixtures, equipment and related property described in Exhibit "B" to the Lease Agreement, if any, so as to more precisely identify the same or substitute additional machinery, fixtures, equipment and related property acquired with the proceeds of the Bonds in accordance with the provisions of Sections 4.1 and 4.2 of the Lease Agreement, (v) in connection with the issuance of Additional Bonds as permitted herein, or (vi) in connection with any other change therein which, in the judgment of the Trustee, does not prejudice the interests of the Trustee or the owners of the Bonds. The Trustee may require an opinion of counsel stating that any proposed amendment to the Lease under this Section 1401 or Section 1402 conforms to the requirements of and is permitted by this Indenture; provided, however, that the consent of the Mortgagee or any Leasehold Mortgagee in its sole discretion is required at any time the Superior Security Document or any Leasehold Security Deed is outstanding.

Section 1402. Amendments, etc., to Lease Agreement Requiring Consent of Owners of the Bonds and the Leasehold Mortgagee. Except for the amendments, changes or modifications as provided in Section 1401 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Lease Agreement without the delivery of notice and the written approval or consent of the owners of not less than two-thirds (⅔) in principal amount of the Bonds outstanding given and procured as provided in Section 1302 hereof and the consent of the Mortgagee or any Leasehold Mortgagee, in its sole discretion, at any time the Superior Security Document or any Leasehold Security Deed is outstanding. If at any time the Issuer and the Company shall request the consent of the Trustee (and the Mortgagee or any Leasehold Mortgagee to the extent required herein) to any such proposed amendment, change or modification of the Lease Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 1302 hereof with respect to proposed supplemental indentures; provided, however, that the Trustee shall have no obligation to consent to the execution of any amendment, change or modification of the Lease Agreement which affects its own rights, duties, obligations or compensation. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by owners of the Bonds.

ARTICLE XV.

MISCELLANEOUS

Section 1501. Consents, etc. of Owners of the Bonds.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by the owners of the Bonds may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such owners in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Issuer and the Company, together with the prior written consent of Mortgagee to the extent required herein. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee, the Company and the Issuer, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or a member of a partnership, on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority.

(c) The fact and date of execution of any such instrument or writing may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(d) The ownership of Bonds shall be proved by the registration books kept by the Trustee as Bond Registrar.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other action by any owner of the Bonds shall bind every future owner of the same Bond in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bond.

Section 1502. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Company and the owners of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Indenture or any covenants, agreements, conditions and provisions herein contained; this Indenture and all of the covenants, agreements, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Company and the owners of the Bonds as herein provided. No breach of any provisions of this

Indenture will result in pecuniary liability to the Issuer or any of its officers, agents or employees.

Section 1503. Severability. If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

Section 1504. Notices. Any notice, request or other communication (a "notice") required or permitted to be given hereunder shall be in writing and shall be delivered by hand or overnight courier (such as United Parcel Service or Federal Express), sent by facsimile (provided a copy of such notice is deposited with an overnight courier for next business day delivery) or mailed by United States registered or certified mail, return receipt requested, postage prepaid and addressed to each party at its address as set forth below. Any such notice shall be considered given on the date of such hand or courier delivery, confirmed facsimile transmission (provided a copy of such notice is deposited with an overnight courier for next business day delivery), deposit with such overnight courier for next business day delivery, or receipt via the United States mail, but the time period (if any is provided herein) in which to respond to such notice shall commence on the date of hand or overnight courier delivery or on the date received following deposit in the United States mail as provided above. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice. By giving at least five (5) days' prior written notice thereof, any party may from time to time and at any time change its mailing address hereunder. Any notice of any party may be given by such party's counsel. Notice addresses are as follows:

(a) If to the Issuer:

City of Fort Smith, Arkansas
623 Garrison Avenue
Fort Smith, Arkansas 72901
Attention: City Administrator
E-mail: jdingman@fortsmithar.gov

with a copy to:

Daily & Woods, P.L.L.C.
58 South 6th Street
Fort Smith, Arkansas 72902
Attention: Jerry Lee Canfield, Esq.
City Attorney
E-mail: jcanfield@dailywoods.com

(b) If to the Company: Dixie Consumer Products, LLC
c/o Georgia-Pacific LLC
133 Peachtree Street
Atlanta, Georgia 30303
Attention: Mr. Mark V. DeLorenzo
Assistant Treasurer
E-mail: mvdelore@gapac.com

with a copy to: Georgia-Pacific LLC
133 Peachtree Street
Atlanta, Georgia 30303
Attention: Joe R. Martin, Esq.
E-mail: joseph.martin@gapac.com

(c) If to the Trustee: U.S. Bank, National Association
_____
_____
Attention: Corporate Trust Department
Facsimile: (___) _____-_____

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer, the Company or the Trustee shall be given to each of the others. The Issuer, the Company and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 1505. Trustee as Paying Agent and Bond Registrar. The Trustee is hereby designated and agrees to act as paying agent and Bond Registrar for and in respect of the Bonds.

Section 1506. Payments Due on Saturdays, Sundays and Holidays. In any case where the date of maturity of principal of or interest on the Bonds or the date fixed for prepayment of any Bonds shall be, in the city of payment, a Saturday, Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of principal or interest need not be made on such date in such city but may be made on the next succeeding business day not a Saturday, Sunday, legal holiday or 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 prepayment, and no interest shall accrue for the period after such date.

Section 1507. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1508. Law Governing Indenture. The effect and meaning of this Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of Arkansas without regard to conflict of law principles.

Section 1509. <u>Acknowledgment of Subordination</u>. Notwithstanding anything contained herein, this Indenture is subject and subordinate in all respects to any Superior Security Document, to all other security interests and liens granted by the Company to the holder of the Superior Security Document with respect to or in connection with the indebtedness secured by the Superior Security Document, and to all modifications, extensions, refinancings (where such security interests or liens continue) or renewals of such security interests or liens.

IN WITNESS WHEREOF, the Issuer has caused these presents to be signed in its name and behalf by its Mayor and its seal to be hereunto affixed and attested by its City Clerk, and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and behalf and its official seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

(SEAL)

CITY OF FORT SMITH, ARKANSAS

Attest:

By:_____
Mayor

_____
City Clerk

[Signature Page to Indenture of Trust]

U.S. BANK, NATIONAL ASSOCIATION,
as Trustee

By:_____
Name:_____
Title:_____

[Signature page to Indenture of Trust (Dixie Consumer Products, LLC - Fort Smith Project)]

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H&W Draft 11.11.15

GUARANTY AGREEMENT

between

DIXIE CONSUMER PRODUCTS, LLC

and

U.S. BANK, NATIONAL ASSOCIATION
as Trustee

Dated as of December 1, 2015

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (the "Guaranty") made and entered into as of December 1, 2015, by and between Dixie Consumer Products, LLC, a Delaware limited liability company (the "Guarantor"), and U.S. Bank, National Association, a national banking association organized under the laws of the United States of America, with trust powers in the State of Georgia, together with any successor trustee or trustees at the time serving as such under the Indenture of Trust described below (the "Trustee");

W I T N E S S E T H T H A T :

WHEREAS, the City of Fort Smith, Arkansas, a political subdivision of the State of Arkansas (the "Issuer" of "City"), intends to issue its Taxable Industrial Development Revenue Bonds (Dixie Consumer Products, LLC - Fort Smith Project), Series 2015, in an aggregate principal amount of not to exceed $55,000,000 (the "Bonds"); and

WHEREAS, the Bonds are to be issued under and pursuant to an Indenture of Trust, dated as of even date herewith, by and between the Issuer and the Trustee (the "Indenture"), a true and correct copy of which has been delivered to the Guarantor, and the Bonds are more particularly described in Articles II and III of the Indenture; and

WHEREAS, the proceeds derived from the issuance of the Bonds are to be applied toward the acquisition, construction and installation of property and equipment required for the expansion of the Company's facilities, including the acquisition and installation of a new printing press, plate presses, packaging and handling equipment, associated machinery and equipment and infrastructure improvements, all located within the boundaries of the City (the "Project"); and

WHEREAS, the Project will be leased to the Guarantor (subject to "Permitted Encumbrances") for the use and benefit of the Guarantor pursuant to a Lease Agreement, dated as of December 1, 2015 (the "Lease Agreement"), between the Issuer and the Guarantor; and

WHEREAS, the Guarantor desires that the Issuer issue the Bonds and apply the proceeds derived therefrom as aforesaid and is willing to enter into this Guaranty, intending to be legally bound hereby.

NOW THEREFORE, in consideration of the premises, the Guarantor does hereby agree with the Trustee, intending to be legally bound hereby, as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES

Section 1.1 Representations and Warranties of Guarantor. The Guarantor represents and warrants that this Guaranty is made in furtherance of the purposes for which the Guarantor was organized and promotes and furthers the business of the Guarantor, and the assumption by the Guarantor of its obligations hereunder in connection with the financing of the Project will result in financial benefit to the Guarantor.

ARTICLE II

COVENANTS AND GUARANTEES

Section 2.1 Guarantee of Bonds. The Guarantor hereby absolutely and unconditionally guarantees to the Trustee for the benefit of the owners at any time and from time to time of the Bonds the full and prompt payment in accordance with the provisions of the Indenture of: (a) the principal of any Bond when and as the same shall become due and payable, whether at the stated maturity thereof or by acceleration or call for redemption or otherwise, (b) the interest on any Bond when and as the same shall become due and payable and (c) other amounts due and payable and owing by the Guarantor under the Lease Agreement. If the owner of any Bond shall fail to receive any such payment as and when said payment becomes due (taking into consideration any grace period provided for in Article XI of the Indenture), the Guarantor shall immediately pay to the Trustee, in lawful money of the United States of America, an amount equal to the required payment.

If any principal of the Bonds shall have been accelerated pursuant to Section 1102 of the Indenture and such acceleration shall have been rescinded and waived pursuant to Section 1111 of the Indenture then the amount of principal that was the subject of such acceleration shall no longer be considered as due under the provisions of this Section.

Section 2.2 Unconditional Obligation. The obligations of the Guarantor under this Guaranty shall be absolute and unconditional and shall remain in full force and effect until Payment in Full of the Bonds in accordance with the Indenture.

Section 2.3 Waiver of Notice. The Guarantor hereby expressly waives notice in writing, or otherwise, from the Trustee or the owners at any time or from time to time of any of the Bonds of their acceptance and reliance on this Guaranty.

ARTICLE III

MISCELLANEOUS

Section 3.1 Agent for Service. The Guarantor hereby designates and appoints until Payment in Full of the Bonds, (i) the person who executes this Guaranty on behalf of the Guarantor and (ii) the Secretary of State of the State of Georgia, as the respective agents of the Guarantor upon whom may be served all process, pleadings, notices or other papers which may or must be served upon the Guarantor as a result of any of its obligations under this Guaranty. The Guarantor shall take any and all actions, including the filing of any and all documents or instruments as shall be necessary to continue such appointment in full force and effect.

Section 3.2 Notices. Any process, pleadings, notices or other papers served upon either of the foregoing agents shall, at the same time, be sent by certified or registered mail, postage prepaid, return receipt requested, or by next-day air, to the Guarantor at the address specified in Section 3.7 hereof, or to such other address as may be furnished by the Guarantor to the Issuer and the Trustee in writing.

Section 3.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, event of default, omission or failure of performance hereunder shall impair any such right or power or be construed to be a waiver thereof but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Guaranty, it shall not be necessary to physically produce the Bonds in any proceedings instituted by the Trustee or to give any notice, other than such notice as may be herein expressly required.

Section 3.4 Effective Date. The obligations of the Guarantor hereunder shall arise absolutely and unconditionally when any Bonds shall have been initially issued, sold and delivered by the Issuer as contemplated in the Indenture.

Section 3.5 Governing Law. This Guaranty and the rights and obligations of the parties hereto (including third party beneficiaries) shall be governed, construed and interpreted according to the laws of the State of Georgia.

Section 3.6 Entire Agreement; Counterparts. This Guaranty constitutes the entire agreement, and supersedes all prior agreements, both written and oral, between the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 3.7 Notices. All notices, demands and formal actions hereunder will be in writing mailed by registered or certified mail or by physical delivery to address, return receipt requested, postage prepaid, or sent by next day air, addressed as follows or facsimile with receipt confirmed telephonically:

The Guarantor:	Dixie Consumer Products, LLC c/o Georgia-Pacific LLC 133 Peachtree Street Atlanta, Georgia 30303 Attention: Mr. Mark V. DeLorenzo E-mail: mvdelore@gapac.com
or if given to the Trustee, addressed to the Trustee at:	U.S. Bank, National Association _____ _____ Attention: Corporate Trust Department E-mail:

Either party may, by notice given hereunder, designate any further or different address or facsimile number to which subsequent notices shall be sent.

Section 3.8 Successors. This Guaranty shall be binding upon the undersigned Guarantor and its successors and assigns and shall inure to the benefit of, and shall be enforceable by, the Trustee and its successors and assigns and the owners of the Bonds until Payment in Full of the Bonds as provided in the Indenture.

Section 3.9 Acknowledgement of Subordination. Notwithstanding anything contained herein, the Trustee's rights and remedies against the Guarantor are subject and subordinate in all respects to any "Superior Security Document" (as defined in the Lease Agreement), to all other security interests or liens granted by the Guarantor to the holder of the Superior Security Document with respect to or in connection with the indebtedness secured by the Superior Security Document, and to all modifications, extensions, refinancings (where such security interests or liens continue) or renewals of such security interests or liens.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Guarantor, pursuant to proper resolution duly passed, has caused this Guaranty to be executed in its name and behalf and its seal to be affixed hereto and attested by its duly authorized officers as of the date first above written.

DIXIE CONSUMER PRODUCTS, LLC,
a Delaware limited liability company

By:_____
Name: _____
Authorized Representative

Signed, sealed and delivered in the presence of:

_____
Unofficial Witness

_____
Notary Public

My Commission Expires:

_____

(NOTARIAL SEAL)

(Signature page to Guaranty Agreement)

Accepted this _____ day of _____, _____ by U.S. Bank, National Association, as Trustee.

U.S. BANK, NATIONAL ASSOCIATION,
as Trustee

By:_____
Name:_____
Title:_____

(Signature page to Guaranty Agreement)

(Signature page to Guaranty Agreement)

AGREEMENT FOR PAYMENTS IN LIEU OF TAXES

Dated December __, 2015

The City of Fort Smith, Arkansas

Ladies and Gentlemen:

Re: City of Fort Smith, Arkansas Taxable Industrial Development Revenue Bonds (Dixie Consumer Products, LLC – Fort Smith Project), Series 2015

Dixie Consumer Products LLC, a Delaware limited liability company together with any of its designated subsidiaries or affiliates (the "Company") has requested the City of Fort Smith, Arkansas (the "City") to enter into an Agreement to Issue Bonds pursuant to Act No. 9 of 1960, as amended ("Act 9") of the Arkansas General Assembly, for the purpose of assisting Company in the acquisition, construction and installation of property and equipment required for the expansion of the Company's facility in Fort Smith, Arkansas, including the acquisition and installation of a new printing press, plate presses, packaging and handling equipment, associated machinery and equipment, and infrastructure improvements all located at 4411 Midland Boulevard in Fort Smith, Arkansas (the "Project"). To provide for the financing of the cost of the Project it is proposed that the City issue not to exceed $55,000,000 of industrial development revenue bonds under the authority of Act 9 (the "Bonds").

The Bonds will be secured by a pledge of revenues derived from the Project, including particularly lease rentals to be paid by Company to the City under a lease agreement not to exceed thirty years (the "Lease") proposed to be entered into between the City and Company.

The Lease will provide that Company would be obligated to pay all taxes and assessments, general and special, levied and assessed on the Project during the term of the Lease as well as water and sewer charges, assessments and other governmental charges and impositions. Company is informed and understands that, notwithstanding such provisions in the Lease, under the decision of the Supreme Court of the State of Arkansas in the case of Wayland v. Snapp, 232 Ark. 57, 334 S.W. 2d 633 (1960), the Project will be exempt from ad valorem taxes because it would be owned by the City and used for a public purpose within the meaning of the applicable Constitutional provision affording the exemption. Thus, Company understands that it, as lessee of the Project owned by the City, will, in fact, have no ad valorem taxes to pay under the provisions of the Lease. The City has indicated a reluctance to lose all tax revenues which would otherwise be received if the properties involved were privately owned. Therefore, to induce the City to proceed with the issuance of the Bonds for the purpose indicated and to induce Company to build and/or expand a substantial industrial project in the City, and for other valuable consideration, the receipt of which is hereby acknowledged by the City, Company agrees with the City as follows:

1. In lieu of ad valorem property taxes, the Company will pay, annually for a period commencing with the effective date of the Lease and ending on the earlier of 15 years or the earlier termination or expiration of the Lease, an amount equal to 50 percent of the taxes that would otherwise be due based upon the applicable assessed value and millage rate that would be applicable if the Company owned the Project; with the first

such payment to be made on or before the applicable payment date with reference to the first tax year following the date on which the Project is placed in service.

2. The payments to be made by Company, pursuant to this Agreement, are intended to be in lieu of all ad valorem taxes that would have to be paid on the Project leased by Company in the Lease to the State of Arkansas, the City, Sebastian County, school or community college districts and/or other political subdivisions of the State of Arkansas if the Project were not exempt from ad valorem taxes under the provisions of Article 16, Section 5 of the Constitution of the State of Arkansas as interpreted by the Supreme Court of the State of Arkansas in Wayland v. Snapp, supra (the "taxing authorities").

3. The City agrees to distribute each payment hereunder among the tax authorities in the proportion that the millage collected by each bears to the total millage collected by all during the year of distribution.

4. The City and Company agree to cooperate in sustaining the enforceability of this Agreement. However, if by reason of a change in the Constitution, or a change by the Supreme Court of the State of Arkansas in its interpretation of the Constitution or otherwise, Company is required to pay any tax which the payments specified herein are intended to be in lieu of, Company may deduct the aggregate of any such payments made by it from the amount herein agreed to be paid in lieu of taxes and need only pay the difference to the taxing authorities. Furthermore, inasmuch as the payment herein agreed to be made by Company is intended to be in lieu of taxes, it is agreed that said payment shall not as to any year be in an amount greater than would otherwise be payable for such year in ad valorem taxes, in the aggregate, on account of its ownership of the Project.

5. Payments hereunder are not intended to be in lieu of (i) any licenses, occupation or privilege tax or fee imposed on Company for or with respect to its right to carry on its business in the State of Arkansas, (ii) any special benefit or local improvement tax or assessment, or (iii) fees or charges for utility services rendfed, such as for water or sewer services.

6. The agreement herein made shall terminate and be of no force and effect from and after the date that the Lease shall terminate for any purpose other than a default on the part of Company.

If such termination shall be at a point constituting a portion of a tax year, Company shall pay in lieu of taxes for the year in which termination occurred that portion of the specified annual payment that the number of days in such tax year that Company was Lessee prior to the termination bears to 365 days.

7. This agreement shall be binding upon the successors and assigns of Company and is freely assignable to any related party or affiliate without consent.

8. This agreement may be executed in counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

If the foregoing is acceptable, please so indicate by executing the acceptance set forth below, and returning to Company, whereupon this instilment shall constitute a valid and binding contract between Company and the City.

DATED: _____, 2015.

DIXIE CONSUMER PRODUCTS LLC

By:_____
Title:

ACCEPTED:

THE CITY OF FORT SMITH,
ARKANSAS

By:_____
Mayor

ORDINANCE NO._____

AN ORDINANCE CERTIFYING TO THE SEBASTIAN COUNTY TAX COLLECTOR DELINQUENT PROPERTY CLEANUP LIENS

BE IT ORDAINED AND ENACTED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS THAT:

SECTION 1: It is hereby determined by the Board of Directors that the hereinafter described properties and the amount of lien filed against each, shall be certified to the Sebastian County Tax Collector and placed on the tax books as delinquent taxes and collected accordingly. The amount of lien shown for each property shall be increased by ten percent (10%) as a penalty for collection. The amount, less three percent (3%) thereof, when so collected, shall be paid to the City by the Sebastian County Tax Collector, all in accordance with Section 16-11 of the Fort Smith Code of Ordinances:

PROPERTY OWNER	PROPERTY CLEANED	AMOUNT	ADD 10%
355 Jericho Corp.	3629 Towson Avenue	$380.75	$418.83
355 Jericho Corp.	3629 Towson Avenue	$332.01	$365.21
355 Jericho Corp.	3629 Towson Avenue	$293.01	$322.31
355 Jericho Corp.	3629 Towson Avenue	$328.01	$360.81
616 North 19th, LLC	616 North 19	$281.25	$309.38
616 North 19th, LLC	616 North 19	$228.51	$251.36
616 North 19th, LLC	616 North 19	$227.49	$250.24
Acord, Hartsel Gerald & Tera S.	3020 Alabama	$276.97	$304.67
Acord, Hartsel Gerald & Tera S.	3020 Alabama	$212.51	$233.76
Acord, Hartsel Gerald & Tera S.	3020 Alabama	$191.01	$210.11
Alverson, Bradley G.	2814 Quincy	$393.32	$432.65
Amador, Valentina	422 North Albert Pike Avenue	$205.49	$226.04
Amador, Valentina	422 North Albert Pike Avenue	$812.49	$893.74
Ames, Thomas Dewayne	3400 Johnson	$236.01	$259.61
Ames, Thomas Dewayne	3400 Johnson	$319.00	$350.90
Ames, Thomas Dewayne	3400 Johnson	$218.51	$240.36

Ames, Thomas Dewayne	3400 Johnson	$314.37	$345.81
AVS Properties	1417 Lyman	$382.01	$420.21
AVS Properties	1417 Lyman	$234.01	$257.41
AVS Properties	1417 Lyman	$220.51	$242.56
AVS Properties	1418 South 12	$376.90	$414.59
AVS Properties	1418 South 12	$236.01	$259.61
AVS Properties	1924 Birnie Avenue	$277.01	$304.71
AVS Properties	1924 Birnie Avenue	$268.26	$295.09
AVS Properties	1924 Birnie Avenue	$215.76	$237.34
AVS Properties	2109 Wirsing Avenue	$312.01	$343.21
AVS Properties	2109 Wirsing Avenue	$238.01	$261.81
AVS Properties	2109 Wirsing Avenue	$234.01	$257.41
AVS Properties	2109 Wirsing Avenue	$234.01	$257.41
Barsh, J. H.	1701 North 9	$727.12	$799.83
Beckwith, Richard	1121 North 9	$224.51	$246.96
Beckwith, Richard	1121 North 9	$238.01	$261.81
Beckwith, Richard	1121 North 9	$397.93	$437.72
Beckwith, Richard	1121 North 9	$224.51	$246.96
Bollman, Wayne E.	2201 North 28	$212.11	$233.32
Bollman, Wayne E.	2201 North 28	$224.86	$247.35
Bollman, Wayne E.	2201 North 28	$272.64	$299.90
Bollman, Wayne E.	2201 North 28	$273.63	$300.99
Bollman, Wayne E.	2201 North 28	$216.14	$237.75
Bollman, Wayne E.	2201 North 28	$212.14	$233.35
Bragan's Properties, LLC	1023 North 7	$313.65	$345.02
Brannon, Floyd K. & Mildred L.	1410 North 5	$336.76	$370.44
Brannon, Floyd K. & Mildred L.	1410 North 5	$324.01	$356.41
Brannon, Floyd K. & Mildred L.	1410 North 5	$364.00	$400.40
Brannon, Floyd K. & Mildred L.	1410 North 5	$311.26	$342.39
Brannon, Floyd K. & Mildred L.	1410 North 5	$320.01	$352.01
Brant, Frank W.	1915 North 6	$259.51	$285.46
Brant, Frank W.	1915 North 6	$285.01	$313.51
Brant, Frank W.	1915 North 6	$224.51	$246.96
Brant, Frank W.	1915 North 6	$233.26	$256.59
Browning, Daniel & Daniel Ray II	1930 North 55	$287.49	$316.24
Burke, Tommy J.	4000 MacArthur Drive	$219.50	$241.45
Campbell, Vera	3608 Fischer Avenue	$361.51	$397.66
Campbell, Vera	3608 Fischer Avenue	$293.01	$322.31
Campbell, Vera	3608 Fischer Avenue	$275.51	$303.06
Campbell, Vera	3608 Fischer Avenue	$258.01	$283.81

Carney, Cecil	3212 Emrich	$316.01	$347.61
Carney, Cecil	3212 Emrich	$289.01	$317.91
Carney, Cecil	3212 Emrich	$245.53	$270.08
Carter, Lewis	5206 South 30	$413.32	$454.65
Christian Investments, Etc.	1401 North 11	$281.76	$309.94
Christian Investments, Etc.	1401 North 11	$238.01	$261.81
Christian Investments, Etc.	1401 North 11	$477.27	$525.00
Christian Investments, Etc.	2109 Birnie Avenue	$234.01	$257.41
Christian Investments, Etc.	2109 Birnie Avenue	$234.01	$257.41
Christian Investments, Etc.	2109 Birnie Avenue	$234.01	$257.41
Christian Investments, Etc.	2109 Birnie Avenue	$220.51	$242.56
Christian Investments, Etc.	2208 North 31, 2nd lot north of	$258.26	$284.09
Christian Investments, Etc.	2208 North 31, 2nd lot north of	$267.01	$293.71
Christian Investments, Etc.	2208 North 31, 2nd lot north of	$232.01	$255.21
Christian Investments, Etc.	2208 North 31, 2nd lot north of	$214.51	$235.96
Christian Investments, Etc.	2208 North 31, 2nd lot north of	$214.51	$235.96
Christian Investments, Etc.	2212 North 31	$269.01	$295.91
Christian Investments, Etc.	2212 North 31	$269.01	$295.91
Christian Investments, Etc.	2212 North 31	$234.01	$257.41
Christian Investments, Etc.	2212 North 31	$216.51	$238.16
Christian Investments, Etc.	3316 Irving	$302.01	$332.21
Christian Investments, Etc.	701 North "N"	$269.01	$295.91
Christian Investments, Etc.	701 North "N"	$313.00	$344.30
Christian Investments, Etc.	701 North "N"	$225.26	$247.79
Christian Investments, Etc.	701 North "N"	$212.51	$233.76
Chronister Home Builders, LLC	529 North 41	$268.95	$295.85
Cluck, Alan	1101 North 12	$291.49	$320.64
Cluck, Alan	1101 North 12	$256.49	$282.14
Cluck, Alan	1101 North 12	$252.49	$277.74
Cobb Family Limited Partnership	5521 Kelley Highway	$390.01	$429.01
Cole, Donald E. & Doris	1216 North 13	$272.23	$299.45
Collins, Vern	716 North "R"	$294.70	$324.17
Conley, Joseph B.	4017 Brockman	$279.95	$307.95
Cook, Keith C.	2318 North 29	$255.51	$281.06
Cook, Keith C.	2318 North 29	$238.01	$261.81
Cook, Keith C.	2318 North 29	$234.01	$257.41
Cook, Keith C.	2318 North 29	$234.01	$257.41
Cope, John	3121 Emrich	$1,102.45	$1,212.70
Cox, Tony	2023 North 12	$308.01	$338.81
Cox, Tony	2023 North 12	$269.01	$295.91

Cox, Tony	2023 North 12	$234.01	$257.41
Cox, Tony	2023 North 12	$214.51	$235.96
Cox, Tony	2134 North 30	$261.47	$287.62
Cox, Tony	2134 North 30	$274.97	$302.47
Cox, Tony	2915 North "L", lot east of	$230.01	$253.01
Cox, Tony	3101 Russell	$277.01	$304.71
Cox, Tony	3101 Russell	$316.01	$347.61
Cox, Tony	3101 Russell	$277.01	$304.71
Cox, Tony	3101 Russell	$267.43	$294.17
Cox, Tony	3401 Eller, lot west of	$234.01	$257.41
Cox, Tony	3600 Willow	$285.49	$314.04
Cox, Tony	3600 Willow	$328.45	$361.30
Cox, Tony	619 North 36	$263.01	$289.31
Cox, Tony	619 North 36	$189.01	$207.91
Davis, John Joseph DBA Davis Floor Covering	3621 Armour	$3,158.01	$3,473.81
Davis, John Joseph DBA Davis Floor Covering	3621 Armour	$248.01	$272.81
Deutsche Bank C/O Select Portflio Servicing	8 Sylvan Hills	$304.49	$334.94
Dickerson, Cynthia L.	2717 North "P"	$151.95	$167.15
Dickerson, Cynthia L.	2717 North "P"	$141.22	$155.34
Dickerson, Ruth	903 North "P"	$234.01	$257.41
Dixon Rentals No. 1, LLC	5904 Remington Circle	$226.99	$249.69
Douglas, Robert	1713 North "I"	$554.02	$609.42
Dowdy, James Jr. & Angela	1906 South "N"	$238.95	$262.85
Dowdy, James Jr. & Angela	1906 South "N"	$270.98	$298.08
Drake, Harold S.	1000 North 11	$199.01	$218.91
Drake, Harold S.	1000 North 11	$195.01	$214.51
Drake, Harold S.	1000 North 11	$199.01	$218.91
Durossette, Martha	2125 North 14, 4th lot north of	$267.01	$293.71
Durossette, Martha	2125 North 14, 4th lot north of	$249.51	$274.46
Durossette, Martha	2125 North 14, 4th lot north of	$232.01	$255.21
Durossette, Martha	2125 North 14, 4th lot north of	$223.26	$245.59
Durossette, Martha	2125 North 14, 4th lot north of	$227.50	$250.25
Evans, Elmo	1728 North Short 7, lot north of	$240.01	$264.01
Evans, Elmo	1728 North Short 7, lot north of	$248.01	$272.81
Farmer, Charles	1444 North 21	$488.97	$537.87
Farmer, Charles	1444 North 21	$400.00	$440.00
Farmer, Charles	1444 North 21	$1,400.00	$1,540.00
Farmer, Charles	1444 North 21	$283.51	$311.86
Federal Home Loan Mortgage Corp.	4617 South "T" Circle	$302.51	$332.76
Federal Home Loan Mortgage Corp.	9301 Canopy Oaks	$574.49	$631.94

Fernandez, Gabriel	2315 North 33	$330.01	$363.01
Fletcher, Brian L. & Nicole L.	3217 South 54	$235.21	$258.73
Fort Smith Rental Properties, LLC	1219 North 32	$351.04	$386.14
Franklin, Donna Bell	2308 North 27	$3,089.96	$3,398.96
Galbach, Angela K.	1616 Boston	$310.21	$341.23
Gallagher, Charles & Nancy	2405 North 31	$408.45	$449.30
Gallagher, Charles & Nancy	2405 North 31	$279.73	$307.70
Gallagher, Charles & Nancy	2405 North 31	$282.91	$311.20
Gechter, Paul O. & Mary Juanita	3015 Alabama Avenue, lot east of	$230.01	$253.01
Gechter, Paul O. & Mary Juanita	3015 Alabama Avenue, lot east of	$230.01	$253.01
Gentry, Gary G. & Debbie A.	2709 Spradling Avenue	$402.30	$442.53
Glover, H. J.	2110 North 14, lot behind	$396.40	$436.04
Glover, H. J.	2110 North 14, lot behind	$250.01	$275.01
Gogo Realestate, LLC	603 North 14	$311.50	$342.65
Habalow, Kai Rippy	606-611 South 17	$223.26	$245.59
Habalow, Kai Rippy	606-611 South 17	$193.01	$212.31
Habalow, Kai Rippy	606-611 South 17	$193.01	$212.31
Habalow, Kai Rippy	606-611 South 17	$210.51	$231.56
Hands of Love, Inc.	4404 Clarendon Avenue	$349.71	$384.68
Hands of Love, Inc.	4500 Berkley Avenue	$280.94	$309.03
Hannon, Shauntae	504 North 25	$407.59	$448.35
Harris, Bransen	5005-5007 South 30	$256.97	$282.67
Harris, Bransen	5005-5007 South 30	$252.97	$278.27
Harris, Bransen	5017-5019 South 30	$238.49	$262.34
Heffner, Billy J. & Rebecca	3606 Roosevelt	$246.01	$270.61
Hickey, Dorothy	3228 Neis	$253.51	$278.86
Hickey, Dorothy	3228 Neis	$280.00	$308.00
Hickey, Dorothy	3228 Neis	$262.50	$288.75
Hoggard, Lori	9917 Jenny Lind Road	$289.96	$318.96
Holliman, Tony	4022 Chaffee Drive	$302.00	$332.20
Holliman, Tony	4022 Chaffee Drive	$236.51	$260.16
Holliman, Tony	4022 Chaffee Drive	$224.51	$246.96
Honey, Terry R. & Nedra L. Patterson	1810 South "T"	$236.01	$259.61
Howard Foundation, The	804 North 9	$258.49	$284.34
Huddleston, Charles R.	723 North 5	$796.01	$875.61
Hudson, Barney B.	717 North 34	$314.47	$345.92
Hudson, James & Janet	705 North 8, lot north of	$236.01	$259.61
Hudson, James & Janet	705 North 8, lot north of	$218.51	$240.36
Hurshuajer, Mengkou	1903 Wirsing, lot west of	$385.20	$423.72
Hurshuajer, Mengkou	1903 Wirsing, lot west of	$946.01	$1,040.61

Hurshuajer, Mengkou	1903 Wirsing, lot west of	$450.94	$496.03
Hutton, Brandon L.	7808 South 24	$4,543.66	$4,998.03
Hutton, Brandon L.	7808 South 24	$205.49	$226.04
Hutton, Brandon L.	7808 South 24	$205.49	$226.04
Hutton, Brandon L.	7808 South 24	$222.99	$245.29
Hutton, Brandon L.	7808 South 24	$214.24	$235.66
Hutton, Brandon L.	7808 South 24	$222.99	$245.29
Izom Estates N.A.	2213 North "R"	$284.97	$313.47
Izom Estates N.A.	4710 Mussett	$271.47	$298.62
James, Ora R. & Edward	2002 North 14	$251.51	$276.66
James, Ora R. & Edward	2002 North 14	$234.01	$257.41
James, Ora R. & Edward	2002 North 14	$234.01	$257.41
James, Ora R. & Edward	2002 North 14	$220.51	$242.56
Johnson, Jeffrey Allen	3515-3517 Barry Avenue	$294.51	$323.96
Johnson, Steve & Joni	3808 Park Avenue	$209.93	$230.92
Johnston, Mary & Deborah Ann Napier	602 North 36	$225.39	$247.93
Jones, Clarence Jr.	2723 North Albert Pike	$62.44	$68.68
Jones, Clarence Jr.	2723 North Albert Pike	$9.94	$10.93
KAMAL-U Properties	1809 North 14	$323.75	$356.13
KAMAL-U Properties	1809 North 14	$236.01	$259.61
KAMAL-U Properties	1809 North 14	$236.01	$259.61
KAMAL-U Properties	1809 North 14	$236.01	$259.61
Kirkman, Rose	3308 Irving	$289.49	$318.44
Kirkman, Rose	3308 Irving	$254.49	$279.94
Kirkman, Rose	3308 Irving	$250.49	$275.54
Lamb, Timothy Owen	4315 South 19	$492.65	$541.92
Lamb, Timothy Owen	4315 South 19	$279.01	$306.91
Lamb, Timothy Owen	4315 South 19	$240.01	$264.01
Leigh, John R. & Staci A.	3218 South 42	$1,978.01	$2,175.81
Ljunghammar, Keith	1315 South 10	$304.78	$335.26
Lloyd, Kendee	6907 Red Bud	$409.87	$450.86
Loggains Properties, LLC	2915 Alabama Avenue	$263.30	$289.63
Maida, Dominick & Dorothy	3827 Mary	$301.49	$331.64
Maida, Dominick & Dorothy	3827 Mary	$263.48	$289.83
Markham, Al III	2820 Tilles Avenue	$279.29	$307.22
Markham, Al III	2820 Tilles Avenue	$267.32	$294.05
Martin, Linda C.	1515 South "S"	$273.51	$300.86
Martin, Linda C.	1515 South "S"	$252.01	$277.21
Martin, Wesley E. & Wife	1918 South "P"	$273.51	$300.86
Martin, Wesley E. & Wife	1918 South "P"	$240.01	$264.01

Martin, Wesley E. & Wife	1918 South "P"	$266.26	$292.89
Martin, Wesley E. & Wife	1918 South "P"	$222.51	$244.76
Massey, Kathleen R.	3823 North 54	$279.76	$307.74
McCarley, William T.	2405 North 30	$184.44	$202.88
McCarley, William T.	2405 North 30	$204.06	$224.47
McGee, Althea Mae Childress	1315 North "M"	$425.51	$468.06
McGill, Ashanti R.	2301 Wedgewood Blvd	$152.98	$168.28
McMasters, Jackie Lee	1312 North 45	$297.01	$326.71
Miller, Thomas or Karen	9800 Mayo Drive	$409.21	$450.13
Miller, Thomas or Karen	9800 Mayo Drive	$304.01	$334.41
Miller, Thomas or Karen	9800 Mayo Drive	$261.01	$287.11
Moore, Cynthia	2921 North Albert Pike	$291.01	$320.11
Moore, Cynthia	2921 North Albert Pike	$291.01	$320.11
Moore, Cynthia	2921 North Albert Pike	$269.41	$296.35
Moore, James E. & Irma	1114 South 9	$258.01	$283.81
Moore, James E. & Irma	1114 South 9	$332.01	$365.21
Moore, James E. & Irma	1114 South 9	$280.26	$308.29
Moore, James E. & Irma	1114 South 9	$279.51	$307.46
Mumey, John Frasier	405 South 14	$274.50	$301.95
Mumey, John Frasier	405 South 14	$205.01	$225.51
Nation Star Mortgage, LLC	701 North 20	$360.53	$396.58
Native Land, LLC	1222 North 8	$649.49	$714.44
ODOG-WU Ozara Investments	2012 North Short 15	$269.01	$295.91
ODOG-WU Ozara Investments	2012 North Short 15	$269.01	$295.91
ODOG-WU Ozara Investments	2012 North Short 15	$221.26	$243.39
ODOG-WU Ozara Investments	2012 North Short 15	$256.50	$282.15
ODOG-WU Ozara Investments	920 North 5	$277.01	$304.71
ODOG-WU Ozara Investments	920 North 5	$246.01	$270.61
ODOG-WU Ozara Investments	920 North 5	$224.51	$246.96
ODOG-WU Ozara Investments	920 North 5	$246.01	$270.61
Oliver, Debbie Lynn	1804 North "N"	$500.21	$550.23
O'Neal, Krista	713 North 19	$281.01	$309.11
O'Neal, Krista	713 North 19	$271.64	$298.80
Pacheco, Tammy & Eva Huerta	3422 Grand Avenue	$237.97	$261.77
Payton, Cecil R.	Birnie & North 20, 2nd lot sw corner of	$273.01	$300.31
Payton, Cecil R.	Birnie & North 20, 2nd lot sw corner of	$269.01	$295.91
Payton, Cecil R.	Birnie & North 20, 2nd lot sw corner of	$216.51	$238.16
Payton, Cecil R.	Birnie & North 20, 2nd lot sw corner of	$216.51	$238.16
Perry, Carlton Michael	900 North 12	$396.76	$436.44

Perry, Carlton Michael	912 North 12	$253.97	$279.37
Poole, Alfred & Thelma	2308 North 27	$284.75	$313.23
Prince, Del E. & Susan	1122 South 22	$343.94	$378.33
Quisenberry, Ezekiel & Trish	2119 South "R"	$348.72	$383.59
Quisenberry, Ezekiel & Trish	2119 South "R"	$255.00	$280.50
Ramirez, Elena	1500 North 17	$183.97	$202.37
Ramsey, Sarah J.	1458 North 35	$260.49	$286.54
Reinschmiedt, Phillip	1020 North 46	$238.76	$262.64
Reinschmiedt, Phillip	1020 North 46	$221.26	$243.39
Reinschmiedt, Phillip	1020 North 46	$216.51	$238.16
Richmond, Kathy	609 North 22	$267.01	$293.71
Richmond, Kathy	609 North 22	$214.51	$235.96
Richmond, Kathy	609 North 22	$214.51	$235.96
Rousseau, Fred	801 North 46	$289.49	$318.44
Rowland, Richard & Rhonda	7813 Joseph	$651.59	$716.75
Sammons, Johnathan K.	709 North 35	$269.09	$296.00
Sammons, Johnathan K.	709 North 35	$254.01	$279.41
Sandpiper Assests, LLC	2144 North 13	$244.01	$268.41
Saunders, Robert E. Jr.	1416 North 5	$242.01	$266.21
Saunders, Robert E. Jr.	1416 North 5	$238.01	$261.81
Saunders, Robert E. Jr.	1416 North 5	$255.51	$281.06
Saunders, Robert E. Jr.	1416 North 5	$242.01	$266.21
Saunders, Robert E. Jr.	922 North 6	$238.01	$261.81
Saunders, Robert E. Jr.	922 North 6	$234.01	$257.41
Saunders, Robert E. Jr.	922 North 6	$234.01	$257.41
Saunders, Robert E. Jr.	922 North 6	$212.51	$233.76
Secretary of Housing & Urban Development	3224 Oak Grove	$453.65	$499.02
Sexton, Julie Karen et al	1901 South "Y"	$322.01	$354.21
Sexton, Julie Karen et al	1901 South "Y"	$252.01	$277.21
Shipman, Leon J. & Susan D.	4601 South 24	$252.49	$277.74
Shipman, Leon J. & Susan D.	4601 South 24	$248.49	$273.34
Shipman, Leon J. & Susan D.	4601 South 24	$316.95	$348.65
Shuman, F.- R. Kaye Company	2030 North 14, lot south of	$368.15	$404.97
Siguenza, Carmen	1422 May Avenue	$244.01	$268.41
Skulman, Robert & Shirley Wade	606 North 12	$282.49	$310.74
Skulman, Robert & Shirley Wade	606 North 12	$312.74	$344.01
Skulman, Robert & Shirley Wade	606 North 12	$282.49	$310.74
Skulman, Robert & Shirley Wade	606 North 12	$4,707.92	$5,178.71
Skulman, Robert & Shirley Wade	606 North 12	$252.99	$278.29
Skulman, Robert & Shirley Wade	920 North 6	$224.99	$247.49

Skulman, Robert & Shirley Wade	920 North 6	$238.49	$262.34
Skulman, Robert & Shirley Wade	920 North 6	$238.49	$262.34
Skulman, Robert & Shirley Wade	920 North 6	$220.99	$243.09
Skulman, Robert & Shirley Wade	920 North 6	$212.24	$233.46
Smart, Shawna A.	3004 Alabama	$559.71	$615.68
Smart, Shawna A.	3004 Alabama	$259.51	$285.46
Smart, Shawna A.	3004 Alabama	$238.01	$261.81
Smith Family Trust, Fred E.	2121 North 30	$309.50	$340.45
Smith Family Trust, Fred E.	2121 North 30	$248.01	$272.81
Smith Family Trust, Fred E.	2121 North 30	$222.51	$244.76
Smith, James W.	3407 Gary	$317.97	$349.77
Smith, James W.	3407 Gary	$226.51	$249.16
Smith, Larry Dale	7901 Joseph	$540.02	$594.02
Smith, Larry Dale	7901 Joseph	$314.01	$345.41
Smith, Larry Dale	7901 Joseph	$261.51	$287.66
Smith, Larry Dale	7901 Joseph	$257.51	$283.26
Smith, Michael	1725 North 13	$249.51	$274.46
Smith, Michael	1725 North 13	$232.01	$255.21
Smith, Steve	3112 North 27	$285.01	$313.51
Spence, Willie & Shirley	2209 Birnie Avenue	$331.00	$364.10
Spence, Willie & Shirley	2209 Birnie Avenue	$521.01	$573.11
Stewart, Phillip A. & Janice	3222 Blair Avenue	$252.01	$277.21
Stewart, Phillip A. & Janice	3222 Blair Avenue	$283.25	$311.58
Stewart, Phillip A. & Janice	3222 Blair Avenue	$234.51	$257.96
Stewart, Phillip A. & Janice	3222 Blair Avenue	$265.51	$292.06
Stiles, Gordon E. & Opal T.	1601 Dallas	$637.42	$701.16
Stiles, Gordon E. & Opal T.	1601 Dallas	$297.01	$326.71
Stiles, Gordon E. & Opal T.	1601 Dallas	$284.26	$312.69
Stiles, Gordon E. & Opal T.	1601 Dallas	$270.76	$297.84
Stiles, Gordon E. & Opal T.	1601 Dallas	$262.01	$288.21
Stoner, Jason Edward	4820 South "V"	$276.45	$304.10
Sturgeon, Keith C. & Mary Sue	8205 Holly	$415.34	$456.87
Sullivan, Nathan D. & Nell R.	3501 North 27	$410.45	$451.50
Sullivan, Nathan D. & Nell R.	3501 North 27	$302.99	$333.29
Sullivan, Nathan D. & Nell R.	3501 North 27	$250.49	$275.54
Sullivan, Nathan D. & Nell R.	3501 North 27	$250.49	$275.54
Sunshine Network Properties, LLC	8111 Meadow Drive	$411.75	$452.93
Suttles, Dustin	1305 North 46	$120.48	$132.53
Swain, Ronnie M.	716 North "J"	$324.69	$357.16
Swearinger, Patricia	600 North 17	$274.74	$302.21

Swearinger, Patricia	600 North 17	$244.49	$268.94
Swearinger, Patricia	600 North 17	$244.49	$268.94
Tanner, Minnie	2145 North 30	$260.99	$287.09
Tanner, Minnie	2145 North 30	$278.49	$306.34
Tanner, Minnie	2145 North 30	$260.99	$287.09
Taylor, Douglas Wayne	4016 Mussett	$323.86	$356.25
Taylor, Roberta	2310 North 31	$2,893.66	$3,183.03
Taylor, Roberta	2310 North 31	$218.51	$240.36
Taylor, Roberta	2310 North 31	$218.51	$240.36
Taylor, Roberta	2310 North 31	$209.76	$230.74
Thompson, Sharon	4106 Chaffee Drive	$574.18	$631.60
Thompson, Sharon	4106 Chaffee Drive	$260.12	$286.13
Travis, Jessica	722 Clifton Court	$245.48	$270.03
Uribe, Valentino	4301 Wirsing Avenue	$310.42	$341.46
US Land & More	1023 South 22	$356.22	$391.84
US Land & More	1023 South 22	$282.97	$311.27
US Land & More	1023 South 22	$240.01	$264.01
US Land & More	3226 Neis	$242.01	$266.21
US Land & More	708 North 9, lot south of	$267.01	$293.71
US Land & More	708 North 9, lot south of	$249.51	$274.46
US Land & More	708 North 9, lot south of	$214.51	$235.96
US Land & More	913 North 7	$366.45	$403.10
Vasiliki Investments, LLC	3510 North 46	$274.22	$301.64
Vaughn, Ronald D.	4808 Arlington	$325.96	$358.56
Vaughn, Ronald D.	4808 Arlington	$1,062.01	$1,168.21
Vernon, Richard Z. & Thomas G.	2720 North "O"	$279.01	$306.91
Vernon, Richard Z. & Thomas G.	2720 North "O"	$322.01	$354.21
Vernon, Richard Z. & Thomas G.	2720 North "O"	$587.32	$646.05
Vernon, Richard Z. & Thomas G.	2720 North "O"	$314.01	$345.41
Vernon, Richard Z. & Wife	3709 Park	$359.49	$395.44
Vernon, Richard Z. & Wife	3709 Park	$371.49	$408.64
Vernon, Richard Z. & Wife	3709 Park	$345.99	$380.59
Vernon, Richard Z. & Wife	3709 Park	$251.84	$277.02
Wade, Shirley J.	2229 South "X"	$277.99	$305.79
Wade, Shirley J.	2229 South "X"	$256.49	$282.14
Wallace, Natalie K. & Do Colston	421 May	$238.73	$262.60
Walton, Angela	1904 North 13	$211.01	$232.11
Watson, Matthan R.	908 North 43	$290.43	$319.47
Weare, Robert	3015 Alabama Avenue	$236.49	$260.14
Weare, Robert H.	3015 Alabama Avenue	$271.49	$298.64

Weare, Robert H.	3015 Alabama Avenue	$262.98	$289.28
Weare, Robert H.	3015 Alabama Avenue	$222.99	$245.29
Weindel, John (deceased)	423 North 7	$317.49	$349.24
Weindel, John (deceased)	423 North 7	$303.99	$334.39
Weindel, John (deceased)	423 North 7	$321.49	$353.64
Weindel, John (deceased)	423 North 7	$299.99	$329.99
West, Linda J.	3925 High	$336.50	$370.15
West, Linda J.	3925 High	$307.45	$338.20
Williams Properties Limited Partnership	715 North 12, lot north of	$379.18	$417.10
Williams, Elizabeth A.	1217 North 41	$248.01	$272.81
Williams, Elizabeth A.	1217 North 41	$467.93	$514.72
Williams, Elizabeth A.	1217 North 41	$269.51	$296.46
Woodruff, Sarah M.	8625 Southridge Drive	$320.99	$353.09
Woodruff, Sarah M.	8625 Southridge Drive	$252.49	$277.74
Woodruff, Sarah M.	8625 Southridge Drive	$273.99	$301.39
Woodruff, Sarah M.	8625 Southridge Drive	$248.49	$273.34
Wright, Leotha Jr.	2125 North 14, 2nd lot north of	$258.01	$283.81
Wright, Leotha Jr.	2125 North 14, 2nd lot north of	$302.51	$332.76
		$133,556.25	**$146,911.88**

SECTION 2: The provisions of this ordinance are hereby declared to be severable to the extent that a decision by any court of competent jurisdiction determining that any portion of this ordinance or any application thereof is unconstitutional, invalid or otherwise illegal shall not affect the constitutionality, validity or legality of the other provisions and/or applications of the ordinance.

PASSED AND APPROVED this 17th day of November, 2015.

APPROVED:

_____

MAYOR

ATTEST:

Approved as to form:

_____

CITY CLERK

_____

Publish one time

MEMORANDUM

November 13, 2015

TO: Jeff Dingman, Acting City Administrator

FROM: Sherri Gard, City Clerk

RE: Certification of Delinquent Property Cleanup Liens

The attached ordinance certifies to the Sebastian County Tax Collector a total of $133,556.25 in delinquent property cleanup liens associated with those properties abated or structures demolished by the City of Fort Smith. Each lien includes a 10% penalty. There are 393 delinquent liens included within the ordinance involving 154 property owners and 182 properties.

In 2014, the proposed ordinance included 424 delinquent liens totaling $161,441.25 for certification to the Sebastian County Tax Collector. Due to payments received soon after adoption of the ordinance at the November 18, 2014 regular meeting, there were actually 406 delinquent liens totaling $155,339.73 certified to the Sebastian County Tax Collector.

PROPERTY OWNERS APPEAL BOARD HEARINGS

Hearings before the Property Owners Appeal Board were held on September 16th and 17th in the Bartlett Community Room at the Fort Smith Police Department. Notification of the hearings was by certified mail and publication in the Times Record. Nine (9) property owners presented appeals at the aforementioned public hearings and the draft minutes are attached.

NOVEMBER 17th BOARD OF DIRECTORS MEETING

As required by law, notice of the public hearing was provided to the property owners by certified mail and publication in the Times Record four (4) consecutive weeks prior to the meeting. As of this date, one (1) property owner has indicated they will be in attendance. Neighborhood Services staff and several members of the Property Owners Appeal Board will be present to answer any questions.

If a property owner attends the November 17th regular meeting to appeal a delinquent lien included in the proposed ordinance and the Board wishes to refer the matter to the Property Owners Appeal Board, such will be scheduled for 11:00 a.m., Monday, December 7, 2015 in the City of Fort Smith Offices, 623 Garrison Avenue, Planning Conference Room, Room 326.

Upon approval of the ordinance, a copy will be forwarded to the tax collector, and the liens will be placed on the tax records for the year 2015 (for collection in 2016).

In the event any lien has been paid in full, the motion for approval should include a provision to allow the removal of said lien(s) from the ordinance prior to formal submission to the Sebastian County Tax Collector.

If you or members of the Board have any questions prior to the meeting, please let me know.

MINUTES OF PROPERTY OWNERS APPEAL BOARD HEARINGS

SEPTEMBER 16 AND 17, 2015 ~ 6:00 P.M.

FORT SMITH POLICE DEPARTMENT ~ BARTLETT COMMUNITY ROOM

The hearings were held to allow delinquent property owners an opportunity to be heard regarding charges by the City for abatement costs and who feel they have been wrongly charged. Notice of the hearings was published in the Times Record on Wednesday, August 12, 2015. Certified letters dated August 5, 2015 were also mailed to each property owner of record for each notified of the violation.

WEDNESDAY, SEPTEMBER 16, 2015

The hearing was called to order by Karen Lewis, Chairperson, with the following members of the Property Owners Appeal Board (POAB) present: Scott Monroe, Megan Raynor, Joel Culberson and Dennis Shaeffer. A quorum was declared.

City staff in attendance were City Clerk Sherri Gard, Building Official Jimmie Deer, Neighborhood Services Supervisor Rick Ruth, and Inspectors Dean Polk, Brandon Haynes, Scott Hamilton, Scot Dobbs and Alex Marshall.

Chairperson Lewis stated the purpose of the hearings, and then each member of the POAB introduced themselves advising how long they have been property owners in Fort Smith. She further noted that appeal of any decision made by the Property Owners Appeal Board may be appealed to the Fort Smith Board of Directors at a public hearing to be held at 6:00 p.m., Tuesday, November 17, 2015 at the Fort Smith Public Schools Service Center, 3205 Jenny Lind Road.

The following property owners were present to address the Appeal Board:

- **Donald Parker**
  Fort Smith, Arkansas

  Property: **4021 Brockman**
  Owner: **Donald E. & Barbara Parker**
  Cleaned: **March 13, 2015**
  Amount: **$362.36**

Inspector Scott Hamilton reviewed the property file, presented videos of inspections and provided before and after pictures of the subject cleaning. The property was first inspected on January 16, 2015 and found to be in violation for dead limbs. The inspection was due to working the area, not by specific complaint. A courtesy letter was forwarded to the property owners. A second inspection was conducted on January 27, 2015 whereby the property remained in violation. Certified letters were forwarded to both the property owners and the mortgage company. Each certified letter was received with the mortgage company signing for their letter on February 17, 2015 and the property owner signing for their certified letter on February 19, 2015. A final inspection was then conducted on March 2, 2015 whereby the property remained in violation. Due to such, the property was assigned to a contractor; however, Mr. Donald Parker contacted Neighborhood Services soon thereafter regarding the matter whereby an extension was granted to the middle of March. The contractor abated the violation on Friday, March 13, 2015, which was the last business day in mid-March.

Mr. Donald Parker visited the Neighborhood Services Division on March 15, 2015 alleging the contractor left multiple ruts in his yard and insisted the matter be addressed. The issue was reviewed and determined the ruts were, in fact, created by the contractor upon removal of the dead limbs. Due to such and soon thereafter, the contractor took care of the issue by filling in the ruts with dirt.

Mr. Donald Parker addressed the POAB advising that immediately upon receipt of the certified letter, he contacted Neighborhood Services on February 13, 2015 to make arrangements for an extension of time to remove the dead limbs citing he could abate the violation, but needed to wait until he received his tax refund. An extension was granted to mid-March for removal of the dead limbs. Due to such, he assumed he would have at least until March 15th to abate the violation. Instead, when he arrived at the property on March 15th to remove the dead limbs with a U-Haul trailer that he rented, he discovered the dead limbs had already been removed, there were large ruts in the yard, and a portion of his fence was removed. He showed a video, on his cell phone, to the POAB of the ruts in the yard and the fence that was damaged. The issues were all appropriately addressed; therefore, he's satisfied with every issue other than the fact that he thought he had until March 15th to abate the violation and that Mr. Hamilton estimated the work would take three (3) hours to complete, but the contractor charges indicate such took five (5) hours.

There was much discussion among the POAB regarding multiple issues, i.e. ruts in the yard, a portion of the fence being removed, Mr. Parker's cost to rent the U-Haul trailer, the estimated hours to complete the abatement and the unspecified date for Mr. Parker to abate the violation.

POAB Action ~ 4021 Brockman

Monroe, seconded by Culberson, moved to reduce the amount due by $190.00, which consisted of the combined costs of the rental fee for the U-Haul trailer ($60), two (2) hours of work ($70) and administrative fees ($60), bringing the adjusted total due to $172.36. The motion included that said amount be forwarded to the Sebastian County Tax Collector for placing on the tax records. The members all voted aye, with the exception of Shaeffer who voted *"no."* Chairperson Lewis declared the motion carried.

The POAB encouraged Neighborhood Services staff that when extensions are granted in the future to identify a specific date rather than simply stating "mid-month".

- **Bill Lee**
  Fort Smith, Arkansas

Property: **815 South 22nd Street**
Owner: **Wel, LLC**
Cleaned: **June 18, 2014**
Amount: **$277.47**

Inspector Brandon Haynes reviewed the property file, presented video of inspections and provided before and after pictures of the cleaning. The property was inspected on April 10, 2014 and posted for trash and debris. The inspection was due to working the area and not due initiated by complaint. Because Mr. Lee owns multiple properties, he comes to Neighborhood Services on a weekly basis to sign for all notices associated with his properties. Mr. Lee signed for the notice associated with the subject cleaning on April 14, 2014. The property was reinspected on April 21, 2014 and such remained in violation; however, Mr. Lee requested a thirty (30) day extension whereby Neighborhood Services Supervisor Rick Ruth authorized such. The property remained in violation; therefore, a final notice was provided to Mr. Lee on May 29, 2014. The property was again reinspected on June 6, 2014 whereby the violation remained; therefore, such was assigned to a contractor and abatement was accomplished on June 18, 2014.

Mr. Bill Lee addressed the POAB advising the neighbor across the alley kept piling various items on the subject property. Such finally stopped when he started relocating the items back on the neighbors property. Regardless, he conceded he thought the property was being cleaned; therefore, the only opposition is to the assessed administrative fee of $59.53, which he merely requested the total amount be reduced by such.

Chairperson Lewis commended Mr. Lee that with over two-hundred rental properties he owns, that this is the only one that he did not address.

POAB Action ~ 815 South 22nd Street

Shaeffer, seconded by Raynor, moved to reduce the amount due by the administrative fee of $59.53, bringing the total amount due to $217.94, and that same be forwarded to the Sebastian County Tax Collector for placing on the tax records. The members all voting aye, Chairperson Lewis declared the motion carried.

Mr. Lee provided Check No. 31862 to the City Clerk in the amount of $217.94, which paid the account in full.

- **Manuel Rosa**
  Van Buren, Arkansas

Property: **2721 Neis**
Owner: **Manuel De Jesus Rosa**
Cleaned: **February 4, 2015**
Amount: **$343.16**

Inspector Dean Polk reviewed the property file, presented video of inspections and provided before and after pictures of the cleaning. The property was first inspected on January 14, 2015 and posted for dead limbs, appliances, open storage, debris and tires. Inspection was due to working the area and not initiated by complaint. A second inspection was conducted on January 22, 2015 and a certified letter was forwarded to the owner of record, Elvis Abrego Hernandez. The certified letter was signed by Elvis Abrego and received on January 26, 2015. The property was reinspected on February 2, 2015 whereby the violation remained; therefore, such was assigned to a contractor and the violation was abated on February 4, 2015.

Mr. Polk indicated he drove by the property today and such is again in violation for indoor furniture, trash and debris.

Mr. Manuel Rosa, who was interpreted by Leslie Rosa, addressed the POAB advising he did not clean the property because he alleged no notice was provided that the property was in violation. He insisted the subject property would have been brought into compliance had he known about the violation. Regardless, he simply requested the total due be reduced; however, he conveyed no recommended amount.

There was much discussion among the POAB, with Mr. Shaeffer speaking directly to Mr. Rosa in Spanish, regarding ownership of the property and notice provided whereby Inspector Polk advised Mr. Rosa purchased the property in January 2014; however, the County Assessor records still identified Mr. Elvis Hernandez as the legal owner on January 22 and February 3, 2015. Staff accessed the County Assessor's website and although the property owner information has now been updated to show Mr. Rosa as the legal owner, the billing for property taxes still identifies such is going to Mr. Hernandez. It was determined that Mr.

Rosa purchased the property from Mr. Hernandez via contract and payment in full was not made until March or April 2015; therefore, such is the reason the County did not show him as the legal owner at the time of violation.

Chairperson Lewis advised that a contract, which provides a twelve-month payment plan, may be executed by contacting the City Clerk's Office.

POAB Action ~ 2721 Neis

Monroe, seconded by Raynor, moved that the lien remain due in full ($343.16) and that same be forwarded to the Sebastian County Tax Collector for placing on the tax records. The members all voting aye, Chairperson Lewis declared the motion carried.

Since it was previously noted that the property is currently in violation and because the property is a rental, the POAB encouraged Mr. Rosa to drive by the property on a regular basis to ensure the tenants are appropriately maintaining the property.

- **Angela Galbach**
  Arkoma, Oklahoma

Property: **1616 Boston**
Owner: **Angela K. Galbach**
Cleaned: **July 16, 2014**
Amount: **$310.21**

Inspector Brandon Haynes reviewed the property file, presented video of inspections and provided before and after pictures of the cleaning. The property was first inspected on June 12, 2014 with a seven (7) day warning provided for trash and debris, open storage, overgrowth and indoor furniture. The inspection was due to multiple complaints submitted to Neighborhood Services. A second inspection was conducted on June 20, 2014 whereby a legal search was accomplished and a certified letter forwarded to the owner, Ms. Angela Galbach. The legal search identified no mortgage on the property. Ms. Galbach signed for the certified letter and such was received by the City on June 24, 2014. A final inspection was conducted on July 3, 2014 whereby some progress was made to bring the property into compliance, but most of the violations remained; therefore and due to continuous complaints received, the property was assigned to a contractor with abatement accomplished on July 16, 2014.

Ms. Angela Galbach addressed the POAB citing she went to Neighborhood Services to review the file and noted it was hard to determine the difference between the before and after pictures. She alleged no labels were on the pictures at that time whereby Mr. Ruth advised the City does not accept pictures from contractors unless they're appropriately labeled.

Ms. Galbach then advised of ongoing problems with the adjoining neighbor and that her son and daughter-in-law rent the subject property. She alleged that although the file indicates the cleaning took two (2) hours, her daughter-in-law advised the contractor only worked for less than twenty (20) minutes. She further alleged she *"just happened"* to stop by when the contractor was about to leave and *"the trailer had practically nothing in it";* therefore, she questioned the landfill charge and requested to see a picture of the trailer, which were provided. She requested the amount be reduced.

There was brief discussion among the POAB regarding notification whereby Ms. Galbach stated, *"now that you mention it, I think I did get a letter."* It was also determined that the property was in violation in June 8th (cleared on June 23rd) and July 28th (cleared August 18th) of this year for overgrowth; however, the property owners abated the violations on their own with no necessity for assignment to a contractor.

POAB Action ~ 1616 Boston

Raynor, seconded by Monroe, moved that the amount remain due in full ($310.21) and that same be forwarded to the Sebastian County Tax Collector for placing on the tax records. The members all voting aye, Chairperson Lewis declared the motion carried.

- **Keith Ljunghammar**
  Rudy, Arkansas

Property: **1315 South 10th Street**
Owner: **Keith Ljunghammar**
Cleaned: **October 3, 2014**
Amount: **$304.78**

Inspector Scott Hamilton reviewed the property file, presented video of inspections and provided before and after pictures of the cleaning. The property was first inspected on August 21, 2014 with a seven (7) day warning provided for overgrowth, dead limbs, debris and outdoor storage. The inspection was due to working the area, not by complaint. A second inspection was conducted on August 30, 2014 whereby a legal search was accomplished and a certified letter forwarded to the owner of record, Mr. Bobby and Edith Louise Schalski. The letter was returned unclaimed on September 23, 2014. A final inspection was conducted on September 30, 2014 whereby the violation remained; therefore, the property was assigned to a contractor with abatement accomplished on October 3, 2014.

Mr. Keith Ljunghammar addressed the POAB advising he purchased the property from the Arkansas Commissioner of State Lands in April 2015. He conveyed opposition to the noted hours of work citing he is not responsible for payment of the cleaning. He provided a copy of a historical document from 1606 signed by King George of England, which

he alleged is proof that he is not subject to laws of the United States of America. Regardless, he requested the amount be reduced citing the work hours are exorbitant for the work done.

Shaeffer, who is adept with U.S. historical documents, simply advised the provided document is *"null and void"* and *"not relevant."*

There was brief discussion among the POAB whereby they advised Mr. Ljunghammar that cleanup liens remain with the property, not the property owner; therefore, since he is the new owner, he resumed responsibility for payment of the lien.

POAB Action ~ 1315 South 10th Street

Culberson, seconded by Monroe, moved that the amount remain due in full ($304.78) and that same be forwarded to the Sebastian County Tax Collector for placing on the tax records. The members all voting aye, Chairperson Lewis declared the motion carried.

Chairperson Lewis encouraged Mr. Ljunghammar that if he purchases property from the Commissioner of State Lands in the future, to be sure and research records to ensure there are no liens that he will resume responsibility.

There being no further business to come before the POAB, Monroe moved that the hearing adjourn. The motion was seconded by Shaeffer and the members all voting aye, Chairperson Lewis declared the motion carried and the hearing stood adjourned at 7:50 p.m.

THURSDAY, SEPTEMBER 17, 2015

The hearing was called to order by Karen Lewis, Chairperson, with the following members present: Karen Lewis, Scott Monroe, Megan Raynor and Joel Culberson. Dennis Shaeffer arrived at approximately 6:25 p.m., after determination of the first appeal. A quorum was declared.

City staff in attendance were City Clerk Sherri Gard, Building Official Jimmie Deer, Neighborhood Services Supervisor Rick Ruth, and Inspectors Dean Polk, Scott Hamilton, Scot Dobbs and Alex Marshall.

Chairperson Lewis stated the purpose of the hearings, and then each member of the Appeal Board introduced themselves, advising how long they have been property owners in

Fort Smith. She further noted that appeal of any decision made by the Property Owners Appeal Board may be appealed to the Fort Smith Board of Directors at a public hearing to be held at 6:00 p.m., Tuesday, November 17, 2015 at the Fort Smith Public Schools Service Center, 3205 Jenny Lind Road.

The following property owners were present:

- **Sally Cleveland**
  Lavaca, Arkansas

  Property: 700 South 20th Street
  Owner: Sally Cleveland and Jefrey Reeves
  Cleaned: May 19, 2014
  Amount: $339.68

  Inspector Alex Marshall reviewed the property file, presented video inspections and provided before and after pictures of the cleaning. The property was inspected on April 10, 2014 whereby a seven (7) day warning was issued for overgrowth and dead limbs. A second inspection was conducted on April 18, 2014 whereby the violations remained; therefore, formal action was taken with a certified letter mailed to the property owners. The letter was returned unclaimed on April 29, 2014. A final inspection was conducted on May 6, 2014 whereby the violations remained; therefore, the property was assigned to a contractor with abatement accomplished on May 19, 2014.

  Ms. Sally Cleveland addressed the POAB advising the structure burned in October 2011 and conveyed sentimental attachment to the property citing she lived there for twenty-two (22) years. Regardless, she alleged to have never received any type of notice from the City regarding the violations, until she received the notice advising of the public hearing. Since receipt of the letter, she's ensured the property is properly maintained citing it's been mowed three (3) times already. She advised of financial difficulty and merely requested "compassion and mercy" regarding the matter.

  There was brief discussion among the POAB regarding notification whereby Mr. Ruth advised notice was posted both on the property and a certified letter was forwarded to the mailing address on record with the Sebastian County Assessor's Office.

  It was determined that when Ms. Cleveland moved to Lavaca and paid the property tax for the subject property, she thought the Sebastian County Tax Collector would update her mailing address from the personal check, which contained her new mailing address, when she submitted said tax payment.

Chairperson Lewis assured Ms. Cleveland that the Tax Collector's Office will not update a mailing address solely by the address on a check submitted for payment and such must be requested. Due to advisement that additional cleanings have taken place in 2015, she encouraged Ms. Cleveland to drive by the property and ensure such is properly maintained.

POAB Action ~ 700 South 20th Street

Monroe, seconded by Culberson, moved that the lien remain due in full ($339.68) and that same be forwarded to the Sebastian County Tax Collector for placing on the tax records. The members present all voting aye, Chairperson Lewis declared the motion carried.

Chairperson Lewis advised Ms. Cleveland that a contract for payment of the lien may be executed and directed her to contact the City Clerk's Office if she wished to do so. Ms. Cleveland was appreciative of the information and indicated her desire to execute the payment contract.

- **Rosa Salgado**
  Fort Smith, Arkansas

Property:	**823 North 36th Street**	
Owner:	**Rosa Maria Salgado**	
Cleaned:	**June 28, 2014**	**$168.01**
	August 1, 2014	**$246.01**
	October 2, 2014	**$228.51**

Inspector Alex Marshall reviewed the property file, presented video of inspections and provided before and after pictures of the cleanings. The property was inspected on May 12, 2014 and a seven (7) warning was issued for overgrowth and dead limbs. The violation was discovered by working the area, not complaint driven. A second inspection was conducted on May 21, 2014 whereby the violations remained; therefore, a legal search was initiated with a certified letter forwarded to the property owner. The letter was returned unclaimed on June 9, 2014. A final inspection was conducted on June 16, 2014 whereby the violations remained; therefore, the property was assigned to a contract with abatement accomplished on June 28, 2014. Since the property was cleaned, the property was inspected every thirty (30) days thereafter. The property was again found to be in violation; therefore, the property was cleaned again on August 1 and October 2, 2014.

Inspector Scot Dobbs advised Ms. Salgado, who resides next door to the subject property, is the new owner of the property citing she purchased such from the Commissioner of State Lands.

Ms Rosa Salgado addressed the POAB confirming she and her husband live next door and when she became aware that the subject property was for sale at public auction, she and her husband bought the property to ensure it was properly maintained with hopes to renovate the structure to either sell or rent it. They have already expended money to improve the structure by installing new windows. She merely requested the leniency as she was unaware of the subject liens on the property at the time she purchased such.

There was brief discussion among the POAB whereby Chairperson Lewis reiterated previous comments that when property is sold by the Commissioner of State Lands, the potential buyer is responsible for determining if any liens exist on the subject property.

POAB Action ~ 823 North 36th Street

Monroe, seconded by Culberson, moved that the liens remain due in full, with the exception of the August cleaning whereby the motion included waiving the finance charge of $59.53 making the reduced amount of $186.48 and the total combined amount due of $583.00, and that same be forwarded to the Sebastian County Tax Collector for placing on the tax records. The members all voting aye, Chairperson Lewis declared the motion carried.

- **Sharon Mikus**
  Fort Smith, Arkansas

Property: **4314 Tilles**
Owners: **Sharon K. Mikus**
Cleaned: **March 3, 2015**
Amount: **$209.21**

Inspector Alex Marshall reviewed the property file, presented video of inspections and provided before and after pictures of the cleaning. The property was first inspected on January 30, 2014 and determined to be in violation for dead limbs, trash and debris. A courtesy card was forwarded to the property owner. The violations were the result of working the area and not complaint driven. A second inspection was conducted on February 9, 2015 whereby a warning was issued via first-class letter. The letter was returned unclaimed on February 17, 2015. Another inspection was conducted whereby the violations remained; therefore, a certified letter was forwarded to the property owner. The certified letter was also returned unclaimed on February 21, 2015. A final inspection was conducted on March 2, 2015 whereby the violations remained; therefore, the property was assigned to a contractor with abatement accomplished on March 3, 2015.

Ms. Sharon Mikus addressed the POAB advising although she owns the property, she hasn't lived there in years citing her intention to sell the property. She alleged the neighbors throw trash on the property, but conceded she doesn't check on the property as she should. Due to illness and eye surgery, she no longer drives and advised of multiple attempts to hire someone to maintain the property; however, the cost is simply too expensive. Although on a fixed income, she agreed to make monthly payments if such would be permitted.

There was brief discussion among the POAB regarding the difficult circumstances, i.e. illness, fixed income, etc.; therefore, they inquired if the City has any program to assist Ms. Mikus.

Mr. Ruth advised that such hardship cases are many times referred to the Community Development Department for assistance and the Church of the Nazarene has provided aid in certain circumstances. For instance, a property owner could not maintain his property because his lawn mower stopped working and the Church provided the resident with a new lawn mower.

POAB Action ~ 4314 Tilles

Shaeffer, seconded by Raynor, moved that the lien be reduced by the finance charge of $59.53, making a total due of $149.68, and that same be forwarded to the Sebastian County Tax Collector for placing on the tax records. The members all voting aye, Chairperson Lewis declared the motion carried.

Ms. Mikus extended much appreciation for the aforementioned reduction and indicated her intent to contact the City Clerk's Office to make payment arrangements.

- **Lucille Wilhelm**
  Paris, Arkansas

Property:	**2204 Savannah**	
Owner:	**Lawrence & Lucille Wilhelm**	
Cleaned:	**April 29, 2014**	**$218.11**
	June 23, 2014	**$214.11**

Inspector Alex Marshall reviewed the property file, presented video of inspections and provided before and after pictures of the cleanings, which are the last two (2) cleanings of four (4) that took place in 2014. The first two (2) cleanings, which occurred on February 20 and March 24, 2014, were addressed in the 2014 appeal hearings. The subject cleanings were not delinquent as of June 30, 2014; therefore, the property owner had to wait until the 2015 appeal hearings to address the last two (2) cleanings.

Below is an excerpt from the 2014 appeal hearing minutes regarding the first two (2) cleanings and Ms. Wilhelm's appeal:

Inspector Brandon Haynes reviewed the property file, presented video of inspections and provided before and after pictures of the cleaning. The property was inspected on January 29, 2014 and posted for dead limbs on the roof and in the side and back yards. A certified letter was forwarded to the property owner; however, such was returned "unclaimed". A final inspection was conducted on February 18, 2014 whereby the violations remained; therefore, the property was assigned to the contractor with abatement accomplished on February 20, 2014.

The subject property was reinspected every thirty (30) days thereafter whereby the property was found to be in violation again due to additional dead limbs and carpet in the yard. Such resulted in an additional cleaning in March.

Ms. Wilhelm, along with her daughter Libby Kimes, addressed the Appeal Board advising she's owned the property since February 1967; however, she now resides in Paris, Arkansas. The structure has been vacant for approximately a year. A neighbor has previously maintained it for her; however, they have since moved. The limbs are from the ice storm and she was snowed-in in Paris; therefore, she could not get to Fort Smith to abate the violations, which she was unaware of such because the City forwarded the notice to the Fort Smith address. With regard to the second cleaning, she insisted the carpet was placed on her property by a neighbor; however, if she had known about the second violation, Ms. Wilhelm insisted she would have abated the violation.

Mr. Deer advised the initial notice was mailed to the Fort Smith address (2204 Savannah) because such is the address of record at the Sebastian County Tax Assessor's Office. He urged Ms. Wilhelm to contact the Assessor's Office and update her mailing address.

Regarding the second cleaning, there was concern expressed with the amount of limbs removed since several limbs were removed at the first cleaning.

Appeal Board Action ~ 2204 Savannah (2014)

Monroe, seconded by Culberson, moved that the lien for the first cleaning in February remain due in full ($282.03) and that same be forwarded to the Sebastian County Tax Collector for placing on the tax records. The motion included that the lien and amount due for the second cleaning ($209.60) in March be waived in its entirety. The members present all voting aye, Chairperson Lewis declared the motion carried.

Mr. Marshall merely advised no notification was forwarded to the property owners on the subject cleaningd as such was not required due to proper notification being accomplished for the first cleaning that took place on February 20, 2014.

Ms. Lucille Wilhelm, along with her daughter Linda Kimes, addressed the POAB and provided the same appeal as provided in the 2014 appeal hearings, which is provided above.

There was brief discussion among the POAB whereby Ms. Wilhelm was encouraged to ensure her mailing address is updated at the County Assessor's Office.

Ms. Wilhelm insisted such was done on multiple occasions, but it keeps reverting back to her previous address whereby it was conveyed that the City maintains no authority over such and she'll, unfortunately, have to address the issue with the County Assessor's Office.

POAB Action ~ 2204 Savannah

Monroe, seconded by Raynor, moved that both liens be reduced by the finance charge of $59.53 each, making a total due of $313.16, and that same be forwarded to the Sebastian County Tax Collector for placing on the tax records. The members all voting aye, Chairperson Lewis declared the motion carried.

There being no further business to come before the Property Owners Appeal Board, Raynor moved that the hearing adjourn. The motion was seconded by Shaeffer and the members all voting aye, Chairperson Lewis declared the motion carried and the hearing stood adjourned at 7:41p.m.

APPROVED:

_____

CHAIRPERSON

ATTEST:

_____

CITY CLERK

ORDINANCE NO. _____

ORDINANCE AMENDING SECTION 2-26 OF THE FORT SMITH MUNICIPAL CODE SETTING THE DATES, TIME AND LOCATION FOR REGULAR MEETINGS OF THE BOARD OF DIRECTORS FOR THE YEAR 2016

BE IT ORDAINED AND ENACTED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS, THAT:

SECTION 1: Section 2-26 of the Fort Smith Municipal Code is hereby amended to read as follows:

> In 2016, all regular meetings of the Fort Smith Board of Directors shall be held at 6:00 p.m. at the Fort Smith Public Schools Service Center, Building B, 3205 Jenny Lind Road, on the first and third Tuesday evenings of each month.

THIS ORDINANCE ADOPTED this 17th day of November, 2015.

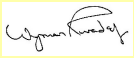
APPROVED:

_____
MAYOR

ATTEST:

_____
CITY CLERK

Approved as to form:



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Publish one time

MEMORANDUM

To: Jeff Dingman, Acting City Administrator

From: Sherri Gard, City Clerk

Date: November 13, 2015

Re: 2016 Regular Meetings of the Board of Directors

At the November 10, 2015 study session, the Board reviewed various meeting dates for the upcoming year. There are no holidays in 2016 that conflict any scheduled regular meeting dates; therefore, the Board concurred to retain the first and third Tuesday of each month for all regular meetings in 2016.

As required by law, the Board must set regular meetings by ordinance; therefore, the attached ordinance accomplishes the aforementioned and formally sets the dates, time and location for all regular meetings in 2016. No formal action is required with regard to other meetings of the Board, i.e., study sessions, brainstorming meetings, ward meetings, etc.

In order to allow members of the Board to plan vacations without having to be absent from a scheduled meeting, the Board also concurred to forego holding study sessions on the following dates:

- Tuesday, March 22 and 29
- Tuesday, May 31
- Tuesday, August 30
- Tuesday, November 22 and 29
- Tuesday, December 27

The Board also concurred to forego scheduling specific dates for brainstorming meetings in 2016. These are typically scheduled on the last Monday evenings in February, May, August and October. If the Board so desires to schedule a brainstorming meeting in 2016, such will be determined and announced at a later date.

In the past, the Board has scheduled the annual budget hearings for two (2) evenings in November. No specific dates were selected for 2016; therefore, such will be determined and announced at a later date.

The Board holds ward neighborhood meetings, typically scheduled in January for Ward 1, April for Ward 2, July for Ward 3, and October (sometimes November) for Ward 4; however, these dates are determined to coincide with the Ward Director's schedule and meeting location availability.

The 2016 Board Meeting Calendar has been updated with all of the above and is attached for your review.

2016 BOARD MEETING CALENDAR

Determined at the November 10, 2015 Study Session

~ January 2016 ~

SUN	MON	TUES	WED	THUR	FRI	SAT
Notes: WARD 1 NEIGHBORHOOD MEETING					1 ~ CLOSED ~ NEW YEAR'S DAY	2
3	4	5 REGULAR MEETING	6	7	8	9
10	11	12 STUDY SESSION	13	14	15	16
17	18 ~ CLOSED ~ MARTIN L. KING, JR. DAY	19 REGULAR MEETING	20	21	22	23
24	25	26 STUDY SESSION	27	28	29	30
31	Notes:					

~ February 2016 ~

SUN	MON	TUES	WED	THUR	FRI	SAT
	1	2 REGULAR MEETING	3	4	5	6
7	8	9 STUDY SESSION	10	11	12	13
14	15	16 REGULAR MEETING	17	18	19	20
21	22	23 STUDY SESSION	24	25	26	27
28	29	Notes: BRAINSTORMING MEETING, SCHEDULE IF NEEDED				

~ March 2016 ~

SUN	MON	TUES	WED	THUR	FRI	SAT
Notes:		1 REGULAR MEETING	2	3	4	5
6	7	8 STUDY SESSION	9	10	11	12
13	14	15 REGULAR MEETING	16	17	18	19
20	21	22 NO STUDY SESSION	23	24	25 ~ CLOSED ~ GOOD FRIDAY	26
	~ SPRING BREAK ~					
27	28	29 NO STUDY SESSION	30	31	Notes:	

~ April 2016 ~

SUN	MON	TUES	WED	THUR	FRI	SAT
Notes: WARD 2 NEIGHBORHOOD MEETING					1	2
3	4	5 REGULAR MEETING	6	7	8	9
10	11	12 STUDY SESSION	13	14	15	16
17	18	19 REGULAR MEETING	20	21	22	23
24	25	26 STUDY SESSION	27	28	29	30

~ May 2016 ~

SUN	MON	TUES	WED	THUR	FRI	SAT
1	2	3 REGULAR MEETING	4	5	6	7
8	9	10 STUDY SESSION	11	12	13	14
			~ CANDIDATE FILING PERIOD - WARD DIRECTORS ~			
15	16	17 REGULAR MEETING	18	19	20	21
~ CANDIDATE FILING PERIOD - WARD DIRECTORS ~						
22	23	24 STUDY SESSION	25	26	27	28
~ CANDIDATE FILING PERIOD - WARD DIRECTORS ~						
29	30 ~ CLOSED ~ MEMORIAL DAY	31 NO STUDY SESSION	Notes: BRAINSTORMING MEETING, SCHEDULE IF NEEDED			

~ June 2016 ~

SUN	MON	TUES	WED	THUR	FRI	SAT
Notes:			1	2	3	4
5	6	7 REGULAR MEETING	8	9	10	11
12	13	14 STUDY SESSION	15	16	17	18
19	20	21 REGULAR MEETING	22	23	24	25
26	27	28 STUDY SESSION	29	30	Notes:	

~ July 2016 ~

SUN	MON	TUES	WED	THUR	FRI	SAT
Notes: WARD 3 NEIGHBORHOOD MEETING					1	2
3	4 ~ CLOSED ~ INDEPENDENCE DAY	5 REGULAR MEETING	6	7	8	9
10	11	12 STUDY SESSION	13	14	15	16
17	18	19 REGULAR MEETING	20	21	22	23
24	25	26 STUDY SESSION	27	28	29	30
31	Notes:					

~ August 2016 ~

SUN	MON	TUES	WED	THUR	FRI	SAT
	1	2 REGULAR MEETING	3	4	5	6
7	8	9 STUDY SESSION *PRIMARY ELECTION*	10	11	12	13
14	15	16 REGULAR MEETING	17	18	19	20
21	22	23 STUDY SESSION	24	25	26	27
28	29	30 NO STUDY SESSION	31	Notes: BRAINSTORMING MEETING, SCHEDULE IF NEEDED		

~ September 2016 ~

SUN	MON	TUES	WED	THUR	FRI	SAT
Notes:				1	2	3
4	5 ~ CLOSED ~ LABOR DAY	6 REGULAR MEETING	7	8	9	10
11	12	13 STUDY SESSION	14	15	16	17
18	19	20 REGULAR MEETING	21	22	23	24
25	26	27 STUDY SESSION	28	29	30	

~ October 2016 ~

SUN	MON	TUES	WED	THUR	FRI	SAT
Notes: WARD 4 NEIGHBORHOOD MEETING						1
2	3	4 REGULAR MEETING	5	6	7	8
9	10	11 STUDY SESSION	12	13	14	15
16	17	18 REGULAR MEETING	19	20	21	22
23	24	25 STUDY SESSION	26	27	28	29
30	31	Notes: BRAINSTORMING MEETING, SCHEDULE IF NEEDED				

~ November 2016 ~

SUN	MON	TUES	WED	THUR	FRI	SAT
Notes: BUDGET HEARINGS		1 REGULAR MEETING	2	3	4	5
6	7	8 STUDY SESSION *GENERAL ELECTION*	9	10	11 ~ CLOSED ~ VETERANS DAY	12
13	14	15 REGULAR MEETING	16	17	18	19
20	21	22 NO STUDY SESSION	23	24 ~ CLOSED ~ THANKSGIVING	25 ~ CLOSED ~ THANKSGIVING	26
27	28	29 NO STUDY SESSION	30	Notes:		

~ December 2016 ~

SUN	MON	TUES	WED	THUR	FRI	SAT
Notes:				1	2	3
4	5	6 REGULAR MEETING	7	8	9	10
11	12	13 STUDY SESSION	14	15	16	17
18	19	20 REGULAR MEETING	21	22	23 ~ CLOSED ~ CHRISTMAS	24
25	26 ~ CLOSED ~ CHRISTMAS	27 NO STUDY SESSION	28	29	30	31

6

ORDINANCE NO._____

AN ORDINANCE ORDERING THE OWNERS OF A CERTAIN DILAPIDATED AND SUBSTANDARD STRUCTURE TO DEMOLISH SAME, AUTHORIZING THE CITY ADMINISTRATOR TO CAUSE THE DEMOLITION OF SUCH STRUCTURE TO OCCUR, AND FOR OTHER PURPOSES.

BE IT ORDAINED AND ENACTED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS, that:

SECTION 1: It is hereby determined by the Board of Directors that the hereinafter described tract of real property, and the improvements located there, are dilapidated, unsafe and otherwise detrimental to the public health and constitute structural, fire and health hazards:

Street Address: **600 NORTH 17TH STREET - LOT 1, BLOCK 37; FITZGERALD ADDITION**

SECTION 2: The owners of the tract of real property described in Section 1 are hereby ordered to remove or raze the improvements located on the said tract of property and to remedy the unsightly and unsanitary conditions otherwise located on said tract of real property within thirty (30) days from the date of this ordinance.

SECTION 3: With reference to any tract identified in Section 1 as to which compliance with the direction of Section 2 has not occurred within thirty (30) calendar days from the date of passage of this ordinance, the City Administrator is hereby authorized to execute a contract, based on the bid(s) accepted on the date of this action or at a later date, for the removal or razing of the described improvements on the tract of real property.

SECTION 4: The provisions of this ordinance are hereby declared to be severable to the extent that a decision by any court of competent jurisdiction determining that any portion of this ordinance or any application thereof is unconstitutional, invalid or otherwise illegal shall not affect the constitutionality, validity or legality of the other provisions and/or applications of the ordinance.

SECTION 5: Emergency Clause. It is hereby found and declared by the Board of Directors that the dilapidated, unsanitary condition of the tracts of real property and improvements described herein constitute an immediate menace to the health, welfare and safety of the citizens of the City so that an emergency is hereby

declared and that this ordinance shall be effective from and after the date of its passage.

This Ordinance adopted this _____day of_____2015.

APPROVED:

_____

Mayor

ATTEST:

_____

City Clerk

Approved as to form:

_____

Publish One Time

To: Jeff Dingman, Acting City Administrator

From: Jimmie Deer, Building Official

Date: November 9, 2015

Subject: Unsafe Structures

The following structures have been damaged and/or deteriorated to a condition that has caused the Building Safety Division to post them as unsafe structures. The property and the improvements, thereon are now, and for several months prior hereto, have been dilapidated, unsafe, unsightly, unsanitary, obnoxious and detrimental to the public welfare and are found to be in violation of the Ordinances of the City of Fort Smith.

The property descriptions and owner are:

600 N. 17th Street – Lot 1, Block 37; Fitzgerald addition

Owners:	Patricia Swearingen 1701 S. X Street Fort Smith, AR 72901	Exit Bail Bond Company P.O. Box 748 Russellville, AR 72811

The owners of these properties have been notified according to the procedures outlined in Section 16-88 of the Fort Smith Municipal Code. The property owners were notified by certified mail and posting the same letters on the buildings. The letter or notice contains information concerning the appeal procedure outlined in Section 16-91 of the Fort Smith Municipal Code. The Code specifies that they must file any appeals within fifteen (15) days from the date of service. The owner(s) of the subject properties did not file an appeal within the fifteen (15) day period nor have they requested an appeal hearing since that dead line has passed.

600 N. 17th Street – The structure has been without water since January 2012 and the structure burnt on August 2, 2015. Due to the condition of the structure and no action taken by the owners unsafe notices were posted on the property and letters sent out by certified mail on October 8, 2015 and the letters were signed for by the owners. The city has clean-up liens on the property in the amount of $5205.56. As of today the owners have taken no action to obtain permits or demolish the structure.

Therefore, I am recommending this matter be referred to the Board of Directors for their review. An Ordinance will be prepared that will order the property owners to demolish or repair the buildings within thirty (30) calendar days and if such work has not occurred, the staff will be authorized to have the structures removed.

Please contact me if you have any questions or if we need to discuss this matter in more detail.

Public GIS Viewer
City of Fort Smith GIS

THIS BUILDING
IS UNSAFE
2015/10/09

2015/10/09

THIS BUILDING
IS UNSAFE
2015/09/30

2015/09/30

2015/09/30

2015/09/30

2015/09/30

2015/09/30

2015/09/30

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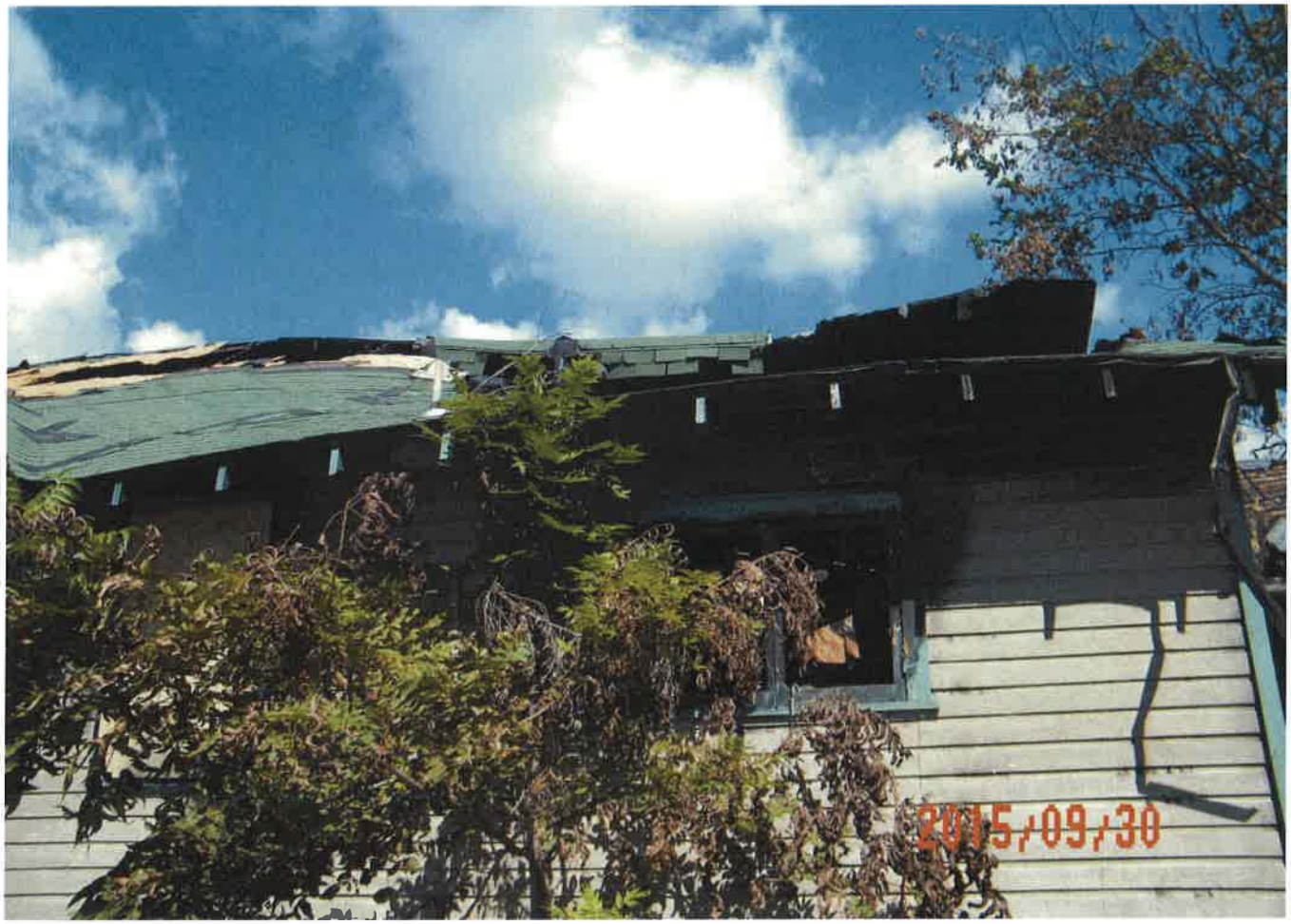
2015/09/30


2015/09/30

RESOLUTION _____

A RESOLUTION AUTHORIZING A TIME EXTENSION FOR THE 2014 STREET OVERLAYS/RECONSTRUCTION PHASE A
PROJECT NO. 14-03-A

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS, THAT:

SECTION 1: A time extension with Forsgren, Inc., for the 2014 Street Overlays/Reconstruction Phase A, Project 14-03-A, which increases the contract time by 77 calendar days, is hereby approved.

This resolution adopted this _____ day of November, 2015.

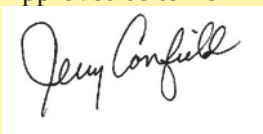
APPROVED:

_____
Mayor

ATTEST:

_____
City Clerk

Approved as to Form



_____
No Publication Required

RESOLUTION _____

A RESOLUTION ACCEPTING COMPLETION OF AND AUTHORIZING FINAL PAYMENT FOR THE 2014 STREET OVERLAYS/RECONSTRUCTION PHASE A PROJECT NO. 14-03-A

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS, THAT:

SECTION 1: The City of Fort Smith hereby accepts the construction of the 2014 Street Overlays/Reconstruction Phase A, Project 14-03-A, as complete.

SECTION 2: Final payment is hereby authorized in the amount of $23,297.15 to the contractor, Forsgren, Inc., for the 2014 Street Overlays/Reconstruction Phase A, Project No. 14-03-A.

This Resolution adopted this _____ day of November, 2015.

APPROVED:

_____
Mayor

ATTEST:

_____
City Clerk

Approved as to Form

_____

☐ No Publication Required

INTER-OFFICE MEMO

TO: Jeff Dingman, Acting City Administrator

FROM: Stan Snodgrass, P.E., Director of Engineering

DATE: November 10, 2015

SUBJECT: Street Overlays/Reconstruction
Project No. 14-03-A

The above subject project consisted of asphalt street overlays, reconstruction and minor drainage improvements for the streets shown on the attached exhibit. The total length of streets improved was approximately 2.4 miles.

The project was substantially complete on August 14, 2015 which is 77 days beyond the May 29, 2015 contract completion date. A time extension for the 77 days which includes 38 days for inclement weather and 39 days for field adjustments / additional work items is warranted.

Attached is a Resolution authorizing a time extension and a Resolution to accept the project as complete and authorize final payment to the contractor. I recommend that the Resolutions be accepted by the Board of Directors at the next regular meeting.

Attachments

SUMMARY SHEET

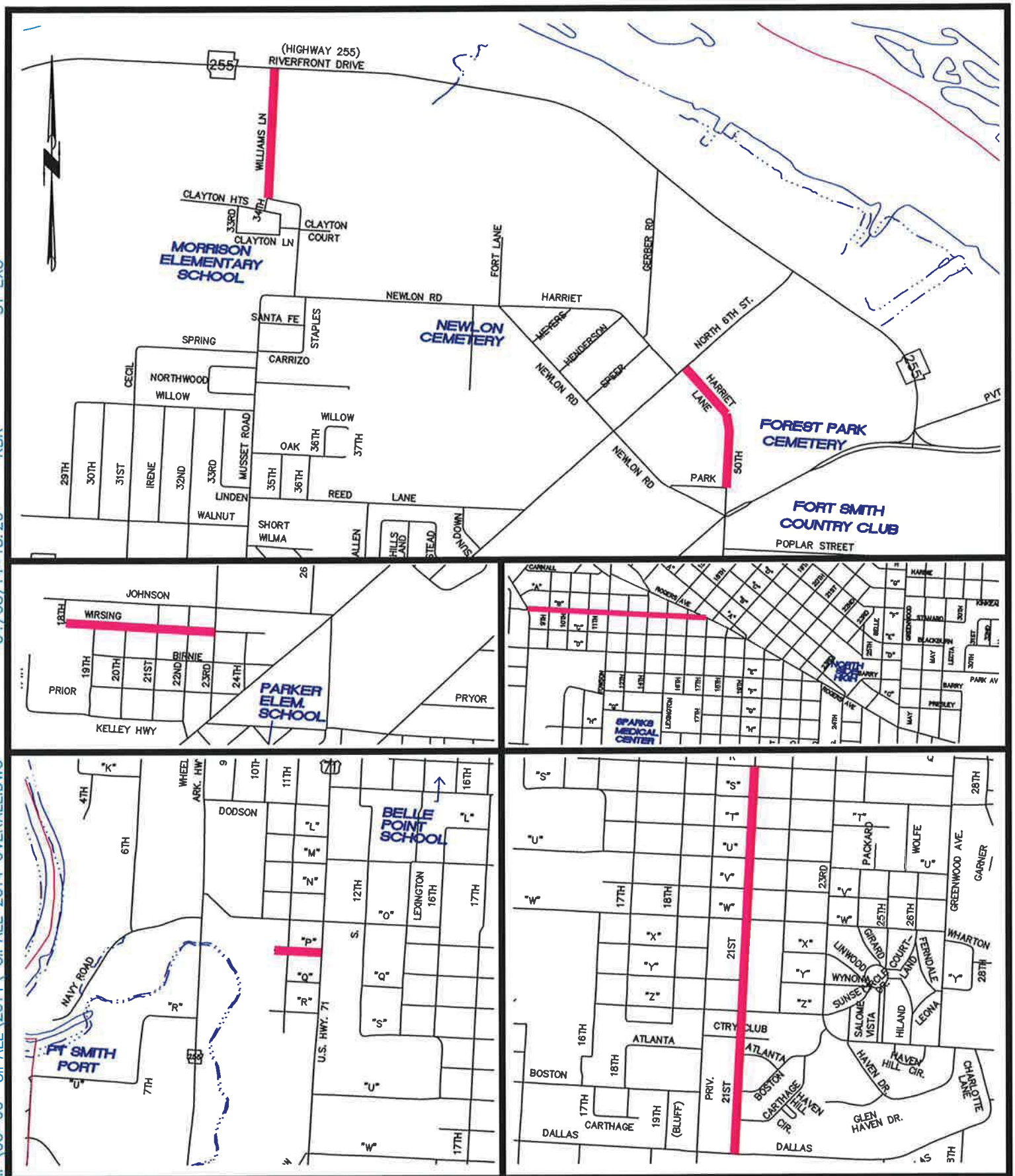
City of Fort Smith

Project Status	Complete	Project Name:	2014 Street Overlays/Reconstruct Ph A
Today's Date:	11/10/2015	Project Number:	14-03-A
Staff contact name:	Stan Snodgrass	Consultant Engineer:	McGuire Engineering
Staff contact phone:	784-2225	Project Contractor:	Forsgren, Inc.
Contract time (no of days):	270		
Notice to proceed issued:	9/2/2014		

	Dollar Amount	Bid Date	Contract Completion Date
Original bid award	$2,080,125.67	7/30/2013	5/29/2015
Contract Revisions:			
1 Time Extension of 77 days			8/14/2015
2			
3			
Adjusted contract amount	$2,080,125.67		
Payments to date (as negative):	$1,945,068.35		
Amount of this payment	$23,297.15		
Contract balance remaining	$111,760.17		
Retainage held	0%		
Final payment	$23,297.15		
Amount under original as a percentage	5.4%		

Final Comments:

The project was substantially complete on August 14, 2015 which is 77 days beyond the May 29, 2015 contract completion date. A time extension for the 77 days which includes 38 days for inclement weather and 39 days for field adjustments / additional work items is warranted.



2014 CAPITAL IMPROVEMENTS PROGRAM

STREET OVERLAYS/RECONSTRUCTION

The City of Fort Smith Arkansas

Project:	14-03-A
Date:	OCT 2013
Scale:	NONE
Drawn By:	RBR

G:\DRAWINGS\CIP\00-00 CIPALL\2014\ CIPALL 2014 OVERALL.DWG 04/08/14-15:26 RBR ST EX5

7C

RESOLUTION _____

A RESOLUTION TO ACCEPT THE BID AND AUTHORIZE A CONTRACT FOR THE 2015 STREET STRIPING REPLACEMENT PROJECT NO. 15-85-A

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS, THAT:

SECTION 1: The bid of Time Striping, Inc. received November 3, 2015, for the 2015 Street Striping Replacement, Project No. 15-85-A, in the amount of $72,182.70 be accepted.

SECTION 2: The Mayor is authorized to execute a contract with Time Striping, Inc. subject to the terms set forth in Section 1 above.

SECTION 3: Payment for construction authorized by Section 1 is hereby authorized from the Sales Tax Fund (1105).

This resolution adopted this _____ day of November, 2015.

APPROVED:

_____
Mayor

ATTEST:

_____
City Clerk

Approved as to Form

_____
No Publication Required

Memorandum

TO: Jeff Dingman, Acting City Administrator

FROM: Stan Snodgrass, P.E., Director of Engineering

DATE: November 10, 2015

SUBJECT: 2015 Street Striping Replacement
Project No. 15-85-A

The above subject project includes the replacement of street striping at various locations as noted on the attached list. The total length of street striping is approximately 132,500 feet (25 miles).

The striping list was prepared by the Street Operations Department. Contract bid documents were prepared by the Engineering Department. An advertisement was published and bids were received on November 3, 2015. Two contractors requested the bid documents and two bids were received which are summarized as follows:

CONTRACTOR	**AMOUNT**
1. Time Striping, Inc. Van Buren, AR	$ 72,182.70
2. Advanced Workzone Services, LLC Muskogee, OK	$ 89,740.60
Engineer's Estimate	*$ 85,000.00*

I recommend that the lowest bid be accepted and that the contract be awarded to Time Striping, Inc. The estimated notice to proceed date for this contract is December 7, 2015. Based on the contract duration of 120 days, the estimated completion date would be April 4, 2016.

Attached is a Resolution to accomplish the above recommendation. Funds are available in the Sales Tax Program (1105) for the construction.

Attachments

ATTACHMENT A
2015 STRIPING LIST

CONTRACT STRIPING (MEASURED IN FEET)

YELLOW	GRINDING LIST				DOUBLE-Y	SKIP-Y	TOTAL
OLD GWD RD	FROM	ROGERS AV	TO	PHOENIX AV	22,798	2,610	25408
S 79TH ST	FROM	ROGERS AV	TO	PHOENIX AV	3,374	460	3834
PHOENIX AV	FROM	S 46TH ST	TO	ROGERS AV	30,910	6,090	37000
KELLEY HWY	FROM	S 58TH ST	TO	MIDLAND BLVD	17,600	3,930	21530
S 66TH ST	FROM	PHOENIX AV	TO	AIRPORT	3,185	730	3915
S 74TH ST	FROM	PHOENIX AV	TO	AIRPORT	977	80	1057
AIRPORT ROAD			TO	TERMINAL	1,959		1959
SIDE ROAD	FROM	S 74TH ST	TO	BRIDGE	668		668
					TOTAL		95371

CONTRACT STRIPING (MEASURED IN FEET)

WHITE	GRINDING LIST				SOLID	SKIP	TOTAL
OLD GWD RD	FROM	ROGERS AV	TO	PHOENIX AV	2,643	6,450	9093
S 79TH ST	FROM	ROGERS AV	TO	PHOENIX AV	474		474
PHOENIX AV	FROM	S 46TH ST	TO	ROGERS AV	2,300	7,390	9690
KELLEY HWY	FROM	N 58TH ST	TO	MIDLAND BLVD	1,102	4,450	5552
S 66TH ST	FROM	PHOENIX AV	TO	AIRPORT	143		143
S 74TH ST	FROM	PHOENIX AV	TO	AIRPORT	192		192
AIRPORT ROAD			TO	TERMINAL	660	380	1040
SIDE ROAD	FROM	S 74TH ST	TO	BRIDGE	60		60
					TOTAL		26244

CONTRACT STRIPING (MEASURED IN FEET)

YELLOW					DOUBLE-Y	SKIP-Y	TOTAL
OLD HWY 71	FROM	HWY 45	TO	HWY 71 S	10,788		10788
TOWSON AVE	@	SOUTH G ST			70		70
					TOTAL		10858

CONTRACT STRIPING (MEASURED IN FEET)

WHITE					SOLID	SKIP	TOTAL
TOWSON AVE	@	SOUTH G ST				40	40
					TOTAL		40

CROSSWALK BARS	STOP BARS	STRAIGHT ARROWS	NO PARKING (WORDS)
37 BARS-2' X 6'	113'	6- 8 ' TALL	6- 10' TALL

Grinding Total:	**121,615 Feet**
Yellow Paint:	**106,229 Feet**
White Paint:	**26,284 Feet**

7D.

ORDINANCE NO. _____

AN ORDINANCE DECLARING EXCEPTIONAL CIRCUMSTANCE

AND AUTHORIZING CONTINUATION OF AGREEMENT WITH

ARCBEST TECHNOLOGIES

BE IT ORDAINED AND ENACTED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS, THAT:

SECTION 1: The City Administrator is hereby authorized to continue the agreement between the City of Fort Smith and ArcBest Technologies for the period January 1, 2016 through December 31, 2016 which agreement authorizes ArcBest Technologies to provide data processing services to the City at the rates indicated in the Data Processing Service Schedule attached hereto.

SECTION 2: It is determined that an exceptional circumstance exists with reference to the City's data processing services arrangement with ArcBest Technologies. The exceptional circumstances relate to the continuous nature of the services provided, the confidentiality involved in the handling of the data being processed and the availability of sources for the services as indicated by former evaluations. By reason of said exceptional circumstances, it is determined that competitive bidding is not feasible and the contract should be continued.

THIS ORDINANCE ADOPTED THIS 17th DAY OF NOVEMBER 2015.

APPROVED:

_____

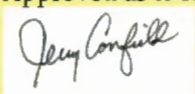
MAYOR

ATTEST:

_____

CITY CLERK

Approved as to form:



_____

The City of Fort Smith ARKANSAS

MEMORANDUM

November 17, 2015

TO: Jeff Dingman, Acting City Administrator,

FROM : Jennifer Walker, Director of Finance

SUBJECT: Annual ArcBest Technologies Contract Renewal

Attached is the Data Processing Service Schedule from Rob Cope of ArcBest Technologies regarding renewal of the contract between the City and ArcBest Technologies for providing data processing services. ArcBest has indicated that there will be a 3% rate increase for 2016.

I recommend the continuation of the contract with ArcBest Technologies and respectfully request that the attached ordinance be approved. If you have any questions, please let me know.

Data Processing Service Schedule

This Schedule constitutes part of the Agreement between Data-Tronics Corp. and the City of Fort Smith, dated September 8, 1980, and replaces the Data Processing Service Schedule with the effective date of January 1, 2015, and Contract Supplements thereto. These rates become effective January 1, 2016.

				2016 Rates	
I.	APPLICATION PROCESSING				
	A.	Municipal Utility Billing			
		1.	Normal Processing		
			A. Base Processing Charge	$15,160.29	Per Month
			B. Active Service Agreements	$0.1360	Per Account
			C. Service Points with Meter	$0.0907	Per Meter
			D. Account Transactions	$0.0363	Per Trans
	B.	General Ledger			
		1.	Normal Processing		
			A. Online Processing	$1,433.05	Per Month
			B. Online Transactions	$0.0457	Per Trans
			C. Standard Reporting	$1,207.53	Per Month
	C.	Accounts Payable			
		1.	Normal Processing		
			A. Online Base Charge	$746.17	Per Month
			B. Regular Batch Processing	$316.58	Per Month
			C. Online Transactions	$0.1790	Per Trans
			D. Checks	$0.6585	Per Check
	D.	Payroll			
		1.	Normal Processing		
			A. Online Base Charge	$844.02	Per Month
			B. Standard Monthly Reporting	$1,304.38	Per Month
			C. Payroll Checks	$0.6615	Per Check
			D. Quarterly Reporting	$153.45	Per Quarter
			E. Annual Reporting	$920.73	Per Year
	E.	Miscellaneous Accounts Receivable			
		1.	Normal Processing		
			A. Online Base Charge	$501.61	Per Month
			B. Online Transactions	$0.0515	Per Trans
			C. Statements	$0.4888	Per Stmt
			D. A/R Online Landfill Transactions	$0.0496	Per Trans
	F.	Miscellaneous Receipts and Privilege License (Collections) System			
		1.	Normal Processing		
			A. Online Base Charge	$511.48	Per Month
			B. Online Transactions	$0.0547	Per Trans
			C. Standard Batch Reporting	$870.66	Per Month
			D. Statements	$0.5179	Per Stmt
		2.	On Request		
			A. Business Registration Forms	$0.0455	Per Form

G.	Sanitation Accounts Receivable			
	1.	Normal Processing		
		A. Online Base Charge	$442.53	Per Month
		B. Regular Batch Processing	$354.00	Per Month
		C. Online Transactions	$0.0513	Per Trans
	2.	Annual Processing		
		A. Annual Origin Location Report	$130.79	Per Run
	3.	On Request		
		A. List of Sanitation Customers by Route	$41.16	Per Run
II.	MAILING LABELS			
	A.	Mailing Labels	$0.0501	Per Label
III.	NETWORK			
	A.	Internet System Support	$530.45	Per Month
	B.	Service Provider License Agreement	$424.36	Per Month
	C.	Annual P-Synch License Maintenance Fee	$315.22	Per Year

ATTEST: _____ By: _____

Title: _____

Date: _____

ATTEST: _____ By: _____

Title: _____

Date: _____

7E.

RESOLUTION _____

A RESOLUTION AUTHORIZING EXECUTION OF ESCROW AGREEMENT AND ESCROW AGENT FEE SCHEDULE AGREEMENT FOR PRIVATE SERVICE LINE REPLACEMENT PROGRAM SUPPLEMENTAL ENVIRONMENTAL PROJECT

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS, THAT:

The attached Escrow Agreement and Escrow Agent Fee Schedule Agreement with BancorpSouth Bank are hereby approved. The Mayor is hereby authorized to execute the Escrow Agreement and the Fee Schedule Agreement and the City Clerk is authorized to execute the Certificate of Authority Attachment "A" to the Escrow Agreement.

THIS RESOLUTION ADOPTED this ____ day of November, 2015.

APPROVED:

_____
Mayor

ATTEST:

_____
City Clerk

Approved as to form:

_____
No Publication Required

DAILY & WOODS

A PROFESSIONAL LIMITED LIABILITY COMPANY
ATTORNEYS AT LAW

JERRY L. CANFIELD, P.A.
THOMAS A. DAILY, P.A.
WYMAN R. WADE, JR., P.A.
DOUGLAS M. CARSON, P.A.
C. MICHAEL DAILY, P.A. † •
COLBY T. ROE, P.A.
MICHAEL A. LAFRENIERE

† Also Licensed in Oklahoma
• Also Licensed in Wyoming & North Dakota

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JOHN P. WOODS (1886-1976)
JOHN S. DAILY (1912-1987)
BEN CORE (1924-2007)

WRITER'S E-MAIL ADDRESS
JCanfield@DailyWoods.com

November 10, 2015

Mr. Jeff Dingman
Acting City Administrator
City of Fort Smith
623 Garrison Avenue, 3rd Floor
Fort Smith, AR 72901

Re: Escrow Agreement for Private Service Line Replacement Program Supplemental Environmental Project

Dear Mr. Dingman:

This letter is prepared as a briefing report to the Board of Directors regarding the enclosed Resolution authorizing execution of the Escrow Agreement identified in the caption above.

The Consent Decree Appendix F, paragraph D(1) requires the City to deposit $200,000 with an Escrow Account within one year of the date of lodging of the Consent Decree (before January 2, 2016). The $200,000 is the first of a total of $400,000 in deposits to be made by the City to fund a Supplemental Environmental Project which will provide funds to assist qualified property owners in making repairs to or replacements of private service lines which, because of defects, allow extraneous flows to enter the City's wastewater collection and treatment system.

On September 28, 2015, Jennifer Walker, of the City's Finance Department, made a request for proposals in the form attached as Exhibit 1 to the banking institutions identified on the attached Exhibit 2. Attached as Exhibit 3 is Ms. Walker's summary of responses received from BancorpSouth Bank and Arvest Bank. After considering the proposals, BancorpSouth Bank was selected to serve as the escrow agreement, subject to approval of the Board of Directors. Copies of the Arvest Bank and BancorpSouth Wealth Management proposals are attached as Exhibits 4 and 5.

Attached as Exhibit 6 is a copy of the proposed Escrow Agreement with BancorpSouth Bank. Attached as Exhibit 7 is a fee schedule agreement regarding the $1,000 per year bank charge for providing escrow agent services.

Finally, I am enclosing a Resolution which would authorize the Mayor to execute the Escrow Agreement and the Fee Schedule Agreement.

Thank you for your attention to this matter.

Very truly yours,

Jerry L. Canfield
cmm

Enclosures

The City of Fort Smith Arkansas

Request for Proposals

Attached is a draft Escrow Agreement. As explained in the Escrow Agreement draft, the City of Fort Smith ("City") is signatory to a Consent Decree entered in April 6, 2015 in settlement of an enforcement action, United States, et al v. City of Fort Smith, Case No. 2:14-cv-02266-PKH, Western District of Arkansas, taken on behalf of the United States Environmental Protection Agency under the Clean Water Act. The Consent Decree provides for the development by the City of Fort Smith of a private service line defect remediation program. In support of that program, the Consent Decree requires a supplemental environmental project in which the City of Fort Smith makes available a total sum of $400,000.00 to assist qualified property owners in making repairs to or replacement of private service lines which, because of defects, allow extraneous flows to enter the City's wastewater treatment system.

The City of Fort Smith requests a proposal from your financial institution to enter into the Escrow Agreement with the City of Fort Smith. The Escrow Agreement will be substantially in the form of the enclosed draft. The enclosed draft has been submitted to governmental entities for review and comment. Thus, it is possible that there will be amendments to the Escrow Agreement prior to anticipated approval of the agreement in December of 2015 and in anticipation of the initial $200,000.00 deposit being made into the escrow account on or before January 2, 2016.

If you are willing to enter into the Escrow Agreement with the City, please provide the following:

(a) A statement of the interest rate which you would pay on the escrowed funds during the term of the Escrow Agreement – because it is possible the Escrow Agreement will continue up to eleven (11) years, the statement of interest rate may be described in a manner as to allow fluctuation in the interest rate during the term of the Escrow Agreement; and,

(b) A statement of the fees to be charged to the City (and not against the escrow account balance) pursuant to the Escrow Agreement.

Questions and requests for additional information may be submitted in writing to Jennifer Walker, Director of Finance, City of Fort Smith, P.O. Box 1908, Fort Smith, AR 72902. Please submit your proposal to Jennifer Walker, Director of Finance, at the same address, on or before 5:00 p.m. on Friday, October 30, 2015. The City will review submitted proposals and select a financial partner for the supplemental environmental project escrow agreement.

Jennifer Walker

September 28, 2015

Jennifer Humphrey, Deputy Director of Finance
P.O. Box 1908
Fort Smith, AR 72902
(479) 784-2490
FAX (479) 784-2484

Printed on 100% Recycled Paper

Exhibit "I"

Fort Smith Banks

BANK	PHONE	NOTES
1. Centennial Bank Attn: Beverly Elam 5801 Rogers Ave. Fort Smith, AR 72903	479-358-8680	Mailed 9/30; NO RESPONSE
2. Bank of the Ozarks Attn: Barbara Deal 5401 Rogers Ave. Fort Smith, AR 72903	479-478-4300	Hand Delivered 9/30 NO RESPONSE
3. Arvest Bank Attn: Tabitha Embree PO Box 11110 Fort Smith, AR 72917-1110	479-709-8836 tembree@arvest.com	Emailed 9/30 Proposal rec'd 10/30/15
4. Armstrong Bank Attn: Jennifer Davis 1301 S Waldron Fort Smith, AR 72903	479-424-2300	Hand Delivered 9/30 Phone Call 10/29/15 Will not participate
5. ~~Simmons First Bank~~ ~~Attn: Jeanne Schneider~~ ~~4200 Rogers Ave.~~ ~~Fort Smith, AR 72903~~	~~479-785-4331~~	Hand Delivered 9/30 p/d/w J. Schneider phone, not accepting public funds remove from Bid List.
6. Farmers Bank Attn: Theresa Lowe PO Box 610 Greenwood, AR 72936-0610	479-649-3000	Mailed 9/30 NO RESPONSE
7. Chambers Bank Attn: Alisa Kelly 8400 Rogers Ave. Fort Smith, AR 72903	479-478-9877 AlisaKelly@chambers-bank.com	Emailed 9/30 NO RESPONSE
8. BancorpSouth Bank Attn: Jessica Meredith 1222 Rogers Ave. Fort Smith, AR 72901	479-785-8401 Jessica.Meredith@bxs.com	Emailed 9/30 Proposal Rec'd 10/28/30
9. Regions Bank Attn: Gail William 723 Garrison Ave. Fort Smith, AR 72901	479-474-1104	Hand Delivered 9/30 NO RESPONSE
10. First National Bank 602 Garrison Ave. Fort Smith, AR 72901	479-782-2041	Hand Delivered 9/30 NO RESPONSE

Exhibit "Q"

CITY OF FORT SMITH ESCROW AGREEMENT - SUPPLEMENTAL ENVIRONMENTAL AGREEMENT		BANCORP SOUTH Wealth Management		ARVEST BANK	
	Proposal Due Date: 10/30/2015	*Received 10/28/15*		*Received 10/30/15*	
ITEM	**DESCRIPTION**	**UNIT COST**	**ITEM COST**	**UNIT COST**	**ITEM COST**
1	INTEREST RATE	Avg. of 7YR US Govt Bond yield (2%) and MYFRX (1.47%)	1.7% ; + - 0.17%	Inst. Money Market fund (ST Tresuries, Repos, and Agencies)	2% + -
2	FEE: ANNUAL FEE		$ 1,000.00		$ 5,000.00
3	FEE: TRANSACTION FEE		N / A		variable
4	FEE: EXTRAORDINARY FEE	Hourly charge of unusual service	$ 75.00		-
5	NOTES			NOT TAX EXEMPT	

SELECTION: BANCORP SOUTH WEALTH MANAGEMENT

Jennifer Walker

Reviewed by: Jennifer Walker, Finance Director 10/30/2015

Exhibit "3"

ARVEST
Asset Management
Working in your best interest.™

Response for Request for Proposals

Thank you for giving Arvest the opportunity to respond to the RFP to enter into an Escrow Agreement for the City of Fort Smith, Arkansas Supplemental Environment Project. Arvest responses will be in "blue" for easy visibility. The submission of this bid by Arvest Asset Management is contingent on a new Escrow agreement that would be mutually agreeable to both parties. Arvest would not be able to honor the existing agreement that was presented with this RFP.

Attached is a draft Escrow Agreement. As explained in the Escrow Agreement draft, the City of Fort Smith ("City") is signatory to a Consent Decree entered in April 6, 2015 in settlement of an enforcement action, United States, et al v. City of Fort Smith, Case No. 2:14-cv-02266-PKH, Western District of Arkansas, taken on behalf of the United States Environmental Protection Agency under the Clean Water Act. The Consent Decree provides for the development by the City of Fort Smith of a private service line defect remediation program. In support of that program, the Consent Decree requires a supplemental environmental project in which the City of Fort Smith makes available a total sum of $400,000.00 to assist qualified property owners in making repairs to or replacement of private service lines which, because of defects, allow extraneous flows to enter the City's wastewater treatment system.

The City of Fort Smith requests a proposal from your financial institution to enter into the Escrow Agreement with the City of Fort Smith. The Escrow Agreement will be substantially in the form of the enclosed draft. The enclosed draft has been submitted to governmental entities for review and comment. Thus, it is possible that there will be amendments to the Escrow Agreement prior to anticipated approval of the agreement in December of 2015 and in anticipation of the initial $200,000.00 deposit being made into the escrow account on or before January 2, 2016.

If you are willing to enter into the Escrow Agreement with the City, please provide the following:

(a) A statement of the interest rate which you would pay on the escrowed funds during the term of the Escrow Agreement – because it is possible the Escrow Agreement will continue up to eleven (11) years, the statement of interest rate may be described in a manner as to allow fluctuation in the interest rate during the term of the Escrow Agreement;

Arvest would place all Escrow funds into an Institutional Money Market Fund that invests primarily in short term Treasuries, Repos, and Agencies. The rates on these funds fluctuate daily. The 7-day yield on one of these funds is currently 0.02%. It should be noted that the earnings on this fund are NOT tax exempt as stipulated in the existing Escrow Agreement.

921 W. Monroe Ave.
P.O. Box 1515 • Lowell, AR 72745-1515
www.arvestam.com

Exhibit "4"

(b) A statement of the fees to be charged to the City (and not against the escrow account balance) pursuant to the Escrow Agreement.

The minimum annual fee would be $5,000. In addition, depending on the frequency and number of distribution requests, there may be additional charges for each distribution. Account statements would be provided electronically on a monthly basis.

Questions and requests for additional information may be submitted in writing to Jennifer Walker, Director of Finance, City of Fort Smith, P.O. Box 1908, Fort Smith, AR 72902. Please submit your proposal to Jennifer Walker, Director of Finance, at the same address, on or before 5:00 p.m. on Friday, October 30, 2015. The City will review submitted proposals and select a financial partner for the supplemental environmental project escrow agreement.

Finance Department
City of Fort Smith
September 28, 2015

Respectfully submitted.

Andy Smith, CRSP, CWS®
SVP, Regional Investment Officer
Arvest Asset Management
O: 479.573.1650
F: 479.573.1656

BancorpSouth®

Wealth Management

RESPONSE TO REQUEST FOR PROPOSAL
TO SERVE AS THE NAMED
ESCROW AGENT

BID #1

RECEIVED
OCT 28 REC'D
2:30 P.M.
By

FOR THE

CITY OF FORT SMITH
JENNIFER WALKER,
DIRECTOR OF FINANCE

IN THAT

ESCROW AGREEMENT BETWEEN
THE CITY OF FORT SMITH, ARKANSAS AND THE
NAMED AGENT DATED THE ____ DAY OF DECEMBER, 2015.

Exhibit "5"

RESPONSE

BANCORPSOUTH WEALTH MANAGEMENT respectfully responds to this request for proposal by its answers:

(A) A STATEMENT OF THE INTEREST RATE WHICH YOU WOULD PAY ON THE ESCROWED FUNDS DURING THE TERM OF THE ESCROW AGREEMENT – BECAUSE IT IS POSSIBLE THE ESCROW AGREEMENT WILL CONTINUE UP TO ELEVEN (11) YEARS, THE STATEMENT OF INTEREST RATE MAY BE DESCRIBED IN A MANNER AS TO ALLOW FLUCTUATION IN THE INTEREST RATE DURING THE TERM OF THE ESCROW AGREEMENT.

Answer:

The average rate that BancorpSouth will pay on the escrowed funds will be 1.70% +/- .17% during the term of the agreement. This is the current average rate of the 7-year US Government Agency bond yield of 2% combined equally with the Pioneer Multi-Asset Ultra Short Income Y mutual fund (ticker – MYFRX) currently yielding 1.47%.

(B) A STATEMENT OF THE FEES TO BE CHARGED TO THE CITY (AND NOT AGAINST THE ESCROW ACCOUNT BALANCE) PURSUANT TO THE ESCROW AGREEMENT.

Answer:

The fees to be charged annually to the City of Fort Smith (and not against the escrow account balance) pursuant to the Escrow Agreement will be $1,000 annually.

BancorpSouth Wealth Management holds more than $5 billion in assets under management and operates from 16 Trust offices in six Southern states. Those assets are held in over 6,000 accounts. We currently have over 90 Trust Division employees among those 16 offices. The Trust Division's main office is in Jackson, Mississippi, as are the Trust Investment and Operations Departments.

The administration of these two accounts will be handled out of our Fort Smith, Arkansas office.

For more than 130 years, BancorpSouth has met the banking needs of the communities it serves through a series of community banks managed with an entrepreneurial spirit. Our banks team with their communities to grow by actively participating in public-private partnerships that build communities and provide a better way of life for all of their citizens. With almost 300 locations in eight states, we give you the regional banking convenience with the community banking service you deserve and be right where you are.

Your primary contacts will be Ernie Farquharson. Ernie has over 30 years trust experience. He has served as Senior Vice President with Trust departments such as Bank of America, Boatmen's Trust Company, and Regions Trust Company. The past 13 years he has served as a Division and Regional Manager in Arkansas with BancorpSouth Wealth Management. He received his BA degree from Hendrix College in Conway, AR, his Juris Doctorate from the University of Arkansas Law School in Fayetteville, AR, and his Masters of Law in Taxation from Southern Methodist University in Dallas, TX. He holds the professional designations of Juris Doctorate and LLM; and is a member of the Arkansas Bar Association. Mr. Farquharson will serve as the Administrator or Account Manager for this account handling all administrative matters other than investment management.

Assisting on this account will be Tina Brown. Tina is an Assistant Trust Officer and has been with wealth management since 2003. She is a 2014 graduate Canon Financial Institute's Trust School. She has attended numerous conferences and seminars including estates and guardianships, pension and IRA plans and oil and gas.

Thank you for the opportunity to submit a response to this RFP for the City of Fort Smith. If you have any questions, please contact

Ernie Farquharson
Senior Vice President & Division Manager
1222 Rogers Avenue
Fort Smith, AR 72901
479-785-8361
ernie.farquharson@bxs.com

ESCROW AGREEMENT
FOR CITY OF FORT SMITH, ARKANSAS
SUPPLEMENTAL ENVIRONMENTAL PROJECT

THIS ESCROW AGREEMENT (the "Agreement") is made this ___ day of December, 2015, by and among the City of Fort Smith, Arkansas, a municipal corporation, ("City"), and BancorpSouth Bank ("the Escrow Agent"):

WHEREAS, the City and the United States Environmental Protection Agency ("EPA") are signatories to that certain Consent Decree, entered by the United States District Court, Western District of Arkansas, on or about April 6, 2015, in the matter styled "United States, et al. vs. City of Fort Smith, Arkansas, Civil Action No. 2:14-cv-02266-PKH.

WHEREAS, the Consent Decree requires City to perform a Supplemental Environmental Project ("SEP") in accordance with the provisions of Section V, Paragraph 54, Section V, Paragraphs 72-78 and Appendix F of the Consent Decree;

WHEREAS, the Consent Decree requires City to deposit the sum of $400,000.00 in an escrow account to be held for purposes of performing and completing the SEP;

WHEREAS, funds for the SEP placed in the escrow account will be used by City to pay for work performed on defective private service lines of eligible residential property owners by reimbursing eligible residential property owners for such work done, by direct payment to contractors performing such work, or by reimbursing the City for such work performed by the City ("Services");

WHEREAS, City has selected BancorpSouth Bank as "Escrow Agent;" and

WHEREAS, the Escrow Agent may distribute escrow account funds to City upon presentation of documentation that funds are needed to pay for Services pursuant to the terms of the Consent Decree, the SEP and this Escrow Agreement.

Exhibit "6"

NOW, THEREFORE, for good and valuable consideration, the delivery and receipt of which is hereby acknowledged, City and Escrow Agent hereby agree as follows:

1. Escrow Agent. Escrow Agent shall be BancorpSouth Bank, acting through Ernie Farquharson, Senior Vice President and Division Manager, one of its officers, or such other persons as may be designated by Escrow Agreement. Escrow Agent hereby agrees to act as an escrow agent and to hold, safeguard and disburse the Escrow Funds (defined in subparagraph 2(b) below) pursuant to the terms and conditions hereof.

2. Establishment of Escrow Account.

(a) Escrow Agent shall establish an escrow account ("SEP Escrow Account"). The SEP Escrow Account shall be held by a national banking association doing business in the State of Arkansas (including the Escrow Agent or a bank affiliated with the Escrow Agent) on the terms as herein provided. City agrees and directs that the Escrow Funds be deposited in account number: _____. The deposited funds shall be invested by the Escrow Agent in a combination (determined by the Escrow Agent) of 7 year United Stated Government Agency bonds and Pioneer Multi-Asset Ultra Short Income Y Mutual Fund assets (ticker - MYFRX). The Escrow Agent agrees the investment of the Escrow Funds will produce a 1.70% +/- 0.17% interest return on the SEP Escrow Account balance during the full term of this Escrow Agreement. City acknowledges and agrees that Escrow Agent may manage the investment of the SEP Escrow Account and may buy and sell investments in the discretion of the Escrow Agent to make available funds for disbursements from the escrowed funds upon receipt of certified requests of the City pursuant to Paragraph 3 of this Agreement. The Escrow Agent shall send monthly statements to City reflecting activity in the Escrow Account.

(b) The funds to be deposited in the SEP Escrow Account (the "Escrow Funds") shall be deposited by City according to the following schedule:

On or before January 2, 2016 – $200,000.00;

On or before January 2, 2021 – $100,000.00;

On or before January 2, 2023 – $100,000.00.

(c) City and each party authorized to give instructions to the Escrow Agent shall each execute and deliver to Escrow Agent a certificate of authority substantially in the form of Exhibit A attached hereto for the purposes of establishing the identity of the respective representatives authorized to issue instructions or directions to Escrow Agent. In the event the identity of any such representative changes, a new certificate of authority shall be executed and delivered to the Escrow Agent by the appropriate party. The Escrow Agent shall be fully entitled to rely without inquiry on any current certificate on file with Escrow Agent until such time as Escrow Agent shall receive a new certificate.

3. Disbursement of Funds. The Escrow Agent agrees to and is authorized to disburse the amounts, including interest, in the SEP Escrow Account to the City, upon the City's presentation of documentation that funds are needed to pay for Services pursuant to the SEP. Such documentation shall consist of a summary of invoices for Services for which payment is due and the following certification by the City:

(1) The owner of the property on which Services were performed meets the eligibility qualifications developed under the SEP;

(2) The entity performing the Services has submitted documentation that the work has been properly completed at the referenced property.

Concurrent with any disbursement of any amount of the SEP Escrow Account to City, the Escrow Agent shall provide notice to City identifying the amount so disbursed and the instructions pursuant to which such amount was disbursed. Escrow Agent shall be entitled to rely upon any written directions or approvals that it, in good faith, believes to be genuine, without inquiry and without requiring substantiating evidence of any kind.

4. Escrow Account Fees. City shall pay Escrow Agent an escrow fee as agreed to between City and Escrow Agent and all reasonable, out of pocket expenses, and charges incurred or made by the Escrow Agent in performance of its duties hereunder (the "Escrow Fees"). Escrow Fees shall be paid within forty-five (45) days of City's receipt of written documentation identifying such escrow fee and reasonable, out-of-pocket expenses and charges. The amounts due under this Section 4 shall not be deductible from the principal or interest in the SEP Escrow Account. City shall be responsible for all of the Escrow Fees.

5. Termination. This Agreement will automatically terminate after Escrow Agent provides an accounting to City and EPA upon the full disbursement of the SEP Escrow Account, including interest, in accordance with Section 3 or at the end of eleven (11) years subsequent to January 2, 2015, whichever occurs first.

6. Notices. The parties to this Agreement and EPA shall receive copies of any notices, demands, or requests given hereunder. All notices, demands and requests given or required to be given hereunder shall be in writing, and shall be deemed to have been duly given when delivered by hand; within 24 hours of deposit with a nationally-recognized overnight courier (or 48 hours if the day of the deposit precedes a day in which the overnight courier does not make delivery); within four business days of deposit with the United States Postal Service via

first class registered or certified mail, postage prepared, return receipt requested; or upon confirmed receipt if delivered by electronic mail or by facsimile directed as follows:

To: The City of Fort Smith, Arkansas
City Administrator
P.O. Box 1908
Fort Smith, AR 72902

To: BancorpSouth Bank
Attention: Ernie Farquharson
1222 Rogers Avenue
Fort Smith, AR 72901

To: Director, Compliance Assurance and Enforcement Division
U.S. Environmental Protection Agency
Region VI
1445 Ross Avenue
Mail Code (6EN)
Dallas, Texas 75202

Deputy Regional Counsel, Enforcement
U.S. Environmental Protection Agency
Region VI
1445 Ross Avenue
Dallas, Texas 75202

Notice shall be sent to such other place or person as either City or EPA may from time to time designate by prior written notice given to all other parties as herein required. Escrow Agent shall be entitled to rely upon any notice, signature or writing which it shall in good faith believe to be genuine and to be signed or presented by a proper party or parties.

7. Responsibility of Escrow Agent. Although the actions of City hereunder must be consistent with the terms of the Consent Decree, Escrow Agent shall not be required to recognize, nor be chargeable with any knowledge of terms and conditions concerning any other

agreement between the other parties hereto, even though reference thereto may be made herein, or copies or provisions thereof may be annexed as exhibits hereto, and whether or not it may have knowledge thereof. It is the intent of the parties hereto that Escrow Agent's duties and responsibilities are only those expressly set forth herein. Escrow Agent shall have no other responsibility under this Agreement. Escrow Agent shall have the right to consult with counsel of its choice and shall not be liable for action taken or omitted in accordance with advice of such counsel. The obligations of City contained in this Section 7 shall survive the expiration or termination of this Agreement.

8. Jurisdiction. This Agreement shall be governed by and be construed in accordance with the laws of the State of Arkansas, without regard to conflicts of laws principles. Disputes arising under this Agreement will be resolved in the circuit courts of Sebastian County, Arkansas.

9. Resignation, Removal, Successor. Escrow Agent may resign from this Agreement, and thereby become discharged from the obligations hereby created by notice in writing given to the City and EPA not less than thirty (30) days before such resignation is to take effect. In the event of such resignation, Escrow Agent shall pro-rate any annual fee and return to City any unearned portion of the annual fee connected to this Agreement and shall be deemed to have relinquished all claims for fees.

Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing delivered to Escrow Agent and signed by (i) the duly authorized representative of City, or (ii) EPA.

If at any time hereafter, Escrow Agent shall resign, be removed, or otherwise become

incapable of acting, or the position of Escrow Agent shall become vacant for any reason, City shall promptly appoint as Escrow Agent a successor that is mutually acceptable to City and EPA. Upon such appointment, such successor shall execute, acknowledge, and deliver to its predecessor, and also to City, an instrument in writing accepting such appointment hereunder, and thereupon, such successor without any further act, shall become fully vested with all the rights, immunities, and powers, and shall be subject to all of th eduties and obligations of its predecessor, and every predecessor Escrow Agent shall promptly deliver all property and monies held by it hereunder to such successor.

In the event that a successor has not been appointed within thirty (30) days of the date of such resignation, removal, dissolution, incapacity, or vacancy, Escrow Agent shall deposit the full amount of Escrow Funds with the clerk of the United States District Court, Western District of Arkansas, and shall interplead City and EPA. Upon so depositing the Escrow Funds and filing its pleading, Escrow Agent shall be released from all further liability under the terms hereof.

10. Headings. The headings in this Agreement are merely for convenience and shall not be used in interpreting any of the provisions.

11. Binding Effects: Successors, and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the respective parties hereto and their successors and assigns to the extent permitted under Arkansas law and recognizing the newly elected governing authorities may terminate this Agreement upon assuming office.

12. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13. Modification. This Agreement may not be amended, altered, or modified except by written instrument duly executed by all of the parties to this Agreement and authorized by the City's governing authorities.

14. Third-Party Beneficiary. Although the United States is not a party to this Agreement, City and Escrow Agent intend that the United States stand as a third-party beneficiary of this Agreement.

15. Entire Agreement. This Agreement supersedes all prior agreements among the parties with respect to its subject matter and constitutes (along with the documents referred to in this Agreement, if any) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter.

IN WITNESS WHEREOF, the parties hereby have caused this Agreement to be executed as an agreement under seal as of the day and year first written above.

ESCROW AGENT

BancorpSouth Bank

_____

By: Ernie Farquherson
Its: Senior Vice President and Division Manager

CITY OF FORT SMITH, ARKANSAS

_____

By: Sandy Sanders
Its: Mayor

Attachment A

Certificate of Authority

The undersigned Sherri Gard, City Clerk, of the City of Fort Smith, Arkansas, hereby certifies that the following named individuals are duly appointed, qualified, and acting in the capacity set forth opposite his/her name, and the following signature is the true and genuine signature of said individual.

Name	Position	Signature
Jennifer Walker	Director of Finance	_____
Steve Parke	Director of Utilities	_____
Jeff Dingman	Acting City Administrator	_____

Such individuals are hereby authorized to furnish the Escrow Agent with directions relating to any matter concerning this Escrow Agreement and the funds and/or property held pursuant thereto.

In witness whereof, the City of Fort Smith, Arkansas has caused this Certificate of Authority to be executed by its duly authorized officer this _____ day of December, 2015.

City of Fort Smith, Arkansas

By: _____
Its: City Clerk

CITY OF FORT SMITH

Fee Schedule

Wealth Management

ESCROW AGENT

BASIC SERVICES - Basic services include document review, wiring/delivery instructions and deposit of investment funds into escrow account, disbursement of proceeds and interest to appropriate party.

BANK CHARGES — Our annual charges for serving as escrow agent are as follows:

$1,000 per year on account sizes of $50,000 - $2,000,000

This fee is due and payable on an annual basis at the beginning of each year.

EXTRAORDINARY SERVICES - The charges shown above are intended to cover the Bank's customary services. When unusual duties are involved, additional fees may be incurred and charged to the account based on time, cost and work involved. Hourly charges are based on a rate of $75.00. These include, but are not limited to, litigation, consultation, tax returns and tax schedules, valuation or liquidation of business interest, appraisal fees, special supplies, wire charges, and travel. All real property is subject to evaluation for potential environmental risks. All costs for environmental evaluation will be borne by the client. Our supplemental fee schedules for other services may apply.

CITY OF FORT SMITH, PRINCIPAL	BANCORPSOUTH WEALTH MANAGEMENT
By:_____	By:_____
Date:_____	Date:_____

CSB 2015

Exhibit "7"

7F

ORDINANCE NO._____

AN ORDINANCE DECLARING AN EXCEPTIONAL SITUATION REQUIRING THE WAIVING OF COMPETITIVE BIDDING AND AUTHORIZING THE MAYOR TO EXECUTE AN AGREEMENT WITH BEAUTIFY FORT SMITH FOR CERTAIN SERVICES FOR INHABITANTS OF THE CITY OF FORT SMITH

BE IT ORDAINED AND ENACTED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS, THAT:

SECTION 1: The Mayor is hereby authorized to execute, his signature being attested by the City Clerk, certain agreement with Beautify Fort Smith providing for the payment by the City to Beautify Fort Smith up to a maximum of **$68,673.38** during calendar year 2016 for services provided to the City that shall consist of enhancing the image and appearance of Fort Smith by creating a successful and aesthetically pleasing community through public awareness, beautification projects, neighborhood cleanups, litter reduction, and other means.

SECTION 2: It is hereby declared and determined by the Board of Directors that the agreement authorized by Section 1 above deals with providing services in an exceptional situation where competitive bidding procedures are not feasible so that such competitive bidding procedures are hereby waived with reference to such agreement.

This Ordinance adopted on this _____day of November 2015.

APPROVED:

_____
Mayor

ATTEST:

_____
City Clerk

APPROVED AS TO FORM

_____
No Publication Required

Responsible Environmental Management

Fort Smith Department of Sanitation

MEMORANDUM

November 13, 2015

To: Jeff Dingman, Acting City Administrator

From: T. Baridi Nkokheli, Director

Subject: Beautify Fort Smith Agreement Renewal

On December 16, 2015, the Board of Directors approved an agreement (Ord. #75-14) with Beautify Fort Smith in the amount of $50,000.00. The previous amount was the primary budget for Beautify Fort Smith and they completed several projects throughout Fort Smith such as the Old Greenwood interchange, Jenny Lind Road interchange and the Rogers Avenue interchange. The resulting agreement and details of the proposed services to be completed in 2016 are attached for the Board's consideration.

Funding in the amount of $68,673.38 has been included in the department's proposed 2016 Budget. Further funding for the activities of the committee will be derived from grants and other fundraising activities. Since Beautify Fort Smith chose to remain a community organization, they will be responsible for administering the work outlined in the agreement rather than city staff. Department staff recommends approval of proposed agreement.

Please contact me should you have any questions or would like additional information.

NK

AGREEMENT

THIS AGREEMENT made and entered into this _____day of November, 2015, by and between the City of Fort Smith, Arkansas ("City"), and Beautify Fort Smith, an Arkansas local, non-sectarian, nonprofit corporation with local social, cultural, and economic development benefits to the City.

WITNESSETH:

WHEREAS, Beautify Fort Smith has suitable capabilities for providing to the City's residents certain services, as enumerated in paragraph one (1) below, which services fulfill a governmental function to provide for the health and welfare of the City's inhabitants; and

WHEREAS, the parties desire to provide a program of such services for the City's inhabitants;

NOW, THEREFORE, it is agreed by the parties that in exchange for the mutual covenants and agreements set forth below;

1. Beautify Fort Smith will provide to the City and its inhabitants, for the year 2016, services which will enhance the health and welfare of the City and its inhabitants. The services shall consist of:

    a. Beautify Fort Smith will enhance the image and appearance of Fort Smith, Arkansas by creating a successful and aesthetically pleasing community through public awareness, beautification projects, neighborhood cleanups, litter reduction, and solid waste diversion; and
    b. Beautify Fort Smith will act as the liaison for the City with Keep America Beautiful (KAB) and Keep Arkansas Beautiful and will be responsible for completion of the annual KAB litter index; and
    c. Beautify Fort Smith will research and develop plans for updating and beautifying the physical appearance of publicly-owned properties in Fort Smith by targeting areas that could be enhanced by litter removal, landscaping, and the planting of flowers and/or trees; and
    d. Beautify Fort Smith may also be asked to provide advice to the Planning Department for modifications and additions to the Unified Development Ordinance (UDO) with regard to landscaping codes; and
    e. Beautify Fort Smith will strive to ensure that waste reduction methods and procedures are brought to the general public's attention to promote recycling and environmentally friendly initiatives that will teach youths and adults about solid waste management as well as motivate them to become involved in programs such as litter clean up and recycling; and
    f. Beautify Fort Smith will provide the resources and support required to assume the lead in coordinating all interested parties concerned about beautification, litter reduction, and recycling in order to bring about a concerted effort of all interested parties doing their part to effect positive results.

2. In consideration for the providing of the services described in the preceding paragraph, the City agrees to pay Beautify Fort Smith the total sum of $68,673.38 in equal

quarterly installments of $17,168.35 each on or before February 15, May 15, 2016 and $17,168.34 each on or before August 15 and November 15, 2016.

3. It is agreed by Beautify Fort Smith that the City shall have the right, at all reasonable times, to inspect the programs being provided by Beautify Fort Smith under this Agreement, and shall have the right, at all reasonable times, to inspect any financial or other records of Beautify Fort Smith. After inspection or investigation, the City shall have the right to notify Beautify Fort Smith, in writing, of any deficiencies in the program provided under this Agreement, and, if such deficiencies are not cured within thirty (30) calendar days from the date of such written notice, the City shall have the absolute right to terminate this Agreement and not make any further payment. To assist the City in monitoring its activities, Beautify Fort Smith shall, on a quarterly or more frequent basis, provide to the City Administrator, or his/her designated agent, a report of Beautify Fort Smith's financial and service activities during the period preceding such report.

4. Furthermore, the City shall have the right to cancel this Agreement and not make any further payment upon the happening of any of the following:

a. A dissolution of the Beautify Fort Smith group occurs; or

b. A determination by the Board of Directors that the services provided hereunder are no longer needed as a governmental function, or, otherwise, a determination by the Board of Directors that the City, for whatever reason, no longer desires to have such services provided by Beautify Fort Smith; or

c. A determination by the Board of Directors that Beautify Fort Smith, its employees, or agents, in the providing of the services hereunder, have violated the City's policy against discrimination on the basis of age, sex, religion, race, national origin, political affiliation, handicap, veteran status, or have violated the City's policy in favor of a drug-free work place.

5. In addition to any of the other rights of cancellation stated herein, either party shall have the right to cancel this Agreement because of the breach by the other party of that party's obligations hereunder, such cancellation to be effective as of the date of the breach. Failure by either party to immediately declare the contract canceled by reason of a particular breach shall not preclude a party from raising that breach subsequently as a reason for cancellation. Should the Agreement be canceled, for any reason, Beautify Fort Smith understands and agrees that the City shall immediately cease paying any further monies under this Agreement, and agrees additionally Beautify Fort Smith will refund to the City, on a pro-rated basis, monies paid by the City for services not rendered by Beautify Fort Smith.

6. Beautify Fort Smith shall indemnify and hold harmless the City, its officers, boards, commissions, employees, and agents, against and from any and all claims (including, but not limited to, any based on 42 U.S.C. subsection 1983), demands, causes of action, actions, suits, proceedings, damages (including, but not limited to, damages to City property), cost of liabilities (including the City's cost with respect to its employees and cost of defending any and all such actions and proceedings described herein), arising out of or pertaining to the providing of services hereunder by Beautify Fort Smith.

7. It is agreed by the parties that there will be no assignment or transfer of this Agreement, nor of any interest in this Agreement.

8. The parties to this Agreement agree that it is not a contract of employment, but is, instead, a service contract entered in order to fulfill a specific governmental purpose. Accordingly, in the performance of this Agreement, Beautify Fort Smith shall be considered an independent agent, and neither it nor its employees or agents shall be considered employees or agents of the City.

9. Because Beautify Fort Smith will be receiving monies from the City under this Agreement, Beautify Fort Smith understands that its records and meetings may become subject to the provisions of the Arkansas Freedom of Information Act.

10. It is understood and agreed by the parties that, if any part, term, or provision of this Agreement is held by the courts to be illegal or in conflict with any law of Arkansas, the entire Agreement shall by null and void.

11. This Agreement shall not be specifically enforceable in equity, by either party; nor shall any injunction be applied for or issued at the instigation of either party in case of dispute or alleged breach of this Agreement.

12. This instrument embodies the whole agreement of the parties. There are no promises, terms, conditions, or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations, or agreements, either verbal or written, between the parties.

13. This Agreement is executed on the City's behalf by its officials as set forth below pursuant to Resolution No. _____adopted on November __, 2015.

14. This Agreement shall have a term of one (1) year commencing on January 1, 2017.

15. This Agreement is executed on behalf of Beautify Fort Smith by its authorized representative set forth below who represents that he or she has full legal authority to bind Beautify Fort Smith.

IN WITNESS WHEREOF, the parties have set their hands and seals this ____day of November 2015.

City of Fort Smith

By:_____
Mayor

Attest:

_____
City Clerk

Beautify Fort Smith

By:_____
Chairman

Attest:_____
Secretary

7G

ORDINANCE NO. _____

AN ORDINANCE TO REPEAL ORDINANCE 14-10 (PASSED AND APPROVED ON APRIL 6, 2010) TO ELIMINATE THE USAGE OF FEDERAL ASSET FORFEITURE FUNDS TO FUND ONE SWORN OFFICER POSITION THEREBY REDUCING THE TOTAL AUTHORIZED SWORN OFFICER POSITIONS BY ONE FOR THE FORT SMITH POLICE DEPARTMENT

BE IT ORDAINED AND ENACTED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS, THAT:

Section 1. The Memorandum of Understanding (MOU) with the Internal Revenue Service governing the use of a Fort Smith Police Detective to staff the Suspicious Activity Report (SARs) Task Force is no longer necessary due to the fact that the Fort Smith Police Department has discontinued participation in the task force. Consequently, the authorization given in Ordinance No. 14-10, passed and approved on April 6, 2010, to increase the sworn officer strength of the Fort Smith Police Department by one (1) additional officer, which officer's salary was to be paid through Federal Asset Forfeiture money, is no longer required so Ordinance No. 14-10 is hereby repealed.

Section 2. The Fort Smith Police Department is authorized to decrease the sworn officer strength of the department by one (1) officer.

Section 3. The Fort Smith Police Department has already reassigned the aforementioned sworn officer position back to the Police Department, and the Fort Smith Police Department will reduce authorized strength by one full-time equivalent position within six months.

This ordinance passed and approved this _____ day of November, 2015.

APPROVED:

_____

MAYOR

ATTEST:

_____

City Clerk

Approved as to form

_____npr

Fort Smith Police Department

Kevin Lindsey, Chief of Police

INTERDEPARTMENTAL MEMORANDUM

To: **Jeff Dingman, Acting City Administrator**

From: **Kevin Lindsey, Chief of Police**

Subject: **AN ORDINANCE TO REPEAL ORDINANCE 14-10 (PASSED AND APPROVED ON APRIL 6, 2010) TO ELIMINATE THE USAGE OF FEDERAL ASSET FORFEITURE FUNDS TO FUND ONE SWORN OFFICER POSITION THEREBY REDUCING THE TOTAL AUTHORIZED SWORN OFFICER POSITIONS BY ONE FOR THE FORT SMITH POLICE DEPARTMENT**

Date: **November 6, 2015**

The purpose of this memorandum is to provide information to you and respectfully request the Board of Directors approved the repeal of Ordinance 14-10, thereby decreasing our authorized sworn officer strength by one position. The purpose was to assign a detective to the IRS SARS (Suspicious Activity Reports) Task Force. At that time Federal Asset forfeiture rules allowed us to pay the salary for a replacement detective who was assigned full time to the task force.

This position has been beneficial since implementation, until recently. Due to rule changes adopted by the IRS in the way they prosecute and seize assets, it has become less productive. Currently the cost outweighs the benefit of continuing our participation in this task force.

I respectfully recommend this Ordinance to repeal the Ordinance 14-10 thereby reducing the sworn officer position by one and discontinue the participation on the IRS SARS Task Force. This reduction would reduce our total authorized sworn officers from 165 positions to 164 positions.

Please contact me if you have questions or need additional information.

RESOLUTION NO. _____

RESOLUTION AFFIRMING THE APPOINTMENT OF JENNIFER WALKER AS FINANCE DIRECTOR FOR THE CITY OF FORT SMITH

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF FORT SMITH, ARKANSAS, THAT:

The City Administrator's appointment of Jennifer Walker as Finance Director for the City of Fort Smith, effective October 7, 2015, is hereby affirmed.

THIS RESOLUTION ADOPTED this 17th day of November, 2015.

APPROVED:

_____
MAYOR

ATTEST:

_____
CITY CLERK

Approved as to form:

_____
City Attorney
No Publication Required

Memo

To: Honorable Mayor & Members of the Board of Directors

From: Jeff Dingman, Acting City Administrator

Date: 11/12/2015

Re: Appointment of City Treasurer/Finance Director

At the City Clerk's request, the City Attorney has reviewed the following section of the Municipal Code regarding the designation of a City Treasurer:

> **Sec. 2-137. - Designation.**
>
> The office of city treasurer shall be held by that person whom the city administrator, with the consent of the board of directors, has appointed to be the finance director of the city.
>
> *(Code 1976, § 2-95)*

The City Attorney has determined that since this section has not been amended by any of the ordinances that changed the hire/fire distinction from the Board to the City Administrator, the "consent of the board" is still required for the designation of the City Treasurer. Therefore, included on your agenda for the November 17 regular meeting is a resolution affirming the appointment of Jennifer Walker as finance director, and then by extension also designating Ms. Walker as the City Treasurer.

Please contact me if you have questions regarding this agenda item.

The City of Fort Smith ARKANSAS

MEMORANDUM

TO: Mayor and Board of Directors

FROM: Wendy Mathis, Administrative Assistant

DATE: November 12th, 2015

SUBJECT: Library Board of Trustees

The terms of Ms. Bettye Baker and Mr. Ben Shipley of the Library Board of Trustees will expire December 31st, 2015. Mr. Shipley wishes to be reappointed.

The applicants available at this time are:

Elizabeth Momand	3208 Village Road
Wanda Freeman	3104 South 39 Street
Robyn Dawson	P.O. Box 11168

Appointments are **by the Mayor, confirmed by the Board of Directors,** two appointments are needed. The terms will expire December 31st, 2020.

623 Garrison Avenue
P.O. Box 1908
Fort Smith, Arkansas 72902
(479) 785-2801
www.fortsmithar.gov

Printed on 100% Recycled Paper

LIBRARY BOARD OF TRUSTEES

The Library Board of Trustees is responsible for the management and control of the Fort Smith Public Library.

The Trustees are citizens of Fort Smith appointed by the Mayor, with the approval of the Board of Directors, for five-year terms. Beginning January 1, 1998 regardless of the term length, no person, whether a current trustee or being considered for appointment as a trustee, who has served two (2) or more consecutive terms shall be eligible for appointment or reappointment to serve until at least one (1) year shall have passed since they last served on the board.

The Library Board meets at 4:30 p.m. on the third Tuesday of each month at the Library.

	DATE APPOINTED	TERM EXPIRES
Bettye J. Baker Retired 3304 North 48 Street (04) 783-1903 (h) tcb30@att.net	03/18/08	12/31/15
Ben Shipley Attorney P.O. Drawer 848 (01) 782-8813 (w) bshipley@rbsr-attorneys.com	12/21/10	12/31/15
Robert D. Kelly Attorney 9904 Glen Flora Circle (08) 648-6755 (h) 782-8813 (w) rkelly@rbsr-attorneys.com	12/18/07	12/31/17
Amy Skypala Associate Professor 618 Lecta Avenue (01) (406) 498-0121 (h) Amy.skypala@uafs.edu	02/17/15	12/31/17

Anita Paddock Retired 2606 Dyllan Court (08) 649-7367 (h) apaddock12@cox.net	12/18/12	12/31/17
Kevin S. Lacewell Assistant Vice President 5000 Rogers Avenue (03) 573-1132 (w) klacewell@arvest.com	11/18/08	12/31/18
Joshua Keifer Assistant Vice President 8207 Valley Forge Rd. (03) 806-6593 (h) 484-7000 (w) jkeifer@armstrongbank.com	12/18/13	12/31/18

CITY OF FORT SMITH
Application for City Boards/Commissions/Committees

Note: As an applicant for a City Board, Commission or Committee, your name, address and phone number will be available to the press and the public. You will be contacted before any action is taken on your appointment.

Date: October 20, 2015

Name: Ben Shipley

Home Telephone: (479) 646-7853

Home Address: 3216 Cliff Drive

Work Telephone: (479) 782-8813

Zip: 72903

Email: bshipley@rbsr-attorneys.com

Occupation: Attorney
(If retired, please indicate former occupation or profession)

Education: BS-SMU, J.D., University of Arkansas

Professional and/or Community Activities: See attached.

Additional Pertinent Information/References: Jennifer Goodson, Keith Lau, Tracy Pennartz

Are you a registered voter in the City of Fort Smith? Yes XX No ____
Have you ever been convicted of a felony, misdemeanor, DWI/DUI or other serious traffic offense?
Yes____ NO XX
If yes, please identify the offense and the approximate date. A "yes" answer will not automatically preclude you from consideration.
Drivers License _____ Date of [redacted] (This information will be use to conduct a criminal back ground check of all applic...

I am interested in serving on the (please check):

( ) Audit Committee
( ) Advertising & Promoting Commission
( ) Airport Commission
( ) Animal Services Advisory Board
( ) Arkansas Fair & Exhibition Facilities Bd
( ) Benevolent Fund Board
( ) Bldg. Bd. Of Adjustment and Appeals
( ) Central Business Improvement District
( ) Comprehensive Plan Imp. Committee
( ) Convention Center Commission
( ) Civil Service Commission
( ) CIP Committee (Streets, Bridges, & Drainage)
( ) Community Development Advisory Com.
( ) County Equalization Board
( ) Electric Code Board of Appeals
( ) Fire Code Board of Appeals & Adjustments
( ) Historic District Commission
( ) Housing Assistance Bd.
XX Library Bd of Trustees
( ) Mechanical Bd of Adjustments and Appeals
( ) Oak Cemetery Commission
( ) Outside Agency Review Panel
( ) Parking Authority
( ) Parks & Recreation Commission
( ) Planning Commission
( ) Plumbing Advisory Board
( ) Port Authority
( ) Property Owners Appeals Board
( ) Sebastian County Reg. Solid Waste Mgmt. Bd.
( ) Sister Cities Committee
( ) Transit Advisory Commission
( ) Residential Housing Facilities Board

Please return this form to Wendy Mathis, P.O. Box 1908, FSM, AR 72902
wmathis@fortsmithar.gov

BENJAMIN H. SHIPLEY III

PRACTICE AREAS: Labor and Employment; Commercial Litigation; Health Care. Mr. Shipley's practice includes work before the National Labor Relations Board, the Equal Employment Opportunity Commission and the Arkansas Employment Security Division, as well as related federal and state court litigation. Experience includes labor and employment related arbitrations, union elections, contract negotiations, strikes, Corporate Law, including preparation of buy/sell agreements, establishing corporations and LLCs, contracts, contracts, construction and business disputes, covenants not to compete, as well as supervisory training, develop and review of personnel systems and the preparation of company policies and procedures. In addition, Mr. Shipley represents individual entities regarding liquor licensing matters.

LAW SCHOOL: University of Arkansas, Fayetteville, J. D., 1980.

COLLEGE: Southern Methodist University, Bachelor of Science with Honors, 1976.

MEMBER: Fort Smith Ad Hoc Committee on the Convention Center; Sebastian County, Arkansas, (Member, Labor and Employment Section, Foundation Fellow, and Judicial Nominations Committee) and American (Member, Labor and Employment Law Section) Bar Associations. St. Edward Board of Trustees, First United Methodist Church Chairman of Finance Committee, Leadership Fort Smith Alumni Association, Westark Area Council (Boy Scouts) Board of Directors and General Counsel, Fort Smith Classic Board of Directors, Society for Human Resource Management and River Valley Volunteer Attorneys

BIOGRAPHY: W.B. Putman American Inn of Court (Master); Administrative Board and Building and Grounds Committee and Finance Committee, First Methodist Church; Eagle Scout.

FORMER ACTIVITIES/MEMBERSHIPS: Chairman, Finance Committee and Administrative Board, First United Methodist Church; Fort Smith Emergency Medical Services (EMS) Board of Directors, Chairman, Board of Directors of United Way of Sebastian County; Member of the Board of Directors, City of Fort Smith; District Chair, Butterfield Trail District BSA, Butterfield Trail District Award of Merit; City of Fort Smith - Parking Authority Commissioner; City of Fort Smith - Planning Commissioner and Secretary; President, Board of Directors, Sebastian County Law Library; Board of Directors - Salvation Army; Vice-President - Fort Smith Symphony; Board of Directors - Girls Shelter, Inc.; Board of Directors - Fort Smith Girls Club; President of Fort Smith Exchange Club; Board of Directors - Leadership Fort Smith; Legislative Chairman of Society for Human Resource Management; Board of Directors - Sebastian County Solid Waste Management; Board of Directors - Employers' Health Coalition; Manufacturers Executive Association - Public Affairs Committee; Fort Smith Advertising and Promotion Board of Directors; Ducks Unlimited; and Fort Smith Flyfishers; Society for Human Resource Management, President; Fort Smith Public Library Board of Trustees, Member

AWARDS: Who's Who in American Colleges and Universities; Silver Beaver Recipient - Boy Scouts; *Best Lawyers in America* – Labor and Employment Law (2000 - 2013); *Mid-South Super Lawyers* (2006 – 2013); *Chambers USA*-America's Leading Lawyers for Business

Library Board

CITY OF FORT SMITH
Application for City Boards/Commissions/Committees

Note: As an applicant for a City Board, Commission or Committee, your name, address and phone number will be available to the press and the public. You will be contacted before any action is taken on your appointment.

Date: 6-8-15

Name: ELIZABETH MOMAND

Home Telephone: 479-883-5247

Home Address: 3208 VILLAGE RD

Work Telephone: 479-788-7540

Zip: 72903

Email: elizabeth.momand@uafs.edu

Occupation: Professor of Music - UAFS
(If retired, please indicate former occupation or profession)

Education: D.M.A. - U. of Texas

Professional and/or Community Activities: College Music Society, National Ass. of Teachers of Singing, Arkansas Music Educators Assn.

Additional Pertinent Information/References:

Are you a registered voter in the City of Fort Smith? Yes X No ___

Have you ever been convicted of a felony, misdemeanor, DWI/DUI or other serious traffic offense?

Yes ___ NO X

If yes, please id[illegible] offense and the approximate date. A "yes" answer will not automatically preclude you from consid[illegible]

Drivers License [illegible] Date of B[illegible]

information will [illegible] back ground check of all applica[illegible]

I am interested in serving on the (please check):

( ) Audit Committee
( ) Advertising & Promoting Commission
( ) Airport Commission
() Animal Services Advisory Board
( ) Arkansas Fair & Exhibition Facilities Bd
( ) Benevolent Fund Board
( ) Bldg. Bd. Of Adjustment and Appeals
( ) Central Business Improvement District
() Comprehensive Plan Imp. Committee
( ) Convention Center Commission
( ) Civil Service Commission
( ) Community Development Advisory Com.
( ) County Equalization Board
( ) Electric Code Board of Appeals
( ) Fire Code Board of Appeals & Adjustments
( ) Historic District Commission
( ) Housing Assistance Board

(X) Library Bd of Trustees
( ) Mechanical Bd of Adjustments and Appeals
( ) Oak Cemetery Commission
(X) Outside Agency Review Panel
( ) Parking Authority
( ) Parks & Recreation Commission
( ) Planning Commission
( ) Plumbing Advisory Board
( ) Port Authority
( ) Property Owners Appeals Board
( ) Sebastian County Reg. Solid Waste Mgmt. Bd.
( ) Sister Cities Committee
( ) Transit Advisory Commission
( ) Residential Housing Facilities Board

Please return this form to Wendy Mathis, P.O. Box 1908, FSM, AR 72902
wmathis@fortsmithar.gov

CITY OF FORT SMITH
Application for City Boards/Commissions/Committees

Note: As an applicant for a City Board, Commission or Committee, your name, address and phone number will be available to the press and the public. You will be contacted before any action is taken on your appointment.

Date: 10/16/2015

Name: WANDA FREEMAN

Home Telephone: 479-461-6289

Home Address: 3104 S. 39th St.

Work Telephone: 479-788-7514

Zip: 72903

Email: wandafreeman@yahoo.com

Occupation: Editor - UAFS Marketing
(If retired, please indicate former occupation or profession)

Education: M.A. Creative Writing, Eastern Michigan Univ.
B.A. English Literature, Univ. of New Orleans

Professional and/or Community Activities:

Additional Pertinent Information/References: Amy Skypala (reference) 7887825

Are you a registered voter in the City of Fort Smith? Yes ✓ No ____

Have you ever been convicted of a felony, misdemeanor, DWI/DUI or other serious traffic offense?
Yes ____ NO ✓

If yes, please ident[illegible] date. A "yes" answer will not automatically preclude you from consider[illegible]
Drivers License [illegible] Date of B[illegible] is
information will be [illegible] ground check of all applica[illegible]

I am interested in serving on the (please check):

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( ) Comprehensive Plan Imp. Committee
( ) Convention Center Commission
( ) Civil Service Commission
( ) CIP Committee (Streets, Bridges, & Drainage)
( ) Community Development Advisory Com.
( ) County Equalization Board
( ) Electric Code Board of Appeals
( ) Fire Code Board of Appeals & Adjustments
( ) Historic District Commission
( ) Housing Assistance Bd.
(✓) Library Bd of Trustees
( ) Mechanical Bd of Adjustments and Appeals
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( ) Sister Cities Committee
( ) Transit Advisory Commission
( ) Residential Housing Facilities Board

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wmathis@fortsmithar.gov

fax: 784-2430

Libiary Bd of Trustees

CITY OF FORT SMITH
Application for City Boards/Commissions/Committees

Note: As an applicant for a City Board, Commission or Committee, your name, address and phone number will be available to the press and the public. You will be contacted before any action is taken on your appointment.

Date: 10/5/15

Name: Robyn Dawson

Home Telephone: 479 650 8265

Home Address: PO Box 11168
Fort Smith AR

Work Telephone: 479 783 8048

Zip: 72917

Email: rdawson@fortsmithschools.org

Occupation: Co Owner of River Valley Concrete Coatings / Elem. Principal
(If retired, please indicate former occupation or profession)

Education: Masters - UoA Fayetteville / Work on doctorate currently

Professional and/or Community Activities: Lincoln Childcare - Board member
Step Up Speak Out - Board member Valley Health - Advisory Board

Additional Pertinent Information/References: I also co-own Town & Country Contractor
Ft Smith Homebuilders - member

Are you a registered voter in the City of Fort Smith? Yes X No ____
Have you ever been convicted of a felony, misdemeanor, DWI/DUI or other serious traffic offense?
Yes____ NO X
If yes, please identify the offense and the approximate date. A "yes" answer wi[illegible] automatically preclude you from consid[illegible]
Drivers License [illegible] Date of Birt[illegible]
information will [illegible] nal back ground check of all applicants).

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