

Kevin Faught  
Senior Vice President  
Public Finance  
Stephens Inc.

April 4, 2019

Mr. Charles Warren  
Chief Financial Officer  
Fort Smith School District  
P.O. Box 1948  
Fort Smith, AR 72902

RE: Potential Refunding Opportunity- District's Bonds, Dated January 1, 2014

Dear Mr. Warren:

As an ongoing service to the Fort Smith School District, Stephens reviews the District's outstanding debt to determine if any debt can be refunded to realize a savings to the District. Based on the current interest rate market, we believe the District could refund its Series 2014 Bonds and reduce its current interest rate of 3.95% to 2.77%. This reduction in interest rates will result in a net cash savings to the District of approximately \$743,000 with \$692,000 of this savings occurring in the first two years on an accelerated basis. A detailed savings analysis is attached for your review.

In the event that the interest rate market should increase and we would not be able to realize an acceptable refunding savings for the District, the District would not be obligated for any expenses from Stephens associated with attempting this refunding. If the Board is interested in this possible savings potential, I have enclosed a Resolution for the Board to approve the refunding. This Resolution will authorize Stephens to submit, on behalf of the District, an Application for a Permit to Issue Bonds. I have also included a Preliminary Schedule of Events for your review.

If you have any questions, please feel free to contact me.

Sincerely,



Kevin Faught

Attachments

# Fort Smith School District No. 100 of Sebastian County, Arkansas

Refunding Bonds

Series 2019

## Gross Debt Service Comparison

Date	Principal	Coupon	Interest	New D/S	Old D/S	Savings
02/01/2020	-	-	130,571.67	130,571.67	592,576.26	462,004.59
02/01/2021	170,000.00	1.700%	195,857.50	365,857.50	591,476.26	225,618.76
02/01/2022	400,000.00	1.750%	192,967.50	592,967.50	594,036.26	1,068.76
02/01/2023	400,000.00	1.800%	185,967.50	585,967.50	590,236.26	4,268.76
02/01/2024	410,000.00	1.900%	178,767.50	588,767.50	590,486.26	1,718.76
02/01/2025	415,000.00	2.000%	170,977.50	585,977.50	590,436.26	4,458.76
02/01/2026	430,000.00	2.100%	162,677.50	592,677.50	594,655.00	1,977.50
02/01/2027	435,000.00	2.150%	153,647.50	588,647.50	592,955.00	4,307.50
02/01/2028	440,000.00	2.250%	144,295.00	584,295.00	589,080.00	4,785.00
02/01/2029	450,000.00	2.300%	134,395.00	584,395.00	588,880.00	4,485.00
02/01/2030	460,000.00	2.400%	124,045.00	584,045.00	588,080.00	4,035.00
02/01/2031	475,000.00	2.400%	113,005.00	588,005.00	591,680.00	3,675.00
02/01/2032	485,000.00	2.600%	101,605.00	586,605.00	589,480.00	2,875.00
02/01/2033	500,000.00	2.600%	88,995.00	588,995.00	591,680.00	2,685.00
02/01/2034	510,000.00	2.700%	75,995.00	585,995.00	588,080.00	2,085.00
02/01/2035	525,000.00	2.700%	62,225.00	587,225.00	588,880.00	1,655.00
02/01/2036	545,000.00	2.800%	48,050.00	593,050.00	593,880.00	830.00
02/01/2037	555,000.00	2.800%	32,790.00	587,790.00	591,830.00	4,040.00
02/01/2038	575,000.00	3.000%	17,250.00	592,250.00	593,940.00	1,690.00
<b>Total</b>	<b>\$8,180,000.00</b>	<b>-</b>	<b>\$2,314,084.17</b>	<b>\$10,494,084.17</b>	<b>\$11,232,347.56</b>	<b>\$738,263.39</b>

## PV Analysis Summary (Gross to Gross)

Gross PV Debt Service Savings	738,263.39
Contingency or Rounding Amount	4,611.87
<b>Net Present Value Benefit</b>	<b>\$742,875.26</b>
Net PV Benefit / \$7,815,000 Refunded P+I	6.614%
Net PV Benefit / \$8,180,000 Refunding Principal	9.082%

## Refunding Bond Information

Refunding Dated Date	6/01/2019
Refunding Delivery Date	6/01/2019

## FORT SMITH SCHOOL DISTRICT

REFUNDING BONDS, SERIES 2019 (SERIES JANUARY 1, 2014)

### PRELIMINARY SCHEDULE OF EVENTS

APRIL 2019						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

MAY 2019						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

JUNE 2019						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

2019 Dates	Event	Responsible Parties
April 22	School Board Authorizes Issuance of Refunding Bonds	School Board
April 22	Prepare Preliminary Official Statement (POS)	Stephens
April 23	File Application with Department of Education	Stephens
April 30	Department of Education Approves Application	Department of Education
April 30	Publish First Notice of Sale	Stephens
May 7	Distribute POS to Investors	Stephens
May 7	Publish Second Notice of Sale	Stephens
May 14	Offer Bond Issue	Stephens
May 20	School Board Approves Bond Resolution	School District / Stephens
June 4	Bond Issue Closes	Stephens

**RESOLUTION TO REFUND OUTSTANDING BONDS  
IN ORDER TO PRODUCE DEBT SERVICE SAVINGS**

BE IT RESOLVED by the Board of Directors of Fort Smith School District No. 100 of Sebastian County, Arkansas (the "District") that:

1. The District recognizes that debt service savings may be achieved by refunding the District's outstanding bond issue dated January 1, 2014 (the "Prior Bonds").
2. The District retains Stephens Inc. as municipal advisor and approves the attached agreements.
3. The District authorizes Stephens Inc. to file an application with the State Board of Education to issue refunding bonds (the "Bonds") in order to refund the Prior Bonds.
4. The District hereby expresses its intent to retain Friday, Eldredge & Clark, LLP, Little Rock, Arkansas as Bond Counsel for the Bonds ("Bond Counsel").
5. The Superintendent of Schools is authorized to offer the Bonds for public sale.

CERTIFICATE

I, the undersigned, Secretary of the Board of Directors of the above District, certify the foregoing to be a true copy of a Resolution duly adopted by the Board at a \_\_\_\_\_ meeting of the Board held on the \_\_\_\_ day of April, 2019. The Resolution appears in the official minutes of the meeting which are in my custody. At the time of the meeting the duly elected (or appointed), qualified and serving members of the Board and their respective votes on the adoption of the Resolution were as follows:

<u>Director</u>	<u>Vote</u> <u>(Aye, Nay, Abstain or Absent)</u>
<u>Susan McFerran</u>	_____
<u>Bill Hanesworth</u>	_____
<u>Yvonne Keaton-Martin</u>	_____
<u>Wade Gilkey</u>	_____
<u>Jeannie Cole</u>	_____
<u>Talicia Richardson</u>	_____
<u>Greg Magness</u>	_____

I further certify that the meeting of the Board was duly convened and held in all respects according to law; that to the extent required by law due and proper notice of the meeting was given to the members of the Board and to the public; that the meeting was open to the public; that a legal quorum was present throughout the meeting; that all other requirements and proceedings under the law incident to the proper adoption and passage of the Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this Certificate.

CERTIFIED under my hand and seal of the District this \_\_\_\_ day of April, 2019.

(SEAL)

\_\_\_\_\_  
Secretary

REFUNDING OUTSTANDING REVOLVING LOANS AND/OR COMMERCIAL BONDS

<u>Issue Dates</u>	<u>No. of Bonds or Cert. No.</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Principal Amount Outstanding</u>
01/01/2014		2.00%-4.20%	02/01/2038	\$7,815,000

TOTAL REVOLVING LOANS TO BE REFUNDED \$-0-

TOTAL AMOUNT TO BE REFUNDED \$7,815,000

What is the purpose of this refunding? Economic Savings

We, the undersigned, Susan McFerran and Yvonne Keaton-Martin

President and Secretary, respectively, of the Board of Directors of Fort Smith School

District No. 100 of Sebastian County, Arkansas, do each severally certify as follows:

1. That it is our understanding that the within application will become a part of the transcript of proceeding upon which the State, the bond approving attorney(s), and the purchasers of the bonds will rely should the proposed bond issue be approved.
2. That all statements made herein by us are true and correct to the best of our knowledge and belief.
3. That we will immediately notify the Department of Education should any change of plans, or other conditions, materially affect the amount of the funds required under this application for a permit to issue bonds.
4. That, should the proceeds of the loan exceed the actual requirements for the purpose for which the bonds are sold, the Board will apply such excess to the retirement of the first installment of the debt.
5. That we will furnish the State Board of Education with such further and additional information as may be required by it in relation to the proposed bond issue.

DONE at Fort Smith Arkansas, this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

BOARD OF DIRECTORS OF Fort Smith

School District No. 100 of Sebastian County, Arkansas

By: \_\_\_\_\_  
President of the Board

By: \_\_\_\_\_  
Secretary of the Board

# Stephens Inc.

## Municipal Advisor Agreement

This Municipal Advisor Agreement (the “*Agreement*”) is entered into this \_\_\_ day of April, 2019 between Fort Smith School District No. 100 of Sebastian County, Arkansas (the “*District*”) and Stephens Inc. (“*Stephens*”) and sets forth the terms and conditions under which Stephens will provide services to the District. Stephens and the District are referred to herein individually as a “*Party*” and collectively as the “*Parties*.”

WHEREAS, the District desires to obtain the services of a municipal advisor to assist with the development and implementation of strategies to meet its capital financing needs and render assistance in connection with the municipal finance transaction described on **Schedule A** attached hereto (the “*Transaction*”); and

WHEREAS, Stephens is registered as a Municipal Advisor with the U.S. Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB) and Stephens is capable of providing the necessary municipal advisory services;

NOW, THEREFORE, in consideration of the above mentioned premises and intending to be legally bound hereby, the District and Stephens agree as follows:

**1. Scope of Services.** Stephens will provide, upon request of the District, the municipal advisory and/or consultant services described in **Schedule A** attached hereto and incorporated herein by reference. The District and Stephens intend and agree that, to the extent the performance of services by Stephens with respect to the Transaction constitutes municipal advisory activities within the meaning of the Securities Exchange Act of 1934 (the “*Exchange Act*”) or otherwise creates a duty of Stephens under the Exchange Act or the Rules of the Municipal Securities Rulemaking Board and applicable state and local laws, Stephens’ duties do not extend beyond the services to be provided with respect to the Transaction.

**2. District Responsibilities.** The District shall:

a. Take all usual and customary steps necessary to complete the issuance of the bonds or notes (the “*Securities*”), as applicable, including but not limited to: directing the preparation and execution of all documents reasonably requested supporting the Securities, and participation by District staff and third parties in a due diligence process in connection with the issuance of the Securities.

b. Furnish information, data, reports, and records in the possession of the District necessary for carrying out the work to be performed under this Agreement;

c. Review the preliminary official statement or other disclosure documentation and confirm the accuracy of the information presented therein;

d. Allow Stephens to rely on the District’s representations that the disclosure provided with respect to the Securities is not misleading, and, if necessary, direct bond and local counsel to include Stephens as addressee on all certifications and communications therein;

e. Approve the form of official statement or other disclosure documentation and direct its dissemination;

f. If applicable, participate in all calls, discussions and requests for information necessary to complete the credit rating process; and

g. Comply in all respects with state and federal securities laws, including but not limited to the Securities Act of 1933 and Rules 10b-5 (anti-fraud) and 15c2-12 (continuing disclosure) promulgated under the Securities Exchange Act of 1933 relating to disclosure in connection with municipal securities.

**3. Stephens Compensation and Expenses.** The fees due to Stephens hereunder shall be as set forth in **Schedule B** attached hereto.

**4. District Expenses.** The District will be responsible, to the extent required for the issuance of the Securities, for the payment of all fees and expenses commonly known as Costs of Issuance, including but not limited to: publication expenses, local legal counsel, bond counsel, ratings, credit enhancement, travel associated with securing any rating or credit enhancement, printing and distribution of required documents, trustee fees, paying agent fees, CUSIP identifiers, and the like.

**5. Required Notices and Disclosures.**

a. MSRB Rule G-10 Notices. Stephens is registered with the U. S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board (MSRB). The MSRB's website is [www.msrb.org](http://www.msrb.org). A municipal advisory client brochure is posted on the website of the MSRB that describes the protections that may be provided by MSRB rules and how to file a complaint with an appropriate regulatory authority.

b. MSRB G-42 Disclosures. MSRB Rule G-42 requires that Stephens provide you with disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. Such disclosures are provided in Schedule C and Schedule D attached hereto.

**6. Advice of Third Parties.** The District agrees that, to the extent the District seeks to have Stephens provide advice with regard to any recommendation made by third party financial service providers, bankers, underwriters, accountants, legal advisors or others providing guidance similar in scope to that contemplated herein, the District will provide to Stephens written direction to do so as well as any information it has received from such third party relating to its recommendation. In connection with advice to be provided by Stephens with regard to a recommendation made by a third party, Stephens may communicate with such third party as necessary or appropriate to allow Stephens to provide informed advice to the District with regard to the recommendation. No recommendation by a third party shall be deemed to be a recommendation by Stephens unless Stephens otherwise provides. In particular, a determination that a third party's recommendation is suitable shall not be deemed to constitute a recommendation by Stephens unless otherwise expressly provided by Stephens.

**7. Entire Agreement/Amendments.** This Agreement, including any Schedules and amendments hereto which are expressly incorporated herein, constitute the entire Agreement between the Parties hereto and sets forth the rights, duties, and obligations of each to the other as of this date. Any prior agreements, promises, negotiations, or representations not expressly set forth in



this Agreement are of no force and effect. This Agreement may not be modified except by a writing executed by both Stephens and the District.

**8. Term of Agreement.** The term of this Agreement begins on the date set forth above and ends as set forth on **Schedule A**.

**9. No Third Party Beneficiary.** This Agreement is made solely for the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

**10. Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original, but which taken together, shall constitute one and the same instrument.

**IN WITNESS WHEREOF**, the Parties have executed this Agreement on the date first written above. By the signature of its representative below, each Party affirms (a) that it has taken all actions necessary to authorize said representative to execute this Agreement, and (b) that it has read in its entirety this Agreement, including the attached Schedules, and has had the opportunity to ask any questions or seek any clarification about any aspect of this Agreement, including specifically any disclosures of conflicts of interest.

Fort Smith School District No. 100 of Sebastian County, Arkansas  
District

By: Susan McFerran Signature: \_\_\_\_\_  
Title: President

By: Yvonne Keaton-Martin Signature: \_\_\_\_\_  
Title: Secretary

Stephens Inc.

By: Kevin Faught Signature: W. Kevin Faught  
Title: Senior Vice President

## **Schedule A**

### **Scope of Municipal Advisory Services**

#### **Description of Financing**

The District proposes to issue \$8,180,000 in refunding bonds to mature over a period of approximately 19 years. The Transaction is for the purpose of refunding the District's January 1, 2014 Bonds.

#### **Term of Agreement**

This agreement shall remain in effect for a period of 36 months from acceptance and shall cover this proposed financing and other subsequent financings.

#### **Scope of Services**

As your Municipal Advisor, Stephens agrees to assist in the preparation of the following items:

- ◆ Amortization schedules in connection with various financing options;
- ◆ All documentation submitted to the Department of Education, including but not limited to:
  - Application for Permit to Issue Bonds
  - Fiscal Agent's certificate
  - Certificate of Commissioner
  - Notice of Sale and related proofs of publication
  - All other forms and documentation necessary for the issuance of the bonds
- ◆ Assist in the preparation of the preliminary and final Official Statement containing financial data and other information ordinarily required by municipal security dealers in bidding on bonds; and
- ◆ As your Municipal Advisor, we will work with the Issuer to determine the most appropriate optional call provision for the transaction. Typically, the bonds will be subject to redemption, from any source, in approximately five years from the date of issuance.
- ◆ Publication of Notices of Sale with local newspaper.
- ◆ Verify bid results and prepare post sale packet for the Board's review.
- ◆ Work with the District's Bond Counsel to provide feedback on all bond documents prior to close.
- ◆ Attend all required and/or requested meetings with the District.
- ◆ Prepare Verification Report.

- ◆ Coordinate closing of the transaction with all involved parties.

I. Preparation of Annual Disclosure Report

Stephens will assist the District:

- a) In preparation of the District's Annual Report to include the following items:
  - 5 year history of assessed valuation of property located within the District;
  - debt structure including restricted debt of the District;
  - a chart containing the District's annual debt service requirements for previously issued bonds;
  - a coverage table comparing revenues available for debt service and the annual aggregate debt service requirement;
  - a 5-year summary of the District's Sources & Uses of Funds;
  - the District's most recent LEA Financial Report filed with the Arkansas Department of Education;
  - a 5-year summary of tax collections of the ad valorem tax levied in the District.
- b) Upon completion and approval by the District, electronically file the District's Annual Report with the Electronic Municipal Market Access ("EMMA") database.

II. Monitor and File the District's Audited Financial Statements

Stephens will assist the District by:

- a) monitoring the completion of the District's audited financial statements
- b) obtain the District's audited financial statements within 90 days after the audited financials have been completed and received by the District
- c) timely file the District's audited financials with the Municipal Securities Rule Making Board

III. Assist the District with the filing of material event notices, as required by the District's Continuing Disclosure Agreement, upon receipt of notice from the District of the occurrence of a material event.

### **Limitations on Scope of Services**

The Scope of Services are subject to the following limitations:

The Scope of Services with respect to Stephens' engagement as municipal advisor shall be limited solely to the services set forth in this Schedule as they relate to the Transaction, and shall not encompass (i) the services described herein with respect to any other offering or potential offering of the Client or (ii) any services not described herein with respect to the Transaction.

Other than with respect to the receipt and same day return or forwarding of good faith deposits, if applicable, this engagement does not contemplate that Stephens will receive deposits of or maintain custody of any Client funds, or will provide fiduciary or agency services offered by Stephens or any of its affiliates.

Unless otherwise provided in Schedule A, Stephens is not responsible for preparing any preliminary or final official statement or other disclosure documents, or for certifying as to the accuracy or completeness of any preliminary or final official statement or other disclosure documents, other than with respect to any information about Stephens provided by Stephens for inclusion in such documents.

The Scope of Services does not include tax, legal, accounting or engineering advice with respect to any Transaction or in connection with any opinion or certificate rendered by counsel or any other person at closing, and does not include review or advice on any feasibility study.

The Scope of Services may be changed only by written amendment to this Schedule, and the parties agree to amend this Schedule promptly to reflect any material changes or additions to the Scope of Services.

## **Schedule B**

### **Compensation and Expenses**

Fees for the services provided by Stephens to the District under this Agreement and the manner for payment of expenses incurred by Stephens in the course of performing its services are as set forth below:

Compensation for this engagement will be .38% of the par amount of the bonds to be issued. In the event the bonds are sold with a net premium, the fee percentage will be based on the actual bond proceeds for the financing, not the par amount of the bonds. The District will be responsible for bond counsel fees, appropriate trustee fees, publication and printing costs if applicable and other offering expenses. These cost of issuance expenses shall be paid from bond proceeds or existing funds.

If for any reason the District decides not to issue these bonds, it will not be obligated to Stephens for expenses that may have been incurred.

## **Schedule C**

### **Conflicts of Interest**

MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable. If no such material conflicts of interest are known to exist based on the exercise of reasonable diligence by the municipal advisor, municipal advisors are required to provide a written statement to that effect.

Accordingly, Stephens makes the following disclosures with respect to material conflicts of interest in connection with the Scope of Services under this Agreement, together with explanations of how Stephens addresses or intends to manage or mitigate each conflict. To that end, with respect to all of the conflicts disclosed below, Stephens mitigates such conflicts through its adherence to its fiduciary duty to the District, which includes a duty of loyalty to the District in performing all municipal advisory activities for the District. This duty of loyalty obligates Stephens to deal honestly and with the utmost good faith with the District and to act in the District's best interests without regard to Stephens' financial or other interests. In addition, because Stephens is a broker-dealer with significant capital due to the nature of its overall business, the success and profitability of Stephens is not dependent on maximizing short-term revenue generated from individualized recommendations to its clients but instead is dependent on long-term profitability built on a foundation of integrity, quality of service and strict adherence to its fiduciary duty. Furthermore, Stephens' municipal advisory supervisory structure, leveraging our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of Stephens potentially departing from their fiduciary duties due to personal interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

#### **Forms of Compensation; Potential Conflicts.**

The forms of compensation for municipal advisors vary according to the nature of the engagement and requirements of the District, among other factors. Various forms of compensation present actual or potential conflicts of interest because they may create an incentive for an advisor to recommend one course of action over another if it is more beneficial to the advisor to do so. The information below discusses various forms of compensation and the timing of payments to a municipal advisor.

- **Fixed fee.** Under a fixed fee form of compensation, the municipal advisor is paid a fixed amount established at the outset of the transaction. The amount is usually based upon an analysis by the District and the advisor of, among other things, the expected duration and complexity of the transaction and the agreed-upon scope of work that the advisor will perform. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the advisor may suffer a loss. Thus, the advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. There may be additional conflicts of interest if the municipal advisor's fee is contingent upon the successful completion of a financing, as described below.
- **Hourly fee.** Under an hourly fee form of compensation, the municipal advisor is paid an amount equal to the number of hours worked by the advisor times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if the District

and the advisor do not agree on a reasonable maximum amount at the outset of the engagement, because the advisor does not have a financial incentive to recommend alternatives that would result in fewer hours worked. In some cases, an hourly fee may be applied against a retainer (e.g., a retainer payable monthly), in which case it is payable whether or not a financing closes. Alternatively, it may be contingent upon the successful completion of a financing, in which case there may be additional conflicts of interest, as described below.

- **Fee contingent upon the completion of a financing or other transaction.** Under a contingent fee form of compensation, payment of an advisor's fee is dependent upon the successful completion of a financing or other transaction. Although this form of compensation may be customary for the District, it presents a conflict because the advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the District. For example, when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.
- **Fee paid under a retainer agreement.** Under a retainer agreement, fees are paid to a municipal advisor periodically (e.g., monthly) and are not contingent upon the completion of a financing or other transaction. Fees paid under a retainer agreement may be calculated on a fixed fee basis (e.g., a fixed fee per month regardless of the number of hours worked) or an hourly basis (e.g., a minimum monthly payment, with additional amounts payable if a certain number of hours worked is exceeded). A retainer agreement does not present the conflicts associated with a contingent fee arrangement (described above).
- **Fee based upon principal or notional amount and term of transaction.** Under this form of compensation, the municipal advisor's fee is based upon a percentage of the principal amount of an issue of securities (e.g., bonds) or, in the case of a derivative, the present value of or notional amount and term of the derivative. This form of compensation presents a conflict of interest because the advisor may have an incentive to advise the District to increase the size of the securities issue or modify the derivative for the purpose of increasing the advisor's compensation.

As a fiduciary to the District, Stephens will work closely with the District in terms of the conflicts that may exist with respect to compensation and based on the services provided to establish a fair and reasonable fee associated with the municipal advisory services for the District.

#### **Other Potential Conflicts.**

**Other Municipal Advisor or Underwriting Relationships.** Stephens serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of the District. For example, Stephens serves as municipal advisor to other municipal entities and, in such cases, owes a fiduciary duty to such other clients just as it does to the District under this Agreement. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, Stephens could potentially face a conflict of interest arising from these competing client interests. In other cases, as a broker-dealer that engages in underwritings of new

issuances of municipal securities by other municipal entities, the interests of Stephens to achieve a successful and profitable underwriting for its municipal entity underwriting clients could potentially constitute a conflict of interest if, as in the example above, the municipal entities that Stephens serves as underwriter or municipal advisor have competing interests in seeking to access the new issue market with the most advantageous timing and with limited competition at the time of the offering. None of these other engagements or relationships would impair Stephens' ability to fulfill its fiduciary duty to the District.

**Broker-Dealer and Investment Advisory Business.** Stephens is a broker-dealer and investment advisory firm that engages in a broad range of securities-related activities to service its clients, in addition to serving as a municipal advisor or underwriter. Such securities-related activities, which may include but are not limited to the buying and selling of new issue and outstanding securities and investment advice in connection with such securities, including securities of the District, may be undertaken on behalf of, or as counterparty to, the District, personnel of the District, and current or potential investors in the securities of the District. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of the District, such as when their buying or selling of the District's securities may have an adverse effect on the market for the District's securities, and the interests of such other clients could create the incentive for Stephens to make recommendations to the District that could result in more advantageous pricing for the other clients. Any potential conflict arising from Stephens effecting or otherwise assisting such other clients in connection with such transactions is mitigated by means of such activities being engaged in customary terms through units of Stephens that operate independently from Stephens' municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by Stephens to the District under this Agreement.

**Secondary Market Transactions in District's Securities.** Stephens, in connection with its sales and trading activities, may take a principal position in securities, including securities of the District, and therefore Stephens could have interests in conflict with those of the District with respect to the value of the District's securities while held in inventory and the levels of mark-up or mark-down that may be available in connection with purchases and sales thereof. In particular, Stephens or its affiliates may submit orders for and acquire the District's securities issued in a Transaction under the Agreement from members of the underwriting syndicate, either for its own account or for the accounts of its customers. This activity may result in a conflict of interest with the District in that it could create the incentive for Stephens to make recommendations to the District that could result in more advantageous pricing of the District's securities in the marketplace. Any such conflict is mitigated by means of such activities being engaged in customary terms through units of Stephens that operate independently from Stephens' municipal advisory business, thereby reducing the likelihood that such investment activities would have an impact on the services provided by Stephens to the District under this Agreement.]



**Miscellaneous.**

(a) any affiliate of the municipal advisor that provides any advice, service, or product to or on behalf of the District that is directly related to the municipal advisory activities to be performed by the disclosing municipal advisor;

(b) any other actual or potential conflicts of interest, of which the municipal advisor is aware after reasonable inquiry, that could reasonably be anticipated to impair the municipal advisor's ability to provide advice to or on behalf of the District in accordance with the standards of MSRB Rule G-42 (a).]

Other than the potential material conflicts of interest described above, Stephens, based on the exercise of reasonable diligence, does not believe that it has any other material conflicts of interest related to this Agreement.

## **Schedule D**

### **Disclosure of Information Regarding Legal Events and Disciplinary History**

MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to its client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel.

Accordingly, Stephens sets out below required disclosures and related information in connection with such disclosures.

**I. Material Legal or Disciplinary Event.** We do not believe that there are any legal or disciplinary events that are material to the District's evaluation of Stephens or the integrity of Stephens' management or advisory personnel disclosed, or that should be disclosed, on any Form MA or Form MA-I filed with the SEC involving our firm's municipal advisory business. As a full service broker dealer and investment banking firm, Stephens is and has been involved in regulatory and civil actions involving other areas of the firm's business, none of which are expected to have any impact on the firm's ability to perform the services which are the subject of this Agreement. The details of all such regulatory and civil actions are available in Item 9 and the accompanying Regulatory Action DRPs on Form MA filed with the SEC.

**II. How to Access Form MA and Form MA-I Filings.** Stephens' most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC's EDGAR system at <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000757657&owner=include&count=40&hidefilings=0>. The SEC permits certain items of information required on Form MA or MA-I to be provided by reference to information already filed by Stephens in its capacity as a broker-dealer on Form BD or Form U4 or as an investment adviser on Form ADV, as applicable. Information provided by Stephens on Form BD or Form U4 is publicly accessible through reports generated by BrokerCheck at <http://brokercheck.finra.org>, and Stephens' most recent Form ADV is publicly accessible at the Investment Adviser Public Disclosure website at <http://www.adviserinfo.sec.gov>. For purposes of accessing such BrokerCheck reports or Form ADV, Stephens' CRD number is 3496.

**III. Most Recent Change in Legal or Disciplinary Event Disclosure.** Stephens has not made any material legal or disciplinary event disclosures with respect to its municipal advisory business on Form MA or any Form MA-I filed with the SEC.

April 3, 2019

Fort Smith School District No. 100  
of Sebastian County, Arkansas  
Fort Smith, Arkansas

Re: Proposed Issuance of up to \$8,180,000 Fort Smith School District No. 100 of  
Sebastian County, Arkansas (the "District") Refunding Bonds

Ladies and Gentlemen:

The purpose of this letter is to set forth the role we propose to serve and responsibilities we propose to assume as bond counsel in connection with the issuance of the Refunding Bonds (the "Bonds") by the District.

Bond counsel is engaged as a recognized independent expert whose primary responsibility is to render an objective legal opinion with respect to the authorization and issuance of the Bonds.

As bond counsel, we will examine applicable law, prepare the Bond Resolution, Tax Certificate, Form 8038-G, Continuing Disclosure Certificate, and various other documents in connection with the issuance of the Bonds; consult with Stephens Inc., as Municipal Adviser to the District (the "Municipal Adviser"); review certified proceedings; and undertake such additional duties as we deem necessary to render the bond approving opinion for the Bonds. We will also assist the District, along with the Municipal Adviser in preparing the Preliminary Official Statement and the Official Statement.

Subject to the completion of the proceedings to our satisfaction for each issue, we will render our opinion that the Bonds have been duly authorized, executed and delivered and are valid and binding obligations of the District, payable from debt service revenues pledged to the Bonds. We will also render our opinion that the interest on the Bonds is excludable from gross income of the holders thereof for federal income tax purposes.

The opinion will be executed and delivered by us in written form on the date that the Bonds are exchanged for the purchase price thereof ("Closing") and will be based on the facts and law existing as of its date. Upon delivery of the opinion for the Bonds, our responsibilities as bond counsel will conclude with respect to this financing. Unless you specifically engage us to provide additional advice on issues arising with respect to the issuance of the Bonds, the firm has no continuing obligation to advise you with respect to future legal developments.

In rendering our opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation. We will also rely on the District's certifications contained in the Tax Certificate, including, but not limited to, any private business use and facilities financed, refinanced or reimbursed, directly or indirectly from proceeds of the Bonds. We do not review the financial condition of the District or the adequacy of the security provided to Bond owners and we will express no opinion relating thereto.

Upon execution of this engagement letter, the District, as the issuer of the Bonds, will be our client and an attorney-client relationship will exist between our firm and the District. Our services as bond counsel are limited to those contracted for herein and we seek your consent to those limitations by the execution of this engagement letter.

The Municipal Advisor is a client of this firm with respect to matters other than the proposed issuance of the Bonds. Under applicable ethical rules, we do not believe our representation of the District will be either materially limited by the Municipal Advisor being our client on other matters under these circumstances either because such matters are or will be sufficiently different from the issuance of the Bonds as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds.


Execution of this letter will signify your consent to a representation consistent with the circumstances described herein.

We understand that the Bonds may be used in different series. Our fee as bond counsel for the Bonds, will be based on the size of the bond issue. For an \$8,180,000 issue, our fee plus expenses will be \$11,430.

If, for any reason, the Bonds are not issued, we will not be due any fee. Our fee shall be paid at the Closing out of Bond proceeds.

If the foregoing terms of this engagement are acceptable to you, please execute and return to me. We look forward to working with you.

FRIDAY, ELDREDGE & CLARK, LLP



Robert B. Beach

ACCEPTED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

Fort Smith School District No. 100  
of Sebastian County, Arkansas

By: \_\_\_\_\_  
President

By: \_\_\_\_\_  
Secretary