

Kevin Faught
Senior Vice President
Public Finance
Stephens Inc.

Stephens

Jackson T. Stephens, 1923-2005
Chairman Emeritus in Perpetuity

January 28, 2021

The Honorable Paul Colvin
City of Tontitown
235 East Henri de Tonti
Tontitown, AR 72770

Dear Mayor Colvin:

Thank you for visiting with me previously about a potential tax-exempt financing for water and sewer projects for the City of Tontitown. For planning purposes, I have completed a preliminary sales tax funding analysis assuming the voters approve a change in the purpose of the existing one cent sales tax. This analysis also assumes that the voters would authorize the refunding of the existing 2013 Sales Tax bond issue.

For information purposes, according to the State Treasurer's office, the City's one cent sales tax collections for the last twelve months were \$1,304,611. 75% of the one cent sales tax is the security for the Series 2013 Bonds. Any monies generated by the sales tax not needed for debt service could continue to be used to fund water and sewer operations.

The table below summarizes the analysis and the corresponding debt service schedules are attached. Please note that any change in interest rates, repayment terms, or maturity will necessitate a revision of this analysis. Also included for your review are draft Schedule of Events that show several possible election dates.

Estimated Project Funds	Security	Estimated Annual Debt Service	Maturity
\$6,550,000	.75 cent sales tax	\$525,000	2046
\$10,000,000	.75 cent sales tax	\$715,000	2046
\$12,000,000	.75 cent sales tax	\$820,000	2046

I hope this information is helpful as you consider a possible election to fund capital projects in the future. If you have any questions about this analysis or need additional information, please do not hesitate to contact me at (479) 718-7444 or kfaught@stephens.com. I look forward to reviewing this information with you and the City Council.

Sincerely,



Kevin Faught

Cc: Mr. Pat Pianalto
Mr. Justin Eichman

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City of Tontitown, Arkansas

Sales & Use Tax Refunding Bonds

Series 2021

Debt Service Schedule - \$6,550,000 Project Funds

Date	Principal	Coupon	Interest	Total P+I
05/01/2022	275,000.00	4.000%	249,688.54	524,688.54
05/01/2023	265,000.00	4.000%	261,387.50	526,387.50
05/01/2024	275,000.00	4.000%	250,787.50	525,787.50
05/01/2025	285,000.00	4.000%	239,787.50	524,787.50
05/01/2026	295,000.00	4.000%	228,387.50	523,387.50
05/01/2027	305,000.00	4.000%	216,587.50	521,587.50
05/01/2028	320,000.00	3.000%	204,387.50	524,387.50
05/01/2029	330,000.00	3.000%	194,787.50	524,787.50
05/01/2030	340,000.00	3.000%	184,887.50	524,887.50
05/01/2031	350,000.00	3.000%	174,687.50	524,687.50
05/01/2032	360,000.00	3.000%	164,187.50	524,187.50
05/01/2033	370,000.00	3.000%	153,387.50	523,387.50
05/01/2034	380,000.00	3.000%	142,287.50	522,287.50
05/01/2035	395,000.00	3.000%	130,887.50	525,887.50
05/01/2036	405,000.00	3.000%	119,037.50	524,037.50
05/01/2037	415,000.00	2.250%	106,887.50	521,887.50
05/01/2038	425,000.00	2.250%	97,550.00	522,550.00
05/01/2039	435,000.00	2.250%	87,987.50	522,987.50
05/01/2040	445,000.00	2.250%	78,200.00	523,200.00
05/01/2041	455,000.00	2.250%	68,187.50	523,187.50
05/01/2042	465,000.00	2.375%	57,950.00	522,950.00
05/01/2043	475,000.00	2.375%	46,906.26	521,906.26
05/01/2044	490,000.00	2.375%	35,625.00	525,625.00
05/01/2045	500,000.00	2.375%	23,987.50	523,987.50
05/01/2046	510,000.00	2.375%	12,112.50	522,112.50
Total	\$9,565,000.00	-	\$3,530,557.30	\$13,095,557.30

Yield Statistics

Bond Year Dollars	\$137,147.92
Average Life	14.339 Years
Average Coupon	2.5742697%
Net Interest Cost (NIC)	2.3473618%
True Interest Cost (TIC)	2.3189823%
Bond Yield for Arbitrage Purposes	2.1409796%
All Inclusive Cost (AIC)	2.4210578%

IRS Form 8038

Net Interest Cost	2.2161358%
Weighted Average Maturity	13.993 Years

City of Tontitown, Arkansas

Sales & Use Tax Refunding Bonds

Series 2021

Debt Service Schedule - \$10,000,000 Project Funds

Date	Principal	Coupon	Interest	Total P+I
05/01/2022	345,000.00	4.000%	338,983.33	683,983.33
05/01/2023	360,000.00	4.000%	356,000.00	716,000.00
05/01/2024	370,000.00	4.000%	341,600.00	711,600.00
05/01/2025	385,000.00	4.000%	326,800.00	711,800.00
05/01/2026	405,000.00	4.000%	311,400.00	716,400.00
05/01/2027	420,000.00	4.000%	295,200.00	715,200.00
05/01/2028	435,000.00	3.000%	278,400.00	713,400.00
05/01/2029	450,000.00	3.000%	265,350.00	715,350.00
05/01/2030	460,000.00	3.000%	251,850.00	711,850.00
05/01/2031	475,000.00	3.000%	238,050.00	713,050.00
05/01/2032	490,000.00	3.000%	223,800.00	713,800.00
05/01/2033	505,000.00	3.000%	209,100.00	714,100.00
05/01/2034	520,000.00	3.000%	193,950.00	713,950.00
05/01/2035	535,000.00	3.000%	178,350.00	713,350.00
05/01/2036	550,000.00	3.000%	162,300.00	712,300.00
05/01/2037	565,000.00	2.250%	145,800.00	710,800.00
05/01/2038	580,000.00	2.250%	133,087.50	713,087.50
05/01/2039	595,000.00	2.250%	120,037.50	715,037.50
05/01/2040	605,000.00	2.250%	106,650.00	711,650.00
05/01/2041	620,000.00	2.250%	93,037.50	713,037.50
05/01/2042	635,000.00	2.375%	79,087.50	714,087.50
05/01/2043	650,000.00	2.375%	64,006.26	714,006.26
05/01/2044	665,000.00	2.375%	48,568.76	713,568.76
05/01/2045	680,000.00	2.375%	32,775.00	712,775.00
05/01/2046	700,000.00	2.375%	16,625.00	716,625.00
Total	\$13,000,000.00	-	\$4,810,808.35	\$17,810,808.35

Yield Statistics

Bond Year Dollars	\$186,916.67
Average Life	14.378 Years
Average Coupon	2.5737717%
Net Interest Cost (NIC)	2.3475495%
True Interest Cost (TIC)	2.3192479%
Bond Yield for Arbitrage Purposes	2.1417180%
All Inclusive Cost (AIC)	2.3939896%

IRS Form 8038

Net Interest Cost	2.2166563%
Weighted Average Maturity	14.032 Years

City of Tontitown, Arkansas

Sales & Use Tax Refunding Bonds

Series 2021

Debt Service Schedule - \$12,000,000 Project Funds

Date	Principal	Coupon	Interest	Total P+I
05/01/2022	430,000.00	4.000%	391,147.40	821,147.40
05/01/2023	410,000.00	4.000%	409,506.26	819,506.26
05/01/2024	430,000.00	4.000%	393,106.26	823,106.26
05/01/2025	445,000.00	4.000%	375,906.26	820,906.26
05/01/2026	465,000.00	4.000%	358,106.26	823,106.26
05/01/2027	480,000.00	4.000%	339,506.26	819,506.26
05/01/2028	500,000.00	3.000%	320,306.26	820,306.26
05/01/2029	515,000.00	3.000%	305,306.26	820,306.26
05/01/2030	530,000.00	3.000%	289,856.26	819,856.26
05/01/2031	545,000.00	3.000%	273,956.26	818,956.26
05/01/2032	565,000.00	3.000%	257,606.26	822,606.26
05/01/2033	580,000.00	3.000%	240,656.26	820,656.26
05/01/2034	595,000.00	3.000%	223,256.26	818,256.26
05/01/2035	615,000.00	3.000%	205,406.26	820,406.26
05/01/2036	635,000.00	3.000%	186,956.26	821,956.26
05/01/2037	655,000.00	2.250%	167,906.26	822,906.26
05/01/2038	670,000.00	2.250%	153,168.76	823,168.76
05/01/2039	685,000.00	2.250%	138,093.76	823,093.76
05/01/2040	700,000.00	2.250%	122,681.26	822,681.26
05/01/2041	715,000.00	2.250%	106,931.26	821,931.26
05/01/2042	730,000.00	2.375%	90,843.76	820,843.76
05/01/2043	745,000.00	2.375%	73,506.26	818,506.26
05/01/2044	765,000.00	2.375%	55,812.50	820,812.50
05/01/2045	785,000.00	2.375%	37,643.76	822,643.76
05/01/2046	800,000.00	2.375%	19,000.00	819,000.00
Total	\$14,990,000.00	-	\$5,536,172.62	\$20,526,172.62

Yield Statistics

Bond Year Dollars	\$215,115.83
Average Life	14.351 Years
Average Coupon	2.5735775%
Net Interest Cost (NIC)	2.3475932%
True Interest Cost (TIC)	2.3193623%
Bond Yield for Arbitrage Purposes	2.1416923%
All Inclusive Cost (AIC)	2.3842539%

IRS Form 8038

Net Interest Cost	2.2166332%
Weighted Average Maturity	14.005 Years

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CITY OF TONTITOWN, ARKANSAS
Sales and Use Tax Refunding and Improvement Bonds, Series 2021

Preliminary Schedule of Events

February 2021							March 2021							April 2021						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6		1	2	3	4	5	6					1	2	3
7	8	9	10	11	12	13	7	8	9	10	11	12	13	4	5	6	7	8	9	10
14	15	16	17	18	19	20	14	15	16	17	18	19	20	11	12	13	14	15	16	17
21	22	23	24	25	26	27	21	22	23	24	25	26	27	18	19	20	21	22	23	24
28							28	29	30	31				25	26	27	28	29	30	

May 2021							June 2021							July 2021						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1			1	2	3	4	5					1	2	3
2	3	4	5	6	7	8	6	7	8	9	10	11	12	4	5	6	7	8	9	10
9	10	11	12	13	14	15	13	14	15	16	17	18	19	11	12	13	14	15	16	17
16	17	18	19	20	21	22	20	21	22	23	24	25	26	18	19	20	21	22	23	24
23	24	25	26	27	28	29	27	28	29	30				25	26	27	28	29	30	31
30	31																			

2021	Event	Responsible Parties
March 2	City Council reading and adoption of Election Ordinance	City / Friday Eldredge & Clark (FEC) / Stephens
March 2–May 4	Financing Team conducts bond issue information presentations	City / Stephens
March 3	Ordinance filed with the County Election Commission and the County Clerk (Deadline-60 days prior to election)	City/FEC
March 28	Publish Notice of Election	City
May 11	Election	Citizens of Tontitown
May 18	Publish Proclamation of Election Results	City
Subsequent activities contingent upon election results.		
May 25	Distribute first draft of financing documents	FEC
June 8	Comments due on financing documents	All Parties
June 11	Blacklined financing documents distributed	FEC
June 14	Comments due on blacklined financing documents	All Parties

2021	Event	Responsible Parties
June 17	Submit draft financing documents to rating agency and insurers	Stephens
July 1	Receive rating and evaluate insurance quotes	Stephens
July 5	Distribute Preliminary Official Statement to investors	Stephens / Underwriter
July 9	Pre-pricing meeting with the City	City / Stephens / Underwriter
July 12	Offer Bonds	Underwriter / Stephens
July 12	Commit to underwrite	Underwriter / Stephens
July 13	City adopts Bond Ordinance and executes Bond Purchase Agreement	All Parties
July 16	Distribute draft of the final Official Statement	FEC
July 18	Publish Bond Ordinance	City
July 19	Comments due on final Official Statement	All Parties
July 21	Distribute final Official Statement	FEC / Stephens / Underwriter
August 6	Prepare and distribute closing documents	FEC
August 17	Closing of issue and transfer of monies	All Parties

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CITY OF TONTITOWN, ARKANSAS
Sales and Use Tax Refunding and Improvement Bonds, Series 2021

Preliminary Schedule of Events

February 2021							March 2021							April 2021						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6		1	2	3	4	5	6					1	2	3
7	8	9	10	11	12	13	7	8	9	10	11	12	13	4	5	6	7	8	9	10
14	15	16	17	18	19	20	14	15	16	17	18	19	20	11	12	13	14	15	16	17
21	22	23	24	25	26	27	21	22	23	24	25	26	27	18	19	20	21	22	23	24
28							28	29	30	31				25	26	27	28	29	30	

May 2021							June 2021							July 2021						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
						1			1	2	3	4	5					1	2	3
2	3	4	5	6	7	8	6	7	8	9	10	11	12	4	5	6	7	8	9	10
9	10	11	12	13	14	15	13	14	15	16	17	18	19	11	12	13	14	15	16	17
16	17	18	19	20	21	22	20	21	22	23	24	25	26	18	19	20	21	22	23	24
23	24	25	26	27	28	29	27	28	29	30				25	26	27	28	29	30	31
30	31																			

2021	Event	Responsible Parties
April 6	City Council reading and adoption of Election Ordinance	City / Friday Eldredge & Clark (FEC) / Stephens
April 6-June 8	Financing Team conducts bond issue information presentations	City / Stephens
April 7	Ordinance filed with the County Election Commission and the County Clerk (Deadline-60 days prior to election)	City/FEC
May 11	Publish Notice of Election	City
June 8	Election	Citizens of Tontitown
June 27	Publish Proclamation of Election Results	City
Subsequent activities contingent upon election results.		
June 29	Distribute first draft of financing documents	FEC
July 6	Comments due on financing documents	All Parties
July 9	Blacklined financing documents distributed	FEC
July 13	Comments due on blacklined financing documents	All Parties

2021	Event	Responsible Parties
July 20	Distribute Preliminary Official Statement to investors	Stephens / Underwriter
July 26	Pre-pricing meeting with the City	City / Stephens / Underwriter
July 27	Offer Bonds	Underwriter / Stephens
July 27	Commit to underwrite	Underwriter / Stephens
July 27	City adopts Bond Ordinance and executes Bond Purchase Agreement (special meeting)	All Parties
July 30	Distribute draft of the final Official Statement	FEC
August 1	Publish Bond Ordinance	City
August 1	Comments due on final Official Statement	All Parties
August 2	Distribute final Official Statement	FEC / Stephens / Underwriter
August 18	Prepare and distribute closing documents	FEC
September 2	Closing of issue and transfer of monies	All Parties