

**MEMORANDUM OF UNDERSTANDING**  
**(Accounting and Financial Funds Management Services)**

This Memorandum of Understanding (this “Agreement”) is executed and entered into as of the \_\_\_\_ day of March, 2025 (the “Effective Date”), by and between the City of Jonesboro, Arkansas Advertising and Promotion Commission (the “Commission”) and the City of Jonesboro, Arkansas (the “City”).

WHEREAS, the City established the Commission and initially levied a tax of one percent upon the gross receipts or gross proceeds from the renting, leasing or otherwise furnishing of motel or hotel accommodations in the City pursuant to Ordinance No. 1361 which was adopted by the City Council on May 21, 1973, as amended from time to time (the “Hotel Tax”), with the purpose of generating revenues for the advertising and promotion of the City and the development of a convention center;

WHEREAS, pursuant to Ordinance No. 21-046 adopted by the City Council on November 2, 2021, the City levied a two percent (2.00%) tax on the gross receipts from the sale of prepared foods in the City (collectively with previously levied tax on prepared foods, the “Prepared Foods Tax” and, together with the Hotel Tax, the “Taxes”) and directed the Commission to utilize these resources to develop public recreation facilities that would promote tourism within the City;

WHEREAS, the revenues from the Taxes are deposited in the City of Jonesboro, Arkansas Advertising and Promotion Fund of the Commission;

WHEREAS, the Commission engaged with the local community to determine the wants and needs of the citizens of the City and designed and developed recreational and tourist facilities to be located in the City that includes, but is not limited to, an aquatic center, splash pad and outdoor aquatic facilities, basketball, volleyball and pickleball courts, synthetic turf fields, meeting rooms, community event spaces, offices, and a kitchen (collectively, the “Sports Complex Project”);

WHEREAS, the Commission requested that the City of Jonesboro, Arkansas Public Facilities Board (the “Board”) assist in financing a portion of the costs of designing, acquiring, constructing, and equipping the Sports Complex Project;

WHEREAS, the Board engaged legal and financial professionals and investigated financing options;

WHEREAS, the Board solicited proposals from potential lenders and has accepted a term sheet offered by Capital One Public Funding, LLC (the “Bondholder”) setting forth proposed terms for its acquisition of lease revenue bonds (the “Bonds”) to be issued by the Board with the proceeds to be used by the Board to finance a portion of the costs of the Sports Complex Project;

WHEREAS, the proposed financing structure anticipates that the Board will lease the Sports Complex Project to the Commission pursuant to a lease agreement (the “Lease”), and the Commission will assist with the management of the construction of the Sports Complex Project

and will pay a fair market value rent (the “Rent”) for the occupancy, use and operation of the Sports Complex Project;

WHEREAS, the Commission will use its legally available funds, including, but not limited to revenues generated by the operation of the Sports Complex Project and revenues from the Taxes deposited in the City of Jonesboro, Arkansas Advertising and Promotion Fund, to pay the Rent due pursuant to the Lease;

WHEREAS, the City is an Arkansas city of the first class with a finance department (the “Department”) that currently provides accounting and funds management services to support the Commission;

WHEREAS, the City and the Commission anticipate the Commission will need additional accounting and funds management services as a result of the use and operation of the Sports Complex Project; and

WHEREAS, the parties wish to document their joint intent and mutually beneficial agreement for the City to continue to provide, and/or provide additional, accounting and funds management services to the Commission.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

**1. Accounting and Financing Services.** The Department shall continue to provide, or provide additional, accounting, financial, bookkeeping, information systems, and related record keeping, management accounting, and support services to the Commission, including but not limited to, billings, accounts payable, payroll, general ledger, inventory records, required filings, collection, and taxation to support the functions and operations of the Commission including, but not limited to, the use and operation of the Sports Complex Project. The Department will provide assistance to the Commission in complying with disclosure and reporting obligations required pursuant to the Lease and/or requested by the Board and/or the Bondholder (collectively with the services referenced in the prior sentence, the “Services”).

**2. Financials Kept Separate; Confidentiality; Compliance with Arkansas law.** The City and the Commission are separate governmental entities and shall remain separate governmental entities during the Term (as defined herein) of this Agreement. The Services provided by the Department to the Commission and the Department conducting the same or similar services for and on behalf of the City shall not merge the entities or be deemed or constitute a partnership or joint venture. The Services provided by the Department to the Commission shall be kept separate and independent from such accounting and fund management services conducted by the Department for and on behalf of the City. The Commission shall not have access to the City’s accounting and financial records, and only employees of the Department and not any other employees of the City, shall have access to the Commission’s accounting and financial records and information.

The City and the Commission covenant and agree to, or cause their employees to, use, restrict, distribute, safeguard, and dispose of all information related to the Services provided by the Department pursuant hereto in accordance with applicable federal, state and local laws, regulations, and administrative policies and practices, including, but not limited to, the Arkansas Freedom of Information Act.

The City acknowledges that Arkansas law and ordinances of the City control the deposit and use of revenues from the Taxes in the City of Jonesboro, Arkansas Advertising and Promotion Fund, and the City confirms and agrees that in connection with providing the Services it will comply with applicable laws and ordinances. The City further acknowledges the Commission's obligations with respect to the Lease and expresses its intent to assist the Commission with complying with the terms thereof. The City acknowledges that the Commission will provide copies of this Agreement and all amendments to the Board and the Bondholder and that this Agreement will be collaterally assigned to the trustee for the Bonds.

The City acknowledges that certain revenues from the Taxes that are deposited in the City of Jonesboro, Arkansas Advertising and Promotion Fund of the Commission will be used to make Rent payments under the Lease. Any reduction, repeal or termination of the Taxes could impair the ability of the Commission to make payments of Rent to the Board under the Lease and therefore cause an event of default under the Lease. While either the Bonds are outstanding or the Lease is in effect, the City and the Commission agree that if either becomes aware of any effort to reduce, repeal, or terminate the Taxes, the City and/or the Commission will immediately notify the Board and the Bondholder in writing at the notice address set forth in the Lease.

**3. Employees of the City.** The employees of the Department are employees of the City and shall not become or be deemed to be or constitute employees of the Commission by the terms of this Agreement. The City is solely liable and responsible for the employees of the Department, including but not limited to their benefits, compensation, and day to day responsibilities.

**4. Consideration.** On and after the Effective Date, the Commission shall make payments to the City in the amount of Ten Thousand and No/100 Dollars (\$10,000.00) (the "Fees") on a quarterly basis (each a "Payment Period") in exchange for the Services, with the first payment of the Fees being due on April 1, 2025, and on the first day of the first month of each quarter thereafter until the Term is terminated or expires as provided herein. The Commission agrees that in addition to the Fees set forth above, the Commission shall pay for or reimburse the City, as applicable, for all third party or vendor costs that are related to the Services provided hereunder (the "Costs"). The City and the Commission agree to evaluate and adjust, as appropriate, the Fees due hereunder as each mutually agree, but in no event less frequently than on an annual basis.

**5. Term of Services.** This Agreement shall commence on the Effective Date. It is the intention of the parties that this Agreement shall remain in full force and effect until the later of (i) the date that the Commission has its own accounting department, employees, or systems to provide its own accounting and fund management services and support or (ii) unless consented to by the Board and Bondholder, the date that the Bonds have been paid in full and are no longer outstanding (the "Term").

**6. Termination.** This Agreement shall terminate under the following circumstances:

a) If in the event the Commission hires a successor service provider or develops an in-house accounting department to support the Commission and the Services are no longer necessary from the Department, the Commission shall give the City, the Board, and the Bondholder sixty (60) days written notice of termination of this Agreement;

b) If in the event the Commission fails to pay the Fees within thirty (30) days after payment is due, (i) the City shall give the Commission, the Board, and the Bondholder a written default notice with a thirty (30) day cure period to pay the past due Fees (the "Notice Period") and (ii) if neither the Commission, the Board, nor the Bondholder pay the past due Fees during the Notice Period, the City may terminate the Agreement at the expiration of the Notice Period;

c) If performance under this Agreement is made impossible; or

d) With the consent of the Bondholder and the Board, if the City and Commission mutually agree to terminate the Agreement.

The Commission shall remain liable for payment of the Fees due for and Costs related to the Services received through and including the date of termination of this Agreement. If this Agreement terminates in the middle of a Payment Period, the Commission shall be liable for payment of the Fees for the final Payment Period on a pro rata basis.

Upon termination of this Agreement as provided above, the City covenants and agrees to cooperate with the Commission and its agents in the transition of the Services to the Commission or to a successor service provider, including but not limited to, providing information and records to the Commission and any successor service provider, providing access to all electronic information and records, meeting with the Commission and any successor service provider, and any other actions reasonably necessary to effectuate a smooth transition of the Services to the Commission or a successor service provider, and the City will continue, for reasonable compensation therefore, to provide the Services to the Commission until such time as the transition of the Services to the Commission or a successor service provider is complete.

**7. Cooperation.** The City and the Commission shall cooperate with the other party in the performance of its duties and exercise of its rights under this Agreement. The City shall in good faith not unreasonably prevent the Department from providing the Services to the Commission.

**8. Recitals Part of Agreement.** The representations and recitation set forth in the whereas clauses hereof are material to this Agreement and are hereby incorporated into and made part of this Agreement as though they were fully set forth herein.

**9. Entire Agreement; Amendment.** This Agreement contains the entire agreement between the parties concerning the subject matter and replaces all prior agreements between them

concerning its subject matter. The City and the Commission may amend or modify the terms of this Agreement by mutual written agreement; provided, however, while the Lease is in effect, other than amendments or modifications pursuant to Section 4, this Agreement shall not be modified without the prior written consent of the Board and the Bondholder. The Commission shall provide a copy of any amendment to the Board and the Bondholder.

**10. Applicable Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Arkansas.

**11. Severability.** The invalidity or unenforceability of any particular provision hereof shall not affect the other provisions, and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions had not been contained herein.

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

[Signature Page Follows]

IN WITNESS WHEREOF, the City and the Commission have executed this Agreement, effective as of the date written above.

**CITY OF JONESBORO, ARKANSAS**

By: \_\_\_\_\_  
Harold Copenhaver, Mayor

ATTEST:

By: \_\_\_\_\_  
April Leggett, City Clerk

(SEAL)

**JONESBORO ADVERTISING AND PROMOTION  
COMMISSION**

By: \_\_\_\_\_  
Authorized Officer

By: \_\_\_\_\_  
Authorized Officer

*Signature page to Memorandum of Understanding  
(Accounting and Financial Funds Management Services)*