

Cabot City Council Special Meeting

Cabot, Arkansas

Health, Safety, Education, Quality, Professionalism & Progress Every Day!



Mayor
Bill Cypert

Clerk~Treasurer
Tammy Yocom

City Attorney
Jimmy Taylor

Ward 1
Eddie Long
Kevin Davis

Ward 2
Jon Moore

Ward 3
Doyle Tullos
Rick Prentice

Ward 4
Ann Gilliam
Ron Waymack

February 25, 2016
7:00 p.m.

Cabot City Annex Council Chambers

*Quality Of Life Is Economic Development; We Are
Building A City Where Your Kids And Grandkids
Will Want To Live! Individuals Play Games,
Teams Win Championships!*

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Cabot City Council Meeting Agenda

February 25, 2016 - 7:00 p.m.

Cabot City Annex Council Chambers

208 North First Street * Cabot, Arkansas 72023

Bill Cypert, Mayor

AGENDA ITEMS

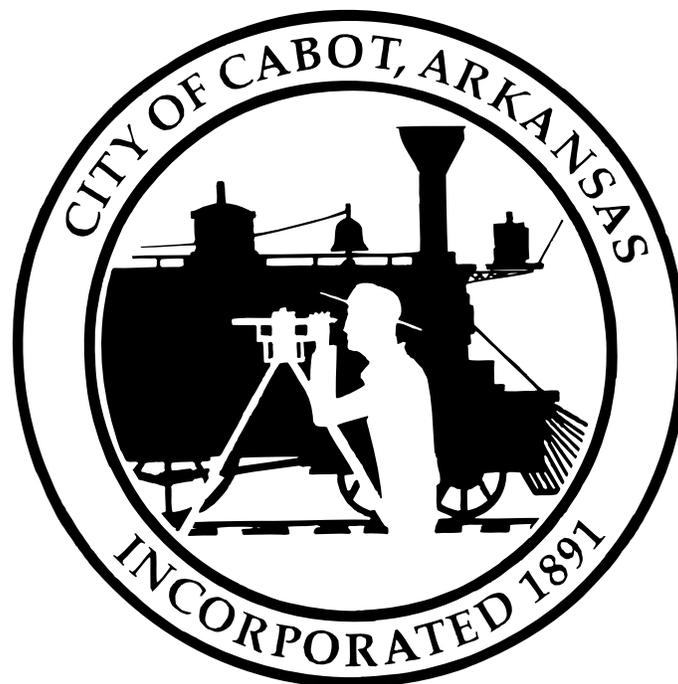
Page

- 1 Call to Order
- 2 Opening Prayer
- 3 Pledge of Allegiance
- 4 Roll Call
- 5 Read Ordinances by Title Only
- 6 City Council (Old Business)
 - a) **Ordinance No. 3 Of 2016** - An Ordinance Authorizing The Issuance Of A Promissory Note To Provide Financing For A Sports And Community Center Projects; Authorizing The Sale Of The Note And The Execution Of A Note Purchase Agreement; Declaring An Emergency And Prescribing Other Matters Pertaining Thereto. (Second Reading) 1-8
 - b) **Ordinance No. 4 Of 2016** - An Ordinance Authorizing The Issuance Of Sales And Use Tax Improvement Bonds, Series 2016, For The Purpose Of Financing The Cost Of Capital Improvements; Pledging A 1% Sales And Use Tax To Pay The Principal Of And Interest On The Bonds; Declaring An Emergency; And Prescribing Other Matters Relating Thereto. (Second Reading) 9-32
- 7 Community Input
- 8 Adjournment

Notes:

Ordinance No. 3 Of 2016

An Ordinance Authorizing The Issuance Of A Promissory Note To Provide Financing For A Sports And Community Center Projects; Authorizing The Sale Of The Note And The Execution Of A Note Purchase Agreement; Declaring An Emergency And Prescribing Other Matters Pertaining Thereto.



Quality Of Life Is Economic Development; We Are Building A City Where Your Kids And Grandkids Will Want To Live! Individuals Play Games, Teams Win Championships!

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ORDINANCE NO. 3 OF 2016

AN ORDINANCE AUTHORIZING THE ISSUANCE OF A PROMISSORY NOTE TO PROVIDE FINANCING FOR A SPORTS AND COMMUNITY CENTER PROJECTS; AUTHORIZING THE SALE OF THE NOTE AND THE EXECUTION OF A NOTE PURCHASE AGREEMENT; DECLARING AN EMERGENCY AND PRESCRIBING OTHER MATTERS PERTAINING THERETO.

WHEREAS, the City of Cabot, Arkansas (the "City") is authorized and empowered under the provisions of Amendment No. 78 to the Arkansas Constitution ("Amendment No. 78"), to issue notes and to expend the proceeds thereof to finance the cost of acquiring and constructing real property or tangible personal property having an expected useful life of more than one (1) year; and

WHEREAS, the City proposes to borrow monies to complete the Cabot Sports and Aquatic Complex and the Cabot Veterans' Park Community Center (the "Sports and Community Center Projects"); and

WHEREAS, it is proposed that the City issue its Promissory Note (Sports and Community Center Projects) in the principal amount of \$400,000 (the "Note") under Amendment No. 78 for the purpose of financing the Sports and Community Center Projects; and

WHEREAS, the City has made arrangements with Regions Bank (the "Purchaser") to purchase the Note; and

WHEREAS, a copy of the hereinafter described Note Purchase Agreement has been presented to and is before this meeting;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Cabot, Arkansas:

Section 1. The City Council hereby finds that the Sports and Community Center Projects will have a useful life of more than one (1) year, that the City has incurred one obligation under Amendment No. 78, a note dated November 16, 2015 in the amount of \$431,669.50 for the purchase of a fire truck (the "Fire Truck Note"), and that the principal amount of the Note and the Fire Truck Note does not exceed five percent (5%) of the assessed value of taxable property located within the City as determined by the last tax assessment.

Section 2. The issuance of the Note in the principal amount of \$400,000 is hereby authorized. The Note shall be dated the date of issuance and shall bear interest on the outstanding principal amount at the rate of 1.82% per annum. Payment of principal and interest shall be monthly, commencing one month from the date the Note is issued. The Note shall be subject to prepayment prior to maturity, in whole or in part, at the option of the City, at any time without penalty.

Section 3. The Note shall be sold to the Purchaser for the purchase price of 100% of par, upon the terms and conditions set forth in a Note Purchase Agreement by and between the City and the Purchaser (the "Note Purchase Agreement"). The Mayor and City Clerk-Treasurer are hereby authorized to execute, acknowledge and deliver the Note Purchase Agreement and the Note for and on behalf of the City. The Note Purchase Agreement and the Note are hereby approved in substantially the form submitted to this meeting, and the Mayor is hereby authorized to confer with the Purchaser in order to complete the Note Purchase Agreement and the Note in substantially the forms submitted to this meeting with such changes as shall be approved by such persons executing the documents, their execution to constitute conclusive evidence of such approval.

Section 4. As provided in Amendment No. 78, the annual debt service payments on the Note in each fiscal year shall be charged against and paid from the general revenues of the City for such fiscal year. For the purpose of making the annual debt service payments, there is hereby, and shall be, appropriated to pay the Note, an amount of general revenues of the City sufficient for such purposes. The City Treasurer is hereby authorized and directed to withdraw from the General Fund of the City and/or from such other sources as may be hereafter directed by the City Council, the amounts and at the times necessary to make the monthly debt service payments on the Note and to make such payments in accordance with the Note Purchase Agreement.

Section 5. (a) The City covenants with the Purchaser 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 Note to be included in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City covenants with the Purchaser that the proceeds of the sale of the Note will not be used directly or indirectly in such manner as to cause the Note to be treated as an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code").

(b) The City represents to the Purchaser that it will not use or permit the use of the Sports and Community Center Projects or the proceeds of the Note, in such manner as to cause the Note to be a "private activity bond" within the meaning of Section 141 of the Code. In this regard, the City covenants with the Purchaser that (i) it will not use (directly or indirectly) the proceeds of the Note to make or finance loans to any person, and (ii) that while the Note is outstanding the Sports and Community Center Projects will only be used by state and local governmental entities and by other persons on a basis as members of the general public.

(c) The Note is hereby designated as a "qualified tax-exempt obligation" within the meaning of the Code. The City represents to the Purchaser that the aggregate principal amount of its qualified tax-exempt obligations (excluding "private activity bonds" within the meaning of Section 141 of the Code which are not "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code), including those of its subordinate entities, issued in calendar year 2016 will not exceed \$10,000,000.

(d) The City shall pay any arbitrage rebate due the United States Treasury

under Section 148 of the Code in connection with the Note from moneys in the General Fund of the City.

(e) The City covenants with the Purchaser that it will not reimburse itself from Note proceeds for any costs paid prior to the date the Note is issued except in compliance with United States Treasury Regulation No. 1.150-2 (the "Regulation"). This Ordinance is an "official intent" within the meaning of the Regulation.

(f) The City covenants with the Purchaser 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 Note is issued, a statement concerning the Note which contains the information required by Section 149(e) of the Code.

Section 6. The Mayor and City Clerk-Treasurer, for and on behalf of the City, are hereby authorized and directed to do any and all things necessary to effect the execution and delivery of the Note Purchase Agreement and the performance of all obligations of the City thereunder, the issuance, execution, sale and delivery of the Note, and the performance of all acts of whatever nature necessary to effect and carry out the authority conferred by this Ordinance. The Mayor and City Clerk-Treasurer are hereby further authorized and directed, for and on behalf of the City, to execute all papers, documents, certificates and other instruments that may be required for the carrying out of such authority or to evidence the exercise thereof.

Section 7. The City Clerk-Treasurer is hereby authorized and directed to file in the office of the City Clerk-Treasurer, as a part of the minutes of the meeting at which this Ordinance is adopted, for inspection by any interested person a copy of the Note Purchase Agreement and such document shall be on file for inspection by any interested person.

Section 8. The provisions of this Ordinance are hereby declared to be separable, and if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions.

Section 9. All ordinances, resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 10. Emergency. It is hereby ascertained and declared that the Sports and Community Center Projects are immediately needed for the preservation of the public peace, health and safety. The Sports and Community Center Projects cannot be accomplished without the issuance of the Note, which cannot be sold at the interest rate 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.

SPONSOR:
William A. "Bill" Cypert, Mayor

PASSED: _____, 2016.
DATE:
APPROVED:

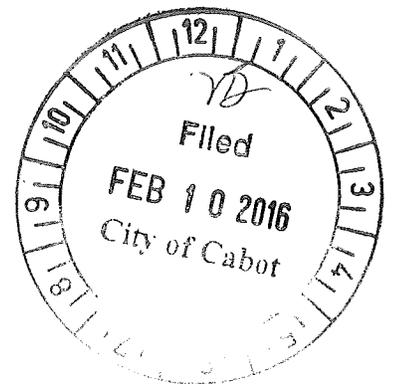
William A. "Bill" Cypert, Mayor

PREPARED BY:

ATTEST:

David F. Menz, Bond Counsel

Tammy Yocom, City Clerk-Treasurer

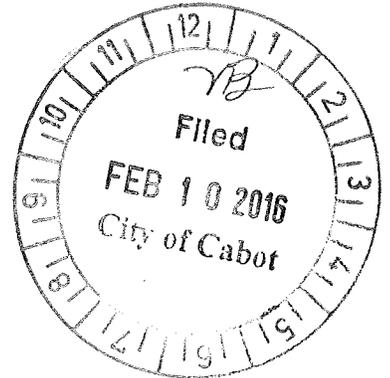


CERTIFICATE

The undersigned, City Clerk-Treasurer of the City of Cabot, Arkansas, hereby certifies that the foregoing pages are a true and perfect copy of Ordinance No. _____, adopted at a regular session of the City Council of the City of Cabot, Arkansas, held at the regular meeting place of the City at _____ o'clock p.m., on the _____ day of February, 2016, and that the Ordinance is of record in Ordinance Record Book No. _____, at page _____, now in my possession.

GIVEN under my hand and seal on this _____ day of February, 2016.

City Clerk-Treasurer



Notes:

Ordinance No. 4 Of 2016

An Ordinance Authorizing The Issuance Of Sales And Use Tax Improvement Bonds, Series 2016, For The Purpose Of Financing The Cost Of Capital Improvements; Pledging A 1% Sales And Use Tax To Pay The Principal Of And Interest On The Bonds; Declaring An Emergency; And Prescribing Other Matters Relating Thereto.



Quality Of Life Is Economic Development; We Are Building A City Where Your Kids And Grandkids Will Want To Live! Individuals Play Games, Teams Win Championships!

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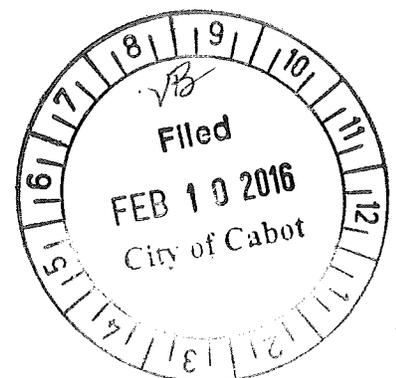
ORDINANCE NO. 4 of 2016

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SALES AND USE TAX IMPROVEMENT BONDS, SERIES 2016, FOR THE PURPOSE OF FINANCING THE COST OF CAPITAL IMPROVEMENTS; PLEDGING A 1% SALES AND USE TAX TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; DECLARING AN EMERGENCY; AND PRESCRIBING OTHER MATTERS RELATING THERETO

WHEREAS, there was submitted to the qualified electors of the City of Cabot, Arkansas (the "City") the questions of issuing, under Amendment No. 62 to the Constitution of the State of Arkansas (the "State") and under Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), capital improvement bonds, which are described as follows: (a) bonds in the maximum principal amount of \$11,000,000 to refund the City's outstanding Sales and Use Tax Refunding and Improvement Bonds, Series 2005 (the "Series 2005 Bonds"); (b) bonds in the maximum principal amount of \$15,440,000 to finance all or a portion of the costs of acquiring, constructing and equipping betterments and improvements to the City's parks and recreation system (the "Parks and Recreation Improvements"); (c) bonds in the maximum principal amount of \$10,890,000 to finance all or a portion of the costs of constructing a north terminal interchange and connector to the overpass over the Union Pacific railroad tracks (the "North Terminal Interchange Improvements"); (d) bonds in the maximum principal amount of \$6,255,000 to finance all or a portion of the costs to expand and renovate the Community Center (the "Community Center Improvements"); (e) bonds in the maximum principal amount of \$590,000 to finance the amount necessary to fund drainage improvements in the Highland area of the City (the "Highland Drainage Improvements"); (f) bonds in the maximum principal amount of \$3,005,000 to finance the costs of expanding and improving the Library (the "Library Improvements"); and (g) bonds in the maximum principal amount of \$9,395,000 to finance the amount necessary to construct wastewater collection system improvements (the "Wastewater Collection System Improvements"); and

WHEREAS, at the special election held April 9, 2013, a majority of the electors voting on the questions approved the issuance of such bonds; and

WHEREAS, on June 27, 2013, the City issued its \$42,625,000 Sales and Use Tax Refunding and Improvement Bonds, Series 2013. The \$42,625,000 of Bonds included all of the Bonds listed in (a), (b), (d), (e), (f) and (g) above. For (c), \$2,548,203 of the Bonds for the North Terminal Interchange were issued, leaving \$8,290,000 of Bonds for the North Terminal Interchange to be issued in the future.



WHEREAS, the City Council of the City has determined to complete the financing of the North Terminal Interchange Improvements, and to issue capital improvement bonds in the aggregate principal amount of \$8,290,000 designated as "City of Cabot, Arkansas Sales and Use Tax Improvement Bonds, Series 2016" (the "Series 2016 Bonds"); and

WHEREAS, the City has made arrangements for the sale of the Series 2016 Bonds to Stephens Inc. (the "Purchaser"), at a price of \$ _____ (principal amount plus net original issue discount of \$ _____ and less underwriter's discount of \$ _____) (the "Purchase Price"), pursuant to a Bond Purchase Agreement between the Purchaser and the City (the "Agreement"), which has been presented to and is before this meeting; and

WHEREAS, the Preliminary Official Statement, dated February __, 2016, offering the Series 2016 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 U.S. Bank National Association, Olive Branch, Mississippi, as Dissemination Agent (the "Disclosure Agreement"), providing for the ongoing disclosure obligations of the City with respect to the Series 2016 Bonds, has been presented to and is before this meeting.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Cabot, Arkansas:

Section 1. The offer of the Purchaser for the purchase of the Series 2016 Bonds from the City at the Purchase Price, for Series 2016 Bonds bearing interest at the rates per annum, maturing and otherwise subject to the terms and provisions hereafter in this Ordinance set forth in detail be, and is hereby accepted and the Agreement, in substantially the form submitted to this meeting, is approved and the Series 2016 Bonds are hereby sold to the Purchaser. The Mayor is hereby authorized and directed to execute and deliver the Agreement on behalf of the City and to take all action required on the part of the City to fulfill its obligations under the Agreement.

Section 2. The Preliminary Official Statement is hereby approved and the previous use of the Preliminary Official Statement by the Purchaser in connection with the sale of the Series 2016 Bonds is hereby in all respects approved and confirmed, and the Mayor be and he 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 as set forth in the Agreement.

Section 3. 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 Clerk-Treasurer 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. Any legal fees and other administrative costs incurred by the City in connection with making the annual report pursuant to the Disclosure Agreement (except audit fees) shall be considered administrative.

Section 4. Under the authority of the Constitution and laws of the State, including particularly Amendment No. 62 to the Constitution of the State and the Authorizing Legislation, the Series 2016 Bonds are hereby authorized and ordered issued in the total principal amount of \$8,290,000, the proceeds of the sale of which are necessary to provide a portion of the funds necessary for accomplishing the North Terminal Interchange Improvements (the "2016 Improvements"), paying expenses incidental thereto, providing a debt service reserve, and paying expenses of issuing the Series 2016 Bonds.

The Series 2016 Bonds shall bear interest at the rates and shall mature on June 1 in the amounts and in the years as follows:

<u>Year</u> <u>Ending June 1</u>	<u>Amount</u>	<u>Interest Rate</u>
2017	\$ 170,000	
2018	220,000	
2019	220,000	
2020	225,000	
2021	230,000	
2022	235,000	
2023	240,000	
2024	245,000	
2025	250,000	
2026	260,000	
2031	1,410,000	
2036	1,660,000	
2043	2,925,000	

The Series 2016 Bonds shall be issuable only as fully registered bonds without coupons in the denomination of \$5,000 or any integral multiple thereof. Unless the City shall otherwise direct, the Series 2016 Bonds shall be numbered from 1 upward in order of issuance. Each Series 2016 Bond shall have a CUSIP number but the failure of a CUSIP number to appear on any Series 2016 Bond shall not affect its validity.

Each Series 2016 Bond shall be dated as of April 5, 2016. Interest on the Series 2016 Bonds shall be payable on December 1, 2016, and semiannually thereafter on June 1 and December 1 of each year. Payment of each installment of interest shall be made to the person in whose name the Series 2016 Bond is registered on the registration books of the City maintained by U.S. Bank National Association, Olive Branch, Mississippi, as Trustee and Paying Agent (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, by check or draft mailed by the Trustee to such owner at his address on such registration books; provided, however, payment of interest shall be made by wire transfer if requested by a registered owner of the Series 2016 Bonds in the aggregate principal amount of \$1,000,000 or more. Principal of the Series 2016 Bonds shall be payable at the principal corporate trust office of the Trustee.

Each Series 2016 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 June 1, 2016, 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 Series 2016 Bonds as shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in Section 6 hereof (the "Certificate"), duly executed by the Trustee shall be entitled to any right or benefit under this Ordinance. No Series 2016 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 of the Trustee upon any such Series 2016 Bond shall be conclusive evidence that such bond has been authenticated and delivered under this Ordinance. The Certificate on any Series 2016 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 Series 2016 Bonds.

In case any bond shall become mutilated or 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, series, maturity, interest rate 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 cause to be maintained 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 and interest rate, of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange therefor.

Bonds may be exchanged at the principal corporate trust office of the Trustee for an equal aggregate principal amount of bonds of any other authorized denomination or denominations. The City shall execute and the Trustee shall authenticate and deliver bonds which the registered owner making the exchange is entitled to receive. The execution by the City of any bond of any denomination shall constitute full and due authorization of such denomination and the Trustee shall be thereby authorized to authenticate and deliver such bond.

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. Neither the Trustee nor the City 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 absolute owner thereof for all purposes, and payment of or on account of the principal or premium, if any, or interest on 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 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 5. The Series 2016 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 Series 2016 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 Series 2016 Bonds, and receipt of notices and exercise of rights of registered owners. There shall be one certificated, typewritten Series 2016 Bond for each stated maturity date and interest rate which shall

be immobilized in the custody of DTC with the beneficial owners having no right to receive the Series 2016 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 Series 2016 Bonds by book-entry on the system bonds 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 Series 2016 Bonds, and the participants and persons acting through participants are expected to maintain records of the purchasers of beneficial interests in the Series 2016 Bonds. The Series 2016 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 Series 2016 Bonds for use in a book-entry system, the City may establish a securities depository/book-entry system with another securities depository. If the City does not or is unable to do so, or upon request of the owners of all outstanding Series 2016 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 Series 2016 Bonds from the securities depository, and authenticate and deliver Series 2016 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 Series 2016 Bonds) of the City or of the beneficial owners of the Series 2016 Bonds.

Prior to issuance of the Series 2016 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 Series 2016 Bonds so long as the Series 2016 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 Series 2016 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 Series 2016 Bonds; provided that neither the Trustee nor the City may assume any obligations to such securities depository or beneficial owners of Series 2016 Bonds that are inconsistent with their obligations to any registered owner under this Ordinance.

Section 6. The bonds shall be executed on behalf of the City by the manual or facsimile signatures of the Mayor and City Clerk and shall have impressed or imprinted thereon the seal of the City. The Series 2016 Bonds and the Trustee's Certificate 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 Series 2016 Bond]

REGISTERED

REGISTERED

No. _____

UNITED STATES OF AMERICA
STATE OF ARKANSAS
COUNTY OF LONOKE
CITY OF CABOT
SALES AND USE TAX IMPROVEMENT BOND
SERIES 2016

Interest Rate: _____%

Maturity Date: June 1, _____

Dated Date: April 5, 2016

CUSIP No.: 127028

Registered Owner: Cede & Co.

Principal Amount: _____

KNOW ALL MEN BY THESE PRESENTS:

That the City of Cabot, County of Lonoke, State of Arkansas (the "City"), for value received, hereby promises to pay to the Registered Owner shown above upon the presentation and surrender hereof at the principal corporate trust office of U.S. Bank National Association, Olive Branch, Mississippi, or its successor or successors, as Trustee and Paying Agent (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 to the Registered Owner shown above interest thereon, in like coin or currency from the interest commencement date described below at the Interest Rate per annum shown above, payable on each June 1 and December 1 after the Dated Date shown above, until payment of such Principal Amount or, if this bond or a portion thereof 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. Notwithstanding the above, payment of interest shall be made by wire transfer when requested by the Registered Owner hereof if it is the registered owner of bonds of this issue in the aggregate principal amount of \$1,000,000 or more.

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 a 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 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 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 it is authenticated prior to the first interest payment date, in which event it shall bear interest from the Dated Date shown above, or unless at the time of authentication hereof interest is in default hereon, in which event it shall bear interest from the date to which interest has been paid.

This bond is one of an issue of City of Cabot, Arkansas Sales and Use Tax Improvement Bonds, Series 2016, aggregating Eight Million Two Hundred Ninety Thousand Dollars (\$8,290,000) in aggregate principal amount (the "bonds"), and is issued for the purpose of financing the costs of accomplishing the north terminal interchange improvements, paying necessary expenses incidental thereto, providing a debt service reserve, and paying expenses of authorizing and issuing the bonds.

The bonds are issued pursuant to and in full compliance with the Constitution and laws of the State of Arkansas (the "State"), particularly Amendment No. 62 to the Constitution of the State and Title 14, Chapter 164, Subchapter 3 of the Arkansas Code of 1987 Annotated (the "Authorizing Legislation"), and pursuant to Ordinance No. 4 of 2016 of the City duly adopted on February 25, 2016 (the "Authorizing Ordinance"), and an election duly held on April 9, 2013 at which the majority of the legal voters of the City voting on the questions approved the issuance of the bonds. Reference is hereby made to the Authorizing Ordinance for the details of the nature and extent of the security and of the rights and obligations of the City, the Trustee and the registered owners of the bonds. The bonds are special obligations of the City, payable from the collections that are received by the City (the "Pledged Revenues") from a 1.00% sales and use tax (the "Tax") levied by the City under the Authorizing Legislation and Ordinance No.1 of 2013 of the City duly adopted on January 22, 2013, and the City hereby pledges the Pledged Revenues for the payment of this bond.

The bonds are subject to extraordinary, optional and mandatory sinking fund redemption as follows:

(1) The bonds shall be redeemed by the City from Surplus Tax Collections (defined below) and from proceeds of the bonds not needed for the intended purposes on any interest payment date, in whole or in part, and if in part in inverse order of maturity and by lot within a maturity in such manner as the Trustee shall determine, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date.

(2) The bonds are subject to redemption at the option of the City, from funds from any source, on and after June 1, 2021, in whole at any time or in part on any interest payment date, at a redemption price equal to the principal amount being redeemed plus accrued interest to the redemption date. If fewer than all of the bonds shall be called for redemption, the particular maturities and interest rates 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 and interest rate shall be called for redemption, the particular bonds or portion thereof to be redeemed from such maturity and interest rate shall be selected by lot by the Trustee.

(3) To the extent not previously redeemed, the bonds maturing on June 1, 2031, June 1, 2036 and June 1, 2043 are subject to mandatory sinking fund redemption by lot in such manner as the Trustee shall determine, on June 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 June 1, 2031:

<u>Year</u>	<u>Principal Amount</u>
2027	\$265,000
2028	275,000
2029	280,000
2030	290,000
2031 (maturity)	300,000

Bonds Maturing June 1, 2036:

<u>Year</u>	<u>Principal Amount</u>
2032	\$310,000
2033	320,000
2034	330,000
2035	345,000
2036 (maturity)	355,000

Bonds Maturing June 1, 2043:

<u>Year</u>	<u>Principal Amount</u>
2037	\$370,000
2038	385,000
2039	400,000
2040	415,000
2041	435,000
2042	450,000
2043 (maturity)	470,000

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.

The City has covenanted in the Authorizing Ordinance that Surplus Tax Collections, being collections from the Tax excess of the amount necessary to (1) insure the prompt payment of the principal of, interest on and Trustee's fees and expenses and administrative charges in connection with the bonds and the Additional Bonds as the same become due, (2) maintain the debt service reserve in the required amount, and (3) pay any arbitrage rebate payments due under Section 148(f) of the Internal Revenue Code of 1986, as amended, must be used from time to time on each interest payment date as and to the extent available to redeem outstanding bonds prior to maturity.

The City shall apply 85% of the Surplus Tax Collections to the redemption of the Series 2013 Bonds, and 15% of the Surplus Tax Collections to the redemption of the Series 2015 Bonds.

In the case of any defeasance of the bonds, redemption of defeased bonds shall be scheduled on the basis of the mandatory redemption requirements and assuming annual Tax receipts in an amount equal to Tax receipts for a twelve-month period that ends not less than 30 and not more than 90 days prior to the defeasance.

Notice of redemption identifying the bonds or portions thereof (which shall be \$5,000 or a multiple thereof) to be redeemed and the date they shall be presented for payment 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 transmission and electronic 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.

This bond is transferable by the Registered Owner shown above in person or by his attorney-in-fact duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Authorizing Ordinance, and upon surrender and cancellation of this bond. 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. This bond is issued with the intent that the laws of the State shall govern its construction.

The City and the Trustee may deem and treat the Registered Owner shown above as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof 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, fully registered bonds may be exchanged for a like aggregate principal amount of fully registered 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, under the Constitution and laws of the State, particularly Amendment No. 62 to the Constitution of the State and the Authorizing Legislation, precedent to and in the issuance of this bond have existed, have happened and have been performed in due time, form and manner as required by law; that the indebtedness represented by this bond and the issue of which it forms a part does not exceed any constitutional or statutory limitation; and that a tax sufficient to pay the bonds and interest thereon has been duly levied under the Authorizing Legislation and receipts derived therefrom are pledged to the payment of the bonds in accordance with the Authorizing Legislation.

THE BONDS ARE QUALIFIED TAX-EXEMPT OBLIGATIONS DESIGNATED BY THE CITY FOR PURPOSES OF SECTION 265(b) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

This bond shall not be valid until it shall have been authenticated by the Certificate hereon duly signed by the Trustee.

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

CITY OF CABOT, ARKANSAS

By: _____
Mayor

ATTEST:

City Clerk-Treasurer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds issued under the provisions of the within mentioned Authorizing Ordinance.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION
Olive Branch, Mississippi
TRUSTEE

By: _____
Authorized Signature

(A Form of Assignment shall be attached to the bonds.)

[End of Bond Form]

Section 7. The City hereby expressly pledges and appropriates ail of the revenues derived by the City from a sales and use tax (the "Tax") levied by Ordinance No. 1 of 2013, adopted January 22, 2013 to the payment of the principal of and interest on the bonds when due at maturity or at redemption prior to maturity, administrative costs, the fees and charges of the Trustee and any required arbitrage rebate due to the United States. The City covenants that the Tax shall not be repealed or reduced while any or the bonds are outstanding. The City further covenants to use due diligence in collecting the Tax. Nothing herein shall prohibit the City from increasing the Tax from time to time, to the extent permitted by law, and no part of the revenues derived from any such increase shall become part of the revenues pledged hereunder.

Section 8. The City hereby designates U.S. Bank National Association, Olive Branch, Mississippi, as the bank which shall receive collections of the Tax (the "Pledged Revenues") from the State Treasurer and the City covenants to file a written designation thereof with the State Treasurer prior to the issuance of the Series 2016 Bonds. The Trustee shall deposit all Pledged Revenues as and when received into a special fund of the City in the Trustee which is hereby created and designated "Sales and Use Tax Bond Fund" (the "Bond Fund").

Section 9. Monies deposited into the Bond Fund will provide funds for the payment of principal of and interest on the bonds as they become due at maturity or at redemption prior to maturity, the Trustee's fees and expenses and other administrative charges, and any arbitrage rebate due the United States under Section 148(f) of the Code. Moneys in the following Bond Fund accounts shall be used on each interest payment date (or in the case of arbitrage rebate or bond redemption payment under clauses (6) or (7) on any date due) in the following order of priority as and when necessary:

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

(7) to redeem bonds prior to maturity according to the redemption provisions of the bonds.

The Bond Fund (excluding those moneys in the Debt Service Reserve Account and the Redemption Account) shall, except as provided in this Section, be depleted once a year except for a carryover amount not to exceed the greater of (i) one year's earnings on the Bond Fund or (ii) 1/12 of the debt service on the bonds. Any moneys in the Bond Fund shall, except as provided in this Section, be spent for one of the above purposes within a thirteen-month period beginning on the date of deposit, and any amount received from investment of money held in the Bond Fund will be spent within a one-year period beginning on the date of receipt.

(b) There shall be established and maintained in the Bond Fund a Debt Service Reserve Account in an amount of \$192,672.50 (the "Required Level"). The City shall fund the Debt Service Reserve Account at the times the bonds are issued. Moneys in the Debt Service Reserve Account shall be used to make principal and interest payments on the bonds when due if moneys in the Bond Fund are not otherwise sufficient for that purpose. Moneys in the Debt Service Reserve Account over and above the Required Level shall be immediately transferred from the Debt Service Reserve Account into the Bond Fund. The Trustee shall recalculate the Required Level upon the defeasance or payment in full of any particular issue of the bonds. The Required Level for the Debt Service Reserve Account shall be reduced at the time an issue of bonds is no longer outstanding to an amount equal to one-half of the maximum annual debt service requirements on the issues of bonds that remain outstanding. Moneys in the Debt Service Reserve Account shall be used to make the final payment of the principal of and interest on the bonds due at maturity or redemption prior to maturity.

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

(d) All moneys in the Bond Fund shall be used solely for the purpose of paying the principal of and interest on the bonds, Trustee's fees and expenses and other administrative charges, and any arbitrage rebate due to the United States under Section 148(f) of the Code as the same become due. There shall be established and maintained in the Bond Fund a Redemption Account into which there shall be deposited all Pledged Revenues remaining after making the applications required by clauses (1) through (6) of subsection (a) above ("Surplus Tax Collections") and bond proceeds transferred to the Redemption Account pursuant to Section 16 of this Ordinance. The

City covenants that moneys in the Redemption Account shall be used on the next available interest payment date, or in the case of the redemption in full of the bonds, on the redemption date, for the purpose of redeeming bonds in accordance with clause (7) of subsection (a) above.

(e) The Trustee is authorized and directed to withdraw moneys from the Bond Fund from time to time as necessary for paying principal of and interest on the bonds when due at maturity or at redemption prior to maturity and for making other authorized Bond Fund expenditures.

(f) The bonds shall be specifically secured by a pledge of the Pledged Revenues, which pledge in favor of the bonds is hereby irrevocably made according to the terms of this Ordinance, and the City, and the officers and employees of the City, shall execute, perform and carry out the terms thereof in strict conformity with the provisions of this Ordinance.

(g) Anything herein to the contrary notwithstanding, moneys in the Redemption Account and interest earnings thereon (1) shall be used from time to time to make up shortfalls in the Bond Fund, rather than redeeming bonds prior to maturity, and (2) shall not be used to redeem bonds more often than annually (rather than on each interest payment date) if the Trustee reasonably determines that such amounts available for redemption may be needed to make scheduled debt service payments.

Section 10. 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) non-callable Government Securities (as defined in Section 17 hereof) (provided that such deposit will not cause any of the bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code), maturing as to principal and interest in such amounts and at such times as will provide sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee.

On the payment of any 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 Government 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 required arbitrage rebate payment has been made to the United States under Section 148(f) of the Code or provision made therefor, 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.

Section 11. The City covenants that it will not issue any bonds or incur any additional obligations secured by a lien on or pledge of the Pledged Revenues. Notwithstanding the above, nothing herein shall be construed to prohibit the City from refunding any bonds and pledging the Pledged Revenues to the refunding bonds on a parity with the non-refunded bonds and such refunding bonds shall be a part of the Additional Parity Bonds hereunder.

Section 12. The Series 2016 Bonds shall be callable for payment prior to maturity in accordance with the terms set out in the face of the bond form set forth in Section 6 of this Ordinance. The City hereby covenants to use Series 2016 Bond proceeds not necessary for the purposes intended to redeem Series 2016 Bonds on the first available interest payment date. The City hereby covenants to use Surplus Tax Collections to redeem the bonds in accordance with Section 9 of this Ordinance.

Section 13. It is hereby covenanted and agreed by the City with the owners of the bonds that the City will faithfully and punctually perform all duties with reference to the Tax and the bonds required by the Constitution and laws of the State and by this Ordinance, including the collection of the Pledged Revenues, as herein specified and covenanted, and the applying of the Pledged Revenues as herein provided.

Section 14. The Trustee will keep or cause to be kept proper books of accounts and records in which complete and correct entries shall be made of all transactions relating to the Pledged Revenues and such books shall be available for inspection by the City, the Purchaser, and the owner of any of the bonds at reasonable times and under reasonable circumstances. The Trustee shall furnish a report to the City on a monthly basis of all receipts and disbursements of the Pledged Revenues received by the Trustee, which monthly report shall commence one month following the first month in which the Pledged Revenues are received by the Trustee.

Section 15. (a) If there be any default in the payment of the principal of and interest on any of the bonds, or if the City defaults in the performance of any covenant contained in this Ordinance, the Trustee may, and shall, upon the written request of the owners of not less than 25% in principal amount of the bonds then outstanding, by proper suit compel the performance of the duties of the officials of the City under the Constitution and laws of the State and under this Ordinance, and to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

(b) No owner of any bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or in law for the protection or enforcement of any right under this Ordinance or under the Constitution and 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 to 25% 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 Constitution and laws of the State, 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 cost, expense and liabilities to be 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 trust 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 the 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, enforceable by the Trustee, may be enforced by it without the possession of any of the bonds, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name and for the benefit of all the owners of the bonds, subject to the provisions of 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 any law or by the Constitution of the State.

(e) No delay or omission of the Trustee or of any owners of the bonds to exercise any right or power accrued upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by 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 a majority of the owners 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.

Section 16. When the Series 2016 Bonds have been executed and sealed as herein provided, they shall be delivered to the Trustee, which shall authenticate them and deliver them to the Purchaser upon payment of the Purchase Price. The expenses of issuing the Series 2016 Bonds as set forth in the delivery instructions to the Trustee signed by the Mayor and City Clerk (the "Delivery Instructions") shall be paid from the Purchase Price. The amount necessary to be deposited into the Debt Service Reserve Account as set forth in the Delivery Instructions shall be deposited therein.

The balance of the Purchase Price shall be deposited in a special account of the City in the Trustee hereby created and designated "2016 North Terminal Interchange Improvement Fund" (the "2016 Construction Fund"). Disbursements shall be made from the 2016 Construction Fund on the basis of requisitions which shall specify: the name of the person, firm or corporation to whom payment is to be made; the amount of the payment; the purpose of the payment; the account from which the payment is to be made; and that the payment is a proper charge on that account. Each requisition must be signed by the City's Mayor and City Clerk/Treasurer. The Trustee shall issue its check upon the 2016 Construction Fund to the person, firm or corporation designated in requisition. The Trustee shall keep records as to all payments made from the 2016 Construction Fund.

Moneys in the 2016 Construction Fund shall also be used to pay the principal of and interest on the Series 2016 Bonds when due if moneys in the Bond Fund are not sufficient for that purpose.

When all required expenses have been paid and expenditures made from the 2016 Construction Fund for and in connection with the accomplishment of the 2016 Improvements and the financing thereof, this fact shall, if moneys remain in the 2016 Construction Fund, be evidenced by a certificate signed by the Mayor, which certificate shall state, among other things, that all obligations payable from the 2016 Construction Fund have been discharged. A copy of the certificate shall be filed with the Trustee, and upon receipt thereof the Trustee shall transfer any remaining balance to the Bond Fund for purposes of redeeming the Series 2016 Bonds.

Section 17. (a) Moneys held for the credit of the 2016 Construction Fund shall be invested and reinvested in Permitted investments (hereinafter defined) 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.

(b) Moneys held for the credit of the Debt Service Reserve Account shall be invested and reinvested 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 five years from the date of the investment or the final maturity date of the bonds that are outstanding on the date of the investment whichever is earlier.

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

(d) Obligations purchased as an investment of any fund or account shall be deemed at all times a part of such fund. Any profit or loss realized on investments of moneys in any fund shall be charged to said fund.

(e) The Trustee shall so invest and reinvest pursuant to the direction of the City.

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

Section 18. U.S. Bank National Association, Olive Branch, Mississippi, is hereby appointed to act as Trustee and Paying Agent pursuant to this Ordinance. Prior to the occurrence of an event of default and after the cure of any event of default which may have occurred, the Trustee shall undertake to perform such duties and only such duties as are specifically set out in this Ordinance. In case an event of default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Ordinance and use the same degree of care and skill in its exercise, as a reasonable and prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The recitals in this Ordinance and in 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 25% in principal amount of 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 by giving 60 days' notice in writing to the City Clerk and the owners of the bonds, and either the City, so long as it is not in default hereunder, or the majority in principal amount of the owners of the outstanding bonds 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 removal, the City shall forthwith designate a new Trustee by a written instrument filed in the office of the City Clerk. The new Trustee shall be a bank or a trust company in good standing, duly authorized to exercise trust powers and subject to

examination by federal or state authority, having a reported capital and surplus of not less than \$50,000,000. The preceding criteria may be met by a parent corporation if the parent corporation has guaranteed the obligations of the successor trustee. The Trustee and any successor Trustee shall file a written acceptance and agreement to execute the trusts imposed upon it 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. Notwithstanding the above, no removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed.

Section 19. (a) The terms of this Ordinance shall constitute a contract between the City and the owners of the bonds and 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 that the Trustee determines is not to the material prejudice of the owners of the bonds, in order to cure any ambiguity, defect or omission in this Ordinance or any amendment hereto or in connection with the issuance of the Additional Parity Bonds, without the consent 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 (1) an extension of the maturity of the principal of or the interest on any bond, or (2) a reduction in the principal amount of any bond or the rate of interest thereon, or (3) the creation of a pledge of the Pledged Revenues superior to the pledge created by this Ordinance, or (4) a privilege or priority of any bond or bonds over any other bond or bonds, or (5) a reduction in the aggregate principal amount of the bonds required for consent to such supplemental ordinance.

Section 20. (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 included in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City covenants that the proceeds of the sale of the bonds and the Pledged 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 Code.

(b) The City represents that it has not used or permitted the use of, and covenants that it will not use or permit the use of the 2016 Improvements, the facilities refinanced by the bonds or the proceeds of the bonds, in such manner as to cause the bonds to be "private activity bonds" within the meaning of Section 141 of the Code. In this regard, the City covenants that (i) it will not use (directly or indirectly) the proceeds of the bonds to make or finance loans to any person, and (ii) that while the bonds are outstanding the 2016 Improvements and the facilities refinanced by the bonds will only be used by state and local government entities and by persons on a basis as members of the general public.

(c) The City covenants that it will not reimburse itself from Series 2016 Bond proceeds for any costs paid prior to the date the Series 2016 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.

(d) The City covenants that it will, in compliance with the requirements of Section 148(f) of the Code, pay with moneys in 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 Non-purpose Investments (as therein defined) attributable to the Series 2016 Bonds, other than investments attributable to such excess over (B) the amount which would have been earned if such Non-purpose Investments attributable to the Series 2016 Bonds were invested at a rate equal to the Yield (as defined in the Code) on the Series 2016 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 (d). 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 Series 2016 Bonds for federal income tax purposes.

Section 21. 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. The City further 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 Series 2016 Bonds are issued, a statement concerning the Series 2016 Bonds which contains the information required by Section 149(e) of the Code.

Section 22. The City hereby designates the Bonds for purposes of paragraph (3) of Section 265(b) of the Code and covenants that the Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax, including the Bonds, have been or shall be issued by the City during the calendar

year in which the Bonds are issued. The City has no "subordinate entities" within the meaning of Section 265 of the Code.

Section 23. 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 24. The provisions of this Ordinance are separable and in the event that any section or part hereof shall be held to be invalid, such invalidity shall not affect the remainder of this Ordinance.

Section 25. All ordinances and resolutions and parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 26. Emergency. It is hereby ascertained and declared that the 2016 Improvements are immediately needed for the preservation of the public peace, health and safety and to remove existing hazards thereto. The 2016 Improvements cannot be accomplished without the issuance of the Series 2016 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.

SPONSOR:
William A. "Bill" Cypert, Mayor

PASSED: February __, 2016.
DATE:
APPROVED:

William A. "Bill" Cypert, Mayor

APPROVED AS TO FORM:

ATTEST:



Jim Taylor, City Attorney

Tammy Yocom, City Clerk-Treasurer

(Ordinance Prepared by:
David Menz, Bond Counsel)