

<u>May 1</u>	<u>Principal Amount</u>
2029	\$115,000
2030	120,000
2031	125,000
2032	130,000
2033	135,000

<u>May 1</u>	<u>Principal Amount</u>
2034	\$140,000
2035	150,000
2036	155,000
2037	160,000

The provisions for extraordinary and mandatory sinking fund redemption of the Series 2012 Bonds are subject to the provisions of the Authorizing Ordinance which permit the City to use moneys available for such redemption in the bond fund established for the Bonds to purchase Bonds having a maturity that would be subject to redemption on the next interest payment date at a price not in excess of par plus accrued interest, inclusive of brokerage fees. The City shall receive credit, at par, for Bonds acquired by the City and surrendered to the Trustee not less than 40 days prior to the redemption date.

In case any outstanding Series 2012 Bond is in a denomination greater than \$5,000, each \$5,000 of face value of such Series 2012 Bond shall be treated as a separate Series 2012 Bond of the denomination of \$5,000.

The City has covenanted in the Authorizing Ordinance that Surplus Tax Receipts, as defined above, 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.

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

Notice of redemption identifying the bonds or portions thereof (which shall be \$5,000 or a multiple thereof) to be redeemed and the date they shall be presented for payment shall be given by the Trustee, not less than 15 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.

So long as the Bonds are in book-entry only form, notice of redemption will be given only to Cede & Co., as nominee of DTC, as registered owner of the Bonds, and the Trustee will not mail redemption notice directly to the Beneficial Owners of the Bonds.

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 laws of the State and receipts derived therefrom are pledged to the payment of the bonds in accordance with the Authorizing Legislation.

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

The bonds are hereby designated as qualified tax-exempt obligations within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

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

CITY OF ELKINS, ARKANSAS

By: /s/ Bruce Ledford
Mayor

ATTEST:

/s/ Jason Bathon
City Recorder/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: _____.

SIMMONS FIRST TRUST COMPANY, N.A.
Pine Bluff, Arkansas
TRUSTEE

By: _____
Authorized Signature

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

Section 7. The City hereby expressly pledges and appropriates all of the revenues derived by the City from collections of a 1.00% sales and use tax (the "Tax") levied by Ordinance No. 07-07-2008B, adopted July 7, 2008 and approved by the voters at a special election on September 9, 2008 (the "Pledged Revenues"), 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 of 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. (a) The City hereby designates Simmons First Trust Company, N.A., Pine Bluff, Arkansas, as the bank which shall receive collections of the Tax 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 2012 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 Revenue Fund" (the "Revenue Fund").

(b) Moneys in the Revenue Fund shall, within two (2) business days of receipt, be transferred to the following accounts each month, in the following order of priority:

- (1) 1/6 of the interest on the bonds next due - Debt Service Account in the Bond Fund (hereinafter identified); and
- (2) 1/12 of the principal of the bonds next due at maturity or upon mandatory sinking fund redemption - Debt Service Account in the Bond Fund; and
- (3) the Trustee's fees and expenses and other administrative charges next due - Expense Account in the Bond Fund; and
- (4) the amount which may be necessary to increase the Debt Service Reserve Account to the required level - Debt Service Reserve Account in the Bond Fund; and
- (5) the amount necessary to pay any arbitrage rebate due under Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code") - Expense Account in the Bond Fund; and
- (6) the balance shall be used to redeem Bonds prior to maturity according to the redemption provision of the Bonds.

The deposits made into the Debt Service Account in the Bond Fund shall be reduced in order to take into account as a credit (1) interest earnings, (2) accrued interest deposited therein from bond proceeds and (3) transfers from the Debt Service Reserve Account. The deposits made into the Debt Service Account shall be increased as needed (a) so that approximately level payments are made in order to make the first two debt service payments on the Series 2012 Bonds and (b) in order to make up any deficiencies in prior months' deposits.

Section 9. (a) There is hereby created a special fund of the City in the Trustee which is designated "Sales and Use Tax Bond Fund" (the "Bond Fund"), for the purpose of providing 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. There shall be established in the Bond Fund the following accounts into which money from the Revenue Fund shall be deposited monthly: (i) Debt Service Account; (ii) Debt Service Reserve Account, and (iii) Expense Account. Moneys in the following Bond Fund accounts shall be used on each interest payment date 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 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.

In addition, moneys in the Expense Account shall be used to pay, when due, the arbitrage rebate.

The Bond Fund (excluding those moneys in the Debt Service Reserve 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. The Trustee shall recalculate the Required Level upon the defeasance or payment in full of any particular issue of the bonds.

(b) There shall be deposited and maintained in the Debt Service Reserve Account an amount equal to the maximum annual debt service requirement on the bonds (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.

(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.

(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.

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 additional bonds, or incur any additional obligations, secured by a lien on or pledge of the Pledged Revenues prior to the lien and pledge in favor of the outstanding bonds. The City further covenants that it will not issue additional bonds, or incur additional obligations, secured by a lien on or pledge of the Pledged Revenues on a parity with the outstanding bonds, except as hereinafter authorized. Additional Parity Bonds may be issued so long as the City has received collections from the Tax, the 1% local sales and use tax levied by the City, for a 12 month period that ends not less than 30 and not more than 90 days prior to the date that the Additional Parity Bonds are authorized by the City Council of the City to be issued, in an amount equal to or in excess of 125% of the maximum annual debt service requirement for the Series 2012 Bonds, any outstanding Additional Parity Bonds and the Additional Parity Bonds proposed to be issued. 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.

The City may issue additional bonds, or incur additional obligations, secured by a lien on or pledge of the Pledged Revenues, expressly subordinate to the lien and pledge in favor of the bonds.

Section 12. The Series 2012 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 2012 Bond proceeds not necessary for the purposes intended to redeem Series 2012 Bonds on the first available interest payment date.

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 than 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 incurred therein or thereby and the Trustee shall have refused or neglected to comply

with such request within a reasonable time, and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and 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 2012 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 accrued interest shall be deposited in the Bond Fund. The expenses of issuing the Series 2012 Bonds as set forth in the delivery instructions to the Trustee signed by the Mayor and City Recorder/Treasurer (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.