

**RECESSED REGULAR MEETING OF THE CITY COUNCIL**

**TUESDAY, OCTOBER 21, 2014, 4:30 P.M.**

**PASCAGOULA, MISSISSIPPI**

The City Council of the City of Pascagoula, Mississippi, met at City Hall in a recessed regular meeting on Tuesday, October 21, 2014, at 4:30 p.m. Mayor Blevins called the meeting to order with the following officials present:

Mayor Harry J. Blevins  
Councilman Burt Hill  
Councilman Freddy Jackson  
Councilman Marvin Pickett, Sr.  
Councilwoman Brenda Simkins  
Councilman David Tadlock  
Councilman Scott Tipton

City Manager Joe Huffman  
City Attorney Eddie Williams  
Chief Deputy City Clerk Carol Groen  
City Clerk/Comptroller Bobby Parker

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Mayor Blevins welcomed everyone to the meeting. The invocation was given by Councilman Jackson and the pledge of allegiance was led by Councilman Hill.

Councilman Hill made a motion to close the meeting to consider going into executive session. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "ABSENT", Tadlock "AYE", Tipton "AYE", and Pickett "AYE".

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Councilman Tadlock made a motion to go into executive session for the purpose of discussing a personnel matter. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "ABSENT", Tadlock "AYE", Tipton "AYE", and Pickett "AYE, after which the Mayor announced to the public and those in attendance that the Council had voted to hold an executive session for the purpose stated herein. The Council then began the executive session.

Councilwoman Simkins arrived at 4:35 p.m.  
Councilman Tadlock left the meeting at 4:45 p.m.

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Councilman Pickett made a motion to end the executive session and return to open session. The motion was seconded by Councilman Hill and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "ABSENT", Tipton "AYE" and Pickett "AYE".

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No action was taken in executive session.

The City Council returned to the regular meeting at 5:50 p.m. The Mayor stated to those in attendance that the meeting was back in regular session.

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**Address the Council:**

Catherine Glaude, Director of the Boys and Girls Club, addressed the Council to thank them for their support. Some of the youth from the club passed out thank you cards to the

Council and to Darcie Crew. The Mayor thanked them for coming, for the cards and all of the hard work involved in running the Boys and Girls Club.

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Jay Estes with Allen Engineering addressed the Council regarding the required training for officials on the storm water requirements and program. Mr. Estes passed out a handout to the Council and thanked them for their support and the great staff he works with. The Mayor thanked Mr. Estes for coming and for the recognition of the City staff.

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JP Nicolais and Lori West of Climb CDC addressed the Council regarding the potential development of a culinary arts center in Pascagoula. They passed out a handout to the Council and gave a power point presentation. They presented the mission, goals and objectives of Climb along with success stories. Mr. Nicolais and Ms. West expressed desires to open up a Climb CDC culinary arts center in Pascagoula and look forward to working with Joe Huffman and Jen Dearman on the process. The Mayor thanked them for coming and their presentation and stated the Council will take this under consideration.

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Tyres Autrey addressed the Council regarding campaign signage. Mr. Autrey handed out some correspondence and voiced his concerns on the campaign signage. The Mayor thanked him for his professionalism and advised the Council will take his concerns under consideration.

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(Councilman Tadlock arrived back at the meeting at 6:03 p.m.)

**The consent agenda was considered at this time:**

The first item for consideration was the minutes of the regular Council meeting held on October 7, 2014, as recommended by Brenda Reed, Asst. City Clerk.

Councilman Jackson made a motion to adopt and approve the minutes of the regular Council meeting held on October 7, 2014, as recommended. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". (Approved 10-21-14)

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The next item for consideration was advertising the resources of the City through the Gulf Coast Council of Garden Clubs, 63rd Annual Spring Pilgrimage 2015 "Coastal Treasures" in the amount of \$250.00 as recommended by Eddie Williams, City Attorney.

Councilman Jackson made a motion to approve the advertising request of the Gulf Coast Council of Garden Clubs, 63rd Annual Spring Pilgrimage 2015 "Coastal Treasures" in the amount of \$250.00 as recommended. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". (Approved 10-21-14)

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The next item for consideration was a Resolution choosing not to subject the City to the code requirements imposed under Senate Bill 2378, Mississippi, Legislature, 2014 Session as recommended by Eddie Williams, City Attorney.

The Resolution is spread on the minutes as follows:

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
PASCAGOULA, MISSISSIPPI, CHOOSING NOT TO SUBJECT  
THE CITY TO THE CODE REQUIREMENTS IMPOSED  
UNDER SENATE BILL 2378, MISSISSIPPI LEGISLATURE,  
2014 REGULAR SESSION**

**WHEREAS**, Senate Bill No. 2378, passed in the 2014 Regular Session of the Mississippi Legislature, Section 1, subsection 1, mandates that all Mississippi municipalities shall adopt and amend as minimum construction codes one of several codes set forth in Senate Bill 2378; and

**WHEREAS**, the City of Pascagoula has recently updated all of its building codes which, in many cases, have stricter standards than the codes mentioned under Senate Bill 2378; and

**WHEREAS**, Section 1, subsection 3 of Senate Bill 2378 provides that within one hundred twenty (120) days after the provisions of the bill go into effect on August 1, 2014, the City Council, upon resolution duly adopted and entered upon its minutes, may choose not to be subject to the code requirements imposed under Section 1, subsection 1 of Senate Bill 2378; and

**WHEREAS**, the City of Pascagoula fully intends to continue to abide by all building codes and property maintenance codes heretofore adopted by the City; and

**WHEREAS**, the City hereby makes this choice not to be bound by the code mandates imposed under Section 1, subsection 1 of Senate Bill 2378:

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PASCAGOULA** that it exercises its authority to choose not to be bound by the construction code mandates of Senate Bill 2378, Section 1, subsection 1, and to continue with the enforcement of the building codes and property maintenance codes heretofore adopted and fully operative within the City of Pascagoula.

The above Resolution was introduced by Councilman Jackson, seconded for adoption by Councilman Pickett, and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE" and Pickett "AYE". The Mayor then declared the Resolution adopted on the 21st day of October, 2014.

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The next item for consideration was an Ordinance to repeal Section 18-157 of the Code of Ordinances requiring bonds for taxicab drivers as recommended by Eddie Williams, City Attorney.

The Ordinance is spread on the minutes as follows:

**ORDINANCE NO. 9-2014**

**CITY OF PASCAGOULA, MISSISSIPPI**

**AN ORDINANCE TO REPEAL SECTION 18-157 OF THE CODE OF ORDINANCES OF THE CITY OF PASCAGOULA REQUIRING BONDS FOR TAXICAB DRIVERS AND FOR RELATED PURPOSES**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PASCAGOULA, MISSISSIPPI:**

SECTION 1. Section 18-157 of the Code of Ordinances of the City of Pascagoula, Mississippi, is hereby repealed.

SECTION 2. This ordinance shall become effective one month after passage.

The above Ordinance was introduced in writing by Councilman Jackson, seconded for adoption by Councilman Pickett, and received the following vote: Mayor Blevins voted "AYE", Councilman Hill voted "AYE", Councilman Jackson voted "AYE", Councilwoman Simkins voted "AYE", Councilman Tadlock voted "AYE", Councilman Tipton voted "AYE", and Councilman Pickett voted "AYE".

Passed this the 21<sup>st</sup> day of October, 2014.

APPROVED:

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Harry J. Blevins, Mayor

ATTEST:

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Carol Groen, Chief Deputy City Clerk

( S E A L )

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The next item for consideration was the Notice of Limitation of Use of Land required by the Department of the Interior for the Canty Street kayak launch grant funding as recommended by Eddie Williams, City Attorney.

The Notice of Limitation of Use of Land is spread on the minutes as follows:

**STATE OF MISSISSIPPI**

**OUNTY OF JACKSON**

**NOTICE OF LIMITATION OF USE OF LAND  
OF THE CITY OF PASCAGOULA, MISSISSIPPI**

Notice is hereby given that the following described land has been acquired or developed with Federal assistance provided from the Land and Water Conservation Fund of the Department of the Interior in accordance with the Land and Water Conservation Fund Act of 1965, as amended, 16U.S.C.4601-5 et seq.(1970 ed.), which property is described as follows to wit:

A parcel of land situated in Section 11, Township 8 South, Range 6 West, in Jackson County, Mississippi, more particularly described as Lot 10, Square B of the Hebrard Tract Subdivision as recorded in Deed Book 10, Page 60.

Beginning at the Northeast corner of said property at the intersection of the West right-of-way line of Canty Street and run thence South 11°58'36" East along the East right-of-way line of said Canty Street for a distance of 177.54' to the Southeast corner of said property. Thence run North 81°28'24" East along the

north line of the property currently owned by Charles Green to a point which lies on the East edge of a bayou. Thence run in a Northeasterly direction along the meanderings of said bayou for a distance of 182' more or less to the Northwest corner of said property and the South line of the property currently owned by Dan Northrop. Thence run South 81°22'43" West along the North line of said parcel for a distance of 34.89 feet back to the point of beginning containing 0.21 acres of land more or less.

Pursuant to a requirement of the Land and Water Conservation Fund Act of 1965 as set forth hereinabove, the City acknowledges that the property has been acquired or developed with Federal financial assistance provided by the National Park Service (formerly the Bureau of Outdoor Recreation) of the Department of the Interior, in accordance with the Land and Water Conservation Fund Act of 1965, as amended, 16U.S.C.4601-5 et seq.(1970 ed.), and that pursuant to a requirement of that law, this property may not be converted to other than public outdoor recreation uses, whether by transfer, sale, or any other method, without the express written approval of the Secretary of the Department of the Interior. By law, the Secretary shall approve such conversion only if he finds it to be in accord with the then-existing comprehensive statewide outdoor recreation plan and only upon such conditions as he deems necessary to assure the substitution of other recreation properties of at least equal fair market value and of reasonably equivalent usefulness and location.

The City, by the filing of this Notice of Limitation, acknowledges its understanding of the above and foregoing Limitation and agrees to be bound thereby.

Signed this the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

CITY OF PASCAGOULA, MISSISSIPPI

By: \_\_\_\_\_  
Harry J. Blevins, Mayor

ATTEST:

\_\_\_\_\_  
Robert J. Parker, City Clerk

**STATE OF MISSISSIPPI**

**COUNTY OF JACKSON**

Personally appeared before me, the undersigned authority in and for the above jurisdiction, **Harry J. Blevins**, who acknowledged that as Mayor of the City of Pascagoula,

Mississippi, after having been duly authorized so to do, he signed and delivered the above and foregoing Notice for and on behalf of the City of Pascagoula.

Witness my signature and seal of office on this the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission expires:

\_\_\_\_\_

S E A L

**Address and Telephone number of the City of Pascagoula, Mississippi:**

P.O. Box 908  
603 Watts Avenue  
Pascagoula, MS 39568-00908  
(228)762-1020

**Prepared by:**

Eddie C. Williams  
MS Bar #7232  
City Attorney  
City of Pascagoula  
P.O. Box 908  
Pascagoula, MS 39568-0908  
  
(228)762-5969

**Indexing Instructions:** Lot 10, Square B, Hebrard Tract Subdivision, Section 11, Township 8 South, Range 6 West.

Councilman Jackson made a motion to approve the Notice of Limitation of Use of Land as recommended and authorize the Mayor to execute the related documents. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins “AYE”. Councilmen Hill “AYE”, Jackson “AYE”, Simkins “AYE”, Tadlock “AYE”, Tipton “AYE”, and Pickett “AYE”. (Approved 10-21-14)

(A copy of the related documents is filed in the minute file of this meeting and incorporated herein by reference.)

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The next item for consideration was the soccer reimbursement for the 2012 – 2013 season for official fees as recommended by Darcie Crew, Parks & Recreation Director. The total reimbursement is for the Singing River Soccer Club in the amount of \$4,998.00.

Councilman Jackson made a motion to approve the soccer reimbursement fees of \$4,998.00 as recommended. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins “AYE”. Councilmen Hill “AYE”, Jackson “AYE”, Simkins “AYE”, Tadlock “AYE”, Tipton “AYE”, and Pickett “AYE”. (Approved 10-21-14)

(A copy of the related documents is filed in the minute file of this meeting and incorporated herein by reference.)

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The next item for consideration was the 2015 DUI Grant Fraud Compliance Form for the FY2015 DUI Grant awarded in September 2014, as recommended by Jen Dearman, Community and Economic Development Director.

Councilman Jackson made a motion to approve the 2015 DUI Grant Fraud Compliance Form as recommended and authorize the Mayor to execute the related documents. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". (Approved 10-21-14)

(A copy of the related documents is filed in the minute file of this meeting and incorporated herein by reference.)

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The next item for consideration was the request for permission to place banners advertising Fiesta de Cyclovia as recommended by Jen Dearman, Community and Economic Development Director. The banners will be placed at the following locations: Telephone Road at the Western Welcome Sign, at Bayou Casotte Parkway and Ingalls, and on Highway 90 at Pascagoula Street, Chicot Street, Market Street, and the Welcome Sign and in front of Walmart. The event will be held on November 8, 2014, with banners going up three weeks prior to the event.

Councilman Jackson made a motion to approve the banner request for Fiesta de Cyclovia as recommended. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". (Approved 10-21-14)

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The next item for consideration was the Mississippi Green Community Connection Grant Memorandum of Agreement as recommended by Jen Dearman, Community and Economic Development Director. The MOU is with the Mississippi Nursery and Landscape Association and no match is required.

The MOU is spread on the minutes as follows:

Memorandum of Understanding  
Between  
Mississippi Nursery & Landscape Association  
And  
City of Pascagoula, MS

I Joseph R. Huffman, representing the City of Pascagoula, MS accept the Mississippi Community Green Connection Grant for the South Region. I agree to spend the entire \$1,000 with an Active Member of the Mississippi Nursery & Landscape Association. I agree to provide documentation of how the funds were used in the form of receipts/bill of sale and photographs. I agree to mail this documentation to the Mississippi Nursery & Landscape Association on or before May 31, 2015.

City of Pascagoula:

Signature \_\_\_\_\_ Title City Manager  
Print \_\_\_\_\_ Date 10/21/2014

MNLA:

Signature \_\_\_\_\_ Title Executive Secretary/Treasurer  
Print Haley Barrett Date October 1, 2014

Councilman Jackson made a motion to approve the Mississippi Nursery & Landscape Association Grant MOU as recommended and authorize the City Manager to execute the related documents. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". (Approved 10-21-14)

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The next item for consideration was a request to authorize the City Clerk to advertise for bids for Annual Bid #348 (Sand) as recommended by Jaci Turner, City Engineer.

Councilman Jackson made a motion to authorize the City Clerk to advertise for bids for Annual Bid #348 (Sand) as recommended. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". (Approved 10-21-14)

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The next item for consideration was a request to authorize the City Clerk to advertise for bids for Annual Bid #347 – Antiscalant/Dispersant/Antifoulant (water treatment chemicals) as recommended by Jaci Turner, City Engineer.

Councilman Jackson made a motion to authorize the City Clerk to advertise for bids for Annual Bid #347 – Antiscalant/Dispersant/Antifoulant as recommended. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins “AYE”, Councilmen Hill “AYE”, Jackson “AYE”, Simkins “AYE”, Tadlock “AYE”, Tipton “AYE”, and Pickett “AYE”. (Approved 10-21-14)

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The next item for consideration was a proposal from Powell Construction Services, Inc., Vancleave, MS, for the traffic pole replacement at Highway 90 and Pascagoula Street as recommended by Jaci Turner, City Engineer. Two proposals were received for this work. The lowest proposal to replace the damaged traffic signal equipment was \$19,256.00 from Powell Construction Services, Inc.

The proposals are spread on the minutes as follows:



1308 W. Pine Street  
P. O. Box 2058  
Hattiesburg, MS 39403-2058  
Telephone (601) 545-3800  
FAX (601) 584-8320  
e-mail: bchain@bchain.com

October 13, 2014

City of Pascagoula  
Attn: Phillip Buehl  
Phone: 228-623-7911  
Fax: 228-938-2358

Please accept this as our proposal to provide and install a new 50ft mast arm mounted on a new 17ft pole shaft with foundation and removal of damaged equipment located at Pascagoula St. and Hwy 90 in Pascagoula, MS.

TOTAL LUMP SUM AMOUNT \$ 20,900.00

\*The price above includes all materials, equipment, and labor to install/replace a damaged Traffic Signal Mast Arm Pole.

\*Price includes mobilization and state tax.

If you have any questions or concerns, please call me at 601-545-3800 or 601-596-5152.

Thank you,

A handwritten signature in black ink, appearing to read "Harvey Simmons", is written over the typed name.

Harvey Simmons  
Manager, Commercial and Industrial Division

## Powell Construction Services, Inc.

\*\*\*\*\*Helping the State of Mississippi build and Direct out Future\*\*\*\*\*

Owner:	City of Pascagoula	17300 Springlake Dr. West
Atten:	Phillup Buehl	Vanceave, Ms. 39565
Phone:	228-623-7911	Office: 228-826-0678
Fax:	228-938-2358	Fax: 228-826-0602
Job Name:	City of Pascagoula Mast Arm Replacement	Cell: 228-217-8041
		E-Mail: Trafficlight2001@aol.com
Project No:	Damage Repair	
Location:	Hwy 90 @ Pascagoula St SW Corner	Addendums: 0
Date of Proposal:	10/10/2014	As of: 10/10/2014
Proposal Time:	N/A	Sent Proposal out: 10/10/2014
Estimator:	Gene Powell	Time E-mailed: 0940hrs

Ref. No.	Pay Item No.	Traffic Signal Description Base Bid Items	Approx. Quantity	Unit	Unit Price	Total Cost
1	639-A001 / 639-C001	Traffic Signal Equipment Pole 17ft Shaft /w 50ft Arm & Foundation /w Existing Pole removal	1	lf	\$19,256.00	19,256.00
<b>Total Job Quote:</b>						<b>19,256.00</b>

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**Special Notes:** *Please read and understand notes. If you have any questions please call me 228-217-8041*

- 1). The above price includes all labor, equipment and materials to include but not limited to New 17ft Galvanize Pole Shaft /w New 50ft galvanize arm, 2- New Type 1 \* 12in Black LED Traffic Signals /w Back plates, 36in diameter x 15ft Deep Concrete foundation and removal of damage Pole equipment and jack hammer existing foundation to within 6in below grade.
- 2). PCS Inc will reuse the existing D3-1 SNS "Hwy 90" sign and reattach it to the New mast Arm on an approved MDOT D3-1 Bracket.
- 3). Lead time for the New Mast Arm Pole is 14-16 Weeks once a formal Purchase Order has been received by the City of Pascagoula.
- 4). All traffic Control needed by PCS Inc to install above work is included in this quote.

The above Job Quote has been approved. Unless the change box has been check, followed by a detail sheet, you my proceed with the Installation as noted above. This job proposal is valid for 30 days from above Proposal date.

Please check one

Approved as Noted above:	<input type="checkbox"/>		Contract Number: _____
Approved with Changes:	<input type="checkbox"/>	See attach sheet.	City of Pascagoula

Authorized Signature: \_\_\_\_\_ Date Signed: \_\_\_\_\_

Print Authorized Name: \_\_\_\_\_  
Please sign and date the above and fax this back to our office for Verification.

If you have any questions please feel free to call me at 228-217-8041.

If you have any questions please feel free to call me at 228-217-8041.

Sincerely,  
William E. Powell

Councilman Jackson made a motion to approve the proposal of \$19,256.00 from Powell Construction Services, Inc. as recommended and authorize the City Manager to execute the related documents. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". (Approved 10-21-14)

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The next item for consideration was the Municipal Compliance Questionnaire for the fiscal year ended September 30, 2014, as recommended by Bobby Parker, City Clerk/Comptroller.

Councilman Jackson made a motion to accept the Municipal Compliance Questionnaire as recommended. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". (Approved 10-21-14)

(A copy of the related documents is filed in the minute file of this meeting and incorporated herein by reference.)

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The next item for consideration was Budget Amendment #15.02 in the General Fund for the Parks and Recreation Department as recommended by Bobby Parker, City Clerk/Comptroller.

The budget amendment is spread on the minutes as follows:

<b>City of Pascagoula</b> <b>Budget Amendment # 15.02</b> <b>October 21, 2014</b>			
	<u>Current Budget</u>	<u>Budget Amendment</u>	<u>Amended Budget</u>
<b><u>General Fund</u></b>	-	-	-
- <b><u>Expenditures:</u></b>	-		-
- <b><u>Parks &amp; Recreation:</u></b>			
- <b><u>Other Services &amp; Charges:</u></b>			-
- <b>League Reimbursement</b>	<b>18,000</b>	<b>4,998</b>	<b>22,998</b>
-			
-			
<b>Total Expenditures</b>	<b>18,000</b>	<b>4,998</b>	<b>22,998</b>
<b>Net Change in Fund Balance -</b>			
<b>General Fund</b>		<b>(4,998)</b>	
<b>To amend budget to provide expenditure authority for prior year soccer officials pay approved by the Council on October 3<sup>rd</sup>, and to be approved October 21<sup>st</sup>, 2014.</b>			

Councilman Jackson made a motion to approve Budget Amendment #15.02 as recommended. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". (Approved 10-21-14)

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The next item for consideration was Budget Amendment #15.03 in the Community Development Fund for the Grants Administration Department as recommended by Bobby Parker, City Clerk/Comptroller.

The budget amendment is spread on the minutes as follows:

<b>City of Pascagoula</b> <b>Budget Amendment # 15.03</b> <b>October 21, 2014</b>			
	<u>Current Budget</u>	<u>Budget Amendment</u>	<u>Amended Budget</u>
<b><u>Community Development Fund</u></b>	-	-	-
<b><u>Expenditures:</u></b>	-		-
<b><u>Community Development:</u></b>			
<b><u>Other Services &amp; Charges:</u></b>			
- Front Street Rec/Streetscape	96,038	62,214	158,252
<b>Total Expenditures</b>	<b>96,038</b>	<b>62,214</b>	<b>158,252</b>
<b>Net Change in Fund Balance -</b>			
<b>Community Development Fund</b>		<b>(62,214)</b>	
<b>To amend budget to provide expenditure authority for Amendment # 1 to the contract with Jimmy Gouras approved by Council October 1, 2013 and the amendment to the contract with Compton Engineering approved by Council May 6, 2014, both related to the Streetscapes Project.</b>			

Councilman Jackson made a motion to approve Budget Amendment #15.03 as recommended. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins “AYE”. Councilmen Hill “AYE”, Jackson “AYE”, Simkins “AYE”, Tadlock “AYE”, Tipton “AYE”, and Pickett “AYE”. (Approved 10-21-14)

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The next item for consideration was approval of conference fees and travel expenses for the City Council to attend the MML Mid-Winter Legislative Conference as recommended by Joe Huffman, City Manager. The conference will be held in Jackson, MS, on January 27-29, 2015.

Councilman Jackson made a motion to approve the conference fees and travel expenses for the City Council to attend the MML Mid-Winter Legislative Conference as recommended. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins “AYE”. Councilmen Hill “AYE”, Jackson “AYE”, Simkins “AYE”, Tadlock “AYE”, Tipton “AYE”, and Pickett “AYE”. (Approved 10-21-14)

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The next item for consideration was approval of registration fees for a table at the 71<sup>st</sup> Annual Chamber of Commerce Membership Meeting as recommended by Joe Huffman, City Manager. The meeting will be held at the Hilton Garden Inn in Pascagoula, MS, on October 30, 2014.

Councilman Jackson made a motion to approve the registration fees for a table at the 71<sup>st</sup> Annual Chamber of Commerce Membership Meeting as recommended. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". (Approved 10-21-14)

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The next item for consideration was a request by the Mississippi Gulf Coast Gem and Mineral Society to hang two banners and directional yard signs as recommended by Rebecca Davis, Main Street Director. The banners will be hung at the corner of Highway 90 and Hospital Road and at the corner of Hospital Road and Vega Street to advertise the event on November 7-9, 2014, at the Jackson County Fairgrounds.

Councilman Jackson made a motion to approve the banners and directional yard signs for the Mississippi Gulf Coast Gem and Mineral Society event as recommended. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". (Approved 10-21-14)

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The next item for consideration was the award of the Janitorial Services Contract to the low bidder, Service Master One Call as recommended by Robin Wood, Purchasing Agent. The contract dates will be November 1, 2014 through October 31, 2015.

Proposals were received as follows:

<u>NAME / LOCATION</u>	<u>ANNUAL AMOUNT</u>
Service Master One Call (Flowood, MS)	\$103,176.00
Baudier-Goodwin Cleaning (Vanceleave, MS)	\$103,344.00
Fred's Janitorial (Lucedale, MS)	\$104,124.00
Sparkle Cleaning Services (Moss Point, MS)	\$104,400.00
JaniKing (Wiggins, MS)	\$141,608.04
ServPro (Biloxi, MS)	\$163,599.24

The contract is spread on the minutes as follows:

**CONTRACT BETWEEN THE  
CITY OF PASCAGOULA, MISSISSIPPI  
AND**

**WARNER INC. DBA SERVICE MASTER ONE CALL**

**THIS AGREEMENT** is made and executed this 28<sup>th</sup> day of October, 2014, by and between the City of Pascagoula, Mississippi (the "City") and Warner Inc. DBA Service Master One Call, (the "Contractor").

## WITNESSETH

**WHEREAS**, the Contractor proposes to provide the City with janitorial service for the City Hall Building, Arts on the Avenue Building, Senior Citizens Center, Community Development/Purchasing/Utilities Accounting Building, Planning and Building Department, Public Works Department, Anchor Square public restrooms, 12th Street Recreation Building, Scranton Nature Center, restrooms at MCC Park (corner of Orchard Road and Tillman Street), restrooms at Dixie Youth Baseball Complex (8th Street and Tucker Avenue), Soccer Complex (Tillman Street), Pascagoula Recreation Center, and Andrew Johnson Recreation Center floors; and

**WHEREAS**, the City wants the Contractor to provide said service;

**THEREFORE**, the parties hereto agree and contract as follows:

**SECTION 1.** The Contractor will provide janitorial service for the City Hall Building, Arts on the Avenue Building, Senior Citizens Center, Community Development/Purchasing/Utilities Accounting Building, Planning and Building Department, Code Enforcement and Engineering Trailers, Public Works Department, Anchor Square public restrooms and office, 12th Street Recreation Building, Scranton Nature Center, restrooms at MCC Park (corner of Orchard Road and Tillman Street), restrooms at Dixie Youth Baseball Complex (8th Street and Tucker Avenue), Soccer Complex (Tillman Street), Pascagoula Recreation Center, and Andrew Johnson Recreation Center floors in accordance with Exhibits "A-M" attached hereto.

**SECTION 2.** The Contractor will supply all necessary cleaning materials, cleaning machines, and janitorial equipment. Equipment must be of high quality in order to adequately maintain areas covered by this contract. Examples are (but not limited to): window cleaner, dust cleaner, floor soap, floor wax, carpet shampoo, vacuum cleaner, brooms, dustpans, mops, mop buckets, scrubbing machines and buffing machines. All floor wax must be a high quality non-skid wax. The City will furnish the following: paper towels, toilet tissue, air freshener, hand soap, and garbage bags.

**SECTION 3.** The janitorial services called for in this contract shall be performed after 5:00 p.m. unless otherwise determined by the department head as described in Exhibits "A-M" or any other section of this contract. The floors at the Andrew Johnson Recreation Center, Pascagoula Recreation Center, and 12<sup>th</sup> Street Building must be maintained on a weekly basis and work performed while the center is not open to the public.

**SECTION 4.** The Contractor agrees to perform the services called for herein in a good, professional, and workmanlike manner. Should such services be found by the City to be inadequate, it will inform the Contractor thereof, in writing. If the inadequacies of services are not corrected within three (3) days of being notified thereof, the City may, at its option, cancel this contract with no further liability to the Contractor. Further, the City, at its option, may deduct a percentage of the monthly service fee for services not performed as stated herein. Furthermore, either party may terminate this contract at any time by giving thirty (30) days' written notice.

**SECTION 5.** The Contractor shall maintain a current janitorial bond in the amount of \$25,000.00 for the duration of this contract. The Contractor shall maintain a current general liability insurance policy (combined single limit) with a limit of not less than \$300,000.00 per occurrence and \$600,000.00 aggregate for the duration of this contract. General liability insurance should include premises and operations and products and completed operations. The Contractor shall maintain Worker's Compensation Insurance, as required by law, for the duration of this contract. A copy of such bond, General Liability Insurance Certificate and Worker's Compensation Insurance shall be filed with the City Clerk immediately upon award of this contract. Any damages to City property by the Contractor or accidents causing bodily injury to the Contractor's employees shall be reported in writing to the City Clerk no later than the following morning after the incident.

**SECTION 6.** The Contractor shall provide a list of its employees and primary building assignments to the City Clerk and immediately inform the City Clerk of any changes to said list. The Contractor shall also provide a list of its employees who have been issued keys to certain City buildings.

**SECTION 7.** The Contractor shall complete service reports for each building indicating that the required work was completed and shall be verified by each department. These reports should be turned into the City Clerk's office with their invoice.

**SECTION 8.** The monthly janitorial fee of the Contractor shall be \$ 8598.00. The City shall pay the Contractor the monthly janitorial fee not later than the 25<sup>th</sup> day of each month following the month in which service is rendered.

**SECTION 9.** The term of this contract shall be for one (1) year, beginning November 1, 2014, and ending October 31, 2015, with an option to renew for one year at the request of either party at the same rate of compensation. Notice of intent to renew must be in writing and sent not later than 60 days prior to the expiration of the initial term hereof.

**DATED** this the \_\_\_\_\_ day of October, 2014.

**CITY OF PASCAGOULA, MISSISSIPPI**

**COMPANY NAME**

**By:** \_\_\_\_\_

\_\_\_\_\_

*City Manager*

**BY:** \_\_\_\_\_

**ADDRESS:** \_\_\_\_\_

**TITLE:** \_\_\_\_\_

\_\_\_\_\_

*ADDRESS:* \_\_\_\_\_

**PHONE:** \_\_\_\_\_

\_\_\_\_\_

**FAX:** \_\_\_\_\_

**PHONE:** \_\_\_\_\_

**FAX:** \_\_\_\_\_

**PAGER:** \_\_\_\_\_

**CELL:** \_\_\_\_\_

**E-MAIL:** \_\_\_\_\_

**ATTEST:** \_\_\_\_\_

**ATTEST:** \_\_\_\_\_

The exhibits are spread on the minutes as follows:

**EXHIBIT A: BALLFIELDS AND SOCCER COMPLEX**

MCC Park at 5725 Orchard Road

Youth Baseball Complex at 1803 Tucker Avenue

Soccer Complex at 6001Tillman Street

1. **DAILY DUTIES (Monday-Friday, times indicated under “Seasonal Duties”)**
  - a. Sweep all floors and mop all floors.
  - b. Empty the wastebaskets, replace wastebasket liners as needed, place all trash in the outside garbage bin provided by the City.
  - c. Clean the restrooms (toilet, sink, and mirrors) and leave an adequate supply of toilet paper, paper towels, and soap in each one.
  - d. Replace stand-alone air fresheners provided by the City in each restroom as needed.
  - e. Clean the drinking water fountains.
  
2. **SEASONAL DUTIES: PERFORM DAILY DUTIES AS LISTED ABOVE**
  - a. Restrooms at MCC Park
    - i. Clean February 1st through July 15th.
  - b. Restrooms at Youth Baseball Complex
    - i. Clean March 1st through July 15<sup>th</sup>.
  - c. Restrooms at Soccer Complex.
    - i. Clean Friday and Sunday, from January 15th through April 30th and from September 1st through November 20th.

**Exhibit A Price: \$1167.00**

**EXHIBIT B: ANDREW JOHNSON RECREATION CENTER**

1402 Tucker Avenue

1. **WEEKLY DUTIES**
  - a. High speed buff all tile floors.
  - b. Maintain floors at Andrew Johnson Recreation Center (including mop, spray, buff and add wax to high traffic areas).
  
2. **MONTHLY DUTIES**
  - a. Clean baseboards, or more often as needed.
  
3. **SEMI-ANNUAL DUTIES**
  - a. Strip, seal, wax and buff floors, or more often as needed.

**Exhibit B Price: \$401.00**

**EXHIBIT C: ARTS ON THE AVENUE**

612 Delmas Avenue

**1. THREE TIMES PER WEEK DUTIES**

- a. Sweep all floors.
- b. Empty the wastebaskets, replace wastebasket liners as needed, place all trash in the outside garbage bin provided by the City.
- c. Clean the restrooms (toilet, sink, and mirrors) and leave an adequate supply of toilet paper, paper towels, and soap in each one.
- d. Clean all door glass areas.

**2. WEEKLY DUTIES**

- a. High speed buff all VCT tile floors.
- b. Mop the floors.
- c. Spot clean around door handles and door frames (inside and outside).
- d. Sweep porches.
- e. Spot clean all walls, or more often as needed.
- f. Clean water fountain outside back door of Arts on the Avenue.
- g. Vacuum all rugs.
- h. Dust all desks, file cabinets, tables, shelves, and other furniture, etc.

**3. MONTHLY DUTIES**

- a. Clean inside window ledges, or more often as needed.
- b. Clean baseboards, or more often as needed.

**Exhibit C Price: \$295.00**

**EXHIBIT D: 12<sup>TH</sup> STREET RECREATION CENTER**

2201 12<sup>th</sup> Street

**1. WEEKLY DUTIES (March 1st - July 15th)**

- a. Sweep all floors.
- b. Clean the inside and outside restrooms (toilet, sink, and mirrors) and leave an adequate supply of toilet paper, paper towels, and soap in each one.
- c. Spot clean around door handles and door frames (inside and outside).
- d. Spot clean carpets, or more often as needed.
- e. Spot clean all walls, or more often as needed.
- f. Vacuum all carpets.
- g. Empty the wastebaskets, replace wastebasket liners as needed, place all trash in the outside garbage bin provided by the City.
- h. Clean the drinking water fountains.
- i. Clean all door glass areas.
- j. Mop the floors.
- k. Dust all desks, file cabinets, tables, shelves, and other furniture, etc.

**2. MONTHLY DUTIES**

- a. Clean inside window ledges, or more often as needed.
- b. High speed buff all tile floors.
- c. Clean baseboards, or more often as needed.

**3. SEMI ANNUAL DUTIES**

- a. Strip, seal, wax, and buff floors at 12th Street Recreation Center.
- b. Clean all ceiling, HVAC, and exhaust vents.
- c. Clean windows inside and outside, or more often as needed.
- d. Clean all blinds.

**4. ANNUAL DUTIES**

- a. Shampoo all carpets.

**Exhibit D Price: \$123.00**

**EXHIBIT E: CITY HALL**

603 Watts Avenue

**1. THREE TIMES PER WEEK DUTIES**

- a. Sweep all floors.
- b. Empty the wastebaskets, replace wastebasket liners as needed, place all trash in the outside garbage bin provided by the City.
- c. Clean the restrooms (toilet, sink, and mirrors) and leave an adequate supply of toilet paper, paper towels, and soap in each one.
- d. Clean all door glass areas.

**2. WEEKLY DUTIES**

- a. High speed buff all Terrazzo and tile floors.
- b. Mop the floors.
- c. Spot clean carpets, or more often as needed.
- d. Spot clean around door handles and door frames (inside and outside).
- e. Sweep porches, steps, and handicapped ramps.
- f. Spot clean all walls, or more often as needed.
- g. Clean chair rails.
- h. Clean the drinking water fountains.
- i. Vacuum all carpets and rugs.
- j. Dust all desks, file cabinets, tables, shelves, and other furniture, etc.

**3. MONTHLY DUTIES**

- a. Clean inside window ledges, or more often as needed.
- b. Clean baseboards, or more often as needed.
- c. Empty cigarette containers outside of all buildings.

**4. QUARTERLY DUTIES**

- a. Clean all light fixtures.
- b. Clean all ceiling, HVAC, and exhaust vents.
- c. Clean windows inside and outside, or more often as needed.
- d. Clean all blinds.
- e. Strip and refinish all Terrazzo and tile floors (using a quality nonskid wax), or more often as needed.

**5. SEMI-ANNUAL DUTIES**

- a. Shampoo all carpets.
- b. Clean grout in bathroom and kitchen tile floors.

**Exhibit E Price: \$784.00**

**EXHIBIT F: COMMUNITY DEVELOPMENT/PURCHASING/UTILITIES ACCOUNTING**

630 Delmas Avenue and 622 Delmas Avenue

**1. THREE TIMES PER WEEK DUTIES**

- a. Sweep all floors.
- b. Vacuum all carpets and rugs.
- c. Empty the wastebaskets, replace wastebasket liners as needed, place all trash in the outside garbage bin provided by the City.
- d. Clean the restrooms (toilet, sink, and mirrors) and leave an adequate supply of toilet paper, paper towels, and soap in each one.
- e. Clean all door glass areas.

**2. WEEKLY DUTIES**

- a. Mop the floors.
- b. Spot clean carpets, or more often as needed.
- c. Spot clean around door handles and door frames (inside and outside).
- d. Spot clean all walls, or more often as needed.
- e. Clean chair rails.
- f. Clean the drinking water fountains.
- g. Vacuum all carpets and rugs.
- h. Dust all desks, file cabinets, tables, shelves, and other furniture, etc.

**3. MONTHLY DUTIES**

- a. Clean inside window ledges, or more often as needed.
- b. Clean baseboards, or more often as needed.

**4. QUARTERLY DUTIES**

- a. Clean all light fixtures.
- b. Clean all ceiling, HVAC, and exhaust vents.
- c. Clean windows inside and outside, or more often as needed.
- d. Clean all blinds.

**5. SEMI-ANNUAL DUTIES**

- a. Shampoo all carpets.
- b. Clean grout in all tile floors.

**Exhibit F Price: \$784.00**

**EXHIBIT G: PUBLIC WORKS**

4011 14th Street

**1. DAILY DUTIES**

- a. Sweep and mop all floors, under desks and in crevices.
- b. Vacuum all carpets and rugs.
- c. Clean front door and all glass areas.
- d. Clean the restrooms (toilet, sink, and mirrors) and leave an adequate supply of toilet paper, paper towels, and soap in each one.
- e. Clean coffee pot and countertops.
- f. Empty the wastebaskets, replace wastebasket liners as needed, place all trash in the outside garbage bin provided by the City.

**2. WEEKLY DUTIES**

- a. Spot clean carpets, or more often as needed.
- b. Spot clean around door handles and door frames (inside and outside).

- c. Spot clean all walls, or more often as needed.
- d. Dust all desks, file cabinets, tables, shelves, and other furniture, etc.

**3. MONTHLY DUTIES**

- a. High speed buff all tile floors.
- b. Clean all windows.
- c. Clean inside window ledges, or more often as needed.
- d. Clean baseboards, or more often as needed.
- e. Empty cigarette containers outside of all buildings.

**4. QUARTERLY DUTIES**

- a. Clean all light fixtures.
- b. Clean all ceiling, HVAC, and exhaust vents.
- c. Clean windows inside and outside, or more often as needed.
- d. Clean all blinds.
- e. Strip and refinish all tile floors (using a quality nonskid wax), or more often as needed.
- f. Shampoo all carpeted areas and rugs.

**Exhibit G Price: \$530.00**

**EXHIBIT H: PLANNING AND BUILDING**

4015 14<sup>th</sup> Street

**1. THREE TIMES PER WEEK DUTIES**

- a. Sweep all floors.
- b. Vacuum all carpets and rugs.
- c. Empty the wastebaskets, replace wastebasket liners as needed, place all trash in the outside garbage bin provided by the City.
- d. Clean the restrooms (toilet, sink, and mirrors) and leave an adequate supply of toilet paper, paper towels, and soap in each one.
- e. Clean all door glass areas.

**2. WEEKLY DUTIES**

- a. Mop the floors.
- b. Spot clean carpets, or more often as needed.
- c. Spot clean around door handles and door frames (inside and outside).
- d. Spot clean all walls, or more often as needed.
- e. Vacuum all carpets and rugs.
- f. Sweep porches, steps, and handicapped ramps.
- g. Dust all desks, file cabinets, tables, shelves, and other furniture, etc.

**3. MONTHLY DUTIES**

- a. Clean inside window ledges, or more often as needed.
- b. Clean baseboards, or more often as needed.
- c. High speed buff all tile floors.

**4. QUARTERLY DUTIES**

- a. Clean all light fixtures.
- b. Clean all ceiling, HVAC, and exhaust vents.
- c. Clean windows inside and outside, or more often as needed.

- d. Clean all blinds.
- e. Strip and refinish all tile floors (using a quality nonskid wax), or more often as needed.

**5. SEMI-ANNUAL DUTIES**

- a. Shampoo all carpets.
- b. Clean grout in all tile floors.

**Exhibit H Price: \$412.00**

**EXHIBIT I: SCRANTON NATURE CENTER**

3928 Nathan Hale Avenue

**1. SUMMER (May 1-September 1)**

**a. THREE TIMES PER WEEK DUTIES**

- i. Sweep all floors and dust.
- ii. Clean the restrooms (toilets, sinks, and mirrors). Leave adequate supply of toilet paper, paper towels, and soap in each one.
- iii. Mop all floors once a week or more if needed.
- iv. Empty wastebaskets and replace wastebasket liners as needed. Place all garbage in the outside bin provided by the City.

**2. WINTER (September 2-April 30)**

**a. TWICE WEEKLY DUTIES**

- i. Sweep all floors and dust.
- ii. Clean the restrooms (toilets, sinks, and mirrors). Leave adequate supply of toilet paper, paper towels, and soap in each one.
- iii. Mop all floors once a week or more if needed.
- iv. Empty wastebaskets and replace wastebasket liners as needed. Place all garbage in the outside bin provided by the City.

**3. TWICE YEARLY DUTIES (March 1 and September 1)**

- a. Strip and wax floors of museum (using quality nonskid wax) on days that facility is closed (approximately March 1 and September 1).
- b. Clean windows and sills inside and out.

**Exhibit I Price: \$520.00**

**EXHIBIT J: ENGINEERING TRAILER, CODE ENFORCEMENT TRAILER, & PROPERTY  
MAINTENANCE BUILDING**

4015 14<sup>th</sup> Street

**1. THREE TIMES PER WEEK DUTIES**

- a. Sweep and mop all floors.
- b. Empty the wastebaskets, replace wastebasket liners as needed, place all trash in the outside garbage bin provided by the City.
- c. Clean the restrooms (toilet, sink, and mirrors) and leave an adequate supply of toilet paper, paper towels, and soap in each one.

**2. WEEKLY DUTIES**

- a. Dust all desks, file cabinets, tables, shelves, and other furniture, etc.

**3. MONTHLY DUTIES**

- a. Clean inside window ledges, or more often as needed.
- b. Clean baseboards, or more often as needed.
- c. High speed buff all tile floors.

**4. QUARTERLY DUTIES**

- a. Clean all light fixtures.
- b. Clean all ceiling, HVAC, and exhaust vents.
- c. Clean windows inside and outside, or more often as needed.
- d. Clean all blinds.
- e. Strip and refinish all tile floors (using a quality nonskid wax), or more often as needed.

**Exhibit J Price: \$597.00**

**EXHIBIT K: PARKS AND RECREATION CENTER**

2935 Pascagoula Street

**1. DAILY DUTIES**

- a. Sweep and mop all floors.
- b. Clean the restrooms (toilet, sink, and mirrors) and leave an adequate supply of toilet paper, paper towels, and soap in each one.
- c. Clean kitchen area (floors and counters).
- d. Empty the wastebaskets, replace wastebasket liners as needed, place all trash in the outside garbage bin provided by the City.

**2. THREE TIMES PER WEEK DUTIES**

- a. Vacuum all carpet/rugs in offices and activity spaces.
- b. Clean mirrors in activity rooms.
- c. Clean upstairs office/classroom including mop floors and stairway.
- d. Clean front entrance area glass doors and glass above doors, or more often as needed.
- e. Dust all desks and other furniture in offices.
- f. Clean all activity rooms (sweep, mop and remove trash).
- g. Clean restroom on south hallway (toilets, sinks, mirror).
- h. Wipe down all doors, including restroom stall doors (front and back).

**3. QUARTERLY**

- a. Clean all blinds.
- b. Clean inside window ledges, or more often as needed.
- c. Clean baseboards, or more often as needed.

**4. SEMI-ANNUAL DUTIES**

- a. Strip, mop, and wax all VCT tile floors.
- b. Clean all light fixtures.
- c. Clean all ceiling, HVAC, and exhaust vents.
- d. Clean all inside windows and outside windows that are accessible by ladder, or more often as needed.
- e. Clean all blinds.

- f. Strip and refinish all tile floors (using a quality nonskid wax), or more often as needed.
- g. Shampoo all carpeted areas and rugs.

**Exhibit K Price: \$1343.00**

**EXHIBIT L: PASCAGOULA SENIOR CENTER**

1912 Live Oak Avenue

**1. DAILY DUTIES**

- a. Sweep and mop all floors.
- b. Clean the restrooms (toilet, sink, and mirrors) and leave an adequate supply of toilet paper, paper towels, and soap in each one.
- c. Clean all activity rooms (sweep, mop, and remove trash).
- d. Empty the wastebaskets, replace wastebasket liners as needed, place all trash in the outside garbage bin provided by the City.
- e. Clean windows in lobby and entrance area.

**2. WEEKLY DUTIES**

- a. Sweep the porches, steps and ramps.
- b. Dust all offices, lobby and gift shop furniture.

**3. QUARTERLY DUTIES**

- a. Clean baseboards and window sills.
- b. Clean light fixtures.
- c. Clean HVAC vents.

**4. SEMI ANNUAL DUTIES**

- a. Strip and wax VCT tile floors.

**5. ANNUAL DUTIES**

- a. Clean the outside windows.

**Exhibit L Price: 1366.00**

**EXHIBIT M: ANCHOR SQUARE RESTROOMS AND  
OFFICE (COTTAGE G)**

303 Delmas Avenue

**1. THREE TIMES PER WEEK DUTIES**

- a. Clean rest rooms (toilets, sinks, and mirrors) and leave an adequate supply of toilet paper, paper towels, and soap in each one.
- b. Empty trash cans, replace liners as needed, and place trash in an outside garbage bin provided by City.
- c. Sweep and mop all floors.

**Exhibit M Price: \$276.00**

Councilman Jackson made a motion to approve awarding the Janitorial Services Contract to the low bidder, Service Master One Call as recommended and authorize the City Manager to execute related documents. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". (Approved 10-21-14)

(A copy of the related documents is filed in the minute file of this meeting and incorporated herein by reference.)

\*\*\*\*\*

The next item for consideration was approval of the submission of the Technical Assistance Scholarship Program - Tackling Vacancy and Abandonment in Your Community application as recommended by Jen Dearman, Community and Economic Development Director. The Center for Community Progress Program provides 200 hours of technical assistance with a value of \$75,000.00, and requires a local financial commitment of \$10,000.00.

Councilman Jackson made a motion to approve the application as recommended and authorize the Mayor to execute the related documents. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE" and Pickett "AYE". (Approved 10-21-14)

(A copy of the related documents is filed in the minute file of this meeting and incorporated herein by reference.)

\*\*\*\*\*

The next item for consideration was a Resolution approving assignment of Administrative Services Contract from Jimmy Gouras Urban Planning Consultants, Inc., to Professional Grant Management Services, LLC (Michele Moore), as recommended by Eddie Williams, City Attorney.

The Resolution is spread on the minutes as follows:

**RESOLUTION APPROVING AND CONSENTING TO THE  
ASSIGNMENT OF THE ADMINISTRATIVE CONTRACT BETWEEN  
JIMMY GOURAS URBAN PLANNING CONSULTANTS, INC.  
AND THE CITY OF PASCAGOULA BY JIMMY GOURAS  
URBAN PLANNING CONSULTANTS TO PROFESSIONAL  
GRANT MANAGEMENT SERVICES, LLC**

**WHEREAS**, the CITY OF PASCAGOULA (the "**City**") entered into an Administrative Agreement dated August 7, 2007 and October 1, 2013 (the "**Agreement**") with JIMMY GOURAS URBAN PLANNING CONSULTANTS, INC. ("**JGUPC**"), a Mississippi corporation, to perform certain administrative services for the City with regard to **R-103-290-01-KCR**; and

**WHEREAS**, JGUPC is desirous of assigning the Agreement to PROFESSIONAL GRANT MANAGEMENT SERVICES, LLC, a Mississippi limited liability company ("**PGMS**"), which is one hundred percent (100%) owned by the sole shareholder of JGUPC, and JGUPC has the right to assign the Agreement to PGMS; and

**WHEREAS**, PGMS has agreed to assume all obligations and responsibilities of JGUPC under the Agreement:

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Pascagoula as follows:

**SECTION 1:** That all the foregoing recitals shall be and the same are hereby found, declared, and adjudicated as true and correct.

**SECTION 2:** That the Assignment of the Agreement, a form of which is attached hereto as **Exhibit “A,”** is hereby approved and consented to by the City.

## **EXHIBIT “A”**

### **Assignment of Administrative Agreement**

**THIS ASSIGNMENT** is made and entered into as of the 15<sup>th</sup> day of October, 2014 by and between JIMMY GOURAS URBAN PLANNING CONSULTANTS, INC., a Mississippi corporation (“**Assignor**”), and PROFESSIONAL GRANT MANAGEMENT SERVICES, LLC, a Mississippi limited liability company (“**Assignee**”).

**WHEREAS**, Assignor has entered into a certain Administrative Agreement with the City of Pascagoula, dated as of the 7<sup>th</sup> day of August, 2007 and the 1<sup>st</sup> day of October, 2013, (the “**Agreement**”), relating to services for administration and grant management; and

**WHEREAS**, Assignor has the right to assign the Agreement, Assignor has agreed to transfer, convey, consign and deliver to Assignee all rights Assignor has in said Agreement:

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

**1. Assignment of Purchase Agreement.** Subject to the terms and conditions of the Agreement, Assignor hereby transfers, assigns, and delivers to Assignee, and Assignee hereby acquires and accepts all of the Assignor’s right, title and interest in the Agreement.

**2. Effect of assignment.** This Agreement is intended to assign all of Assignor’s rights and obligations under the Agreement unto Assignee. By accepting this assignment, Assignee hereby assumes all of Assignor’s rights and obligations contained in the Agreement and Assignee agrees to fulfill any all of the terms of the Agreement. This Agreement is in all respects subject to the provisions of the Agreement, and is not intended in any way to supersede, limit, or qualify any provision of the Agreement.

**3. Successors and Assigns.** This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective affiliates, successors, assigns, heirs, and devisees and legal representatives.

**4. Severability.** It is the intention of the parties that in the event a court of competent jurisdiction finds that any provision of portion of this Assignment is unenforceable for any reason, the balance and reminder of this Assignment shall remain effective and enforceable to the extent possible under the circumstances then existing.

**5. Governing Law.** Assignor and Assignee agree that this Assignment shall be deemed governed by the laws of the State of Mississippi and, further, each agrees to submit to the subject matter and personal jurisdiction of the courts of that state.

**6. Entire Agreement.** This Assignment supersedes all prior and contemporaneous agreements and discussions of the parties hereto regarding the subject matter hereof and the contract assigned hereby and, as written, constitutes the entire agreement of the parties.

**IN WITNESS WHEREOF**, the parties hereto have caused this Assignment to be duly executed as of the date first above written.

**ASSIGNOR:**

JIMMY GOURAS URBAN PLANNING  
CONSULTANTS, INC., a Mississippi corporation

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ASSIGNEE:**

PROFESSIONAL GRANT MANAGEMENT SERVICES  
LLC, a Mississippi limited liability company

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

Michele L. Moore, Manager

The above Resolution was introduced by Councilman Jackson, seconded for adoption by Councilman Pickett, and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". The Mayor then declared the Resolution adopted on the 21<sup>st</sup> day of October, 2014.

\*\*\*\*\*

The next item for consideration was approval of an engagement letter for audit services for fiscal year ending September 30, 2014, with Wolfe, McDuff & Oppie, P.A., as recommended by Bobby Parker, City Clerk/Comptroller. The fee is \$55,000.00 with no change in the fee from the previous year.

The engagement letter is spread on the minutes as follows:



**Wolfe • McDuff & Oppie**  
CERTIFIED PUBLIC ACCOUNTANTS  
(A Professional Association)

Michelle Oppie Gist, CPA

K. Jessica Mavromihalis, CPA  
Jesse J. Wolfe, CPA (1927-2009)  
Grover B. McDuff, CPA (Retired)  
Jack A. Oppie, CPA (Retired)

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September 15, 2014

Honorable Mayor and City Council  
City of Pascagoula  
Pascagoula, MS

We are pleased to confirm our understanding of the services we are to provide the City of Pascagoula for the year ending September 30, 2014. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of City of Pascagoula as of and for the year ending September 30, 2014. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City of Pascagoula's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City of Pascagoula's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Budgetary Comparison Schedule
- 3) Employee's Retirement System – Schedule of Funding Progress

We have also been engaged to report on supplementary information other than RSI that accompanies the City of Pascagoula's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements:

- 1) Schedule of Expenditures of Federal Awards

*Membership in:*

American Institute of Certified Public Accountants • Mississippi Society of Certified Public Accountants • AICPA Private Companies Practice Section  
AICPA Governmental Audit Quality Center • AICPA Center for Audit Quality • AICPA Employee Benefit Plan Audit Quality Center



The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Schedule of Surety Bonds of Municipal Officers

#### **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The OMB Circular A-133 report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to Management and City Council of the City of Pascagoula. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

#### **Management Responsibilities**

Management is responsible for the financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist

with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for (a) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (b) following laws and regulations; (c) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (d) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on March 17, 2015.

You are responsible for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with OMB Circular A-133. You agree to include our report on the

schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

#### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the

appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City of Pascagoula's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City of Pascagoula's major programs. The purpose of these procedures will be to express an opinion on the City of Pascagoula's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

### **Engagement Administration, Fees, and Other**

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Wolfe, McDuff & Oppie, P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State Auditor's Office or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Wolfe, McDuff & Oppie personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the State Auditor's Office. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately March 16<sup>th</sup>, 2015 and to issue our reports no later than June 30, 2015. Michelle Oppie Gist, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$55,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have

not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to the City of Pascagoula and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Wolfe, McDuff & Oppie, P.A.

RESPONSE:

This letter correctly sets forth the understanding of the City of Pascagoula.

Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Governance signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Councilman Jackson made a motion to approve the engagement letter with Wolfe, McDuff & Oppie, P.A., as recommended and authorize the City Manager to execute the related documents. The motion was seconded by Councilman Pickett and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". (Approved 10-21-14)

(A copy of the related documents is filed in the minute file of this meeting and incorporated herein by reference.)

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The next item for consideration was the Order for the docket of claims as follows:

**ORDER**

**WHEREAS**, the attached docket of claims for the period of October 3, 2014, through

October 17, 2014, has been presented to the City Council for allowance and approval; and

**WHEREAS**, the below claim numbers 09-12-01, 09-26-02, and 09-03 have also been presented to the City Council for allowance and approval:

<u>September 12, 2014</u>		<u>Claim # 09-12-01</u>
010	General Fund	\$ 487,083.74
400	Pascagoula Utilities	22,434.71
480	Solid Waste Mgmt.	<u>505.26</u>
	Total	<u>\$ 510,023.71</u>

<u>September 26, 2014</u>		<u>Claim 09-26-02</u>
010	General Fund	\$ 476,928.57
400	Pascagoula Utilities	22,603.45
480	Solid Waste Mgmt.	<u>561.39</u>
	Total	<u>\$ 500,093.41</u>

<u>Miscellaneous Claim</u>		<u>Claim # 09-03</u>
1000	City Share FICA	\$ 48,776.60
1100	City Share Medicare	11,407.48
7000	City Share PERS	<u>127,073.13</u>
	Total	\$ 187,257.21

**WHEREAS**, it appears that all of said claims are proper and should be allowed;

**NOW, THEREFORE, IT IS ORDERED** that all claims shown on said dockets are hereby allowed and approved for payment.

The above Order was introduced by Councilman Hill, seconded for adoption by Councilman Tipton, and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". The Mayor then declared the Order adopted on the 21st day of October, 2014.

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**The following new business items were considered at this time:**

The first item for consideration was a Resolution authorizing and directing the issuance of a General Obligation Bond not to exceed \$15,000,000.00; approving the Form of Indenture of Trust; and approving the Form of the Tax Intercept Agreement, as recommended by Eddie Williams, City Attorney.

The Resolution is spread on the minutes as follows:



**RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE OF A GENERAL OBLIGATION BOND, SERIES 2014 (THE "CITY BOND"), OF THE CITY OF PASCAGOULA, MISSISSIPPI, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED FIFTEEN MILLION DOLLARS (\$15,000,000) TO RAISE MONEY FOR (I) THE CONSTRUCTION, IMPROVEMENT OR PAVEMENT OF STREETS, SIDEWALKS, DRIVEWAYS, PARKWAYS, WALKWAYS OR PUBLIC PARKING FACILITIES, AND PURCHASING LAND THEREFOR; THE CONSTRUCTION OF BRIDGES AND CULVERTS; ERECTING, REPAIRING, IMPROVING, ADORNING AND EQUIPPING MUNICIPAL BUILDINGS, AND PURCHASING LAND THEREFOR; THE CONSTRUCTION AND IMPROVEMENT OF SANITARY, STORM, DRAINAGE, OR SEWER SYSTEMS; FOR IMPROVING, REPAIRING, AND EXTENDING THE COMBINED WATER, GAS AND SEWER SYSTEM; AND FOR OTHER AUTHORIZED PURPOSES UNDER SECTIONS 31-25-1 *ET SEQ.* AND SECTIONS 21-33-301 *ET SEQ.*, MISSISSIPPI CODE OF 1972, AS AMENDED, (II) FUNDING A DEBT SERVICE RESERVE FUND FOR THE BANK BONDS, AS HEREIN DEFINED, AND (III) PAYING FOR COSTS OF ISSUANCE FOR THE CITY BOND AND THE BANK BONDS, AS HEREIN DEFINED; APPROVING THE FORM OF THE INDENTURE OF TRUST FOR THE BANK BONDS AND APPROVING THE TAX INTERCEPT AGREEMENT.**

**WHEREAS**, the City Council of the City of Pascagoula, Mississippi, acting for and on behalf of said City, hereby finds, determines, adjudicates and declares as follows:

1. (a) In addition to any words and terms elsewhere defined herein, the following words and terms shall have the following meanings, unless some other meaning is plainly intended:

"Act" shall mean together the City Bond Act and the Bank Act.

"Additional Bonds" shall mean bonds, if any, issued in one or more series on a parity with the City Bond pursuant to Section 21 hereof.

"Agent" shall mean any Paying Agent or Transfer Agent, whether serving in either or both capacities, and herein designated by the Governing Body.

"Authorized Officer" shall mean Mayor, the Clerk, and any other officer designated from time to time as an Authorized Officer by resolution of the City, and when used with reference to any act or document also means any other Person authorized by resolution of the City to perform such act or sign such document.

"Bank" shall mean the Mississippi Development Bank.

“Bank Act” shall mean Sections 31-25-1 *et seq.* of the Mississippi Code of 1972, as amended.

“Bank Bonds” shall mean the not to exceed \$15,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project), authorized to be issued by the Purchaser pursuant to the Bank Act and the terms and conditions of the Indenture.

“Bond Counsel” shall mean Butler Snow LLP, Ridgeland, Mississippi.

“Bond Resolution” shall mean this resolution.

“City” shall mean the City of Pascagoula, Mississippi.

“City Bond” shall mean the not to exceed \$15,000,000 General Obligation Bond, Series 2014, of the City authorized and directed to be issued in this resolution.

“City Bond Act” shall mean Sections 21-33-301 *et seq.*, Mississippi Code of 1972, as amended.

“Clerk” shall mean the Clerk of the City.

“Construction Project” shall mean financing certain capital projects and improvements which shall consist of the construction, improvement or pavement of streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land therefor; the construction of bridges and culverts; erecting, repairing, improving, adorning and equipping municipal buildings and purchasing land therefor; the construction and improvement of sanitary, storm, drainage, or sewer systems; improve, repair, and extend the combined water, gas and sewer system of the City; and for other authorized purposes under the Act.

“Governing Body” shall mean the City Council of the City.

“Indenture” shall mean that certain Indenture of Trust, to be dated the date of delivery thereof, by and between the Purchaser and a to be determined trustee, pursuant to which the Bank Bonds are issued. A copy of the substantial form of the Indenture is attached as **EXHIBIT A** hereto.

“Interest Payment Date” shall be as described in Section 2.03 of the Indenture as the interest payment dates of the Bank Bonds.

“Mayor” shall mean the Mayor of the City.

“Paying Agent” shall mean any bank, trust company or other institution hereafter designated by the Governing Body for the payment of the principal of and interest on the City Bond and shall initially be the Trustee under the Indenture.

“Payments” shall have the meaning given it in Section 12(b) hereof.

“Person” shall mean an individual, partnership, corporation, trust or unincorporated organization, limited liability company and a government or agency or political subdivision thereof.

“Project” shall mean providing funds for (i) the Construction Project (ii) funding a debt service reserve fund for the Bank Bonds; and (iii) paying costs of issuance for the City Bond and the Bank Bonds.

“Purchaser” shall mean the Mississippi Development Bank, a public body, corporate and politic, of the State created pursuant to the Bank Act.

“Record Date Registered Owner” shall mean the Registered Owner as of the Regular Record Date.

“Record Date” shall have the meaning given to it in Section 1.01 of the Indenture.

“Registered Owner” shall mean the Person whose name shall appear in the registration records of the City maintained by the Transfer Agent and shall initially be the Purchaser.

“State” shall mean the State of Mississippi.

“Tax Intercept Agreement” shall mean that certain Tax Intercept Agreement, to be dated the date of delivery, by and between the City and the Bank, and accepted by the Trustee. A copy of the substantial form of the Indenture is attached as **EXHIBIT B** hereto.

“Transfer Agent” shall mean any bank, trust company or other institution hereafter designated by the Governing Body for the registration of the owner of the City Bond and for the performance of such other duties as may be herein or hereafter specified by the Governing Body, and shall initially be the Trustee under the Indenture.

“Trustee” shall mean the trustee designated as trustee under the Indenture.

“2014 Bond Fund” shall mean the City of Pascagoula, Mississippi General Obligation Bond, Series 2014, 2014 Bond Fund provided for in Section 12 hereof.

“2014 Construction Fund” shall mean the City of Pascagoula, Mississippi General Obligation Bond, Series 2014, 2014 Construction Fund provided for in Section 13 hereof.

(b) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words and terms herein defined shall be equally applicable to the plural as well as the singular form of any of such words and terms.

2. On July 1, 2014, the Governing Body adopted a resolution entitled “RESOLUTION DECLARING THE INTENTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF PASCAGOULA, MISSISSIPPI, TO ISSUE GENERAL OBLIGATION BONDS OF THE CITY, OR TO ISSUE A QUALIFIED OBLIGATION BOND OF THE CITY FOR PURCHASE BY THE MISSISSIPPI DEVELOPMENT BANK OR FOR THE CITY TO

BORROW FUNDS BY ENTERING INTO A LOAN WITH THE MISSISSIPPI DEVELOPMENT BANK, ALL IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED FIFTEEN MILLION DOLLARS (\$15,000,000) TO RAISE MONEY FOR THE CONSTRUCTION, IMPROVEMENT OR PAVEMENT OF STREETS, SIDEWALKS, DRIVEWAYS, PARKWAYS, WALKWAYS OR PUBLIC PARKING FACILITIES, AND PURCHASING LAND THEREFOR; THE CONSTRUCTION OF BRIDGES AND CULVERTS; ERECTING, REPAIRING, IMPROVING, ADORNING AND EQUIPPING MUNICIPAL BUILDINGS, AND PURCHASING LAND THEREFOR; THE CONSTRUCTION AND IMPROVEMENT OF SANITARY, STORM, DRAINAGE, OR SEWER SYSTEMS; FOR IMPROVING, REPAIRING, AND EXTENDING THE COMBINED WATER, GAS AND SEWER SYSTEM; FOR OTHER AUTHORIZED PURPOSES UNDER SECTIONS 21-33-301 *ET SEQ.*, SECTION 21-27-23 AND SECTIONS 21-27-41 THROUGH 21-27-69, AS AMENDED AND SECTIONS 31-25-1 *ET SEQ.*, MISSISSIPPI CODE OF 1972, AS AMENDED; THE COST OF ISSUANCE FOR THE BONDS; RELATED IMPROVEMENTS WITHIN THE CITY AND DIRECTING PUBLICATION OF NOTICE OF SUCH INTENTION" (the "Intent Resolution") indicating its intent to (i) issue a general obligation bond to be purchased by the Bank such purchase to be funded from the proceeds of a special obligation bond issue of the Bank, each for the purpose of providing funds for the Project and fixed 6:00 o'clock p.m. on August 5, 2014, as the date and hour on which it proposed to direct the issuance of said general obligation bond to be sold to the Bank, on or prior to which date and hour any protest to be made against the issuance of such general obligation bond to be sold to the Bank was required to be filed.

3. As required by law and as directed by the aforesaid Intent Resolution, said Intent Resolution was published once a week for at least three (3) consecutive weeks in *The Sun Herald*, a newspaper published in and having a general circulation in the City, and qualified under the provisions of Section 13-3-31, Mississippi Code of 1972, as amended, the first publication having been made not less than twenty-one (21) days prior to August 5, 2014, and the last publication having been made not more than seven (7) days prior to such date, said notice having been published in said newspaper on July 9, 16, 23 and 30, 2014, as evidenced by the publisher's affidavit heretofore presented and filed.

4. On or prior to 6:00 o'clock p.m. on August 5, 2014, no written protest against the issuance of the general obligation bond to be sold to the Bank, described in the Intent Resolution, had been filed or presented by qualified electors of the City.

5. The Governing Body is authorized and empowered by the provisions of the Act to issue its City Bond in a principal amount of not to exceed \$15,000,000 and sell same to the Bank for the purpose of providing funds for the Project.

6. The Governing Body desires to authorize and approve the issuance of the City Bond pursuant to this Bond Resolution registered as to principal and interest in the form and manner as hereinafter provided for by Sections 31-21-1 to 31-21-7, Mississippi Code of 1972, as amended.

7. The assessed value of taxable property within the City, according to the last completed assessment for taxation, is Two Hundred Fifty-Four Million Four Hundred Seventy-

One Thousand One Hundred Fourteen Dollars (\$254,471,114); the City has outstanding bonded indebtedness subject to the fifteen percent (15%) debt limit prescribed by Section 21-33-303, Mississippi Code of 1972, as amended, in the amount of Two Million Six Hundred Eighty Thousand Dollars (\$2,680,000), and outstanding bonded and floating indebtedness subject to the twenty percent (20%) debt limit prescribed by Section 21-33-303, Mississippi Code of 1972, as amended (which amount includes the sum set forth above subject to the 15% debt limit), in the amount of Two Million Six Hundred Eighty Thousand Dollars (\$2,680,000); the issuance of the City Bond, when added to the outstanding bonded indebtedness of the City, will not result in bonded indebtedness, exclusive of indebtedness not subject to the aforesaid fifteen percent (15%) debt limit, of more than fifteen percent (15%) of the assessed value of taxable property within the City, and will not result in indebtedness, both bonded and floating, exclusive of indebtedness not subject to the aforesaid twenty percent (20%) debt limit, in excess of twenty percent (20%) of the assessed value of taxable property within the City, and will not exceed any constitutional or statutory limitation upon indebtedness which may be incurred by the City.

8. It has now become necessary to make provision for the preparation, execution and issuance of said City Bond.

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY, ACTING FOR AND ON BEHALF OF THE CITY, AS FOLLOWS:**

**SECTION 1.** In consideration of the purchase and acceptance of the City Bond by those who shall hold the same from time to time, this Bond Resolution shall constitute a contract between the City and the Registered Owner from time to time of the City Bond. The pledge made herein and the covenants and agreements herein set forth to be performed on behalf of the City for the benefit of the Registered Owner shall be for the equal benefit, protection and security of the Registered Owner of the City Bond, all of which, regardless of the time or times of its authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction.

**SECTION 2.** The City Bond is hereby authorized and ordered to be prepared and issued in the principal amount of not to exceed Fifteen Million Dollars (\$15,000,000) to raise money for the Project as authorized by the Act.

**SECTION 3.** (a) Payments of interest on the City Bond shall be made to the Record Date Registered Owner, and payments of principal shall be made upon presentation and surrender thereof at the principal office of the Paying Agent to the Record Date Registered Owner in lawful money of the United States of America.

(b) The City Bond shall be registered as to both principal and interest; shall be dated the date of delivery thereof, shall be issued in a single denomination equal to the principal amount thereof; shall be numbered one; shall bear interest from the date thereof at the rate or rates borne by the Bank Bonds (as provided in the Indenture), payable on an Interest Payment Date; and shall mature and become due and payable in the same manner and at the same dates and times as provided for the Bank Bonds in the Indenture.

(c) The City Bond is subject to redemption at the option of the City and mandatory redemption prior to maturity thereof only at the times, to the extent, in the manner and in the amounts that the Bank Bonds are subject to optional and mandatory redemption as provided in Section 4.01 of the Indenture. The City shall provide proper notices to the Bank and the Trustee as provided in Section 4.05 of the Indenture in the event the City elects to redeem the City Bond or any portion thereof, and redemption of the City Bond or portion thereof shall be as provided in said Section 4.01. It is intended that redemption of the City Bond may only occur through the processes provided in the Indenture, and the City hereby accepts such redemption provisions by this reference.

(d) Notice of redemption identifying the portion of the City Bond to be redeemed shall be given to the Registered Owner thereof by first class mail at least thirty (30) days and not more than forty five (45) days prior to the date fixed for redemption. From and after such redemption date, interest with respect to such portion of the City Bond to be redeemed will cease to accrue.

**SECTION 4.** (a) When the City Bond shall have been validated and executed as herein provided, they shall be registered as an obligation of the City in the office of the City Clerk in a record maintained for that purpose, and the City Clerk shall cause to be imprinted upon the City Bond, over his manual or facsimile signature and manual or facsimile seal, his certificate in substantially the form set out in Section 6.

(b) The City Bond shall be executed by the manual or facsimile signature of the Mayor and countersigned by the manual or facsimile signature of the City Clerk, with the seal of the City imprinted or affixed thereto; provided, however all signatures and seals appearing on the City Bond, other than the signature of an authorized officer of the Transfer Agent hereafter provided for, may be facsimile and shall have the same force and effect as if manually signed or impressed. In case any official of the City whose signature or a facsimile of whose signature shall appear on the City Bond shall cease to be such official before the delivery or reissuance thereof, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such official had remained in office until delivery or reissuance.

(c) The City Bond shall be delivered to the Purchaser upon payment of the purchase price therefor in accordance with the terms and conditions of the Indenture, together with a complete certified transcript of the proceedings had and done in the matter of the authorization, issuance, sale and validation of the City Bond, and the final, unqualified approving opinion of Bond Counsel, which opinion shall be imprinted on the City Bond.

(d) Prior to or simultaneously with the delivery of the City Bond by the Transfer Agent, the City shall file with the Transfer Agent:

(i) a copy, certified by the City Clerk, of the transcript of proceedings of the Governing Body in connection with the authorization, issuance, sale and validation of the City Bond; and

(ii) an authorization to the Transfer Agent, signed by the Mayor, to authenticate and deliver the City Bond to the Purchaser.

(e) At delivery, the Transfer Agent shall authenticate the City Bond and deliver it to the Purchaser thereof upon payment of the purchase price of the City Bond to the City.

**SECTION 5.** (a) The City hereby appoints the Trustee designated under the Indenture as the Paying Agent, Trustee and Transfer Agent for the City Bond. The City specifically reserves the right to hereafter designate and/or approve a separate Paying Agent, Transfer Agent and/or Trustee in its discretion, subject, however to the terms and conditions of the Indenture, as hereinafter provided.

(b) So long as the City Bond shall remain outstanding, the City shall maintain with the Transfer Agent records for the registration and transfer of the City Bond. The Transfer Agent is hereby appointed registrar for the City Bond, in which capacity the Transfer Agent shall register in such records and permit to be transferred thereon, under such reasonable regulations as may be prescribed, the City Bond if entitled to registration or transfer.

(c) The City shall pay or reimburse the Agent for reasonable fees for the performance of the services normally rendered and the incurring of normal expenses reasonably and necessarily paid as are customarily paid to paying agents, transfer agents and bond registrars, subject to agreement between the City and the Agent. Fees and reimbursements for extraordinary services and expenses, so long as not occasioned by the negligence, misconduct or willful default of the Agent, shall be made by the City on a case-by-case basis, subject, where not prevented by emergency or other exigent circumstances, to the prior written approval of the Governing Body.

(d) (i) An Agent may at any time resign and be discharged of the duties and obligations of the function of the Trustee, Paying Agent and Transfer Agent pursuant to the terms and conditions stated in Section 11.05 and 11.06 of the Indenture.

(ii) In the event of the resignation or removal of the Agent, a successor Agent shall be selected as provided in Section 11.07 of the Indenture.

(iii) In the event of a change of Agents, the predecessor Agent shall cease to be custodian of any funds held pursuant to this Bond Resolution in connection with its role as such Agent, and the successor Agent shall become such custodian; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Agent shall be fully paid. Every predecessor Agent shall deliver to its successor Agent all records of account, registration records, list of Registered Owner and all other records, documents and instruments relating to its duties as such Agent.

(iv) The provisions of Section 11.08 of the Indenture shall govern the acceptance of any appointment of a successor Agent.

(v) Should any transfer, assignment or instrument in writing be required by any successor Agent from the City to more fully and certainly vest in such successor Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Agent, any such transfer, assignment and written instruments shall, on request, be executed, acknowledged and delivered by the City.

(vi) The City will provide any successor Agent with certified copies of all resolutions, orders and other proceedings adopted by the Governing Body relating to the City Bond.

(vii) All duties and obligations imposed hereby on an Agent or successor Agent shall terminate upon the accomplishment of all duties, obligations and responsibilities imposed by law or required to be performed by this Bond Resolution.

**SECTION 6.** The City Bond shall be in substantially the following form, with such appropriate variations, omissions and insertions as are permitted or required by this Bond Resolution:

[BOND FORM]

THIS CITY BOND HAS BEEN ASSIGNED TO \_\_\_\_\_, \_\_\_\_\_, MISSISSIPPI, AS TRUSTEE UNDER AN INDENTURE OF TRUST, DATED \_\_\_\_\_, 2014, BY AND BETWEEN THE MISSISSIPPI DEVELOPMENT BANK AND THE TRUSTEE. THIS CITY BOND IS REGISTERED IN THE NAME OF THE TRUSTEE AND IS NON-TRANSFERRABLE EXCEPT AS PERMITTED IN THE INDENTURE.

UNITED STATES OF AMERICA  
STATE OF MISSISSIPPI  
JACKSON COUNTY  
CITY OF PASCAGOULA  
GENERAL OBLIGATION BOND  
SERIES 2014

NO. 1 \$15,000,000

<u>Rate of Interest</u>	<u>Maturity</u>	<u>Dated Date</u>	<u>CUSIP</u>
%			

**Registered Owner:**

**Principal Amount: FIFTEEN MILLION DOLLARS**

The City of Pascagoula, State of Mississippi (the "City"), a body politic existing under the Constitution and laws of the State of Mississippi, acknowledges itself to owe and for value received, promises to pay in lawful money of the United States of America to the Registered Owner identified above, upon the presentation and surrender of this City Bond, at the principal office of \_\_\_\_\_, \_\_\_\_\_, Mississippi, or its successor, as paying agent (the "Paying Agent") for the General Obligation Bond, Series 2014, of the City (the "City Bond"), on the maturity date identified above, the principal amount identified above. Payment of the principal amount of this City Bond shall be made to the Registered Owner hereof who shall appear in the registration records of the City maintained by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, or its successor, as transfer agent for the City Bond (the "Transfer Agent") at the times and periods as provided in the Indenture (herein defined).

The City further promises to pay interest on such principal amount from the date of this City Bond until said principal sum is paid, to the Registered Owner hereof who shall appear in the registration records of the City maintained by the Transfer Agent as of the Record Date (as defined in the Bond Resolution defined below).

Payments of principal of and interest on this City Bond shall be made by check or draft mailed on the Interest Payment Date (as defined in the Bond Resolution) to such Registered Owner at his address as it appears on such registration records.

This City Bond is issued under the authority of the Constitution and statutes of the State of Mississippi, including Sections 21-33-301 *et seq.* and Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended, and by the further authority of proceedings duly had by the City Council of the City, including a resolution adopted October 21, 2014 (the "Bond Resolution").

This City Bond is issued in the aggregate authorized principal amount of not to exceed Fifteen Million Dollars (\$15,000,000) to raise money for the (i) construction improvement or pavement or streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land therefor; the construction of bridges and culverts; erecting, repairing, improving, adorning and equipping municipal buildings, and purchasing land therefor; the construction and improvement of sanitary, storm, drainage, or sewer systems; for improving, repairing, and extending the combined water, gas and sewer system; and for other authorized purposes under the Act, (ii) funding a debt service reserve fund for the Bank Bonds, as herein defined, and (iii) paying for costs of issuance for the City Bond and the Bank Bonds, as herein defined.

The City will duly and punctually pay the principal of, premium, if any, and interest on the City Bond at the dates and the places and in the manner mentioned in the Bond Resolution, according to the true intent and meaning thereof. Notwithstanding any schedule of payments upon the City Bond, the City agrees to make payments upon the City Bond and be liable therefor at such times and in such amounts (including principal, premium, if any, and interest) so as to provide for payment of the principal of, premium, if any, and interest on the not to exceed \$\_\_\_\_\_ Mississippi Development Bank Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project) (the "Bank Bonds"), outstanding under the Indenture of Trust, by and between the Mississippi Development Bank and \_\_\_\_\_, \_\_\_\_\_, Mississippi, as trustee (the "Trustee"), dated \_\_\_\_\_, 2014 (the "Indenture") when due whether upon a scheduled interest payment date, at maturity or by mandatory redemption or optional redemption.

Reference is hereby made to the Bond Resolution and to all amendments and supplements thereto for the provisions, among others, with respect to the nature and extent of the security for the Bondholder, the rights, duties and obligations of the City and the Bondholder and the terms upon which the City Bond is or may be issued and secured.

The City and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner 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 Paying Agent shall be affected by any notice to the contrary.

The City Bond is and will continue to be payable as to principal and interest out of and secured by an irrevocable pledge of the avails of a direct and continuing tax to be levied annually without limitation as to time, rate or amount upon all the taxable property within the geographical limits of the City; provided, however, that such tax levy for any year shall be abated *pro tanto* to the extent the City on or prior to September 1 of that year has transferred money to the bond fund of the City Bond, or has made other provisions for funds, including the pledge of revenues of the combined water and sewer system revenues of the City, to be applied toward that portion of the annual principal and interest payment allocable to the payment of Seven Million Dollars (\$7,000,000), in accordance with the provisions of the Bond Resolution.

The City, when necessary, will levy annually a special tax upon all taxable property within the geographical limits of the City adequate and sufficient to provide for the payment of the principal of and the interest on the City Bond as the same falls due.

This City Bond is the only evidence of indebtedness issued and outstanding under the Bond Resolution. This City Bond has been purchased by the Mississippi Development Bank and has been assigned to the Trustee under the Indenture; this City Bond is registered in the name of the Trustee and is non-transferrable except as provided in the Indenture.

The City and the Trustee may deem and treat the person in whose name this City Bond is registered as the absolute owner hereof, whether this City Bond shall be overdue or not, for the purpose of receiving payment of the principal of, redemption premium, if any, and interest on this City Bond and for all other purposes. All such payments so made to the registered owner shall be valid and effectual to satisfy and discharge the liability upon this City Bond to the extent of the sum or sums are paid, and neither the City nor the Trustee shall be affected by any notice to the contrary.

This City Bond shall only be redeemed under the Bond Resolution to the extent and in the manner required to redeem the Bank Bonds pursuant to the provisions of the Indenture.

Modifications or alterations of the Bond Resolution may be made only to the extent and under the circumstances permitted by the Indenture.

This City Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Resolution until the certificate of registration and authentication hereon shall have been signed by the Transfer Agent.

**IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED** that all conditions, acts and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the City Bond, in order to make the same a legal and binding general obligation of the City, according to the terms thereof, do exist, have happened and have been performed in regular and due time, form and manner as required by law. For the performance in apt time and manner of every official act herein required, and for the prompt payment of this City Bond, both principal and interest, the full faith and credit of the City are hereby irrevocably pledged.

**IN WITNESS WHEREOF**, the City has caused this City Bond to be executed in its name by the manual or facsimile signature of the Mayor of the City, countersigned by the manual or facsimile signature of the City Clerk of the City, under the manual or facsimile seal of the City, which said manual or facsimile signatures and seal said officials adopt as and for their own proper signatures and seal, on this the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

**CITY OF PASCAGOULA, MISSISSIPPI**

**BY:** \_\_\_\_\_  
**Mayor**

**COUNTERSIGNED:**

\_\_\_\_\_  
**City Clerk**  
**(SEAL)**

**CERTIFICATE OF REGISTRATION AND AUTHENTICATION**

This City Bond is the City Bond described in the within mentioned Bond Resolution and is the General Obligation Bond, Series 2014, of the City of Pascagoula, Mississippi.

\_\_\_\_\_,  
as Transfer Agent

**BY:** \_\_\_\_\_  
Authorized Signatory

Date of Registration and Authentication: \_\_\_\_\_

**REGISTRATION AND VALIDATION CERTIFICATE**

**STATE OF MISSISSIPPI**  
**COUNTY OF JACKSON**  
**CITY OF PASCAGOULA**

I, the undersigned City Clerk of the City of Pascagoula, Mississippi, do hereby certify that the within City Bond has been duly registered by me as an obligation of said City pursuant to law in a record kept in my office for that purpose, and has been validated and confirmed by Decree of the Chancery Court of Jackson County, Mississippi, rendered on the \_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
**City Clerk**

**(SEAL)**

**[END OF CITY BOND FORM]**

**SECTION 7.** In case the City Bond shall become mutilated or be stolen, destroyed or lost, the City shall, if not then prohibited by law, cause to be authenticated and delivered a new City Bond of like date, number, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated City Bond, or in lieu of and in substitution for such City Bond stolen, destroyed or lost, upon the Registered Owner's paying the reasonable expenses and charges of the City in connection therewith, and in case of a City Bond stolen, destroyed or lost, his filing with the City or Transfer Agent evidence satisfactory to them that the City Bond was stolen, destroyed or lost, and of its ownership thereof, and furnishing the City or Transfer Agent with such security or indemnity as may be required by law or by them to save each of them harmless from all risks, however remote.

**SECTION 8.** For the purpose of effectuating and providing for the payment of the principal of and interest on the City Bond as the same shall respectively mature and accrue, there shall be and is hereby levied a direct, continuing special tax upon all of the taxable property within the geographical limits of the City, adequate and sufficient, after allowance shall have been made for the expenses of collection and delinquencies in the payment of taxes, to produce sums required for the payment of the principal of, premium, if any, and the interest on the City Bond and any additional obligations of the City under the Indenture; provided, however, that such tax levy for any year shall be abated *pro tanto* to the extent the City on or prior to September 1 of that year has transferred money to the 2014 Bond Fund of the City Bond, or has made other provisions for funds, including the pledge of revenues of the combined water and sewer system of the City, to be applied toward that portion of the annual principal and interest payment allocable to Seven Million Dollars (\$7,000,000) of the principal of and interest on the City Bond, in accordance with the provisions of the Bond Resolution. Said tax shall be extended upon the tax rolls and collected in the same manner and at the same time as other taxes of the City are collected, and the rate of tax which shall be so extended shall be sufficient in each year fully to produce the sums required as aforesaid, without limitation as to time, rate or amount. The avails of said tax are hereby irrevocably pledged for the payment of the principal of, premium, if any, and interest on the City Bond and any additional obligations of the City as aforesaid as the same shall respectively mature and accrue. Should there be a failure in any year to comply with the requirements of this section, such failure shall not impair the right of the Registered Owner of the City Bond in any subsequent year to have adequate taxes levied and collected to meet all of the aforesaid obligations of the City Bond.

**SECTION 9.** Only if the City Bond shall have endorsed thereon a certificate of registration and authentication in substantially the form hereinabove set forth, duly executed by the Transfer Agent, shall the City Bond be entitled to the rights, benefits and security of this Bond Resolution. The City Bond shall not be valid or obligatory for any purpose unless and until such certificate of registration and authentication shall have been duly executed by the Transfer Agent, which executed certificate shall be conclusive evidence of registration, authentication and delivery under this Bond Resolution. The Transfer Agent's certificate of registration and authentication on the City Bond shall be deemed to have been duly executed if signed by an authorized officer of the Transfer Agent, but it shall not be necessary that the same officer sign said certificate on the City Bond that may be issued hereunder at any one time.

**SECTION 10.** Ownership of the City Bond shall be in the Purchaser or its assignee. The Person in whose name the City Bond shall be registered in the records of the City

maintained by the Transfer Agent may be deemed the absolute owner thereof for all purposes, and payment of or on account of the principal of or interest on the City 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 hereinafter provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon the City Bond to the extent of the sum or sums so paid.

**SECTION 11.** The City Bond shall be transferable only as provided in the Indenture. Upon the transfer of the City Bond, the City, acting through its Transfer Agent, shall issue in the name of the transferee a new City Bond of the same aggregate principal amount and maturity and rate of interest as the surrendered City Bond.

**SECTION 12.** (a) The City hereby establishes the 2014 Bond Fund which shall be maintained with a qualified depository in its name for the payment of the principal of and interest on the City Bond, and the payment of Agents' fees in connection therewith. There shall be deposited into the 2014 Bond Fund as and when received:

(i) The avails of any of the ad valorem taxes levied and collected pursuant to Section 8 hereof;

(ii) Any income received from investment of monies in the 2014 Bond Fund; and

(iii) Any other funds available to the City which may be lawfully used for payment of the principal of, premium, if any, and interest on the City Bond or for other obligations of the City which may be due under the Indenture, and which the Governing Body, in its discretion, may direct to be deposited into the 2014 Bond Fund.

(b) As long as any principal of, premium, if any, and interest on the City Bond or the Bank Bonds remain outstanding or other obligations of the City remain outstanding under the Indenture, the City Clerk is hereby irrevocably authorized and directed to withdraw from the 2014 Bond Fund sufficient monies to make the payments necessary (the "Payments") to pay (i) the principal of, premium, if any, and interest coming due on the Bank Bonds, and (ii) any additional Payments necessary and required as obligations of the City under the Indenture, and to transfer same to the account of the Trustee in time to reach the Trustee at least five (5) days prior to the date on which said interest or principal and interest or premium, if any, on the Bank Bonds shall become due. The Trustee shall deposit all Payments received in the General Account of the General Fund of the Indenture, or such other fund or account in the Indenture as so directed in the Indenture.

**SECTION 13.** (a) The City hereby establishes the 2014 Construction Fund which shall be maintained with a qualified depository. The principal proceeds received upon the sale of the City Bond shall be deposited in the 2014 Construction Fund. Any income received from investment of monies in the 2014 Construction Fund shall be deposited in the 2014 Construction Fund and shall be used for the cost of the Construction Project and, if necessary, shall be deposited in the 2014 Bond Fund for the payment of debt service on the City Bond. From the 2014 Construction Fund there shall be held and disbursed moneys for the acquisition and

construction of the Construction Project, as authorized by the Act. Any amounts which remain in the 2014 Construction Fund after the completion of the Construction Project shall be transferred to the 2014 Bond Fund and used as permitted under State law.

(b) Funds on deposit in the 2014 Construction Fund may be invested in Investment Securities, as defined in the Indenture, to the extent they are authorized by the Bank Act and applicable provisions of State law.

**SECTION 14.** (a) Payment of principal on the City Bond shall be made at the principal office of the Paying Agent; provided, however, the final payment of principal shall be made upon the presentation and surrender of the City Bond at the principal office of the Paying Agent, to the Record Date Registered Owner thereof who shall appear in the registration records of the City maintained by the Transfer Agent as of the Record Date.

(b) Payment of each installment of interest on the City Bond shall be made to the Record Date Registered Owner thereof whose name shall appear in the registration records of the City maintained by the Transfer Agent as of the Record Date. Interest shall be payable in the aforesaid manner irrespective of any transfer or exchange of such City Bond subsequent to the Record Date and prior to the due date of the interest.

(c) Principal of and interest on the City Bond shall be paid by check or draft mailed on an Interest Payment Date to the Registered Owner at the addresses appearing in the registration records of the Transfer Agent. Any such address may be changed by written notice from the Registered Owner to the Transfer Agent by certified mail, return receipt requested, or such other method and at the times as may be subsequently prescribed by the Transfer Agent.

**SECTION 15.** The City Bond shall be submitted to validation as provided by Chapter 13, Title 31, Mississippi Code of 1972, and to that end the City Clerk is hereby directed to make up a transcript of all legal papers and proceedings relating to the City Bond and to certify and forward the same to the State's Bond Attorney for the institution of validation proceedings.

**SECTION 16.** The City hereby covenants that it will not make any use of the proceeds of the City Bond or do or suffer any other action that would cause: (i) the Bank Bonds to be "arbitrage bonds" as such term is defined in Section 148(a) of the Internal Revenue Code of 1986, as amended ("Code"), and the Regulations promulgated thereunder; (ii) the interest on the Bank Bonds to be included in the gross income of the registered owners thereof for federal income taxation purposes; or (iii) the interest on the Bank Bonds to be treated as an item of tax preference under Section 57(a)(5) of the Code.

**SECTION 17.** The City represents as follows:

(a) The City shall take no action that would cause the Bank Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(b) The City shall take all necessary action to have the Bank Bonds registered within the meaning of Section 149(a) of the Code; and

(c) The City will not employ any device or abusive transaction with respect to the investment of the proceeds of the Bank Bonds and, to the extent necessary, the City Bond.

**SECTION 18.** The City hereby covenants that it shall make, or cause to be made, the rebate required by Section 148(f) of the Code (“Rebate”) in the manner described in Regulation §§1.148-1 through 1.148-11, as such regulations and statutory provisions may be modified insofar as they apply to the City Bond and the Bank Bonds. In accordance therewith, the City shall:

(a) Within sixty (60) days of the last day of the fifth and each succeeding fifth “bond year” (which shall be the five-year period ending on the date five years subsequent to the date of the closing, unless another date is selected by the Governing Body of the City, and each succeeding fifth “bond year”), and within sixty (60) days of the date the City Bond is discharged the City shall (i) calculate, or cause to be calculated, the “rebate amount” as of each “computation date” or the “final computation date” attributable to any investment in “investment-type property” made by the City, of “gross proceeds” of the Bank Bonds and the City Bond, and (ii) remit the following to the United States Treasury within sixty (60) days of the last day of the fifth and each succeeding fifth “bond year”: (A) an amount of money equal to such “rebate amount” (treating for purposes of such calculation any previous payments made to the United States Treasury on account of such “rebate amount” as if the payment on any such date was an “expenditure” constituting a “rebate payment”), (B) the calculations supporting the amount of “rebate amount” attributable to any investments in “investment-type property” made by the City of gross proceeds of the Bank Bonds and the City Bond and (C) any other information required to comply with Section 148 of the Code.

(b) The City shall keep accurate records of each investment-type property (as that term is defined in Section 148(b) of the Code), if any, acquired, directly or indirectly, with “gross proceeds” of the City Bond or the Bank Bonds and each expenditure it makes with “gross proceeds.” Such records shall include the purchase price, nominal interest rate, dated date, maturity date, type of property, frequency of periodic payments, period of compounding, yield to maturity, amount actually or constructively realized on disposition, disposition date, and evidence of the “fair market value” of such property on the purchase date and disposition date (or deemed purchase or disposition date), for each item of such “investment-type property”.

**SECTION 19.** The City Bond shall be sold to the Purchaser based on the terms and conditions of the sale of the Bank Bonds by the Bank to the purchaser thereof. The Bank Bonds are being sold by solicitation of proposals or a negotiated sale, the result of which shall be approved by the Mayor and City Clerk of the City.

**SECTION 20.** The City hereby agrees for the benefit of the holders and beneficial owners of the City Bond for so long as it remains obligated to advance funds to pay the City Bond to provide certain updated financial information and operating data annually, and timely notice of specified material events, to (i) (a) the Municipal Securities Rulemaking Board (the “MSRB”) through MSRB’s Electronic Municipal Market Access system at [www.emma.msrb.org](http://www.emma.msrb.org) (“EMMA”), in the electronic format then prescribed by the Securities and Exchange Commission (the “SEC”) (the “Required Electronic Format”) pursuant to Rule 15c2-12, as amended from time to time (the “Rule”) of the SEC, and (b) in the future, any successor

repository or repositories prescribed by the SEC for the purpose of serving as repository under the Rule (together (a) and (b) are the "National Repository"); and (ii) any public or private repository or entity designated by the State as a State repository, if any, for the purposes of the Rule (the "State Repository" and together with the National Repository, the "Repositories"), together with any identifying information or other information then required to accompany the applicable filing (the "Accompanying Information"). This information will be made available free to securities brokers and others through EMMA. For the procedures for all filings and notices due to the MSRB, instructions will be provided on the following website for MSRB: <http://emma.msrb.org>.

The City will provide certain updated financial information and operating data to the Repositories, together with any Accompanying Information. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in the Official Statement in APPENDIX A under the headings "ECONOMIC AND DEMOGRAPHIC INFORMATION," "TAX INFORMATION" and "DEBT INFORMATION" and other financial information set forth in APPENDIX B of the Official Statement. The City will update and provide this information within six months after the end of each fiscal year of the City ending in or after 2014.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. The updated information will include audited financial statements, if the City's audit is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by such time and audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles promulgated by the State or such other accounting principles as the City may be required to employ from time to time pursuant to law or regulation.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the Repositories, together with any Accompanying Information, of the change.

Anyone requesting information under the continuing disclosure requirements of the Rule should contact the City Clerk, City Hall, 603 Watts Avenue, Pascagoula, Mississippi 39567 Telephone Number: (228) 762-1020.

The City will also provide notice to the Repositories, together with any Accompanying Information, in a timely manner not in excess of ten business days after the occurrence of certain events. The City will provide notice of any of the following events with respect to the City Bond, in a timely manner not in excess of ten business days after the occurrence of such event: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves, reflecting financial difficulties; (3) unscheduled draws on credit enhancements, reflecting financial difficulties; (4) substitution of credit or liquidity providers for the City Bond; or their failure to perform; (5) adverse tax opinions, IRS notices or events affecting the tax status of the City Bond; (6) defeasances; (7) rating changes; (8) tender offers; and (9) bankruptcy, insolvency receivership, or a similar proceeding by the obligated person. The City will provide to the

Repositories, together with any Accompanying Information, notice of an occurrence of the following events, if such event is material to a decision to purchase or sell the City Bond, in a timely manner not in excess of ten business days after the occurrence of an event: (1) non-payment related defaults; (2) modifications to the rights of bond holders; (3) bond calls or redemption; (4) release, substitution, or sale of property securing repayment of the City Bond; (5) the consummation of a merger, consolidation, acquisition involving an obligated person, other than in the ordinary course of business, or the sale of all or substantially all the assets of an obligated person, other than in the ordinary course of business, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and (6) appointment of a successor or additional trustee, or the change in the name of the trustee. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under paragraphs 2, 3 and 4 of this Section.

The City has agreed to provide the foregoing information to the Repositories, together with any Accompanying Information. The information will be available free to holders of the City Bond through EMMA.

The City has agreed to update information and to provide notices of material events only as described in this Section. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described herein. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the City Bond at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of the City Bond may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement only if (1) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in identity, nature, or status of the City, (2) the agreement, as amended, would have complied with the Rule at the date of sale of the City Bond, taking into account any amendments or interpretations of the Rule as well as any change in circumstance, and (3) the City receives an opinion of nationally recognized bond counsel to the effect that the amendment does not materially impair the interests of the holders and beneficial owners of the City Bond. If any such amendment is made, the City will include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

**SECTION 21.** The City may issue Additional Bonds in one or more series with the consent of the Bank pursuant to a supplement to this Bond Resolution to provide funds for approved projects of the City so long as: (a) no default has occurred and is continuing under this Bond Resolution or the Indenture; and (b) there shall have been filed with the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bank Bonds then outstanding under the Indenture shall not be adversely affected.

Such series of Additional Bonds shall be appropriately designated, shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall be numbered, shall have such paying agents and shall have such maturities and redemption provisions, all as may be provided in the supplement to this Bond Resolution or separate resolution authorizing the issuance of such series of Additional Bonds.

Refunding bonds may be issued under and secured by a supplement to this Bond Resolution for the purpose of providing funds for the refunding of the City Bond and Additional Bonds, upon compliance with the provisions above.

It is intended that this Section 21 allow for the provision of Additional Bonds and refunding bonds commensurate with the ability of the Bank to issue additional Bank Bonds and refunding Bank Bonds as provided in Article II of the Indenture.

**SECTION 22.** (a) The Bank and the City, without the consent of the owners of any of the Bank Bonds outstanding under the Indenture, may enter into supplements to this Bond Resolution which shall not be inconsistent with the terms and provisions hereof for any of the purposes heretofore specifically authorized in this Bond Resolution or the Indenture, and in addition thereto for the following purposes:

(i) To cure any ambiguity or formal defect or omission in the Indenture;

(ii) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to make any change which, in the opinion of Bond Counsel, does not materially and adversely affect the interest of the owners of the Outstanding City Bond and does not require unanimous consent of the Bondholders pursuant to Section 12.01 of the Indenture;

(iii) To subject to the Indenture additional Revenues, properties or collateral;

(iv) To modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bank Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any indenture supplemental thereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

(v) To evidence the appointment of a separate or co-trustee or the succession of a new Trustee under the Indenture or the succession of a new registrar or paying agent; and

(vi) In connection with issuance of refunding bonds.

(b) The provisions of this Bond Resolution may be amended in any particular with the written consent of the Bank and the owners of not less than a majority of the aggregate

principal amount of Bank Bonds then outstanding; provided, however, that no such amendment may be adopted which decreases the percentage of owners of Bank Bonds required to approve any amendment, or which permits a change in the date of payment of the principal of or interest on any Bank Bonds or of any redemption price thereof or the rate of interest thereon.

(c) If at any time the Bank and the City shall request the Trustee to consent to a proposed amendment for any of the purposes of this Section 22, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such proposed amendment to be given in the manner required by the Indenture to redeem Bank Bonds. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all holders of Bank Bonds. If, within 60 days or such longer period as shall be prescribed by the Bank following such notice, the owners of not less than a majority in aggregate principal amount of the Bank Bonds outstanding at the time of the execution of any such proposed amendment shall have consented to and approved the execution thereof as herein provided, no owner of any Bank Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee, the City or the Bank from executing or approving the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such proposed amendment as in this Section permitted and provided, this Bond Resolution shall be and be deemed to be modified and amended in accordance therewith.

(d) Copies of any such supplement or amendment shall be filed with the Trustee and delivered to the Bank and the City before such supplement or amendment may become effective.

**SECTION 23.** The Mayor, the City Clerk and any other Authorized Officers of the Governing Body are authorized to execute and deliver such resolutions, agreements, certificates and other documents as are required for the sale, issuance and delivery of the City Bond.

**SECTION 24.** The City hereby approves and acknowledges the Indenture and the terms and provisions thereof in the form attached as **EXHIBIT A** to this Bond Resolution with such completions, changes, insertions and modifications as shall be approved by the Mayor or Clerk and recognizes that many items governing the terms and conditions of the City Bond are based upon terms, limitations and conditions provided in the attached Indenture.

**SECTION 25.** The City hereby approves and acknowledges the Tax Intercept Agreement and the terms and provisions thereof in the form attached as **Exhibit B** to this Bond Resolution with such completions, changes, insertions and modifications as shall be approved by the Mayor or Clerk and recognizes that many items governing the terms and conditions of the City Bond are based upon terms, limitations and conditions provided in the attached Indenture.

**SECTION 26.** All orders, resolutions or proceedings of the Governing Body in conflict with any provision hereof shall be, and the same are hereby repealed, rescinded and set aside, but only to the extent of such conflict. For cause, this Bond Resolution shall become effective upon the adoption hereof.

**[INSERT VOTE OF THE GOVERNING BODY & RELATED LANGUAGE]**

Jackson 7351800v2

**EXHIBIT A**  
**FORM OF THE INDENTURE**

**INDENTURE OF TRUST**

**BY AND BETWEEN**

**MISSISSIPPI DEVELOPMENT BANK**

**AND**

\_\_\_\_\_,  
\_\_\_\_\_, MISSISSIPPI,  
AS TRUSTEE

**DATED AS OF \_\_\_\_\_, 2014**

**RE:**

**MISSISSIPPI DEVELOPMENT BANK  
SPECIAL OBLIGATION BONDS, SERIES 2014  
(PASCAGOULA, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT)**

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**EXHIBIT A – FORM OF CITY BOND**

**INDENTURE OF TRUST**

This **INDENTURE OF TRUST** is dated as of \_\_\_\_\_, 2014, by and between the **MISSISSIPPI DEVELOPMENT BANK**, a public body corporate and politic, of the State of Mississippi (the "State") exercising essential public functions (the "Bank"), organized under the provisions of Mississippi Code of 1972, Sections 31-25-1 *et seq.* (as from time to time amended, the "Bank Act") and \_\_\_\_\_, a State banking corporation duly organized, existing and authorized under the laws of the State of Mississippi to accept and execute trusts of the character herein with its principal corporate trust office in \_\_\_\_\_, Mississippi, as Trustee (the "Trustee").

**WITNESSETH:**

**WHEREAS**, the Bank is authorized and empowered by the provisions of the Act to issue bonds for the purpose of buying Securities of Local Governmental Units (all as defined in the Bank Act); and

**WHEREAS**, the execution and delivery of this Indenture of Trust (this "Indenture") has been in all respects duly and validly authorized by a resolution duly passed and approved by the Board of the Bank.

**NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:**

**GRANTING CLAUSES**

The Bank, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds (as hereinafter defined) by the owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Bank of all covenants expressed or implied herein and in the Bonds, does hereby grant, transfer, bargain, sell, convey, mortgage, assign and pledge, and grant a security interest in the rights, interests, properties, monies and other assets described in the following Granting Clauses to the Trustee and its successors in trust and assigns forever (collectively, the "Trust Estate"), for the securing of the performance of the obligations of the Bank hereinafter set forth, such grant, transfer, bargaining, sale, conveyance, mortgage, assignment, pledge and security interest, as described in the following Granting Clauses.

**GRANTING CLAUSE FIRST**

All cash and securities now or hereafter held in the Funds (as hereinafter defined) and Accounts (as hereinafter defined) created or established under this Indenture (other than the Rebate Fund) and the investment earnings thereon (other than the Rebate Fund) and all proceeds thereof (except to the extent in the Rebate Fund or any amounts which are transferred from such Funds and Accounts from time to time in accordance with this Indenture).

**GRANTING CLAUSE SECOND**

The City Bond (as hereinafter defined) acquired and held by the Trustee pursuant to this Indenture, all the payments thereunder, including Additional Payments as defined herein, due under the City Bond Resolution, all the earnings thereon and all proceeds thereof.

**GRANTING CLAUSE THIRD**

All funds, accounts and moneys hereinafter pledged to the Trustee as security by the Bank to the extent of that pledge.

**TO HAVE AND TO HOLD** all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever;

**IN TRUST NEVERTHELESS**, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds except as otherwise expressly provided herein;

**PROVIDED HOWEVER**, that if the Bank shall pay or cause to be paid, or there shall otherwise be paid or made provision for payment of, the principal of and interest on the Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds, and shall pay or cause to be paid or there shall otherwise be paid or made provision for payment to the Trustee of all sums of money due or to become due according to the provisions hereof and shall otherwise comply with Article IX hereof, then this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect.

**THIS INDENTURE OF TRUST FURTHER WITNESSETH**, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all said property, rights and interests, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Bank has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners, from time to time, of the Bonds, or any part thereof, as follows (subject, however, to the provisions of Sections 3.11 and 3.12 hereof):

**ARTICLE I**

**DEFINITIONS AND RULES OF INTERPRETATION**

**SECTION 1.01 Definitions.** The following words and phrases shall have the following meanings unless the context otherwise requires:

**“Accounts”** means the accounts created pursuant to Article VI hereof.

**“Act”** means together the Bank Act and the City Bond Act.

**“Additional Payments”** means such Additional Payments as required by this Indenture, which include, each and all of the following, to be paid by the City under the City Bond Resolution:

(a) all Costs of Issuance to the extent not paid from the proceeds of the Series 2014 Bonds;

(b) to or upon the order of the Trustee, upon demand, all fees of the Trustee for services rendered under the Indenture and all fees and charges of the paying agent, registrars, legal counsel, accountants, engineers, public agencies and others incurred in the performance on request of the Trustee of services required under the Indenture for which the Trustee and such other persons are entitled to payment or reimbursement; provided that after payment in full thereof the City may, without creating a default hereunder, contest in good faith the necessity or reasonableness of any such services, fees or expenses other than the Trustee’s fees for ordinary services as set forth in the Indenture, paying agency fees and any fees or charges of public agencies;

(c) to the Issuer and the Trustee, the Administrative Expenses, and all other reasonable expenses incurred by the Issuer and the Trustee in relation to the Construction Project under the City Bond Resolution which are not otherwise required to be paid by the City under the terms of the City Bond Resolution and all indemnity payments required to be made under Section 11.09 hereof; and

(d) any and all out-of-pocket costs and expenses (including, without limitation, the reasonable fees and expenses of any counsel, accountants, appraisers or other professionals) incurred by the Trustee or the Issuer at any time, in connection with (i) the preparation, negotiation and execution of this Indenture, the City Bond, the City Bond Resolution and all other Bond Documents, any amendment of or modification of this Indenture, the City Bond, the City Bond Resolution or the other Bond Documents (including in connection with any sale, transfer, or attempted sale or transfer of any interest herein to a participant or assignee); (ii) any litigation, contest, dispute, suit, proceeding or action, whether instituted by the Issuer, the Trustee, the City or any other person in any way relating to the Construction Project, the City Bond, the City Bond Resolution, the other Bond Documents, or the City’s affairs; (iii) any attempt to enforce any rights of the Trustee or the Issuer against the City or any other person which may be obligated to the Trustee, Issuer or both the Trustee and Issuer by virtue of the City Bond, the City Bond Resolution, the other Bond Documents or any other Construction Project related document; (iv) any action to protect, collect, sell, liquidate or otherwise dispose of the Construction Project; and (v) performing any of the obligations relating to or payment of any obligations of the City hereunder in accordance with the terms hereof or any other Bond Document.

**“Authorized Officer”** means the President, Vice President, or Executive Director or Secretary of the Bank or such other person or persons who are duly authorized to act on behalf of the Bank.

**“Bank”** means the Mississippi Development Bank, a body corporate and politic exercising essential public functions, or any successor to its functions organized under the Bank Act.

**“Bank Act”** means the provisions of Mississippi Code of 1972, Sections 31-25-1 *et seq.*, as amended from time to time.

**“Bankruptcy Code”** means the 11 U.S.C. Sections 101 *et seq.*, as amended or supplemented from time to time.

**“Bond Counsel”** means Butler Snow LLP, Ridgeland, Mississippi or an attorney or firm of attorneys approved by the City and the Bank that is nationally recognized in the area of municipal law and matters relating to the exclusion of interest on state and local government bonds from gross income under federal tax law, including particularly compliance with Section 148(f) of the Code.

**“Bond Insurer”** means \_\_\_\_\_.

**“Bond Issuance Expense Account”** means the account by that name created by Section 6.02 hereof.

**“Bond Register”** means the registration records of the Bank kept by the Trustee to evidence the registration and transfer of the Bonds.

**“Bondholder” or “holder of Bonds” or “owner of Bonds”** or any similar term means the Registered Owner of any Bond.

**“Bonds”** means the Series 2014 Bonds and any Refunding Bonds.

**“Business Day”** means any day, other than a Saturday or Sunday, on which the Trustee or the City Hall of the City is not closed and on which the payment system of the Federal Reserve System, New Orleans branch, is operational.

**“City”** means the City of Pascagoula, Mississippi, a “local governmental unit” under the Bank Act.

**“City Bond”** means the \$15,000,000 General Obligation Bond, Series 2014, of the City.

**“City Bond Act”** means the provisions of Mississippi Code of 1972, Sections 21-33-301 *et seq.*, as amended from time to time.

**“City Bond Interest Payment”** means that portion of a City Bond Payment which represents the interest due or to become due on City Bond held by the Trustee pursuant to this Indenture.

**“City Bond Payment”** means the amounts paid or required to be paid, from time to time, for principal, premium, if any, and interest on the City Bond held by the Trustee pursuant to this Indenture.

**“City Bond Principal Payment”** means that portion of a City Bond Payment which represents the principal due or to become due on the City Bond held by the Trustee pursuant to this Indenture.

**“City Bond Purchase Agreement”** means that certain City Bond Purchase Agreement, dated \_\_\_\_\_, 2014, by and between the City and the Bank in connection with the issuance and sale of the City Bond.

**“City Bond Resolution”** means that certain Bond Resolution adopted by the City on \_\_\_\_\_, 2014, in connection with the issuance of the City Bond.

**“Code”** means the Internal Revenue Code of 1986 in effect on the date of issuance of the Series 2014 Bonds, and the applicable regulations or rulings promulgated or proposed thereunder, and any successor thereto.

**“Construction Project”** means providing funds for financing certain capital projects and improvements which shall consist of the construction, improvement or pavement of streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land therefor; the construction of bridges and culverts; erecting, repairing, improving, adorning and equipping municipal buildings and purchasing land therefor; the construction and improvement of sanitary, storm, drainage, or sewer systems; improve, repair, and extend the combined water, gas and sewer system of the City; and for other authorized purposes under the Act.

**“Costs of Issuance”** means items of expense payable or reimbursable by or indirectly by the Bank and related to the authorization, sale, validation and issuance of the Bonds and the purchase and validation of the City Bond, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, professional consultants’ fees, financial advisor fees and expenses, costs of credit ratings, fees and charges for execution, transportation and safekeeping of Bonds, credit enhancements or liquidity facility fees, and other costs, charges and fees in connection with the foregoing.

**“Counsel”** means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state and approved by the Bank and the Trustee.

**“Debt Service Reserve Fund”** means the fund by that name created by Section 6.02 hereof.

**“Debt Service Reserve Requirement”** means the lesser of the following: (i) the maximum amount of principal and interest becoming due in the current or any future bond year (meaning each one year period beginning on \_\_\_\_ of one year and ending on \_\_\_\_ of the following year) on all Series 2014 Bonds then outstanding; (ii) 125% of average annual debt service on the Series 2014 Bonds; and (iii) 10% of the stated principal amount of the Series 2014 Bonds.

**“Default”** means an event or condition the occurrence of which, with the lapse of time or the giving of notice or both, would become an Event of Default hereunder.

**“Event of Default”** means any occurrence or event specified in Section 10.01 hereof.

**“Fees and Charges”** means fees and charges established by the Bank from time to time pursuant to the Act which are payable by the City.

**“Fiscal Year”** means the Bank’s fiscal year being the twelve month period from July 1 through the following June 30 or such other as may be established by the Bank.

**“Funds”** means the funds created pursuant to Article VI hereof (other than the Rebate Fund).

**“General Account”** means the account by that name created by Section 6.02 hereof.

**“General Fund”** means the fund by that name created by Section 6.02 hereof.

**“Governmental Obligations”** means to the extent permitted by State law (a) direct obligations of the United States of America; (b) obligations guaranteed as to principal and interest by the United States of America or any federal agency whose obligations are backed by the full faith and credit of the United States of America, including but not limited to: Department of Housing and Urban Development, Export-Import Bank, Farmers Home Administration (or successor thereto), Federal Financing Bank, Federal Housing Administration, Maritime Administration, Small Business Administration, which obligations include but are not limited to certificates or receipts representing direct ownership of future interest or principal payments on obligations described in clause (a) or in this clause (b) and which are held by a custodian in safekeeping on behalf of the holders of such receipts; and (c) obligations of any state of the United States of America or any political subdivision thereof, the full payment of principal of, premium, if any, and interest on which (i) is fully and unconditionally guaranteed or insured by the United States of America, or (ii) is provided for by an irrevocable deposit of the securities described in clause (i) to the extent such investments are permitted by law.

**“Indenture”** means this Indenture of Trust, and all supplements and amendments hereto entered into pursuant to Article XII hereof.

**“Interest Payment Date”** means any date on which interest is payable on the Bonds, and for the Series 2014 Bonds, \_\_\_\_\_ and \_\_\_\_\_, commencing \_\_\_\_\_, 2014.

**“Investment Securities”** means any and all securities, instruments and the like in which the Bank is authorized from time to time to invest its funds under State law, including but not limited to Governmental Obligations.

**“Local Governmental Unit”** means (i) any county, municipality, utility district, regional solid waste authority, county cooperative service district or political subdivision of the State of Mississippi, (ii) the State of Mississippi or any agency thereof, (iii) the institutions of higher learning of the State of Mississippi, (iv) any education building corporation established for institutions of higher learning, or (v) any other governmental unit created under state law, such

as the City, through programs of purchasing the bonds, notes or evidences of indebtedness of such local governmental units under agreements between such local governmental units and the Bank.

“**Moody’s**” means Moody’s Investors Service.

“**Notice Address**” means, with respect to the City, the City’s address given in connection with the sale of the City Bond to the Bank, and, with respect to the Bank, the Trustee and the Original Purchaser:

**Bank:** Mississippi Development Bank  
735 Riverside Drive, Suite 300  
Jackson, Mississippi 39202  
Attention: Executive Director

**Trustee:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Original Purchaser:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: Treasury Department

“**Opinion of Bond Counsel**” means an opinion by a nationally recognized firm experienced in matters relating to the tax exemption for interest payable on obligations of states and their instrumentalities and political subdivisions under federal law, and which is acceptable to the Bank and the Trustee.

“**Opinion of Counsel**” means a written opinion of Counsel addressed to the Trustee, for the benefit of the owners of the Bonds, who may (except as otherwise expressly provided in this Indenture) be Counsel to the Bank or Counsel to the owners of the Bonds and who is acceptable to the Trustee.

“**Original Purchaser**” means \_\_\_\_\_, \_\_\_\_\_, Mississippi.

“**Outstanding**” or “**Bonds Outstanding**” means all Bonds which have been authenticated and delivered by the Trustee under this Indenture, including Bonds held by the Bank, except:

- (a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (b) Bonds deemed paid under Article IX hereof; and

(c) Bonds in lieu of which other Bonds have been authenticated under Section 3.05, 3.06 or 3.10 hereof.

**“Paying Agent”** means \_\_\_\_\_, \_\_\_\_\_, Mississippi, a State banking corporation organized and existing under the laws of the State of Mississippi, or any successor thereto, acting as the Paying Agent under the City Bond Resolution.

**“Positive Cash Flow Certificate”** means a certificate prepared in accordance with Section 5.11 hereof by the Bank to the effect that immediately after the occurrence or non-occurrence of a specific action or omission, as appropriate, Revenues expected to be received, together with other moneys expected to be held in the Funds and Accounts under this Indenture (other than the Rebate Fund) and available therefor in accordance with Section 5.11 (a)(3) hereof, will at least be sufficient on each Interest Payment Date to provide payment of the principal and interest of the Outstanding Bonds due on such date and the payment of Program Expenses, if any.

**“Principal Office”** means, as it relates to the Trustee, the address for the Trustee set forth under the definition of Notice Address above.

**“Principal Payment Date”** means the maturity date or the mandatory sinking fund redemption date of any Bond.

**“Program”** means the program for purchasing the City Bond by the Bank pursuant to the Bank Act.

**“Program Expenses”** means all of the fees and expenses of the Trustee relating to the Bonds or City Bond, any expenses for preparing Positive Cash Flow Certificates under Section 5.11 and costs of determining the amount rebatable, if any, to the United States of America under Section 6.11 hereof, all to the extent properly allocable to the Program and approved in writing by the Bank.

**“Purchase Account”** means the account by that name created by Section 6.02 hereof.

**“Rebate Fund”** means the fund by that name created by Section 6.02 hereof.

**“Record Date”** means, with respect to any Interest Payment Date, the fifteenth day of the calendar month next preceding such Interest Payment Date.

**“Redemption Account”** means the account by that name created by Section 6.02 hereof.

**“Redemption Price”** means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption prior to maturity.

**“Refunding Bonds”** means Bonds issued pursuant to Sections 2.04 and 2.05 hereof and any Supplemental Indenture.

**“Registered Owner”** means the person or persons in whose name any Bond shall be registered on the Bond Register.

**“Related Documents”** means this Indenture and the City Bond Resolution.

**“Reserve Fund Credit Facility”** means an irrevocable and unconditional letter of credit, insurance policy or surety bond, the terms of which have been approved by the City, the Bank, and the Bond Insurer, issued by a bank or other financial institution, which is acceptable to the City, the Bank, and the Bond Insurer, having a long-term credit rating of “A” or better, as determined by Standard & Poor’s which credit facility names the Trustee as the beneficiary thereunder; provided, that any such credit facility must (a) be renewable or extendable on an annual basis; (b) have an initial term of not less than three (3) years; (c) provide that the bank or other financial institution providing such credit facility must notify the Trustee and the City, no less than sixty (60) days in advance of the expiration of the credit facility of its intention not to renew or extend such credit facility; and (d) permit the Trustee to make a drawing thereunder to fund the Debt Service Reserve Fund no later than five (5) Business Days prior to the earlier of (1) the expiration date of such credit facility and (2) the date the proceeds of such drawing will be needed to fund the Debt Service Reserve Fund

**“Reserve Fund Credit Facility Issuer”** means the issuer of the Reserve Fund Credit Facility.

**“Revenues”** means the Funds and Accounts and all income, revenues and profits of the Funds and Accounts referred to in the granting clauses hereof including, without limitation, all City Bond Payments and any Tax Monies (as provided in Section 5.13 hereof) and any additional amounts and paid to the Trustee under the City Bond Resolution

**“S&P”** means Standard & Poor’s Ratings Group, a division of The McGraw Hill Companies, its successors and assigns, and, if dissolved or liquidated or if it no longer performs the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City (with the approval of the Bank), by written notice to the Trustee.

**“Secretary”** means the Secretary or the Assistant Secretary of the Bank.

**“Series 2014 Bonds”** means \$15,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project) issued pursuant to Section 2.01 of this Indenture.

**“Special Reserve Fund”** means the fund by that name created by Section 6.02 hereof.

**“State”** means the State of Mississippi.

**“State Revolving Fund Loans”** means a loan between the State and the City whereby the loan is subject to a lien on the revenues of the City’s combined water and sewer system and is further defined in Section 5.13 hereof.

**“Supplemental Indenture”** means an indenture supplemental to or amendatory of this Indenture, executed by the Bank and the Trustee in accordance with Article XII hereof.

**“Tax Intercept Agreement”** means the Tax Intercept Agreement, dated \_\_\_\_\_, 2014, by and between the City and the Bank, and accepted by the Trustee, as further described in Section 5.13 herein.

**“Tax Monies”** shall have the meaning given it in Section 5.13 herein.

**“Trustee”** means \_\_\_\_\_, \_\_\_\_\_, Mississippi, a State banking corporation organized and existing under the laws of the State of Mississippi, or any successor thereto hereunder.

**“Trust Estate”** means the property, rights, and amounts pledged and assigned to the Trustee pursuant to the granting clauses hereof.

**SECTION 1.02 Rules of Interpretation.** For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) “This Indenture” means this instrument as originally executed and as it may from time to time be supplemented or amended pursuant to the applicable provisions hereof.

(b) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words “herein,” “hereof,” “hereunder,” and “herewith” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(c) The terms defined in this Article or elsewhere in this Indenture have the meanings assigned to them in this Article or elsewhere in this Indenture, as the case may be, and include the plural as well as the singular.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles.

(e) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(f) The headings or captions used in this Indenture are for convenience of reference only and shall not define or limit or describe any of the provisions hereof or the scope or intent thereof.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF BONDS

**SECTION 2.01 Authorization and Issuance of Series 2014 Bonds.** Bonds of the Bank to be known and designated as “Mississippi Development Bank Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project),” are hereby authorized

to be issued. The aggregate principal amount of Series 2014 Bonds that may be issued, authenticated and Outstanding hereunder is Fifteen Million Dollars (\$15,000,000).

There is hereby created by this Indenture, in the manner and to the extent provided herein, a continuing pledge and lien to secure the full and final payment of the principal or Redemption Price of and interest on all of the Series 2014 Bonds issued pursuant to this Indenture. The Series 2014 Bonds shall be payable solely from the Revenues. The State shall not be liable on the Series 2014 Bonds and the Series 2014 Bonds shall not be a debt, liability, pledge of the faith or loan of the credit of the State. The Series 2014 Bonds shall contain on the face thereof a statement to the effect that the Bank is obligated to pay the principal of the Series 2014 Bonds, the interest and the redemption premium, if any, thereon only from the Revenues and that the State is not obligated to pay such principal, interest or redemption premium, if any, and that neither the faith and credit nor the taxing power of the State is pledged to the payment of the Series 2014 Bonds. In the Act, the State has pledged to and agreed with the holders of any Series 2014 Bonds that the State will not limit or alter the rights hereby vested in the Bank to fulfill the terms of any agreements made with the said Bondholders or in any way impair the rights and remedies of such holders until such Series 2014 Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders of Series 2014 Bonds, are fully met and discharged. However, in the event that Revenues are insufficient for such purposes, the Bank covenants and agrees in Section 5.12 that it will, on or before January 1 of each year, make and deliver to the Governor of the State a certificate stating the sum, if any, required to restore the Debt Service Reserve Fund to the Debt Service Fund Requirement. All Series 2014 Bonds shall mature on or before \_\_\_\_\_, \_\_\_\_\_.

**SECTION 2.02 Purpose and Disposition of Series 2014 Bonds.** The purpose for issuing the Series 2014 Bonds is to fund the Purchase Account, in order to provide funds for the purchase of the City Bond to provide funds for the Construction Project and to fund the Bond Issuance Expense Account of the General Fund to pay Costs of Issuance. Upon the delivery of the Series 2014 Bonds and receipt of the net proceeds therefor, the Bank shall deliver to the Trustee proceeds of the Series 2014 Bonds in the amount of \$15,000,000.00 for deposit (i) into the Bond Issuance Expense Account of the General Fund, the sum of \$\_\_\_\_\_ to pay Costs of Issuance; and (ii) into the Purchase Account, \$\_\_\_\_\_ of the net proceeds to be distributed to the City as provided in the City Bond Purchase Agreement.

**SECTION 2.03 General Description of the Series 2014 Bonds.** The Series 2014 Bonds shall be issuable as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The Series 2014 Bonds shall be numbered from 1 upward, as applicable.

Each Series 2014 Bond shall carry an original date of \_\_\_\_\_, 2014 and shall carry the date on which it is authenticated. If a Series 2014 Bond is authenticated on or prior to \_\_\_\_\_, \_\_\_\_\_, it shall bear interest from \_\_\_\_\_, \_\_\_\_\_. Each Series 2014 Bond authenticated after \_\_\_\_\_, 2014 shall bear interest from the most recent Interest Payment Date to which interest has been paid as of the date of authentication of such Series 2014 Bond unless such Series 2014 Bond is authenticated after a Record Date and on or before the next succeeding Interest Payment Date, in which event the Series 2014 Bond will bear interest from such next succeeding Interest Payment Date.

Interest on the Series 2014 Bonds shall be payable on April 1 and October 1 of each year, commencing April 1, 2015 until the Series 2014 Bonds are paid. Interest will be calculated using a three hundred sixty (360) day year based on twelve (12) thirty (30) day months.

The Series 2014 Bonds shall mature on April 1 in the years and in the principal amounts, and shall bear interest at the rates per annum, all as set forth below:

<u>YEAR OF</u> <u>MATURITY</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>
-----------------------------------	-----------------------------------	--------------------------------

**SECTION 2.04 Provisions for Issuance of Bonds.** The Bonds shall be executed by Authorized Officers of the Bank for issuance under this Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Bank or to the purchasers thereof, as specified in a written order of the Bank, but only upon the receipt by the Trustee of:

(a) An Opinion of Counsel dated as of the date of delivery thereof to the effect that (i) this Indenture and the performance by the Bank of its obligations hereunder, have been duly authorized, and this Indenture has been duly executed and delivered by the Bank and constitutes the legal, valid and binding agreement of the Bank, enforceable in accordance with its terms; (ii) the Bonds have been duly authorized, sold, executed and delivered by the Bank, and are valid and binding obligations of the Bank enforceable in accordance with their terms; (iii) all resolutions and actions of the Bank relating to the documents in question and all related proceedings comply with all rules and regulations of the Bank and all approvals or other actions required to be obtained or taken by the Bank under the Act have been obtained or taken as required;

(b) A written order as to the delivery of such Bonds, signed by an Authorized Officer;

(c) A copy of the resolution adopted and approved by the Bank, authorizing the execution and delivery of this Indenture and the issuance and sale of such Bonds, certified by an Authorized Officer;

(d) [Reserved];

(e) An Opinion of Bond Counsel dated as of the date of delivery thereof;

(f) A certificate of an Authorized Officer that the issuance of such Bonds will not violate any limitations in the Act or any other laws of the State as to the amount of Bonds that may be Outstanding from time to time;

(g) A certificate of an Authorized Officer that the Act has not been repealed or amended in a manner that would adversely affect the rights of owners of such Bonds; and

(h) Such further documents, moneys and securities as are required by the provisions of this Section 2.04 or Article VII.

**SECTION 2.05 Provisions for Issuance of Refunding Bonds.** All or any part of one or more series of Refunding Bonds may be authenticated and delivered upon original issuance to refund all or any part of the Outstanding Bonds. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the provisions of the Act, this Section and by the Supplemental Indenture authorizing said Refunding Bonds.

(1) Refunding Bonds may be authenticated and delivered only upon receipt by the Trustee (in addition to the receipt by the Trustee of the documents required by Section 2.04 hereof) of:

(a) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of all the Bonds to be refunded on the redemption date specified in such instructions;

(b) Irrevocable instructions to the Trustee, satisfactory to it, to give notice provided for in Section 4.05 hereof to the owners of the Bonds being refunded; and

(c) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price or principal payment amount of the Bonds to be refunded or paid, respectively, together with accrued interest on such Bonds to the redemption or maturity date and all necessary and appropriate fees and expenses of the Trustee, which moneys shall be held by the Trustee or any one or more escrow agents approved by the Bank in a separate account irrevocably in trust for and assigned to the respective owners of the Bonds to be refunded or paid, or (ii) Governmental Obligations in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of Article IX which Governmental Obligations shall be held in trust and used only as provided in said Article.

**SECTION 2.06 Form of Bonds.** The Bonds and the Trustee's certificate of authentication to be endorsed on the Bonds are all to be in substantially the following form, with necessary and appropriate variations, omissions and insertions as are permitted or required by this Indenture:

[The remainder of this page left intentionally blank.]

(FORM OF SERIES 2014 BOND)

(Front of Bond)

UNITED STATES OF AMERICA  
STATE OF MISSISSIPPI  
MISSISSIPPI DEVELOPMENT BANK  
SPECIAL OBLIGATION BOND, SERIES 2014  
(PASCAGOULA, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT)

NO. \_\_\_\_\_ \$ \_\_\_\_\_

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Date</u>	<u>Date of Authentication</u>	<u>CUSIP</u>
%		_____, 2014		

**Registered Owner:**

**Principal Amount: DOLLARS**

Mississippi Development Bank, a body corporate and politic, exercising essential public functions ("Bank"), organized under the laws of the State of Mississippi, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, upon surrender hereof, the principal amount stated above in lawful money of the United States of America but solely from the sources referred to herein and not otherwise, on the Maturity Date specified above, unless this Series 2014 Bond, as hereinafter defined, shall be redeemable and shall previously have been called for redemption and payment of the redemption price made or provided for, and to pay interest on such principal amount in like money, but solely from said sources, from the interest payment date to which interest has been paid as of the date of authentication of this Series 2014 Bond (unless this Series 2014 Bond is authenticated on or before \_\_\_\_\_, \_\_\_\_\_, then from \_\_\_\_\_, \_\_\_\_\_, or unless this Series 2014 Bond is authenticated after \_\_\_\_\_, \_\_\_\_\_, and on or before the next succeeding interest payment date, then from such interest payment date or unless payment of the interest on this Bond is in default, then from such date when interest has been paid in full) at the Interest Rate per annum stated above, payable on each \_\_\_\_\_ and \_\_\_\_\_, commencing \_\_\_\_\_, \_\_\_\_\_, until payment of such principal amount shall have been made upon redemption or at maturity. The principal of this Series 2014 Bond is payable at the principal corporate trust office of \_\_\_\_\_, as trustee, in the City of \_\_\_\_\_, Mississippi (the "Trustee"), or at the principal corporate trust office of any successor trustee appointed under the Indenture hereinafter mentioned; and payments of interest hereon will be made to the Registered Owner hereof (whose name appears on the registration records kept by the Trustee at the close of business on the fifteenth day of the month prior to such Interest Payment Date) by check mailed on the Interest Payment Date by the Trustee to such Registered Owner at his address as it appears on the registration records of the Bank kept by the Trustee or at such other address as is furnished to the Trustee in writing by such Registered Owner or at the written election of the Registered Owner of \$1,000,000 or more in aggregate principal amount of Series 2014 Bonds delivered to the Trustee at least one

Business Day prior to the Record Date (as defined in the Indenture) for which such election will be effective by wire transfer to the Registered Owner or by deposit into the account of the Registered Owner if such account is maintained by the Trustee.

This Series 2014 Bond and the other Series 2014 Bonds, and the interest payable hereon and thereon, are payable solely by the Bank from the Revenues (as defined herein) and other funds of the Bank pledged therefor under the Indenture, which Revenues and funds include the payments on the City Bond (as hereinafter defined) purchased by the Bank. The Bank has no taxing power. This Series 2014 Bond and the other Series 2014 Bonds, both as to principal and interest, constitutes neither a debt, liability nor loan of the credit of the State of Mississippi ("State") or any political subdivision thereof under the constitution or statutes of the State nor a pledge of the faith and credit, the taxing power of the State or any political subdivision thereof; provided, however, that the City Bond is a general obligation of the City. The issuance of the Series 2014 Bonds under the provisions of the Act, as hereinafter defined, does not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation for the payment thereof or to make any appropriation for their payment and such Series 2014 Bonds do not now and shall never constitute a debt of the State or any political subdivision thereof within the meaning of the constitution or the statutes of the State and do not now and shall never constitute a charge against the credit of the State or any political subdivision thereof or a charge against the taxing power of the State or any political subdivision thereof. Neither the State nor any agent, attorney, member or employee of the State or of the Bank shall in any event be liable for the payment of the principal of, premium, if any, or interest on the Series 2014 Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Bank. Provided, however, that pursuant to 31-25-105 of the Act, the State Legislature may, upon proper certificate from the Bank to the Governor of the State, restore any deficiency which may exist in the Debt Service Reserve Fund created in the Indenture. However, the State Legislature is not and cannot be obligated to appropriate any such funds. No breach by the Bank of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State or any agent, employee, attorney or member of the State or of the Bank, or any charge upon their general credit or upon the taxing power of the State. In the Act, the State has pledged and agreed with the holders of the Series 2014 Bonds that the State will not limit or alter the rights hereby vested in the Bank to fulfill the terms of any agreements made with the said Bondholders or in any way impair the rights and remedies of such holders until such Series 2014 Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders of Series 2014 Bonds, are fully met and discharged.

This Series 2014 Bond is one of an authorized issue of bonds of the Bank known as Mississippi Development Bank Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project) ("Series 2014 Bonds") issued under and secured by an Indenture of Trust dated as of \_\_\_\_\_, 2014 ("Indenture"), duly executed and delivered by the Bank to \_\_\_\_\_, \_\_\_\_\_, Mississippi, as Trustee ("Trustee"). The Series 2014 Bonds are limited in aggregate principal amount to Fifteen Million Dollars (\$15,000,000). The Series 2014 Bonds are issued pursuant to Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended ("Bank Act") and Sections 21-33-301 *et seq.*, Mississippi Code of 1972, as amended (the "City Bond Act" and together with the Bank Act, the "Act"), to provide funds to purchase the City

Bond to provide funds for the Construction Project (as hereinafter defined) and to pay costs of issuing the Series 2014 Bonds and the City Bond. The City is Pascagoula, Mississippi and the City Bond is the City of Pascagoula, Mississippi General Obligation Bond, Series 2014, in the aggregate principal amount of \$15,000,000. The City Bond is a general obligation of the City secured and described in that certain Bond Resolution, adopted by the City Council of the City on \_\_\_\_\_, 2014 (the "City Bond Resolution"). The proceeds received by the City from the sale of the City Bond to the Bank will be used by the City for the purpose of providing funds for financing certain capital projects and improvements which shall consist of (i) the Construction Project, (ii) funding a debt service reserve fund for the Bank Bonds, as herein defined, and (iii) paying for costs of issuance for the Series 2014 Bonds and the City Bond.

The City Bond Resolution, a certified copy of which is on file in the principal corporate trust office of the Trustee, provides that the City is unconditionally obligated to make payments secured by the full, faith and credit of the City in an aggregate amount sufficient, with any other funds available therefor, for the payment in full of the principal of, premium, if any, and interest on all Bonds issued and Outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Bank and the Trustee.

In the City Bond Resolution, the City covenants to levy a direct, continuing special tax upon all of the taxable property within the geographical limits of the City, adequate and sufficient, after allowance shall have been made for the expenses of collection and delinquencies in the payment of taxes, to produce sums required for the payment of the principal of premium, if any, and the interest on the City Bond and any additional obligations of the City under the City Bond Resolution; provided, however, that such tax levy for any year shall be abated *pro tanto* to the extent the City on or prior to September 1 of that year has transferred money to the bond fund established for the City Bond, or has made other provisions for funds, including the pledge of the combined water and sewer system of the City to be applied to that portion of the annual principal and interest payments allocable to Seven Million Dollars (\$7,000,000) of the principal amount of the City Bond, in accordance with the provisions of the City Bond Resolution. Said tax shall be extended upon the tax rolls and collected in the same manner and at the same time as other taxes of the City are collected, and the rate of tax which shall be so extended shall be sufficient in each year fully to produce the sums required as aforesaid, without limitation as to time, rate or amount. The avails of said tax are irrevocably pledged in the City Bond Resolution for the payment of the principal of, premium, if any, and interest on the City Bond and any additional obligations of the City as aforesaid as the same shall respectively mature and accrue.

The Series 2014 Bonds are all equally and ratably secured by and entitled to the protection of the Indenture on a parity one with another and with any Refunding Bonds which may be issued pursuant to Section 2.05 of the Indenture (collectively, the "Bonds"). To secure payment of principal of and interest on all Bonds and performance of all other covenants of the Bank under the Indenture, the Bank, pursuant to the Indenture, has assigned and pledged to the Trustee, and has granted to the Trustee a security interest in, the Trust Estate (as defined in the Indenture), including all rights, title and interest of the Bank in and to all moneys and securities from time to time received and held by the Trustee under the Indenture and all income from the deposit, investment and reinvestment thereof except any moneys and securities held in the Rebate Fund established under the Indenture (all such money and funds and accounts referred to in the granting clauses of the Indenture are defined in the Indenture and are herein referred to as

the "Revenues"). Reference is hereby made to the Indenture for a description of the rights, duties and obligations of the Bank, the Trustee and the owners of the Bonds, the terms and conditions upon which the Series 2014 Bonds are issued and the terms and conditions upon which the Series 2014 Bonds will be paid at or prior to maturity, or will be deemed to be paid upon the making of provision for payment therefor. Copies of the Indenture are on file at the principal corporate trust office of the Trustee.

This Series 2014 Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Trustee, but only in the manner and subject to the limitations prescribed in the Indenture and upon surrender and cancellation of this Series 2014 Bond. This Series 2014 Bond may be transferred without cost to the Registered Owner except for any tax or governmental charge required to be paid with respect to the transfer. Upon such transfer a new Series 2014 Bond or Series 2014 Bonds of the same maturity and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Bank and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and the interest due hereon and for all other purposes and neither the Bank nor the Trustee shall be affected by any notice to the contrary.

The Series 2014 Bonds are issuable as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and upon payment of any taxes or governmental charges, Series 2014 Bonds may be exchanged for a like aggregate principal amount of Series 2014 Bonds of the same maturity of authorized denominations.

If the City directs the Bank to redeem Series 2014 Bonds pursuant to Section 3 of the City Bond Resolution, the Bank has agreed under the Indenture to accept redemption and redeem Series 2014 Bonds in the following instances:

(a) The Series 2014 Bonds (or any portions thereof in integral multiples of \$5,000 each) which mature on or after \_\_\_\_\_, \_\_\_\_\_ are subject to optional redemption prior to their stated date of maturity in whole or in part, in principal amounts and maturities as selected by the Bank on any date on or after \_\_\_\_\_, \_\_\_\_\_ at par, plus accrued interest to the date of redemption thereof. Under the Indenture, selection of Series 2014 Bonds to be redeemed within a maturity will be made by lot by the Trustee.

(b) The Series 2014 Bonds are also subject to extraordinary mandatory redemption prior to their stated date of maturity in whole or in part, at any time, in inverse order of maturity, at a Redemption Price equal to the principal amount thereof plus accrued interest to the redemption date, from and to the extent that moneys are transferred from the Purchase Account to the Redemption Account created in the Indenture due to a failure of the City to issue and deliver the City Bond or if the City Bond is issued and delivered by the City in an original principal amount less than the original principal amount of the Series 2014 Bonds or otherwise deposited in the Redemption Account from proceeds received upon the redemption of the City Bond

under the City Bond Resolution as a result of redemption of the City Bond under the City Bond Resolution pursuant to a default under the City Bond Resolution and acceleration of the City Bond thereunder.

In the event less than all of the Series 2014 Bonds are to be redeemed, the principal amount and maturity to be redeemed shall be selected by the Bank, and the Trustee, in its sole discretion, shall select the Series 2014 Bonds to be redeemed by lot within a selected maturity, provided that Series 2014 Bonds shall be redeemed only in whole multiples of \$5,000.

In the event any of the Series 2014 Bonds are called for redemption as aforesaid, notice thereof identifying the Series 2014 Bonds to be redeemed will be given by mailing a copy of the redemption notice by registered or certified mail not less than 30 days nor more than 45 days prior to the date fixed for redemption to the Registered Owner of the Series 2014 Bond to be redeemed at the address shown on the registration records kept by the Trustee. Failure to give such notice by mailing, or any defect therein with respect to any Series 2014 Bond, shall not affect the validity of any proceedings for the redemption of other Series 2014 Bonds. All Series 2014 Bonds so called for redemption will cease to bear interest on the specified redemption date, shall no longer be protected by the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture, provided funds for their redemption are on deposit at the place of payment prior to the redemption date.

The Registered Owner of this Series 2014 Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Series 2014 Bonds issued under the Indenture and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of the Indenture, or of any supplements thereto, may be made to the extent permitted by, and in accordance with, the Indenture.

The Bank hereby certifies, recites and declares that all acts, conditions and things required by the constitution and statutes of the State, the Indenture, and resolutions of the Bank to exist, happen and be performed prior to the issuance of this Series 2014 Bond do exist, have happened and have been performed in due time, form and manner as required by the Act; that the issuance of the Series 2014 Bonds, together with all other obligations of the Bank, does not exceed or violate any constitutional or statutory limitation applicable to the Bank; and that the revenues pledged to the payment of the principal of, premium, if any, and interest on the Series 2014 Bonds, as the same become due, are designed to be sufficient in amount for that purpose.

This Series 2014 Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the certificate of authentication hereon shall have been signed by the Trustee.

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Indenture.

IN WITNESS WHEREOF, the Mississippi Development Bank has caused this Series 2014 Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Executive Director and a manual or facsimile seal of its official seal to be hereunto impressed or imprinted hereon by any means and attested by the manual signature of its Secretary.

**MISSISSIPPI DEVELOPMENT BANK**

By: \_\_\_\_\_  
**Executive Director**

**ATTEST:**

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

**(SEAL)**

[FORM OF CERTIFICATE OF AUTHENTICATION]

**CERTIFICATE OF AUTHENTICATION**

This Series 2014 Bond is one of the Series 2014 Bonds issued and delivered pursuant to the provisions of the within mentioned Indenture.

\_\_\_\_\_,  
\_\_\_\_\_, MISSISSIPPI, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

Date of Authentication: \_\_\_\_\_, 2014

[FORM OF VALIDATION CERTIFICATE]

**VALIDATION CERTIFICATE**

**STATE OF MISSISSIPPI**

**COUNTY OF HINDS**

The undersigned Secretary of the Mississippi Development Bank does hereby certify that the within Series 2014 Bond has been validated and confirmed by Decree of the Chancery Court of the First Judicial District of Hinds County, Mississippi, rendered on the \_\_th day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Secretary

(SEAL)

[FORM OF ASSIGNMENT]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_

(PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE)

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE)

the within Series 2014 Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, Attorney, to transfer the within Series 2014 Bond on the records kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTICE:** The signature to this assignment must correspond with the name as it appears upon the face of the within Series 2014 Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

**NOTICE:** Signature(s) must be guaranteed by a member of a nationally recognized Medallion Signature Guaranty Program acceptable to the Trustee.

BY: \_\_\_\_\_  
Authorized Officer

[END OF SERIES 2014 BOND FORM]

**SECTION 2.07** [RESERVED].

**SECTION 2.08** [RESERVED].

**SECTION 2.09** [RESERVED].

### ARTICLE III

#### GENERAL TERMS AND PROVISIONS OF BONDS

**SECTION 3.01 Medium, Form and Place of Payment.** The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be payable by check mailed on the Interest Payment Date to the Registered Owners as of the Record Date. The Bank may provide for the payment of interest on Bonds to holders of \$1,000,000 or more by wire transfer or by such other method as is acceptable to the Trustee and the Bondholder upon written election of such Bondholder at least one Business Day prior to the applicable Record Date. Principal shall be payable at the Principal Office of the Trustee upon presentation of the Bonds to be paid.

**SECTION 3.02 Legends.** The Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom, as determined by the Bank prior to the delivery thereof.

**SECTION 3.03 Execution.** The Bonds shall be executed on behalf of the Bank with the manual or facsimile signature of its Executive Director, Secretary, President or Vice President and shall have impressed or imprinted thereon, by facsimile or otherwise, the official seal of the Bank, which seal shall be attested by the manual or facsimile signature of the Executive Director or Secretary of the Bank. In case any officer of the Bank whose signature or whose facsimile signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such signature or facsimile signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Any Bond may be executed and attested on behalf of the Bank by such officer as at the time of the execution of such Bonds shall be duly authorized or hold the proper office of the Bank although at the date borne by the Bonds or at the date of delivery of the Bonds such officer may not have been so authorized or have held such office.

**SECTION 3.04 Authentication.** No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond substantially in the following form shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture:

**CERTIFICATE OF AUTHENTICATION**

This Series 2014 Bond is one of the Series 2014 Bonds issued and delivered pursuant to the provisions of the within mentioned Indenture.

\_\_\_\_\_,  
\_\_\_\_\_, MISSISSIPPI, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized representative or signatory of the Trustee, but it shall not be necessary that the same representative or signatory sign the certificate of authentication on all of the Bonds. The signature of the authorized representative or signatory of the Trustee shall be manual.

**SECTION 3.05 Mutilated, Lost, Stolen or Destroyed Bonds.** If any Bond is mutilated, lost, stolen or destroyed, the Bank shall execute and the Trustee shall authenticate a new Bond or Bonds of the same maturity and denomination, as that mutilated, lost, stolen or destroyed Bond; provided that in the case of any mutilated Bond, such Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, together with indemnity satisfactory to it. In the event any such Bond shall have matured or been called for redemption, instead of issuing and authenticating a duplicate Bond, the Trustee may pay the same without surrender thereof, provided, however, that in the case of a lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee together with indemnity satisfactory to it. The Trustee may charge the owner of such Bond its reasonable fees and expenses in connection with replacing any Bond mutilated, lost, stolen or destroyed. Any Bond issued pursuant to this Section 3.05 shall be deemed part of the original series of the Bonds in respect of which it was issued and a contractual obligation of the Bank replacing the obligation evidenced by such mutilated, lost, stolen or destroyed Bond.

**SECTION 3.06 Registration, Transfer and Exchange of Bonds; Persons Treated as Owners.** The Bank shall cause records for the registration and for the transfer of the Bonds to be kept by the Trustee at its Principal Office, and the Trustee is hereby constituted and appointed the bond registrar of the Bank. At reasonable times and under reasonable regulations established by the Trustee, said records may be inspected by the Bank or by Registered Owners (or a designated representative thereof) of five percent (5%) or more in aggregate principal amount of the Bonds then Outstanding.

Upon surrender for transfer of any Bond at the Principal Office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by the Registered Owner or his attorney duly authorized in writing, the Bank shall execute and the Trustee shall authenticate and deliver in the

name of the transferee or transferees a new Bond or Bonds of the same maturity for a like aggregate principal amount. The Bonds may be transferred or exchanged without cost to the Bondholders except for any tax or governmental charge required to be paid with respect to the transfer or exchange. The execution by the Bank of any Bond of any denomination shall constitute full and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate and deliver such Bond.

The Trustee shall not be required (a) to register, transfer or exchange any Bond during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds, or (b) to register, transfer or exchange any Bonds selected, called or being called for redemption in whole or in part after mailing notice of such call has been made.

The person in whose name a registered Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal and interest thereon, 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.

All Bonds delivered upon any transfer or exchange shall be valid obligations of the Bank, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bond surrendered.

**SECTION 3.07 Destruction of Bonds.** Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture or upon payment of the principal amount or interest represented thereby or for replacement pursuant to Section 3.05 hereof, such Bond shall be canceled and destroyed by the Trustee and a counterpart of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Bank.

**SECTION 3.08 Nonpresentment of Bonds.** In the event any Bond shall not be presented for payment when the principal thereof comes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, if funds sufficient to pay such Bond shall have been made available to the Trustee for the benefit of the Registered Owner thereof, all liability of the Bank to the Registered Owner thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds for four (4) years, for the benefit of the Registered Owner of such Bond, without liability for interest thereon to such Registered Owner, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond.

Any money so deposited with and held by the Trustee not so applied to the payment of Bonds within four (4) years after the date on which the same shall become due shall be repaid by the Trustee to the Bank and thereafter the Bondholders shall be entitled to look only to the Bank for payment, and then only to the extent of the amount so repaid, and the Bank shall not be liable for any interest thereon to the Bondholders and shall not be regarded as a trustee of such money.

**SECTION 3.09 Other Obligations Payable from Revenues.** The Bank shall grant no liens or encumbrances on or security interests in the Trust Estate (other than those created by this Indenture), and, except for the Bonds, shall issue no bonds or other evidences of indebtedness payable from the Trust Estate.

**SECTION 3.10 Temporary Bonds.** Until the definitive Bonds are ready for delivery, the Bank may execute, in the same manner as is provided in Section 3.03 hereof, and, upon the request of the Bank, the Trustee shall authenticate and deliver, one or more temporary Bonds, which shall be fully registered. Such temporary Bonds shall be subject to the same provisions, limitations and conditions as the definitive Bonds and shall be substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in the denomination of \$5,000 or any integral multiples thereof authorized by the Bank, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Bank at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds shall deliver in exchange therefor definitive Bonds, of the same aggregate principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Indenture.

If the Bank shall authorize the issuance of temporary Bonds in more than one denomination, the owner of any temporary Bond or Bonds may, at his option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount and maturity of any other authorized denomination or denominations, and thereupon the Bank shall execute and the Trustee, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes and charges provided for in Section 3.06 hereof, shall authenticate and deliver a temporary Bond or Bonds of like aggregate principal amount and maturity in such other authorized denomination or denominations as shall be requested by such owner. All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith canceled by the Trustee.

**SECTION 3.11 Limitations on Obligations of Bank.** The Bonds, together with interest thereon, shall be limited obligations of the Bank and payable solely from the Revenues and shall be a valid claim of the respective owners thereof only against the Funds and Accounts, other than the Rebate Fund and any Accounts created thereunder, established hereunder and the City Bond acquired by the Trustee, all of which are hereby assigned and pledged hereunder for the equal and ratable payment of the Bonds and shall be used for no other purpose than the payment of the Bonds, except as may be otherwise expressly authorized in this Indenture. The Bonds do not constitute a debt or liability of the State or of any political subdivision thereof under the constitution of the State or a pledge of the faith and credit or taxing power of the State or any political subdivision thereof, but shall be payable solely from the Revenues and funds pledged therefor in accordance with this Indenture including, without limitation, the avails of the full faith and credit of the City derived or to be derived from payments made in respect of the City Bond pursuant to the City Bond Resolution. The issuance of the Bonds under the provisions of the Act does not directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation for the payment thereof or to make any appropriation for their payment and such Bonds and the interest payable thereon do not now and shall never constitute a debt of the State or any political subdivision thereof within the meaning

of the constitution of the State or the statutes of the State and do not now and shall never constitute a charge against the credit or taxing power of the State or any political subdivision thereof; provided, however, that the City Bond is a general obligation of the City. Neither the State nor any agent, attorney, member or employee of the State or of the Bank, shall in any event be liable for the payment of the principal of, and premium, if any, or interest on the Bonds or damages, if any, for the nonperformance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Bank. No breach by the Bank of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State or any of the State's or the Bank's agents, members, attorneys, and employees or any charge upon the general credit of the State or a charge against the taxing power of the State or any political subdivision thereof (except the City). In the Act, the State has pledged and agreed with the holders of any Bonds that the State will not limit or alter the rights hereby vested in the Bank to fulfill the terms of any agreements made with the said Bondholders or in any way impair the rights and remedies of such holders until such Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders of Bonds are fully met and discharged.

**SECTION 3.12 Immunity of Officers and Directors.** No recourse shall be had for the payment of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Indenture contained against any past, present or future officer, member, director, agent or employee of the Bank or any officer, member, director, trustee, agent or employee of any successor entities thereto, as such, either directly or through the Bank or any successor entities, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, members, directors, trustees, agents, or employees as such, is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and issuance of such Bonds.

#### ARTICLE IV

#### REDEMPTION OF BONDS PRIOR TO MATURITY

**SECTION 4.01 Privilege of Redemption and Redemption Prices and Terms for Series 2014 Bonds.**

If the City directs the Bank to redeem the Series 2014 Bonds pursuant to Section 3 of the City Bond Resolution, the Bank agrees to accept redemption and redeem the Series 2014 Bonds in the following instances:

(a) Optional Redemption. The Series 2014 Bonds (or any portion thereof in integral multiples of \$5,000 each) which mature on or after \_\_\_\_\_, \_\_\_\_ are subject to optional redemption prior to their stated date of maturity in whole or in part, in principal amounts and maturities selected by the Bank on any date on or after \_\_\_\_\_, \_\_\_\_ at par, plus accrued interest to the date of redemption thereof. Selection of the Series 2014 Bonds to be redeemed within a maturity will be made by lot by the Trustee.

(b) Extraordinary Mandatory Redemption. The Series 2014 Bonds are also subject to extraordinary mandatory redemption prior to maturity in whole or in part, at any time, in inverse order of maturity, at a Redemption Price equal to the principal amount thereof plus accrued interest to the redemption date, from and to the extent that moneys are transferred from the Purchase Account to the Redemption Account created in this Indenture due to a failure of the City to issue and deliver the City Bond or if the City Bond is issued and delivered by the City in an original principal amount less than the original principal amount of the Series 2014 Bonds when issued or otherwise deposited in the Redemption Account from proceeds received upon the redemption of the City Bond under the City Bond Resolution pursuant to a default under the City Bond Resolution and acceleration by the Trustee of the Series 2014 Bonds to be redeemed.

**SECTION 4.02 Redemption at the Election or Direction of the Bank.** In the case of any redemption of Bonds, the Bank shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the principal amounts of the Bonds of each maturity to be redeemed (which maturities and principal amounts thereof to be redeemed shall be determined by the Bank in its sole discretion, subject to any limitations with respect thereto contained in the Act or this Indenture) and of the moneys to be applied to the payment of the Redemption Price. Such notice shall be given at least forty-five (45) days prior to the redemption date and may be conditioned upon receipt of sufficient funds to redeem the Bonds called for redemption on the redemption date. The Bank shall pay to the Trustee an amount in cash, which, in addition to other moneys, if any, available therefor held by such Trustee, will be sufficient to redeem, on the redemption date at the Redemption Price thereof, together with interest accrued to the redemption date, all of the Bonds to be redeemed.

**SECTION 4.03 Selection of Bonds to be Redeemed.** If less than all of the Bonds are to be redeemed, the Bonds shall be redeemed only in whole multiples of \$5,000. For purposes of redemption, each \$5,000 of principal shall be considered as a Bond. If less than all of the Bonds shall be called for redemption, the principal amount and maturity of the particular Bonds to be redeemed shall be selected by the Bank and the Trustee shall select the particular Bonds to be redeemed by lot within a maturity in such manner as the Trustee may determine. If redemption at a Redemption Price exceeding 100% of the principal amount redeemed is to take place as of any mandatory sinking fund redemption date, the Bonds to be so redeemed by such mandatory sinking fund redemption shall be selected by lot prior to the selection of the Bonds to be redeemed on the same date by operation of the optional redemption provisions set forth herein.

**SECTION 4.04 Redemption Payments.** The Trustee is hereby authorized and directed to apply funds deposited with the Trustee by the Bank in an amount sufficient to pay the Redemption Price of the Bonds or portions thereof called, together with accrued interest thereon to the redemption date. If proper notice of redemption by mailing has been given as provided in Section 4.05 hereof and sufficient funds for redemption shall be on deposit with the Trustee as aforesaid, interest on the Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption. No payment shall be made by the Trustee upon any Bond or portion thereof called for redemption until such Bond or portion thereof shall have been delivered for payment or cancellation or the Trustee shall have received the items required by Section 3.05 hereof with respect to any mutilated, lost, stolen or destroyed Bond.

**SECTION 4.05 Notice of Redemption.** Notice of the call for any redemption, identifying the Bonds to be redeemed (which may be a conditional notice of redemption), shall be given by the Trustee by mailing a copy of the redemption notice by registered or certified mail at least 30 days but not more than 45 days prior to the date fixed for redemption to the Bonds Original Purchaser and to the Registered Owner of each Bond to be redeemed at the address shown on the Bond Register. Failure to give such notice by mailing to any Bondholder or any defect in such notice, shall not affect the validity of any proceeding for the redemption of any other Bonds.

**SECTION 4.06 Cancellation.** All Bonds which have been redeemed shall not be reissued but shall be canceled and destroyed by the Trustee in accordance with Section 3.07 hereof.

## ARTICLE V

### GENERAL COVENANTS

**SECTION 5.01 Payment of Principal and Interest.** The Bank covenants and agrees that it will promptly pay the principal of and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof, provided that the principal and interest are payable by the Bank solely from Revenues and any other funds or assets of the Bank hereinafter pledged to the Trustee as security by the Bank to the extent of that pledge.

**SECTION 5.02 Performance of Covenants; Bank.** The Bank covenants and agrees that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any, and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining thereto. The Bank covenants and agrees that it is duly authorized under the constitution and laws of the State, including particularly the Act, to issue the Bonds authorized hereby and to execute this Indenture and to pledge the Revenues and all other property hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the Bonds in the hands of the owners thereof are and will be valid and enforceable limited obligations of the Bank according to the terms thereof and hereof.

**SECTION 5.03 Instruments of Further Assurance.** The Bank covenants and agrees that the Trustee may defend its rights to the payment of the Revenues for the benefit of the owners of the Bonds against the claims and demands of all persons whomsoever. The Bank covenants and agrees that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the rights assigned hereby and the amounts and other property pledged hereby to the payment of the principal of and interest on the Bonds.

**SECTION 5.04 [RESERVED].**

**SECTION 5.05 Covenants Concerning Program.**

(1) In order to provide for the payment of the principal, premium, if any, and interest on the Bonds and Program Expenses, the Bank shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of this Indenture and sound banking practices and principles, to the extent necessary to provide for the payment of the Bonds (i) do all such acts and things as shall be necessary to receive and collect Revenues (including enforcement of the prompt collection of all arrears on the City Bond), and (ii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Bank to protect its rights with respect to or to maintain any insurance on the City Bond and to enforce all terms, covenants and conditions of the City Bond including the collection, custody and prompt application of all payments and deposits required by the terms of the City Bond for the purposes for which they were made.

(2) Whenever necessary in order to provide for the payment of debt service on the Bonds, the Bank shall commence appropriate remedies with respect to the City Bond which is in default.

**SECTION 5.06 Possession and Inspection of City Bond.** The Trustee covenants and agrees to retain or cause its agent to retain possession of the City Bond and a copy of the transcript or documents related thereto and release them only in accordance with the provisions of this Indenture. The Bank and the Trustee covenant and agree that all records and documents in their possession relating to the City Bond shall at all times be open to inspection by such accountants or other agencies or persons as the Bank or the Trustee may from time to time designate.

**SECTION 5.07 Accounts and Reports.** The Bank covenants and agrees to keep proper records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Program, the City Bond and the Funds and Accounts established by this Indenture. Such records, and all other records and papers of the Bank, and such Funds and Accounts shall at all reasonable times be subject to the inspection of the Trustee and the Registered Owners of an aggregate of not less than five percent (5%) in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

The Trustee covenants and agrees, if requested, to provide to the Bank prior to the twentieth day of the month following the end of each six-month period, commencing with the period ending \_\_\_\_\_, \_\_\_\_\_ a statement of the amount on deposit in each Fund and Account as of the first day of that month and of the total deposits to and withdrawals from each Fund and Account during the preceding six-month period.

The reports, statements and other documents required to be furnished to or by the Trustee pursuant to any provision of this Indenture shall be provided to the Registered Owners of an aggregate of not less than five percent (5%) in principal amount of the Bonds then Outstanding who file or have filed a written request therefor with the Trustee with any such costs of such documents to be paid by the Bondholder.

**SECTION 5.08 Bank Covenants with Respect to City Bond.**

(1) The Bank covenants and agrees that it will not permit or agree to any material change in the City Bond unless the Bank supplies the Trustee with a Positive Cash Flow Certificate which gives effect to such action.

(2) [Reserved].

(3) The Bank covenants and agrees that it will enforce or authorize the enforcement of all remedies available to owners or holders of the City Bond, unless the Bank provides the Trustee with a Positive Cash Flow Certificate which gives effect to the Bank's failure to enforce or to authorize the enforcement of such remedies; provided, however, that decisions as to the enforcement of remedies shall be within the sole discretion of the Trustee.

(4) The Bank covenants and agrees that it will not sell or dispose of the City Bond.

**SECTION 5.09 [RESERVED].**

**SECTION 5.10 Monitoring Investments.** The Bank covenants and agrees to regularly review the investments held by the Trustee in the Funds and Accounts for the purpose of assuring that the Revenues derived from such investments are sufficient to provide, with other anticipated Revenues, the debt service on Outstanding Bonds.

**SECTION 5.11 Positive Cash Flow Certificates.**

(1) At any time that the provisions of this Indenture shall require that a Positive Cash Flow Certificate be prepared concerning anticipated Revenues and payments on the Bonds, such certificate shall be prepared by a nationally recognized firm of independent accountants acceptable to the Trustee in accordance with this Section 5.11. Such certificate shall set forth:

(a) the Revenues expected to be received on the City Bond financed or expected to be financed with proceeds of Outstanding Bonds;

(b) all other Revenues, including the interest to be earned and other income to be derived from the investment of the Funds and Accounts (other than the Rebate Fund) and the rate or yields used in estimating such amounts;

(c) all moneys expected to be in the Funds and Accounts (other than the Rebate Fund and, with respect to the Debt Service Reserve Fund, only to the extent provided in paragraph (d) hereof);

(d) the amount, if any, expected to be withdrawn from the Debt Service Reserve Fund, but only if the amount on deposit in the Debt Service Reserve Fund is expected to at least equal the Debt Service Reserve Requirement immediately after such withdrawal and such withdrawal is permitted by this Indenture;

(e) the principal and interest due on all Bonds expected to be Outstanding during such Fiscal Year; and

(f) the amount, if any, of Program Expenses expected to be paid from the Revenues.

(2) In making any Positive Cash Flow Certificate, the accountant or firm of accountants may contemplate the payment or redemption of Bonds for the payment or redemption of which amounts have been set aside in the Redemption Account. The issuance of Bonds, the making of transfers from one Fund to another and the deposit of amounts in any Fund from any other source may only be contemplated in a Positive Cash Flow Certificate to the extent that such issuance, deposit or transfer has occurred prior to or will occur substantially simultaneously with the delivery of such Positive Cash Flow Certificate. The accountant or firm of accountants shall also supply supporting schedules appropriate to show the sources and applications of funds used, identifying particular amounts to be transferred between Funds, amounts to be applied to the redemption or payment of Bonds and amounts to be used to provide for Costs of Issuance for the Bonds. The amount of the existing City Bond, existing Investment Securities and existing cash shall be the amounts as of the last day of the month preceding the month in which the Positive Cash Flow Certificate is delivered but shall be adjusted to give effect to scheduled payments of principal and interest on the City Bond, actual payments or proceeds with respect to Investment Securities and actual expenditures of cash expected by the Bank through the end of the then current month.

**SECTION 5.12 Bank's Certificate of Debt Service Reserve Fund Deficiency.**

(1) The Trustee shall give the Bank notice by December 1 in any year in which Bonds are Outstanding if the Debt Service Reserve Fund is not funded with an amount equal to the Debt Service Reserve Requirement. As provided by the Act, the Bank covenants and agrees that it will, on or before January 1 of each year, make and deliver to the Governor of the State a certificate, stating the sum, if any, required to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement. In computing any deficiency, the Bank shall also take into account any transfer from the Debt Service Reserve Fund to the General Account which is necessary to make the applicable January 1 payment provided for in Section 6.08. The Bank covenants and agrees that it will immediately take all further action required or allowed under Section 31-25-105, Mississippi Code of 1972, as amended, from time to time, to certify to the Governor of the State and the State Legislature any deficiency in the Debt Service Reserve Fund.

(2) At such time as monies have been appropriated and made available by the State under this Section 5.12, the Bank shall immediately request that such monies be transferred to the Trustee to be deposited in the Debt Service Reserve Fund pursuant to this Indenture. Any monies appropriated by the State Legislature for the purposes of replenishing the Debt Service Reserve Fund shall be deposited into the Debt Service Reserve Fund upon receipt by the Trustee and invested and used in accordance with the terms and conditions of this Indenture.

**SECTION 5.13 Agreement Withholding City Monies to Satisfy Delinquent Payments.**

As provided for in the Act, the City and the Bank have entered into and the Trustee has accepted the Tax Intercept Agreement whereby the City has covenanted, agreed and authorized the Mississippi Department of Revenue (the "DOR") or any other State agency, department or commission to (1) withhold all or any part of any monies (the "Tax Monies") which the City is entitled to receive from time to time pursuant to any law and which is in possession of the DOR or any other state agency, department or commission created pursuant to State law and subject to the prior lien of the debt service payments on a State Revolving Fund Loans (the "SRF Loans"), existing on the date of issuance of the Series 2014 Bonds between the State and the City under Sections 49-17-1 *et seq.*, Mississippi Code of 1972, as amended from time to time, which SRF Loans have a lien on the revenues of the City's combined water and sewer system; however, the debt service for the SRF Loans is collected by the DOR by diverting sales tax collections prior to remittance of the sales tax to the City and then subsequently reimbursed to the City from the revenues of the combined water and sewer system and (2) pay same over to the Trustee to satisfy any delinquent payment (the "Delinquent Payment") of the City under and pursuant to Section 12 of the City Bond Resolution, adopted by the City on \_\_\_\_\_, 2014, City Bond Resolution, the Bank has authorized and directed the Trustee under the Tax Intercept Agreement to file the Tax Intercept Agreement and a statement of deficiency setting forth the amount of any Delinquent Payment with the DOR or any other State agency, department or commission, thereby directing the DOR or any other State agency, department or commission to pay any Tax Monies directly to the Trustee on behalf of the Bank to satisfy any Delinquent Payment, all as permitted under the Act. In any event, if the City fails to make timely payments under the City Bond Resolution as provided in Section 12 of the City Bond Resolution, the Trustee is hereby further directed to file the Tax Intercept Agreement with the DOR and take further action to recover Tax Monies under the Tax Intercept Agreement. The Trustee is hereby directed to pay any Tax Monies into the General Account of the General Fund to be applied in accordance with Section 6.05 hereof.

**SECTION 5.14 Covenants Concerning Preservation of Tax Exemption.** The Bank hereby covenants and agrees to take all qualifying actions and to not fail to take any qualifying actions which are necessary in order to protect and preserve the exclusion from gross income for federal income tax purposes of the interest on the Series 2014 Bonds. For this purpose, the Bank shall approve and deliver to the Trustee a memorandum of compliance concerning the provisions of the Code necessary to protect and preserve such exclusion. Such memorandum of compliance may only be amended from time to time upon the receipt by the Trustee of an opinion of Bond Counsel to the effect that compliance by the Bank with the memorandum of compliance will not adversely affect the exclusion of interest on the Series 2014 Bonds from gross income of the holders thereof for federal income tax purposes.

## ARTICLE VI

### REVENUES AND FUNDS

**SECTION 6.01 Source of Payment of Bonds.** The Bonds and all payments by the Bank hereunder are limited obligations of the Bank payable solely out of the Trust Estate as

authorized by the constitution and statutes of the State, including particularly the Act and this Indenture, as provided herein.

**SECTION 6.02 Creation of Funds.** There are hereby created by the Bank and ordered established the following funds to be held by the Trustee: (a) the General Fund; (b) the Debt Service Reserve Fund; (c) the Special Reserve Fund; and (d) the Rebate Fund. There is hereby created and established in the General Fund a "General Account," "Bond Issuance Expense Account," "Redemption Account," and "Purchase Account." Upon the written request of the Bank, the Trustee shall establish and maintain hereunder such additional Funds, Accounts or subaccounts as the Bank may specify from time to time to the extent that in the judgment of the Trustee the establishment of such Fund or Account is not to the material prejudice of the Trustee or the Bondholders

**SECTION 6.03 Deposit of Net Proceeds of Bonds.**

(1) The Trustee shall deposit the proceeds from the sale of the Series 2014 Bonds in the manner provided in Section 2.02 hereof.

(2) The Trustee shall deposit the proceeds of any Refunding Bonds in the manner provided in the Supplemental Indenture authorizing the issuance thereof.

**SECTION 6.04 Deposit of Revenues and Other Receipts.** Upon receipt of any Revenues or other receipts (except the proceeds of the Bonds and moneys received upon sale or redemption prior to maturity of the City Bond), the Trustee shall deposit such amounts into the General Account of the General Fund or such other applicable Fund or Account.

**SECTION 6.05 Operation of General Account.** The Trustee shall deposit in the General Account of the General Fund all amounts required to be deposited therein pursuant to the provisions of this Article VI and Section 2.02. The Trustee shall invest funds in the General Account in accordance with Article VIII hereof and shall make the following payments from the General Account on the specified dates and, if there are not sufficient funds to make all the payments required, with the following order of priority:

(a) On or before four (4) Business Days next preceding each Interest Payment Date, to the Trustee such amount (including Investment Securities held by Trustee maturing or callable on or before the applicable Interest Payment Date) as shall be necessary to pay the principal and interest coming due on the Series 2014 Bonds on such Interest Payment Date;

(b) As soon as funds become available, to the Debt Service Reserve Fund sufficient amounts to assure there is on deposit therein the Debt Service Reserve Requirement;

(c) At such times as shall be necessary, to pay Program Expenses;

(d) On or before thirty (30) days after each anniversary of the issuance of the Series 2014 Bonds, the amounts, if any, to be transferred to the Rebate Fund; and

(e) After making such payments in paragraphs (a) through (c) above, the Trustee shall make a determination of the amounts reasonably expected to be received in the form of City Bond Payments in the succeeding twelve (12) months and shall transfer to the Special Reserve Fund all monies in the General Account which, together with such expected receipts for the succeeding 12 months are in excess of the amounts needed to pay principal and interest on the Series 2014 Bonds within the immediately succeeding twelve month period, to the City at the request of the City with the prior written approval of the Bank.

**SECTION 6.06 Operation of the Redemption Account.** The Trustee shall deposit in the Redemption Account all moneys received upon the sale or redemption prior to maturity of the City Bond and all other moneys required to be deposited therein pursuant to the provisions of Article IV and Article VI hereof, shall invest such funds pursuant to Article VIII hereof and shall disburse the funds held in the Redemption Account as follows: moneys in the Redemption Account shall be used to redeem Series 2014 Bonds. Such redemption shall be made pursuant to a redemption under the provisions of Article IV hereof. The Trustee shall pay the interest accrued on the Series 2014 Bonds so redeemed to the date of redemption from the General Account and the Redemption Price from the Redemption Account.

**SECTION 6.07 Operation of the Purchase Account.** The Trustee shall deposit in the Purchase Account all moneys required to be deposited therein pursuant to the provisions of Section 2.02 and Article VI hereof, shall invest such funds pursuant to Article VIII hereof, and shall disburse the funds held in the Purchase Account to purchase the City Bond in accordance with the procedures established by the Bank as set forth in Article VII hereof upon the submission of requisitions of the Bank signed by an Authorized Officer stating that all requirements with respect to such financing set forth in this Indenture have been or will be complied with. Any amounts remaining in the Purchase Account after the purchase of the City Bond shall be transferred to the Redemption Account for the redemption of the Series 2014 Bonds.

**SECTION 6.08 Operation of Debt Service Reserve Fund.**

(1) The Trustee shall deposit in the Debt Service Reserve Fund all moneys required to be deposited therein pursuant to Section 2.02 and Article VI hereof, shall invest such funds pursuant to Article VIII hereof, and, except as provided in this Section 6.08, shall disburse the funds held in the Debt Service Reserve Fund solely to the General Account for the payment of interest on and principal of the Series 2014 Bonds and only in the event that moneys in the General Account are insufficient to pay principal of and interest on the Series 2014 Bonds after making all the transfers thereto required to be made under Section 6.06 (from the Redemption Account) and Section 6.09 (from the Special Reserve Fund). In the event that moneys are withdrawn from the Debt Service Reserve Fund, the Bank shall restore such Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement; provided, however, that any obligation of the Bank to restore any deficiency in Debt Service Reserve Fund to the Debt Service Reserve Requirement shall be a limited obligation of the Bank payable solely from Revenues as provided in Section 3.11 of this Indenture. If the Bank fails to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement, the Bank shall seek to appropriate from the State Legislature the amount necessary to restore the balance

in the Debt Service Reserve Fund to the Debt Service Reserve Requirement amount as provided in Section 5.12 of this Indenture. Pursuant to Section 10.01(j) of this Indenture, failure by the Bank to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement within 360 days after the end of the Fiscal Year during which a deficiency occurs is an Event of Default.

(2) Any amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement shall be transferred to the General Account; provided, however, such amounts in excess of the Debt Service Reserve Requirement shall be paid to the City at the request of the City with the prior written approval of the Bank.

(3) The City may, at any time, provide the Trustee with a Reserve Fund Credit Facility to be substituted for all or a portion of the amount of money and investments in the Debt Service Reserve Fund equal to the amount available for drawing under such Reserve Fund Credit Facility; provided that such right of substitution shall be subject to the following conditions:

(a) The Trustee shall receive an opinion of counsel acceptable to the Trustee, in form and substance satisfactory to the Trustee, addressed to the Trustee, the Bank and the City as to the due authorization, execution, delivery and enforceability of the Reserve Fund Credit Facility in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of the Reserve Fund Credit Facility is not a domestic entity, an opinion of foreign counsel to the same effect in form and substance satisfactory to the Trustee; and

(b) The Trustee, the Bank and the City shall receive an opinion of nationally recognized counsel, in form and substance satisfactory to each of them, to the effect that substitution of such Reserve Fund Credit Facility and the proposed application to the amounts in the Debt Service Reserve Fund will not cause the interest of the Bonds to become includable in gross income for federal income taxation purposes; and

(c) The obligation of the Bank to reimburse the issuer of the Reserve Fund Credit Facility for any fees or expenses or claims or drawings under such Reserve Fund Credit Facility shall be subordinate to the payment of debt service on the Bonds under this Indenture; and

(d) The Reserve Fund Credit Facility must provide for a revolving feature under which the amount available for drawing thereunder will be reinstated to the extent of any reimbursement of drawings or claims paid; and

(e) The value of the assets (including the amount available for drawing under the Reserve Fund Credit Facility) held in the Debt Service Reserve Fund must equal the Debt Service Reserve Requirement immediately upon such substitution; and

(f) The approval of the Rating Agency; and

(g) The approval of the Bond Insurance Provider.

If there shall be an insufficiency of funds in the General Account of the General Fund to make any required payment of principal of or interest on any corresponding Bonds and the Trustee is holding a Reserve Fund Credit Facility in lieu of funds in the Debt Service Reserve Fund, the Trustee shall make a drawing under the Reserve Fund Credit Facility in an amount equal to the lesser of (a) the amount then available for drawing under the Reserve Fund Credit Facility or (b) the amount necessary to make up the insufficiency described above, which drawing shall be made in time to prevent the occurrence of an Event of Default under this Indenture; and the proceeds of such drawing shall be deposited into the Debt Service Reserve Fund for application as provided in this Indenture.

On the fifth (5th) Business Day prior to the expiration of any Reserve Fund Credit Facility, the Trustee shall make a drawing of the full amount available thereunder, and shall deposit the proceeds of such drawing into the Debt Service Reserve Fund; provided, however, that the Trustee shall not make a drawing if, not later than the fifth (5th) Business Day prior to the expiration of such Reserve Fund Credit Facility, a substitute Reserve Fund Credit Facility or money or Investment Securities or both money and Investment Securities equal to the Debt Service Reserve Requirement have been delivered to the Trustee for deposit in the Debt Service Reserve Fund.

If the Trustee receives notice that (a) the revolving reinstatement feature described above has been suspended or terminated, (b) the rating of the issuer of the Reserve Fund Credit Facility has fallen below "A" by S&P, (c) the issuer of the Reserve Fund Credit Facility has defaulted in its payment obligations thereunder, or (d) the Reserve Fund Credit Facility will not be extended or renewed, the Trustee shall immediately notify the City in writing, of the occurrence of such event and shall request that the City make or cause to be made the payments required to replenish the Debt Service Reserve Fund pursuant to this Indenture and the Bond Resolution, which payments may be made from the proceeds of a drawing under the Reserve Fund Credit Facility.

**SECTION 6.09      Operation of Special Reserve Fund.**

The Trustee shall deposit in the Special Reserve Fund all moneys required to be deposited therein pursuant to Article VI hereof and such other moneys as directed by the Bank, shall invest such funds pursuant to Article VIII hereof, and shall disburse the funds held in the Special Reserve Fund as follows in the following order of priority:

- (a) on the second Business Day next preceding each Interest Payment Date, to the General Account an amount sufficient to make the payments of principal and interest required to be made on such date after taking into account available funds on deposit in the General Account; and
- (b) to the Debt Service Reserve Fund sufficient amounts to assure that there is on deposit therein the Debt Service Reserve Requirement.

**SECTION 6.10      Operation of Bond Issuance Expense Account.** The Trustee shall deposit in the Bond Issuance Expense Account the moneys required to be deposited therein

pursuant to Section 2.02 of this Indenture, shall invest such funds pursuant to Article VIII hereof and shall disburse the funds held in the Bond Issuance Expense Account as follows:

(a) Upon receipt of acceptable invoices and the written authorization of an Authorized Representative of the City and the Executive Director of the Bank, to pay the Costs of Issuance of the Series 2014 Bonds or to reimburse the Bank for amounts previously advanced for such costs; and

(b) On the date which is thirty (30) days after the date of issuance of the Series 2014 Bonds, any funds remaining in the Bond Issuance Expense Account shall be transferred to the General Account of the General Fund.

**SECTION 6.11 Operation of the Rebate Fund.**

(1) The Trustee is authorized to establish and maintain, so long as any Series 2014 Bonds are outstanding and are subject to a requirement that arbitrage profits be rebated to the United States of America, a separate fund to be known as the "Rebate Fund." The Trustee shall make information regarding the Series 2014 Bonds and investments hereunder available to the Bank and shall make deposits and disbursements from the Rebate Fund in accordance with the memorandum of compliance received from the Bank pursuant to Sections 5.14 and 8.02 hereof, shall invest the Rebate Fund as directed by the Bank pursuant to said memorandum of compliance and shall deposit income from such investments immediately upon receipt thereof in the Rebate Fund. Anything in this Indenture to the contrary notwithstanding, the provision of this Section may be superseded or amended by a new memorandum of compliance delivered by the Bank and accompanied by an opinion of Bond Counsel addressed to the Trustee to the effect that the use of the new memorandum of compliance will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2014 Bonds.

(2) If a deposit to the Rebate Fund is required as a result of the computations made by the Bank pursuant to such memorandum of compliance, the Trustee shall upon receipt of direction from the Bank accept such payment for the benefit of the Bank and make transfers of moneys from the General Account to the Rebate Fund to comply with such direction. If amounts in excess of that required to be rebated to the United States of America accumulate in the Rebate Fund, the Trustee shall upon direction from the Bank transfer such amount to the General Account of the General Fund. Records of the determinations required by this Section and the investment instructions must be retained by the Trustee until six (6) years after the Series 2014 Bonds are no longer Outstanding.

(3) Not later than sixty (60) days after \_\_\_\_\_, \_\_\_\_\_, and every five (5) years thereafter, the Trustee shall, upon written request of the Bank, pay to the United States of America ninety percent (90%) of the amount required to be on deposit in the Rebate Fund as of such payment date provided that direction from the Bank for transfer of such amount has been previously received by the Trustee pursuant to the provisions of Section 6.11(2), and further provided that funds were available in the General Account of the General Fund to make such transfers as directed and one hundred percent (100%) of the amount on deposit in the Rebate Fund as of such payment date. Not later than sixty (60) days after the final retirement of the Series 2014 Bonds, the Trustee shall, upon written request of the Bank pay to the United States

of America one hundred percent (100%) of the balance remaining in the Rebate Fund. Each payment required to be paid to the United States of America pursuant to this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by a copy of the Form 8038-G originally filed with respect to the Series 2014 Bonds, if any, and a statement of the Bank summarizing the determination of the amount to be paid to the United States of America.

**SECTION 6.12 Moneys to be Held in Trust.** All moneys required to be deposited with or paid to the Trustee for the account of any Fund or Account established under any provision of this Indenture shall be held by the Trustee in trust and applied in accordance with the provisions of this Indenture, except for moneys held pursuant to the Rebate Fund and any Accounts created thereunder and except for moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given. Such money shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the security interest created hereby and shall not be subject to any lien or attachment by any creditor of the Bank.

**SECTION 6.13 Amounts Remaining in Funds or Accounts.** Any amounts remaining in any Fund or Account after full payment of the Bonds and the fees, charges (including any required rebate to the United States of America) and expenses of the Trustee and all other amounts due and owing hereunder shall be distributed to the City, except for any moneys owing to the Bank which shall be paid to such party and except as provided in Section 3.08 hereof.

**SECTION 6.14 Certain Verifications.** The Bank or the Trustee or both the Bank and the Trustee, from time to time, may cause a firm of independent certified public accountants of national standing or other nationally recognized experts to supply the Bank and the Trustee with such information as the Bank or the Trustee may request in order to determine in a manner reasonably satisfactory to the Bank and the Trustee all matters relating to (a) the sufficiency of projected cash flow receipts and disbursements with respect to the Funds and Accounts to pay the principal of and interest on the Bonds and Program Expenses; (b) the actuarial yields on the Outstanding Series 2014 Bonds as the same may relate to any data or conclusions necessary to verify that the Series 2014 Bonds are not arbitrage bonds within the meaning of Section 148 of the Code; (c) the yields on any obligations acquired and held by the Bank or the Trustee or both the Bank and the Trustee; and (d) the rebate calculation required by Section 6.11 hereof. The Bank or the Trustee or both the Bank and the Trustee, from time to time, may also obtain an Opinion of Bond Counsel concerning post-issuance compliance with any federal legislation applicable to the Bonds. The fees of such independent certified public accountants and Bond Counsel shall constitute reimbursable Program Expenses.

## ARTICLE VII

### PURCHASE OF CITY BOND

**SECTION 7.01 Terms and Conditions of Purchase.** The City Bond purchased by the Bank shall be purchased on the terms and conditions of, and upon submission of the documents required by this Article VII.

**SECTION 7.02 Purchases.** The Trustee shall pay the purchase price of the City Bond upon receipt by the Trustee of:

- (a) a written requisition of the Bank signed by an Authorized Officer stating to whom payment is to be made and the amount to be paid;
- (b) a certificate signed by an officer of the Bank, attached to the requisition and certifying that the City, pursuant to City Bond Purchase Agreement, has sold or will sell the City Bond to the Bank and is obligated to make City Bond Payments and to pay all fees and charges required to be paid to the Bank under the City Bond Resolution, and that to the knowledge of such officer, such City is not in default under the payment terms or other material terms or provisions of any other obligations of that City;
- (c) a certified transcript of proceedings authorizing the issuance, execution and delivery of the City Bond, which transcript shall contain the certifications required by the Act and such other certifications and representations which are reasonable and appropriate as determined by the Bank or Trustee;
- (d) an Opinion of Bond Counsel in form satisfactory to the Bank stating that the City Bond constitutes a valid and binding obligation enforceable in accordance with its terms, subject to such enforcement limitations customarily contained in such opinions;
- (e) the City Bond, registered as to both principal and interest to the Bank and delivered in accordance with the Act;
- (f) an opinion of counsel for the City in form satisfactory to the Bank stating that such City is a Local Governmental Unit within the meaning of the Bank Act;
- (g) a signed City Bond Purchase Agreement from the City; and
- (h) a certificate from the City stating that either (i) the City is exempt from the rebate requirements of Section 148 of the Code, or (ii) the City is subject to the rebate requirements of Section 148 of the Code and will comply with such provisions, or (iii) if the City intends to meet an exception from rebate contained in Section 148(f)(4)(C) of the Code, it elects on or before the closing date to pay a penalty in lieu of rebate if such provisions are not met.

Upon receipt of such requisition, transcript, Opinion of Bond Counsel, City Bond and signed documents, the Trustee shall pay such amount directly to the entity entitled thereto as named in such requisition.

**SECTION 7.03 Retention and Inspection of Documents.** All requisitions, certificates, transcripts, Opinions of Bond Counsel and the City Bond received by the Trustee, as required in this Article as conditions of payment may be relied upon by and shall be retained in the possession of the Trustee, subject at all times during normal business hours to the inspection of the Bank and, after written request received by the Trustee at least five (5) Business Days prior to the date of inspection, by any Registered Owner of at least five percent (5%) in principal amount of Outstanding Bonds.

**SECTION 7.04 Report.** The Bank may require a report to be made by an officer or employee of the Trustee on behalf of the Trustee within sixty (60) days after the delivery of the Bonds covering all receipts and all disbursements made pursuant to the provisions of this Article VII in respect of the net proceeds of the Bonds deposited in the Purchase Account. Said report shall be supplemented at least once every sixty (60) days by the Trustee until all of the net proceeds of the Bonds deposited in the Purchase Account shall have been expended. Each such report shall be mailed by the Trustee to the Bank.

## ARTICLE VIII

### INVESTMENT OF MONEYS

#### SECTION 8.01 General Provisions.

(1) Any moneys held as part of any Fund or Account created under or pursuant to Article VI hereof and the Rebate Fund shall be invested or reinvested by the Trustee as continuously as reasonably possible in such Investment Securities as may be directed in writing by the Bank. All such investments shall at all times be a part of the Fund or Account in which the moneys used to acquire such investments had been deposited and, except as provided in Article VI, all income and profits on such investments, other than from moneys on deposit in the Rebate Fund or any Account created thereunder, shall be deposited as received in the General Account. The Trustee may make any and all such investments through its bond department or through the bond department of any financial institution which is an affiliate of the Trustee and may trade with itself or any of its affiliates in doing so. Moneys in separate Funds and Accounts may not be commingled for the purpose of investment or deposit. The Trustee and the Bank agree that all investments, and all instructions of the Bank to the Trustee with respect thereto shall be made in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal without causing any of the Series 2014 Bonds to be arbitrage bonds as defined in Section 148 of the Code. Any investment losses shall be charged to the Fund or Account in which moneys used to purchase such investment had been deposited. For so long as the Trustee is in compliance with the provisions of this Section 8.01, the Trustee shall not be liable for any investment losses. Moneys in any Fund or Account shall be invested in Investment Securities with a maturity date, or a redemption date which shall coincide as nearly as practicable with times at which moneys in such Funds or Accounts will be required for the purposes thereof, except that moneys in the Debt Service Reserve Fund shall be invested in Investment Securities having an average aggregate weighted term to maturity not greater than five years. The Trustee shall sell and reduce to cash a sufficient amount of such investments in the respective Fund or Account whenever the cash balance therein is insufficient to pay the amounts contemplated to be paid therefrom at the time those amounts are to be paid. All investment income from the assets held in any Fund or Account, except for the Rebate Fund and any Accounts created thereunder, will be added to the General Account; provided that investment income from assets shall be retained in the Debt Service Reserve Fund to the extent of any deficiency in the Debt Service Reserve Requirement.

(2) The Bank (a) certifies to the owners of the Series 2014 Bonds from time to time Outstanding that moneys on deposit in any Fund or Account in connection with the Series 2014 Bonds, whether or not such moneys were derived from the proceeds of the sale of the Series

2014 Bonds or from any other sources, are not intended to be used in a manner which will cause the interest on the Series 2014 Bonds to lose the exclusion from gross income for federal income tax purposes and (b) covenants with the owners of the Series 2014 Bonds from time to time Outstanding that, so long as any of the Series 2014 Bonds remain Outstanding, moneys on deposit in any Fund or Account established in connection with the Series 2014 Bonds, whether or not such moneys were derived from the proceeds of the sale of the Series 2014 Bonds or from any other source, will not be used in any manner which will cause the interest on the Series 2014 Bonds to become subject to federal income taxation.

**SECTION 8.02 Arbitrage Restrictions; Series 2014 Bonds to Remain Tax Exempt.**

(1) The Bank shall provide the Trustee with a memorandum of compliance for the investments on the Funds and Accounts of the Series 2014 Bonds which shall govern the investment of the Funds and Accounts of the Series 2014 Bonds and the application of Section 6.11 hereof.

(2) Without limiting subsection (2) of Section 8.01 hereof, the Bank further covenants and agrees that it will not take any action or fail to take any action with respect to the investment of the proceeds of the Series 2014 Bonds, or with respect to the investment or application of any payments under the City Bond or any other agreement or instrument entered into in connection therewith or with the issuance of the Series 2014 Bonds, including but not limited to the obligation, if any, to rebate certain funds to the United States of America, which would result in constituting the Series 2014 Bonds arbitrage bonds within the meaning of such term as used in Section 148 of the Code. The Bank further agrees that it will not act in any other manner which would adversely affect the exclusion from gross income tax for federal income tax purposes of the interest on the Series 2014 Bonds.

**SECTION 8.03 Valuation of Investments.** For the purpose of determining the amount in any Fund or Account, all Investment Securities credited to such Fund or Account shall be valued at the lesser of (a) the average of the bid and asked prices most recently published prior to the date of determination for those Investment Securities, the bid and asked prices of which are published on a regular basis in The Wall Street Journal, or, if not there, in The New York Times; or (b) the average bid price as of the date of determination by any two nationally recognized government securities dealers selected by the Trustee for those Investment Securities the bid and asked prices of which are not published on a regular basis as set forth in subsection (a) above; or (c) par value (plus, prior to the first payment of interest following purchase, the amount of any accrued interest paid as part of the purchase price) for Investment Securities which are certificates of deposit and bankers acceptances; or (d) for all other Investment Securities the lesser of cost or market value (exclusive of accrued interest paid as part of the purchase price after the first payment of interest following purchase); provided, however, that any repurchase agreements shall be valued, respectively, at the unpaid repurchase price or principal balance collectible pursuant thereto.

**ARTICLE IX**

**DISCHARGE OF INDENTURE**

Except as provided in this Article IX, if payment or provision for payment is made, to the Trustee, of the principal of and interest due and to become due on the Bonds at the times and in the manner stipulated therein, and there is paid or caused to be paid to the Trustee all sums of money due and to become due according to the provisions hereof, and all other amounts due hereunder have been paid in full, then these presents and the Trust Estate and rights hereby granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien of this Indenture, and execute and deliver to the Bank such instruments in writing as shall be requisite to cancel and discharge the lien hereof, and release, assign and deliver unto the Bank any and all estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee hereby or otherwise subject to the lien of this Indenture, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds.

Any Bond shall be deemed to be paid within the meaning of this Indenture when (a) payment of the principal of such Bond and interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in this Indenture or otherwise), either (i) shall have been made or caused to have been made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (A) moneys sufficient to make such payment or (B) Governmental Obligations maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payment, or (C) a combination of such moneys and Governmental Obligations, and (b) all necessary and proper fees and expenses of the Trustee pertaining to the Bonds, including the amount, if any, required to be rebated to the United States of America, with respect to which such deposit is made shall have been paid or deposited with the Trustee.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Bank shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

(a) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted by this Indenture);

(b) to call for redemption pursuant to this Indenture any Bonds to be redeemed prior to maturity pursuant to (a) hereof; and

(c) to mail, as soon as practicable, in the manner prescribed by Article IV hereof, a notice to the owners of such Bonds that the deposit required by (b) of the preceding paragraph has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of or redemption price, if applicable, on said Bonds as specified in subparagraph (a) of this paragraph; provided, however, such notice can be given in advance of such deposit if such funds represent sufficient funds in the form of cash for the payment of principal of,

premium, if any, and interest on the Bonds to be paid prior to their due date by reason of maturity or upon redemption within ninety (90) days of the delivery date of the Bonds.

Any moneys so deposited with the Trustee as provided in this Article may at the direction of the Bank also be invested and reinvested in Governmental Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Governmental Obligations in the hands of the Trustee pursuant to this Article which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the General Account, as and when and collected for use and application as are other moneys deposited in the General Account.

With respect to the Series 2014 Bonds, no such deposit under this Article shall be made or accepted hereunder and no use made of any such deposit unless the Trustee shall have received an Opinion of Bond Counsel to the effect that such deposit and use would not cause any of the Series 2014 Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code. Moreover, no such deposit shall be deemed a payment of Bonds unless the Trustee shall have received a verification from an accountant or firm of accountants appointed by the Bank and acceptable to the Trustee verifying the sufficiency of the deposit to pay the principal of, premium, if any, and interest on the Bonds to the due date, whether such due date be by reason of maturity or upon redemption. Provided, however, such verification from an accountant or firm of accountants appointed by the Issuer and acceptable to the Trustee, will not be required if the deposit made with the Trustee represents sufficient funds in the form of cash for the payment of principal of, premium, if any, and interest on the Bonds to be paid prior to their due date by reason of maturity or upon redemption within ninety (90) days of the delivery date of the Bonds. If requested by the Trustee, the Issuer will provide proof in a form acceptable to the Trustee of the sufficiency of the cash funds deposited as stated in the preceding sentence.

Notwithstanding any provision of any other Article of this Indenture which may be contrary to the provisions of this Article, all moneys or Governmental Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Bonds (including interest thereon but excluding any amounts set aside for rebate to the United States of America) shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such moneys or obligations have been so set aside in trust.

Upon the deposit with the Trustee, in trust, at or before maturity, of money or Governmental Obligations in the necessary amount to pay or redeem all Outstanding Bonds as aforesaid (whether upon or prior to their maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as hereinabove provided, or provisions satisfactory to the Trustee shall have been made for the giving of such notice, and compliance with the other payment requirements hereof, this Indenture may be discharged in accordance with the provisions hereof but the limited liability of the Bank in respect of such Bonds shall continue provided that the owners thereof shall thereafter be entitled to payment only out of the moneys or Governmental Obligations deposited with the Trustee as aforesaid.

## ARTICLE X

### DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS

**SECTION 10.01 Defaults; Events of Default.** If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default":

- (a) Default in the due and punctual payment of any interest on any Bond; or
- (b) Default in the due and punctual payment of the principal or redemption premium of any Bond whether at the stated maturity thereof or on any date fixed for redemption; or
- (c) Failure of the Bank to remit to the Trustee within the time limits prescribed herein any moneys which are required by this Indenture to be so remitted; or
- (d) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Bank contained in this Indenture or in the Bonds and failure to remedy the same within the time provided in, and after notice thereof pursuant to, Section 10.10 hereof; or
- (e) Any warranty, representation or other statement by or on behalf of the Bank contained in this Indenture or in any instrument furnished in compliance with or in reference to this Indenture is false or misleading, when made, in any material respect, and failure to remedy the same within the time provided in, and after notice thereof pursuant to, Section 10.10 hereof; or
- (f) A petition is filed against the Bank under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction whether now or hereafter in effect and is not dismissed within sixty (60) days after such filing; or
- (g) The Bank files a petition in voluntary bankruptcy or seeking relief under any provisions of any bankruptcy, reorganization, arrangement, insolvency, adjustment of debt, dissolution or liquidation law of any jurisdiction whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or
- (h) The Bank is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt, or makes an assignment for the benefit of creditors, or a liquidator or trustee of the Bank or any of its property is appointed by court order or takes possession of such property and such order remains in effect or such possession continues for more than 60 days; or
- (i) Default in the due and punctual payment of any interest or principal on the City Bond; or

(j) The Bank fails to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement within three hundred sixty (360) days after the end of the Fiscal Year during which a deficiency occurs; or

(k) The Bank for any reason shall be rendered incapable of fulfilling its obligations under this Indenture; or

(l) There is an event of default under the City Bond Resolution.

**SECTION 10.02 Remedies: Rights of Bondholders.** Upon the occurrence of an Event of Default, the Trustee shall notify the owners of all Bonds then Outstanding of such Event of Default by registered or certified mail, and will have the following rights and remedies:

(a) The Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on the Bonds then Outstanding, including enforcement of any rights of the Bank or the Trustee under the City Bond.

(b) The Trustee may by action or suit in equity require the Bank to account as if it were the trustee of an express trust for the holders of the Bonds and may take such action with respect to the City Bond as the Trustee deems necessary or appropriate and in the best interest of the Bondholders, subject to the terms of the City Bond.

(c) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Bondholders under this Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the Revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

(d) The Trustee may declare the principal of and accrued interest on all Bonds to be due and payable immediately in accordance with this Indenture and the Act, by notice to the Bank and the Attorney General of the State and as otherwise required by the Act.

Upon the occurrence of an Event of Default, (a) if requested so to do by the holders of twenty-five percent (25%) or more in aggregate principal amount of all Bonds then Outstanding and if indemnified as provided in Section 11.01(k) hereof, or (b) if indemnified as provided in Section 11.01(k) hereof, the Trustee shall be obligated to exercise such one or more of the rights, remedies and powers conferred by this Section as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Bondholders.

No right or remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given to Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute. The assertion or employment of any right or remedy shall not prevent the concurrent or subsequent assertion or employment of any other right or remedy.

No delay or omission to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right or remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

**SECTION 10.03 Rights of Bondholders to Direct Proceedings.** Anything in this Indenture to the contrary notwithstanding, subject to Section 15.01 herein, the Registered Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time during the continuance of an Event of Default, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law, including the Act, and of this Indenture.

**SECTION 10.04 Appointment of Receivers.** Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the Revenues, issues, earnings, income, products and profits thereof, pending such proceedings with such powers as the court making such appointment shall confer.

**SECTION 10.05 Application of Moneys.** All moneys received by the Trustee pursuant to any right or remedy given or action taken under the provisions of this Article (including moneys received by virtue of action taken under provisions of the City Bond) shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee and any other moneys owed to the Trustee hereunder, be deposited in the General Account and all moneys in such Accounts shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

**FIRST** - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, including interest on any past due principal of any Bond at the rate borne by such Bond, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to such payment ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or privilege;

**SECOND** - To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due either at maturity

or pursuant to a call for redemption (other than Bonds called for redemption for the payment of which other moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the principal of Bonds due on any particular date, together with such interest, then to such payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege;

**THIRD** - To be held for the payment to the persons entitled thereto as the same shall become due of the principal of and interest on the Bonds which may then become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full the principal of and interest on Bonds due on any particular date, such payment shall be made ratably according to the amount of principal and interest due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment of principal to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal of and interest on all Bonds have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid and all other amounts due hereunder have been paid in full, any balance remaining in the General Account shall be paid as provided in Article VI hereof.

**SECTION 10.06 Remedies Vested in the Trustee.** All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any

owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the owners of all the Outstanding Bonds.

**SECTION 10.07 Rights and Remedies of Bondholders.** No owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless (a) a Default has occurred, (b) such Default shall have become an Event of Default and the Registered Owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the remedies hereinbefore granted or to institute such action, suit or proceeding in its own name, (c) such Registered Owners of Bonds have offered to the Trustee indemnity as provided in Section 11.01(k) hereof, and (d) the Trustee has refused, or for sixty (60) days after receipt of such request and offer of indemnification has failed to exercise the remedies hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such request and offer of indemnity are hereby declared in every case at the option of Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder, it being understood and intended that no one or more owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his, her or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the owners of all Bonds then Outstanding. However, nothing contained in this Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof, or the limited obligation of the Bank to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective owners thereof at the time and place, from the source and in the manner expressed in the Bonds.

**SECTION 10.08 Termination of Proceedings.** In case the Trustee or any owner of any Bonds shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Bank, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and with regard to the property herein subject to this Indenture, and all rights, remedies and powers of the Trustee and the owners of Bonds shall continue as if no such proceedings had been taken.

**SECTION 10.09 Waivers of Events of Default.** The Trustee may, at its discretion waive any Event of Default hereunder and its consequences, and shall do so upon the written request of the Registered Owners of (a) more than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of all the Bonds then Outstanding in respect of which an Event of Default in the payment of principal or interest exists, or (b) more than fifty percent (50%) in aggregate principal amount of all Bonds then Outstanding in the case of any other Event of Default; provided, however, that there shall not be waived (x) any Event of Default in the payment of the principal of any Outstanding Bond at the date of maturity specified therein or (y) any Event of Default in the payment when due of the interest on any Outstanding Bond unless

prior to such waiver all of the interest or all payments of principal when due, as the case may be, with interest on overdue principal at the rate borne by such Bond, and all expenses of the Trustee in connection with such Event of Default shall have been paid or provided for or (z) any Event of Default for nonpayment of Program Expenses; and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Bank, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or recession shall extend to any subsequent or other Event of Default, or impair any rights consequent thereon.

**SECTION 10.10 Notice of Defaults under Section 10.01(d) or (e); Opportunity of the Bank to Cure Such Defaults.** Anything herein to the contrary notwithstanding, no Default under Section 10.01(d) or (e) hereof shall constitute an Event of Default until actual notice of such Default by registered or certified mail shall be given to the Bank by the Trustee and the Bank shall have had sixty (60) days after receipt of such notice to correct the Default or cause the Default to be corrected, and shall not have corrected the Default or caused the Default to be corrected within the applicable period; provided, however, if the Default be such that it is correctable but cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Bank within the applicable period and diligently pursued until the Default is corrected. If a Default is cured under this Section 10.10, then it will not constitute an Event of Default.

With regard to any alleged Default concerning which notice is given to the Bank under the provisions of this Section, the Bank hereby grants to the Trustee full authority for the account of the Bank to perform any covenant or obligation the failure of performance which is alleged in said notice to constitute an Event of Default, in the name and stead of the Bank with full power to do any and all things and acts to the same extent that the Bank could do and perform any such things and acts and with power of substitution.

## ARTICLE XI

### TRUSTEE

**SECTION 11.01 Acceptance of the Trusts.** The Trustee hereby accepts the trusts and duties imposed upon it by this Indenture, and agrees to perform said trusts and duties with the same degree of care and skill in their exercise, as a prudent corporate trustee would exercise or use under the circumstances in the conduct of his own affairs, but only upon and subject to the following express terms and conditions:

- (a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise the rights and powers vested in it by this Indenture in accordance with the standard specified above.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall not be answerable for the conduct of the same if appointed in accordance with the standard specified above, and shall be entitled to advice of Counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney or firm of attorneys (who may be the attorney or firm of attorneys for the Bank or the Trustee), if selected in accordance with the standard set forth above. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds, other than the Certificate of Authentication required by Section 3.04 hereof, or for the validity of the execution by the Bank of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not the Trustee and Bonds owned by the Trustee shall be deemed Outstanding unless canceled pursuant to the provisions hereof.

(e) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed to be genuine and correct and to have been signed or sent by the proper person or persons. The Trustee shall not withhold unreasonably its consent, approval or action to any reasonable request of the Bank. Any action taken by the Trustee pursuant to this Indenture upon the request of the Bank or consent of any person who at the time of making such request or giving such consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled in good faith to rely upon a certificate signed by an Authorized Officer as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has become aware shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient but may in its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of an Authorized Officer of the Bank under its seal to the effect that a resolution in the form therein set forth has been adopted by the Bank as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its gross negligence or willful default.

(h) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect any and all of the books, papers and records of the Bank pertaining to the Revenues and receipts pledged to the payment of the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(i) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(j) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, deemed desirable by the Trustee for the purpose of establishing the right of the Bank to the authentication of any Bonds, the withdrawal of any cash or the taking of any other action by the Trustee.

(k) Before taking any action referred to in Section 10.02, 10.03 or 10.07 hereof, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its gross negligence or willful default, by reason of any action so taken.

(l) All moneys received by the Trustee shall, until used, applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law and this Indenture. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(m) The Trustee for all purposes of this Indenture shall be deemed to be aware of any Event of Default in the payment of principal of or interest on any of the Bonds and any event of default in the payment of principal of and interest on the City Bond.

(n) The Trustee shall have no obligation to file financing statements or continuation statements.

(o) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture and final payment of the Bonds.

**SECTION 11.02 Fees, Charges and Expenses of the Trustee.** The Trustee shall be entitled to prompt payment and reimbursement upon demand for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as paying agent and registrar for the Bonds but only as herein provided. Upon any Event of Default, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of or interest on any Bond upon the Trust Estate for the foregoing fees, charges and expenses incurred by it, respectively.

**SECTION 11.03 Intervention by the Trustee.** In any judicial proceeding to which the Bank is a party and which in the opinion of the Trustee and its Counsel has a substantial bearing on the interests of the owners of the Bonds, the Trustee may intervene on behalf of the Bondholders, and shall do so if requested in writing by the Registered Owners of at least twenty-five percent (25%) of the aggregate principal amount of Bonds then Outstanding upon receiving indemnification satisfactory to the Trustee.

**SECTION 11.04 Successor Trustee.** Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party ("Reorganization"), ipso facto shall be and become successor Trustee hereunder, if legally qualified to serve as such, and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding; provided that within thirty (30) days of the effective date of such Reorganization, the Bank may object to such corporation or association becoming successor Trustee by filing written notice of such objection with the successor Trustee and by mailing such notice to each Bondholder whereupon a successor or temporary Trustee shall be appointed in accordance with Section 11.07 hereof.

**SECTION 11.05 Resignation by the Trustee.** The Trustee and any successor Trustee may at any time resign from the trusts hereby by giving thirty (30) days' written notice by registered or certified mail to the Bank and the owner of each Bond as shown by the list of Bondholders required by this Indenture to be kept at the office of the Trustee, and such resignation shall only take effect upon the appointment of a successor Trustee in accordance with Section 11.07 and acceptance of such appointment by the successor Trustee.

**SECTION 11.06 Removal of the Trustee.** The Trustee may be removed at any time with or without cause by an instrument or concurrent instruments in writing delivered to the Trustee and to the Bank and signed by the Registered Owners of a majority in aggregate principal amount of all Bonds then Outstanding or their attorneys-in-fact duly. Notice of the removal of the Trustee shall be given in the same manner as provided in Section 11.05 hereof with respect to the resignation of the Trustee. So long as no Event of Default or an event which, with the passage of time would become an Event of Default, shall have occurred and be

continuing, the Trustee may be removed at any time for cause by resolution or other official written action taken by the Bank with such written action to be filed with the Trustee.

**SECTION 11.07 Appointment of Successor Trustee by the Bondholders; Temporary Trustee.** In case the Trustee shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of all Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys-in-fact duly authorized, a copy of which shall be delivered personally or sent by registered mail to the Bank. Nevertheless, in case of such vacancy, the Bank by resolution may appoint a temporary Trustee to fill such vacancy. Within ninety (90) days of such appointment, the Bondholders may appoint a successor Trustee; any such successor Trustee so appointed by the Bank shall become the successor Trustee if no appointment is made by the Bondholders within such period, but in the event an appointment is made by the Bondholders, the temporary Trustee shall immediately and without further act be superseded by any Trustee so appointed by such Bondholders. Notice of the appointment of a successor Trustee shall be given in the same manner as provided by Section 11.05 hereof with respect to the resignation of a Trustee. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank in good standing in and incorporated under the laws of the State, 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 \$75,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

**SECTION 11.08 Concerning Any Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its or his predecessor and also to the Bank an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the Bank, after the payment of all fees, charges and expenses which may be due and owing to such predecessor pursuant to the provisions of Section 11.02 hereof, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and shall deliver all securities, moneys and other property or documents held by it as Trustee hereunder to its or his successor hereunder. Should any instrument in writing from the Bank be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Bank. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed or recorded by the successor Trustee in each recording office where this Indenture shall have been filed or recorded, if any.

**SECTION 11.09 Indemnification.** The Bank, will, to the fullest extent permitted by law, protect, indemnify and save the Trustee and its respective officers, board members, attorneys, agents, and employees, harmless from and against all liabilities, losses, damages,

costs, expenses (including attorneys' fees and expenses of the Trustee), taxes, causes of action, suits, claims, demands and judgments of any nature arising from:

(a) violation of any agreement, provision or condition of this Indenture, the City Bond, the Bonds or the City Bond Resolution except a violation by the Trustee;

(b) any statement or information relating to the expenditure of the proceeds of the Series 2014 Bonds contained in the "Tax Certificate" or similar document furnished by the City to the Bank which, at the time made, is misleading, untrue or incorrect in any material respect; and

(c) any untrue statement or alleged untrue statement of a material fact contained in any offering material relating to the sale or remarketing of the Bonds (as from time to time amended or supplemented) or arising out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or failure to properly register or otherwise qualify the sale of the Bonds or failure to comply with any licensing or other law or regulation which would affect the manner whereby or to whom the Bonds could be sold.

Promptly after receipt by the Trustee of notice of the commencement of any action with respect to which indemnity may be sought against the Bank under this Section, the Trustee will notify the Bank in writing of the commencement thereof, and, subject to the provisions hereinafter stated, the Bank shall assume the defense of such action (including the employment of Counsel or such other person as the case may be, and the payment of expenses). Insofar as such action shall relate to any alleged liability with respect to which indemnity may be sought against the Bank, the Trustee shall have the right to employ separate Counsel in any such action and to participate in the defense thereof, but the fees and expenses of such Counsel shall not be at the expense of the Bank unless the employment of such Counsel has been specifically authorized by the Bank, which approval shall not be unreasonably withheld. The Bank shall not be liable to indemnify any person for any settlement of any such action effected without its consent.

The provisions of this Section 11.09 shall survive the payment and discharge of the City Bond and the Bonds.

**SECTION 11.10 Successor Trustee as Trustee of Funds, Paying Agent and Registrar.** In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be Trustee of the funds provided hereunder and registrar and paying agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee, registrar and paying agent.

## ARTICLE XII

### SUPPLEMENTAL INDENTURES

**SECTION 12.01 Supplemental Indentures not Requiring Consent of Bondholders.** The Bank and the Trustee may, without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to this Indenture for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Indenture;

(b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to make any change which, in the opinion of Bond Counsel, does not materially and adversely affect the interest of the owners of Outstanding Bonds and does not require unanimous consent of the Bondholders pursuant to Section 12.02 hereof;

(c) To subject to this Indenture additional Revenues, properties or collateral;

(d) To modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if so determined, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute;

(e) To evidence the appointment of a separate or co-trustee or the succession of a new Trustee hereunder or the succession of a new registrar or paying agent; and

(f) In connection with issuance of Refunding Bonds.

**SECTION 12.02 Supplemental Indentures Requiring Consent of Bondholders.** Exclusive of Supplemental Indentures provided for by Section 12.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding which are affected (exclusive of Bonds held by the Bank) shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Bank and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that nothing in this Section contained shall permit, or be construed as permitting, without the consent of the owners of all then Outstanding Bonds, (a) an extension of the maturity of the principal of or the interest or redemption date on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or change in the rate of interest or redemption premium, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (e) the creation of any lien securing any Bonds other than a lien ratably securing all of the Bonds at any time

Outstanding hereunder, or (f) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

If at any time the Bank shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes set forth in this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to each owner of a Bond at the address shown on the registration records maintained by the Trustee. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Bondholders. If, within sixty (60) days, or such longer period as shall be prescribed by the Bank, following the mailing of such notice, the owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture (exclusive of Bonds held by the Bank) shall have consented to and approved the execution of such Supplemental Indenture as provided in Section 15.01 hereof, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Bank from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Section permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

#### ARTICLE XIII

[RESERVED]

#### ARTICLE XIV

#### BOND INSURANCE POLICY

**SECTION 14.01** [Insert Bond Insurance/Surety Bond Provisions]

#### ARTICLE XV

#### MISCELLANEOUS

**SECTION 15.01 Consents, Etc., of Bondholders.** Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number or concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by an agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it or them under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved (i) by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or (ii) by an affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register of the Bank maintained by the Trustee pursuant to Section 3.06 hereof.

**SECTION 15.02 Limitation of Rights.** With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or company other than the parties hereto, and the owners of the Bonds, any legal or suitable right, remedy or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the owners of the Bonds as herein provided.

**SECTION 15.03 Severability.** If any provision of this Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

**SECTION 15.04 Notices.** Any notice, request, complaint, demand, communication or other paper shall be sufficiently given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed to the appropriate Notice Address. A duplicate copy of each notice required to be given hereunder by the Trustee or the Bank to the City or the Original Purchaser shall also be given to the other. The Bank or the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

**SECTION 15.05 Trustee as Paying Agent and Registrar.** The Trustee is hereby designated and agrees to act as paying agent and registrar for and in respect to the Bonds.

**SECTION 15.06 Payments Due on Saturdays, Sundays and Holidays.** 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 in the city of payment a Saturday, Sunday or a legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal may be made on the next Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption.

**SECTION 15.07 Counterparts.** This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 15.08 Receipt of Money or Revenues by Trustee.** The Trustee is an authorized agent of the Bank for purposes of receiving money and Revenues on behalf of the Bank in accordance with provisions of this Indenture.

It is not the intent of this Section 15.08, or any other Section of this Indenture, to create a power of attorney relationship between the Bank and the Trustee.

**SECTION 15.09 Applicable Provisions of Law.** This Indenture shall be governed by and construed in accordance with the laws of the State.

[The remainder of this page left intentionally blank.]

**IN WITNESS WHEREOF**, the Bank has caused this Indenture to be executed on its behalf by its Executive Director and the seal of the Bank to be hereunto affixed and duly attested by its Secretary and the Trustee, to evidence its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name by its duly authorized officers and its corporate seal to be hereunto affixed and duly attested, all as of the day and year first above written.

**MISSISSIPPI DEVELOPMENT BANK**

**By:** \_\_\_\_\_  
**Executive Director**

(SEAL)

**ATTEST:**

\_\_\_\_\_  
**Secretary**

**Signature page to the Indenture of Trust, by and between, the Mississippi Development Bank and \_\_\_\_\_, \_\_\_\_\_, Mississippi, as Trustee, dated \_\_\_\_\_, 2014.**

\_\_\_\_\_,  
\_\_\_\_\_, MISSISSIPPI, as Trustee

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
\_\_\_\_\_

Signature page to the Indenture of Trust, by and between, the Mississippi Development Bank and \_\_\_\_\_, \_\_\_\_\_, Mississippi, as Trustee, dated \_\_\_\_\_, 2014.

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**STATE OF MISSISSIPPI**

**COUNTY OF HINDS**

On the \_\_\_\_ day of \_\_\_\_, 2014, before me, a Notary Public in and for said County, personally appeared William T. Barry and Cindy S. Carter to me personally known, who, being by me first duly sworn, did say that they are the Executive Director and Secretary, respectively, of the Mississippi Development Bank, the Bank named in and which executed the foregoing Indenture, that the seal affixed to said instrument is the seal of the Bank, and that said instrument was signed, sealed, executed and delivered on behalf of said Bank by authority of its Board of Directors.

\_\_\_\_\_  
**Notary Public**

**My Commission Expires:**

\_\_\_\_\_  
**(SEAL)**

**STATE OF MISSISSIPPI**

**COUNTY OF \_\_\_\_\_**

On the \_\_\_\_ day of \_\_\_\_\_, 2014, before me, a Notary Public in and for said County, personally appeared \_\_\_\_\_ to me personally known, who, being by me first duly sworn, did say that she/he is the \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_, Mississippi, the Trustee named in and which executed the foregoing Indenture, that the seal affixed to said instrument is the seal of the Trustee, and that said instrument was signed, sealed, executed and delivered on behalf of said Trustee by authority of its Board of Directors.

\_\_\_\_\_  
**Notary Public**

**My Commission Expires:**

\_\_\_\_\_

**(SEAL)**

**EXHIBIT A**  
**FORM OF CITY BOND**

THIS CITY BOND HAS BEEN ASSIGNED TO \_\_\_\_\_, \_\_\_\_\_, MISSISSIPPI, AS TRUSTEE UNDER AN INDENTURE OF TRUST, DATED \_\_\_\_\_, 2014, BY AND BETWEEN THE MISSISSIPPI DEVELOPMENT BANK AND THE TRUSTEE. THIS CITY BOND IS REGISTERED IN THE NAME OF THE TRUSTEE AND IS NON-TRANSFERRABLE EXCEPT AS PERMITTED IN THE INDENTURE.

UNITED STATES OF AMERICA  
STATE OF MISSISSIPPI  
JACKSON COUNTY  
CITY OF PASCAGOULA  
GENERAL OBLIGATION BOND  
SERIES 2014

NO. 1 \$15,000,000

<u>Rate of Interest</u>	<u>Maturity</u>	<u>Dated Date</u>	<u>CUSIP</u>
Semiannually, as set forth herein	_____, ____	_____, 2014	None

**Registered Owner:**

**Principal Amount: FIFTEEN MILLION DOLLARS**

The City of Pascagoula, State of Mississippi (the "City"), a body politic existing under the Constitution and laws of the State of Mississippi, acknowledges itself to owe and for value received, promises to pay in lawful money of the United States of America to the Registered Owner identified above, upon the presentation and surrender of this City Bond, at the principal office of \_\_\_\_\_, \_\_\_\_\_, Mississippi, or its successor, as paying agent (the "Paying Agent") for the General Obligation Bond, Series 2014, of the City (the "City Bond"), on the maturity date identified above, the principal amount identified above. Payment of the principal amount of this City Bond shall be made to the Registered Owner hereof who shall appear in the registration records of the City maintained by \_\_\_\_\_, \_\_\_\_\_, Mississippi, or its successor, as transfer agent for the City Bond (the "Transfer Agent") at the times and periods as provided in the Indenture (herein defined).

The City further promises to pay interest on such principal amount from the date of this City Bond until said principal sum is paid, to the Registered Owner hereof who shall appear in the registration records of the City maintained by the Transfer Agent as of the Record Date (as defined in the Bond Resolution defined below).

Payments of principal of and interest on this City Bond shall be made by check or draft mailed on the Interest Payment Date (as defined in the Bond Resolution) to such Registered Owner at his address as it appears on such registration records.

This City Bond is issued under the authority of the Constitution and statutes of the State of Mississippi, including Sections 21-33-301 *et seq.* and Sections 31-25-1 *et seq.*, Mississippi

Code of 1972, as amended, and by the further authority of proceedings duly had by the City Council of the City, including a resolution adopted \_\_\_\_\_, 2014 (the "Bond Resolution").

This City Bond is issued in the aggregate authorized principal amount of not to exceed Fifteen Million Dollars (\$15,000,000) to raise money for the (i) construction improvement or pavement or streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land therefor; the construction of bridges and culverts; erecting, repairing, improving, adorning and equipping municipal buildings, and purchasing land therefor; the construction and improvement of sanitary, storm, drainage, or sewer systems; for improving, repairing, and extending the combined water, gas and sewer system; and for other authorized purposes under Sections 31-25-1 *et seq.* and Sections 21-33-301 *et seq.*, Mississippi Code of 1972, as amended, (ii) funding a debt service reserve fund for the Bank Bonds, as herein defined, and (iii) paying for costs of issuance for the City Bond and the Bank Bonds, as herein defined.

The City will duly and punctually pay the principal of, premium, if any, and interest on the City Bond at the dates and the places and in the manner mentioned in the Bond Resolution, according to the true intent and meaning thereof. Notwithstanding any schedule of payments upon the City Bond, the City agrees to make payments upon the City Bond and be liable therefor at such times and in such amounts (including principal, premium, if any, and interest) so as to provide for payment of the principal of, premium, if any, and interest on the not to exceed \$15,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project) (the "Bank Bonds"), outstanding under the Indenture of Trust, by and between the Mississippi Development Bank and \_\_\_\_\_, \_\_\_\_\_, Mississippi, as trustee (the "Trustee"), dated \_\_\_\_\_, 2014 (the "Indenture") when due whether upon a scheduled interest payment date, at maturity or by mandatory redemption or optional redemption.

Reference is hereby made to the Bond Resolution and to all amendments and supplements thereto for the provisions, among others, with respect to the nature and extent of the security for the Bondholder, the rights, duties and obligations of the City and the Bondholder and the terms upon which the City Bond is or may be issued and secured.

The City and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner 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 Paying Agent shall be affected by any notice to the contrary.

The City Bond is and will continue to be payable as to principal and interest out of and secured by an irrevocable pledge of the avails of a direct and continuing tax to be levied annually without limitation as to time, rate or amount upon all the taxable property within the geographical limits of the City; provided, however, that such tax levy for any year shall be abated *pro tanto* to the extent the City on or prior to September 1 of that year has transferred money to the bond fund of the City Bond, or has made other provisions for funds, including the pledge of the combined water and sewer system revenues of the City to be applied to that portion of the annual principal and interest payment allocable to Seven Million Dollars (\$7,000,000) of the principal amount of the City Bond, in accordance with the provisions of the Bond Resolution. The City, when necessary, will levy annually a special tax upon all taxable property within the

geographical limits of the City adequate and sufficient to provide for the payment of the principal of and the interest on the City Bond as the same falls due.

This City Bond is the only evidence of indebtedness issued and outstanding under the Bond Resolution. This City Bond has been purchased by the Mississippi Development Bank and has been assigned to the Trustee under the Indenture; this City Bond is registered in the name of the Trustee and is non-transferrable except as provided in the Indenture.

The City and the Trustee may deem and treat the person in whose name this City Bond is registered as the absolute owner hereof, whether this City Bond shall be overdue or not, for the purpose of receiving payment of the principal of, redemption premium, if any, and interest on this City Bond and for all other purposes. All such payments so made to the registered owner shall be valid and effectual to satisfy and discharge the liability upon this City Bond to the extent of the sum or sums or paid, and neither the City nor the Trustee shall be affected by any notice to the contrary.

This City Bond shall only be redeemed under the Bond Resolution to the extent and in the manner required to redeem the Bank Bonds pursuant to the provisions of the Indenture.

Modifications or alterations of the Bond Resolution may be made only to the extent and under the circumstances permitted by the Indenture.

This City Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Bond Resolution until the certificate of registration and authentication hereon shall have been signed by the Transfer Agent.

**IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED** that all conditions, acts and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the City Bond, in order to make the same legal and binding general obligation of the City, according to the terms thereof, do exist, have happened and have been performed in regular and due time, form and manner as required by law. For the performance in apt time and manner of every official act herein required, and for the prompt payment of this City Bond, both principal and interest, the full faith and credit of the City are hereby irrevocably pledged.

**IN WITNESS WHEREOF**, the City has caused this City Bond to be executed in its name by the manual or facsimile signature of the Mayor of the City, countersigned by the manual or facsimile signature of the City Clerk of the City, under the manual or facsimile seal of the City, which said manual or facsimile signatures and seal said officials adopt as and for their own proper signatures and seal, on this the \_\_th day of \_\_\_\_\_, 2014.

**CITY OF PASCAGOULA, MISSISSIPPI**

**BY:** \_\_\_\_\_  
**Mayor**

**COUNTERSIGNED:**

\_\_\_\_\_  
**City Clerk**  
**(SEAL)**

**CERTIFICATE OF REGISTRATION AND AUTHENTICATION**

This City Bond is the City Bond described in the within mentioned Bond Resolution and is the General Obligation Bond, Series 2014, of the City of Pascagoula, Mississippi.

\_\_\_\_\_,  
\_\_\_\_\_, **MISSISSIPPI**  
as Transfer Agent

**BY:** \_\_\_\_\_  
Authorized Signatory

Date of Registration and Authentication: \_\_\_\_\_, 2014

**REGISTRATION AND VALIDATION CERTIFICATE**

**STATE OF MISSISSIPPI  
COUNTY OF JACKSON  
CITY OF PASCAGOULA**

I, the undersigned City Clerk of the City of Pascagoula, Mississippi, do hereby certify that the within City Bond has been duly registered by me as an obligation of said City pursuant to law in a record kept in my office for that purpose, and has been validated and confirmed by Decree of the Chancery Court of Jackson County, Mississippi, rendered on the \_\_th day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
City Clerk

(SEAL)

**EXHIBIT B**  
**FORM OF THE TAX INTERCEPT AGREEMENT**

**TAX INTERCEPT AGREEMENT**

This **TAX INTERCEPT AGREEMENT** is dated as of the \_\_\_ day of \_\_\_\_\_, 2014, by and between the **MISSISSIPPI DEVELOPMENT BANK**, a public body corporate and politic (the "Bank"), created pursuant to the provisions of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended (the "Act"), having its principal place of business in the City of Jackson, Mississippi and the **CITY OF PASCAGOULA, MISSISSIPPI** (hereinafter referred to as the "City"), a local governmental unit under the Act.

**WITNESSETH:**

**WHEREAS**, pursuant to the Act, the Bank is authorized to purchase securities (as defined in the Act) issued by local governmental units (as defined in the Act); and

**WHEREAS**, the City has duly authorized the issuance of its bond designated City of Pascagoula, Mississippi, General Obligation Bond, Series 2014, in the principal amount of Fifteen Million Dollars (\$15,000,000) (the "City Bond"), and the City Bond is expected to be purchased by the Bank in accordance with that certain Purchase Agreement, dated as of the \_\_\_th day of \_\_\_\_\_, 2014, by and between the Bank and the City; and

**WHEREAS**, pursuant to that certain Indenture of Trust (the "Mississippi Development Bank Indenture") dated as of \_\_\_\_\_, 2014, by and between the Bank and \_\_\_\_\_, Mississippi, as Trustee (the "Mississippi Development Bank Indenture Trustee"), the Bank has duly authorized the issuance of its bonds designated the Mississippi Development Bank Special Obligation Bonds, Series 2014 (City of Pascagoula, Mississippi General Obligation Bond Project) (the "Series 2014 Bonds"), a portion of the proceeds of which Series 2014 Bonds will be used to purchase the City Bond; and

**WHEREAS**, any local governmental unit is authorized under Section 31-25-27(13) of the Act to agree in writing with the Bank that the Mississippi Department of Revenue ("DOR") or any other state agency, department or commission shall (a) withhold all or any part (as agreed by the local governmental unit) of any monies which such local governmental unit is entitled to receive from time to time pursuant to any law and which is in the possession of the DOR, or any state agency, department or commission created pursuant to State law and (b) pay the same over to the Bank to satisfy any delinquent payments on any securities issued by such local governmental unit under provisions of the Act and any other delinquent payments due and owing the Bank by such local governmental unit, all as the same shall occur.

**NOW, THEREFORE**, the Bank and the City agree:

1. As authorized by the Act, the City hereby covenants, agrees and authorizes the DOR or any other state agency, department or commission created pursuant to State law to (1) withhold all or any part of any monies (the "Tax Monies") which the City is entitled to receive from time to time pursuant to any law and which is in possession of the DOR or any other state agency, department or commission created pursuant to State law and subject to the prior lien of the debt service payments on a State Revolving Fund Loans (the "SRF Loans"), existing on the

date of issuance of the Series 2014 Bonds between the State and the City under Sections 49-17-1 *et seq.*, Mississippi Code of 1972, as amended from time to time, which SRF Loans have a lien on the revenues of the City's combined water and sewer system; however, the debt service for the SRF Loans is collected by the DOR by diverting sales tax collections prior to remittance of the sales tax to the City and then subsequently reimbursed to the City from the revenues of the combined water and sewer system, and (2) pay same over to the Mississippi Development Bank Indenture Trustee to satisfy any delinquent payment (the "Delinquent Payment") of the City under and pursuant to Section 12 of the City Bond Resolution, adopted by the City on October 21, 2014 (the "City Bond Resolution").

2. If on the 1<sup>st</sup> day of \_\_\_\_\_ and \_\_\_\_\_, beginning \_\_\_\_\_, 201\_, there are insufficient funds from the sources set forth in Section 8 of the City Bond Resolution to make the payments under and pursuant to Section 12 of the City Bond Resolution, the Bank hereby authorizes and directs the Mississippi Development Bank Indenture Trustee to file this Agreement and a statement of deficiency setting forth the amount of any Delinquent Payment with the DOR or other state agency, department or commission, thereby directing the DOR or other state agency, department or commission to pay any Tax Monies directly to the Mississippi Development Bank Indenture Trustee, on behalf of the Bank, to satisfy any Delinquent Payment, all as permitted under the Act. In any event, if the City fails to make timely payments under and pursuant to Section 12 of the City Bond Resolution, the Mississippi Development Bank Indenture Trustee is hereby further directed to file this Agreement with the DOR and take further action to recover Tax Monies under the Indenture. This paragraph includes requirements in addition to the requirements under paragraph 1 and this paragraph 2 in no way limits the rights of the Mississippi Development Bank Indenture Trustee or the Bank.

3. The Mississippi Development Bank Indenture Trustee is hereby directed, and is directed under the Mississippi Development Bank Indenture, to pay any such withheld Tax Monies into the General Account of the General Fund created in the Mississippi Development Bank Indenture to be applied in accordance with Section 6.05 thereof.

4. The term Tax Monies as defined herein shall refer to any monies to be received by the City from the DOR pursuant to any law, and shall exclude any monies held by the DOR or any other state agency, department or commission created pursuant to State law to the extent amounts are to be paid to the City for the benefit of a separate school district or any other political subdivision other than the City.

5. This Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute one and the same instrument. The Bank and City each agree that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Agreement.

6. No waiver of either the Bank or the City of any term or condition of this Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Agreement.

7. This Agreement merges and supersedes all prior negotiations, representations, and agreements between the Bank and the City relating to the subject matter hereof and constitutes the entire Agreement between the Bank and the City in respect hereof.

[The remainder of this page is intentionally left blank.]

**IN WITNESSETH WHEREOF**, we have set our hands unto the Tax Intercept Agreement as of the date first above written.

**MISSISSIPPI DEVELOPMENT BANK**

(SEAL)

By: \_\_\_\_\_  
Executive Director

ATTEST:

\_\_\_\_\_  
Secretary

Signature page to Tax Intercept Agreement dated \_\_\_\_\_, 2014, between the Mississippi Development Bank and the City of Pascagoula, Mississippi.

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**CITY OF PASCAGOULA, MISSISSIPPI**

(SEAL)

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

Signature page to Tax Intercept Agreement dated \_\_\_\_\_, 2014, between the Mississippi Development Bank and City of Pascagoula, Mississippi.

**ACCEPTED BY:**

\_\_\_\_\_ **BANK,**  
**As Trustee**

**By:** \_\_\_\_\_  
**Its:** \_\_\_\_\_

Signature page to Tax Intercept Agreement dated \_\_\_\_\_, 2014, between the Mississippi Development Bank and the City of Pascagoula, Mississippi.

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The above Resolution was introduced by Councilman Jackson, seconded for adoption by Councilman Pickett, and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE" and Pickett AYE". The Mayor then declared the Resolution adopted on the 21st day of October, 2014.

\*\*\*\*\*

The next item for consideration was a Resolution directing the sale and award of a General Obligation Bond in the principal amount not to exceed \$15,000,000.00; approving the form and execution of a City Bond Purchase Agreement for the sale of the City Bond and a Mississippi Development Bank Bond Purchase Agreement for the sale of the Bond; and approving and authorizing the form of, execution of and distribution of a preliminary official statement and the official statement pertaining to the Bank Bonds as recommended by Eddie Williams, City Attorney.

The Resolution is spread on the minutes as follows:

**RESOLUTION DIRECTING THE SALE AND AWARD OF A GENERAL OBLIGATION BOND, SERIES 2014, OF THE CITY OF PASCAGOULA, MISSISSIPPI, TO BE DATED THE DATE OF DELIVERY THEREOF, IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED FIFTEEN MILLION DOLLARS (\$15,000,000) (THE "CITY BOND"); APPROVING THE FORM OF AND EXECUTION OF A CITY BOND PURCHASE AGREEMENT FOR THE SALE OF THE CITY BOND, AND AN OFFICIAL FORM OF PROPOSAL AND A MISSISSIPPI DEVELOPMENT BANK BOND PURCHASE AGREEMENT FOR THE SALE OF THE NOT TO EXCEED \$15,000,000 MISSISSIPPI DEVELOPMENT BANK SPECIAL OBLIGATION BONDS, SERIES 2014 (PASCAGOULA, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT) (THE "BANK BONDS"); AND APPROVING AND AUTHORIZING THE FORM OF, EXECUTION OF AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT PERTAINING TO THE BANK BONDS.**

**WHEREAS**, the City Council of the City of Pascagoula, Mississippi (the "Governing Body"), acting for and on behalf of the City of Pascagoula, Mississippi (the "City"), hereby finds, determines, adjudicates and declares as follows:

1. The Governing Body desires to issue a General Obligation Bond, Series 2014, of the City in the principal amount of not to exceed Fifteen Million Dollars (\$15,000,000) (the "City Bond") and sell same to the Mississippi Development Bank (the "Bank"), said purchase to be funded from the proceeds of the not to exceed \$15,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project) (the "Bank Bonds"), all as authorized under Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended (the "Bank Act") and Sections 21-33-301 *et seq.*, Mississippi Code of 1972, as amended (the "City Bond Act" and together with the Bank Act, the "Act"), to raise money for the purpose of providing funds for (i) the construction, improvement or pavement of streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land therefor; the construction of bridges and culverts; erecting, repairing, improving, adorning and equipping municipal buildings and purchasing land therefor; the construction and improvement of sanitary, storm, drainage, or sewer systems; improve, repair, and extend the combined water, gas and sewer system of the City and for other authorized purposes under the Act and the Bank Act; the cost of issuance for the bonds and related improvements within the City; and for other authorized purposes under the Act (the "Construction Project"); (ii) funding a debt service reserve fund for the Bank Bonds, as herein defined; and (iii) paying costs of issuance for the Bank Bonds and the City Bond (together, the "Project").

2. The Governing Body did meet at its meeting place in City Hall in the City of Pascagoula, Mississippi, at the hour of 6:00 o'clock p.m. on October 21, 2014.

3. At said time and place the following documents concerning the issuance, sale and purchase of the City Bond by the Bank were received, examined and considered by the Governing Body: (i) a City Bond Purchase Agreement to be dated as of the date of sale of the City Bond, by and between the City and the Bank (the "City Bond Purchase Agreement"); (ii) an

Official Form of Proposal and a Mississippi Development Bank Bond Purchase Agreement to be dated the date of sale of the Bank Bonds, by and among the City, the Bank and a to be determined underwriter (the "Underwriter") (the "Official Form of Proposal" and "Mississippi Development Bank Bond Purchase Agreement," respectively), said Underwriter to be designated and approved by the Executive Director of the Bank, such designation and approval to be evidenced by the execution of the Official Form of Proposal and Mississippi Development Bank Bond Purchase Agreement; and (iii) the Preliminary Official Statement, to be dated the date of distribution thereof (the "Preliminary Official Statement"), and the Official Statement, to be dated the date of the sale of the Bank Bonds (the "Official Statement"), prepared in connection with the sale of the Bank Bonds.

4. If in the opinion of the Bank, Butler Snow, LLP, Ridgeland, Mississippi, as Bond Counsel (the "Bond Counsel"), the Underwriter, and Government Consultants, Inc., Jackson, Mississippi, as financial advisor to the Bank (the "Financial Advisor"), a supplement or amendment to the Preliminary Official Statement and Official Statement (the "Official Statement") is necessary to provide proper disclosure for the Bank Bonds, the Governing Body of the City desires to authorize (a) the Bond Counsel acting as disclosure counsel to prepare such supplement or amendment to the Preliminary Official Statement or the Official Statement in a form and in a manner approved by the Underwriter and (b) the Underwriter to provide distribution of such supplement or amendment to the Preliminary Official Statement or Official Statement, as the case may be, in connection with the sale of the Bank Bonds.

5. The Governing Body does now find, determine and adjudicate that each of the above documents regarding the sale of the City Bond and the Bank Bonds are in the best interest of the City and finds it necessary to approve the form of and the execution of each document, as applicable, including the distribution of a Preliminary Official Statement and an Official Statement for the Bank Bonds.

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY AS FOLLOWS:**

**SECTION 1.** The City Bond is hereby awarded and sold to the Bank, in accordance with the terms hereof and the City Bond Purchase Agreement submitted to the Governing Body in the form as provided in **EXHIBIT A** hereto. The Underwriter shall purchase the Bank Bonds pursuant to the terms provided in the Official Form of Proposal and Mississippi Development Bank Bond Purchase Agreement, and the City hereby approves the sale of the Bank Bonds by the Bank subject to the approval by the Mayor of the following: (1) compliance of the City with the provisions of Act regarding the issuance of its City Bond; (2) Bank Bonds in an amount not to exceed \$15,000,000; (3) a net interest cost on the Bank Bonds of not more 5%; (4) approval by the City of the proposal for the sale of the Bank Bonds evidenced by the City's execution of the Official Form of Proposal and Mississippi Development Bank Bond Purchase Agreement; (5) approval by the City of the sale of the City Bond to the Bank evidenced by the City's execution of the City Bond Purchase Agreement; (6) maturity schedule for Bank Bonds of not to exceed 25 years; and (7) terms and provisions of the Bank Bonds in compliance with the Act.

**SECTION 2.** The Governing Body hereby approves the form of and execution of the City Bond Purchase Agreement and hereby authorizes the Mayor and the Clerk to execute the

City Bond Purchase Agreement on behalf of said Governing Body. All provisions of the City Bond Purchase Agreement, when executed as authorized herein, shall be incorporated herein, and shall be deemed to be part of this resolution fully and to the same extent as if separately set out verbatim herein, which said City Bond Purchase Agreement shall be in substantially the form as provided in **EXHIBIT A** hereto, with such completions, changes, insertions and modifications as shall be approved by the officers executing and delivering the same.

**SECTION 3.** The Governing Body hereby approves the form of and the execution of the Official Form of Proposal and the Mississippi Development Bank Bond Purchase Agreement and hereby authorizes the Mayor to execute the Official Form of Proposal and Mississippi Development Bank Bond Purchase Agreement on behalf of said Governing Body. All provisions of the Official Form of Proposal and the Mississippi Development Bank Bond Purchase Agreement, when executed as authorized herein, shall be incorporated herein, and shall be deemed to be part of this resolution fully and to the same extent as if separately set out verbatim herein, which said Official Form of Proposal and Mississippi Development Bank Bond Purchase Agreement shall be in substantially the form as provided in **EXHIBIT B** and **EXHIBIT C** hereto, with such completions, changes, insertions and modifications as shall be approved by the officers executing and delivering the same.

**SECTION 4.** The Governing Body of the City hereby approves and adopts the Preliminary Official Statement in the form attached hereto as **EXHIBIT D**, with such completions, changes, insertions and modifications as shall be approved by the Mayor or Clerk.

**SECTION 5.** The distribution of copies of the Preliminary Official Statement to the Underwriter and prospective purchasers of the Bank Bonds and the distribution of copies of the Official Statement to the Underwriter and purchasers of the Bank Bonds is hereby authorized.

**SECTION 6.** The City hereby deems the Preliminary Official Statement to be “final” as described in Rule 15c2-12(b)(1) of the Securities and Exchange Commission.

**SECTION 7.** If in the opinion of the Bond Counsel, the Underwriter and the Financial Advisor, a supplement or amendment to the Preliminary Official Statement or Official Statement is necessary to provide proper disclosure for the Bank Bonds, the Governing Body of the City hereby authorizes (a) the Bond Counsel acting as disclosure counsel to prepare and distribute such supplement or amendment to the Preliminary Official Statement and the Official Statement in a form and in a manner approved by the Underwriter, and (b) the Underwriter to provide distribution of such supplement or amendment to the Preliminary Official Statement and Official Statement, as the case may be, in connection with the sale of the Bank Bonds, with the distribution of such supplement or amendment being conclusive evidence of the approval of the Governing Body.

**SECTION 8.** The Mayor is hereby given the authority to approve the designation by the Executive Director of the Bank of a qualified banking institution/corporation to serve as trustee under the Indenture of Trust, to be dated the date of delivery of the Bank Bonds, by and between the Bank and such trustee (the “Trustee”) (the “Indenture”), providing for the issuance of the Bank Bonds, such designation to be set forth in the Mississippi Development Bank Bond Purchase Agreement and such approval to be evidenced by the execution of the Mississippi

Development Bank Bond Purchase Agreement by the Executive Director of the Bank acting for and on behalf of the Bank, and the Mayor of the City, acting for and on behalf of the City.

**SECTION 9.** The Mayor and the Clerk are hereby authorized and directed to sign requisitions and perform such other acts as may be necessary to authorize the payment by the Trustee for the Bank Bonds on the closing date of the Bank Bonds the costs of issuance of said Bank Bonds and cost of issuance for the City Bond of the City; provided, however, total costs of issuance for said Bank Bonds and the City Bond shall not exceed 4% of the par amount of the City Bond or Bank Bonds (excluding the Underwriter's discount, if any, and, if applicable, any premium for municipal bond insurance).

**SECTION 10.** Upon receiving the recommendation of the Financial Advisor, Bond Counsel, and Eddie C. Williams, Esquire, Counsel to the City, the Mayor and Clerk are hereby authorized and directed to make all final determinations necessary to prepare the Preliminary Official Statement, the Official Form of Proposal and the Mississippi Development Bank Bond Purchase Agreement and the Indenture, for the sale of the Bank Bonds, including the date of sale, the dated date of the Bank Bonds, the final principal amount of the Bank Bonds, the maturity schedule relating to the Bank Bonds, the redemption terms of the Bank Bonds and any other terms thereof; provided, however, that all such determinations shall be made subject to approval by the Executive Director of the Bank, to be evidenced by the execution of the Official Form of Proposal and the Mississippi Development Bank Bond Purchase Agreement for the sale of the Bank Bonds, by the Mayor, acting for and on behalf of the City, pursuant to this resolution and the Executive Director of the Bank, acting for and on behalf of the Bank.

**SECTION 11.** If the Bank executes a commitment for the provision of municipal bond insurance for the Bank Bonds and any additional documents and certificates which are required by any provider of such municipal bond insurance selected to provide credit enhancement in connection with the issuance of the Bank Bonds, the Mayor is hereby authorized to approve any changes, insertions and omissions as may be required by the provider of the municipal bond insurance to the Indenture, the City Bond Purchase Agreement, the Official Form of Proposal and the Mississippi Development Bank Bond Purchase Agreement, the Preliminary Official Statement or Official Statement as are approved by the Executive Director of the Bank evidenced by his execution of the commitment for said municipal bond insurance and other additional documents and certificates. The Governing Body hereby authorizes and approves the execution of said commitment by the Executive Director of the Bank, for and on behalf of the City, if applicable.

**SECTION 12.** Prior to their delivery, the City Bond shall be validated pursuant to Sections 31-13-1 *et seq.*, Mississippi Code of 1972, as amended, by the Chancery Court of Jackson County, Mississippi.

**SECTION 13.** The Mayor and Clerk be, and they are hereby authorized and directed for and on behalf of the Governing Body, to take any and all such action as may be required by the City to carry out and to give effect to the aforesaid documents authorized pursuant to this resolution and to execute all papers, documents, certificates and other instruments that may be required for the carrying out of the authority conferred by this resolution in order to evidence

said authority, including the approval of the final Official Statement in connection with the Bank Bonds.

**SECTION 14.** All orders, resolutions or proceedings of this Governing Body in conflict with the provisions of this resolution shall be and are hereby repealed, rescinded and set aside, but only to the extent of such conflict.

**SECTION 15.** For cause, this resolution shall become effective immediately upon the adoption thereof.

**[INSERT VOTE OF THE GOVERNING BODY & RELATED LANGUAGE]**



**EXHIBIT A**  
**FORM OF CITY BOND PURCHASE AGREEMENT**

**CITY BOND PURCHASE AGREEMENT**

**THIS CITY BOND PURCHASE AGREEMENT** is dated the \_\_\_\_ day of \_\_\_\_\_, 2014, by and between the **MISSISSIPPI DEVELOPMENT BANK**, a public body corporate and politic (the “Bank”), created pursuant to the provisions of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended (the “Bank Act”), having its principal place of business in the City of Jackson, Mississippi, and the **CITY OF PASCAGOULA, MISSISSIPPI** (the “City”), a local governmental unit under the Act.

**WITNESSETH:**

**WHEREAS**, pursuant to the Bank Act, the Bank is authorized to purchase securities (as defined in the Bank Act) issued by local governmental units (as defined in the Bank Act); and

**WHEREAS**, the City has duly authorized the issuance of its general obligation bond designated the City of Pascagoula, Mississippi General Obligation Bond, Series 2014 in the form of one fully registered bond, in the principal amount of Fifteen Million Dollars (\$15,000,000) (the “City Bond”) as authorized by Sections 21-33-301 *et seq.*, Mississippi Code of 1972, as amended (the “City Bond Act” and together with the Bank Act, the “Act”); and

**WHEREAS**, the City Bond is expected to be purchased by the Bank in accordance with the terms and conditions of this Agreement; and

**WHEREAS**, the Bank has adopted a resolution approving an Indenture of Trust (the “Indenture”), dated \_\_\_\_\_, 2014, by and between the Bank and \_\_\_\_\_, Mississippi (the “Trustee”), authorizing the issuance of its \$15,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project) (the “Bank Bonds”), the proceeds of which will be used to purchase the City Bond.

**NOW, THEREFORE**, the Bank and the City agree:

1. Subject to the terms and conditions of this Agreement, the Bank hereby agrees to purchase the City Bond and the City hereby agrees to sell to the Bank the City Bond at the price of \$15,000,000 representing the par value and less \$\_\_\_\_\_ for deposit to the Costs of Issuance Account (as defined in the Indenture); which equals the balance of \$\_\_\_\_\_ to be deposited on behalf of the City into the 2014 Construction Fund, as defined in and pursuant to that certain Bond Resolution (the “City Bond Resolution”), adopted by the City Council of the City on \_\_\_\_\_, 2014. The terms of the City Bond are set forth in the City Bond Resolution and incorporated herein by reference.
2. The City will take all action required by law to enable it to issue and sell the City Bond to be purchased by the Bank, and the City’s obligation to issue and sell the City Bond and the Bank’s obligation to purchase the City Bond are expressly contingent upon the City’s taking all steps and receiving all approvals required by the laws of the State of Mississippi to issue the City Bond.
3. To the extent the City Bond is subject to the rebate requirements as set forth in Section 148(f) of the Internal Revenue Code of 1986, as amended, and the Regulations

promulgated thereunder (the "Rebate Requirement"), the City agrees to pay the Bank for prompt payment to or to provide evidence to the Bank of payment to the United States of the Rebate Requirement determined by the City to result from the investment of moneys held by the City that constitute gross proceeds of the Bank Bonds. The City agrees to provide documentation to the Bank relative to the computation of the Rebate Requirement and payment of such Rebate Requirement when required.

4. At such time as the Bank shall reasonably request and in any event prior to the delivery to the Bank of the City Bond, which City Bond shall be in the form set forth in the City Bond Resolution and registered in the name of \_\_\_\_\_, \_\_\_\_\_, Mississippi, as the assignee of the Bank, the City shall furnish to the Bank a transcript of proceedings and an opinion of bond counsel satisfactory to the Bank which shall set forth, among other things, the unqualified approval of the validity and authorized issuance of the City Bond. The City shall bear the cost of obtaining such bond counsel's opinion.

5. The City and the Bank agree that the City Bond and the payments to be made thereon may be pledged or assigned by the Bank only under and to the extent provided in the Indenture.

6. The City agrees to furnish to the Bank as long as the City Bond remains outstanding annual financial reports, audit reports and such other financial information as is reasonably requested by the Bank, including information which may concern the tax-exempt status of the Bank Bonds and the City's and the Bank's obligation to rebate excess earnings according to the Rebate Requirement.

7. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of the Agreement and this Agreement shall be construed and in force as if such invalid or unenforceable provision had not been contained herein.

8. If the Bank does not deliver said Bank Bonds and receive payment therefor on or before \_\_\_\_\_, 2014, the City may rescind this Agreement by giving written notice of such rescission to the Executive Director of the Bank. The Bank is obligated to purchase the City Bond solely from proceeds of the Bank Bonds.

9. On or prior to the delivery date of the Bank Bonds, an authorized officer of the City will deliver a certificate to the effect that the statements made in the Official Statement, including without limitation APPENDIX A, APPENDIX B and APPENDIX C thereto, made by the City pertaining to the City and the City Bond, as of the date of the Official Statement, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition and affairs of the City during the period from the date of the Official Statement to the date of delivery of the Bank Bonds which was not disclosed in or contemplated by the Official Statement.

10. This Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same

instrument. The Bank and the City each agree that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Agreement.

11. No waiver by either the Bank or the City of any term or condition of this Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Agreement.

12. This Agreement merges and supersedes all prior negotiations, representations, and agreements between the Bank and the City relating to the subject matter hereof and constitutes the entire agreement between the Bank and the City in respect hereof.

[the remainder of this page left blank intentionally]

IN WITNESS WHEREOF, we have set our hands unto this City Bond Purchase Agreement as of the day first above written.

**MISSISSIPPI DEVELOPMENT BANK**

(SEAL)

By: \_\_\_\_\_  
Executive Director

ATTEST:

\_\_\_\_\_  
Secretary

Signature Page to City Bond Purchase Agreement, dated \_\_\_\_\_, 2014 by and between Mississippi Development Bank and the City of Pascagoula, Mississippi.

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**CITY OF PASCAGOULA, MISSISSIPPI**

By: \_\_\_\_\_  
Mayor

(SEAL)

ATTEST:

\_\_\_\_\_  
City Clerk

Signature Page to City Bond Purchase Agreement, dated \_\_\_\_\_, 2014, by and between Mississippi Development Bank and the City of Pascagoula, Mississippi.

**EXHIBIT B**  
**FORM OF OFFICIAL FORM OF PROPOSAL**

**OFFICIAL FORM OF PROPOSAL**

**\$15,000,000**

**MISSISSIPPI DEVELOPMENT BANK  
SPECIAL OBLIGATION BONDS, SERIES 2014  
(PASCAGOULA, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT)**

October \_\_, 2014

Mississippi Development Bank  
Attn: Executive Director  
735 Riverside Drive, Suite 300  
Jackson, Mississippi 39202

Ladies and Gentlemen:

The undersigned hereby offers to purchase all, but not less than all, of the \$15,000,000 aggregate principal amount of the Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project) of the Mississippi Development Bank (the "Bank"), to be dated the date of delivery thereof (the "Series 2014 Bonds"). The Series 2014 Bonds shall bear interest from their date of delivery<sup>1</sup> until their maturity at the respective rates per annum stated below.

We offer to purchase the Series 2014 Bonds at a price, [not less than par], of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_).

**SERIES 2014 BONDS  
MATURITY SCHEDULE**

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
_____	_____	_____ %	_____	_____	_____ %
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

<sup>1</sup> For purposes of this bid, please use \_\_\_\_\_, 2014 as the dated date of delivery of the Series 2014 Bonds.

The Series 2014 Bonds will be dated the date of delivery. The first interest payment will be due on \_\_\_\_\_, 2014. The first principal amount due will be payable on \_\_\_\_\_, 2014. The Series 2014 Bonds are subject to redemption as set forth in the Preliminary Official Statement, dated \_\_\_\_\_, 2014 (the "Preliminary Official Statement").

We hereby acknowledge receipt of a copy of the Preliminary Official Statement.

This proposal is to be submitted to the City Clerk of the City of Pascagoula, Mississippi, at his office located at City Hall, 603 Watt Avenue, Pascagoula, MS 39567 at or before \_\_\_\_:00 o'clock p.m. on \_\_\_\_\_, 2014. The lowest and best proposal will be submitted to the Executive Director and Secretary of the Bank for approval and execution before \_\_\_\_:00 o'clock p.m. on \_\_\_\_\_, 2014, acting for and on behalf of the Bank, pursuant to authority granted by and subject to the terms and provisions of a resolution adopted on \_\_\_\_\_, 2014 by the Board of Directors of the Bank (the "Bank Resolution").

Said approval of the Bank will be subject to subsequent approval by the City of Pascagoula, Mississippi (the "City"), pursuant to authority granted by a resolution adopted by the City on \_\_\_\_\_, 2014, by the City Council of the City (the "City Resolution").

The successful bidder hereby agrees to the execution of the Bond Purchase Agreement, the form of which is attached hereto as EXHIBIT A, to be completed to incorporate the terms of this proposal.

**BIDDER:** \_\_\_\_\_  
**BY:** \_\_\_\_\_  
**TITLE:** \_\_\_\_\_

**STATEMENT OF NET INTEREST COST**  
(Not a part of this bid)

Based upon the interest rate or rates specified herein, we compute the gross interest cost to the Bank to be \$ \_\_\_\_\_, the net interest cost (deducting premium of \$ \_\_\_\_\_, if any) to be \$ \_\_\_\_\_ and the average annual net interest rate from the date of the Series 2014 Bonds to their respective maturities to be \_\_\_\_\_%.

If there is a discrepancy as between the actual interest cost computed upon the rates or rates of interest above specified and the interest cost or average rate hereinabove set forth, the interest rate or rates above specified and the actual interest cost or average interest rate computed upon said rate or rates shall prevail.

**ACCEPTANCE BY THE BANK**

The above proposal is accepted by the Executive Director of the Mississippi Development Bank pursuant to authority granted by the Bank Resolution.

**MISSISSIPPI DEVELOPMENT BANK**

(SEAL)

BY: \_\_\_\_\_  
**Executive Director**

Signature page for **OFFICIAL FORM OF PROPOSAL \$15,000,000 MISSISSIPPI DEVELOPMENT BANK SPECIAL OBLIGATION BONDS, SERIES 2014 (PASCAGOULA, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT)**, dated \_\_\_\_\_, 2014.

**APPROVAL OF THE CITY**

The above proposal is accepted by the Mayor, acting for and on behalf of the City, pursuant to the City Resolution.

**CITY OF PASCAGOULA, MISSISSIPPI**

(SEAL)

**BY:** \_\_\_\_\_  
Mayor

Signature page for **OFFICIAL FORM OF PROPOSAL \$15,000,000 MISSISSIPPI DEVELOPMENT BANK SPECIAL OBLIGATION BONDS, SERIES 2014 (PASCAGOULA, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT)**, dated \_\_\_\_\_, \_\_\_\_\_, 2014.

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**EXHIBIT A**  
**FORM OF BOND PURCHASE AGREEMENT**

**EXHIBIT C**

**FORM OF MISSISSIPPI DEVELOPMENT BANK BOND PURCHASE AGREEMENT**

**MISSISSIPPI DEVELOPMENT BANK  
BOND PURCHASE AGREEMENT**

**Among  
THE CITY OF PASCAGOULA, MISSISSIPPI,**

**MISSISSIPPI DEVELOPMENT BANK,**

**and**

\_\_\_\_\_,  
\_\_\_\_\_, MISSISSIPPI

**DATED \_\_\_\_\_, 2014**

**\$15,000,000**

**MISSISSIPPI DEVELOPMENT BANK  
SPECIAL OBLIGATION BONDS, SERIES 2014  
(PASCAGOULA, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT)**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_, Mississippi \_\_\_\_\_

Ladies and Gentlemen:

You have informed the undersigned the City of Pascagoula, Mississippi (the "City") and Mississippi Development Bank (the "Issuer") of your desire to purchase for the Issuer the aggregate of \$15,000,000 principal amount of the Issuer's Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project).

Now, therefore, the undersigned hereby agrees with you and you agree with the undersigned as follows:

**1. Definitions.** For purposes of this Agreement the following terms have the meanings specified:

"**Act**" means together the Bank Act and the City Bond Act.

"**Affiliate**" means any Person controlling, controlled by or under common control with the City.

"**Agreement**" means this Mississippi Development Bank Bond Purchase Agreement, as from time to time amended, supplemented or modified.

"**Ancillary Agreements**" means the MDB Resolution, the Indenture of Trust, the City Bond Resolution, the Tax Intercept, the City Bond and all other agreements executed and delivered in connection therewith or otherwise in connection with the issuance and sale of the Bonds, each as from time to time amended, supplemented or modified.

"**Bank Act**" means Sections 31-25-1 *et seq.*, of the Mississippi Code of 1972, as amended, and supplemented from time to time.

"**Bondholder**" means the record owner of any Bond.

"**Bonds**" means the \$15,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project).

"**Business Day**" means any day other than Saturday or Sunday on which the Issuer and the Trustee are each not required or authorized by law to be closed and on which the New York Stock Exchange is not closed.

"**City**" means City of Pascagoula, Mississippi, and its successors.

**"City Bond"** means the \$15,000,000 City of Pascagoula, Mississippi General Obligation Bond, Series 2014, to be dated the date of delivery thereof.

**"City Bond Act"** means Sections 21-33-301 *et seq.*, Mississippi Code of 1972, as amended, and supplemented from time to time.

**"City Bond Resolution"** means the resolution of the City Council of the City adopted on October 21, 2014 authorizing the issuance of the City Bond.

**"Closing"** means the closing held on the Closing Date as defined herein.

**"Closing Date"** means the date of issuance and delivery of the Bonds.

**"Default" or "Event of Default"** shall have the meanings given such terms in the Indenture.

**"Depository"** means any securities depository that is a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, operating and maintaining, with its participants or otherwise, a system to record ownership of beneficial interests in Bonds, and to effect transfers of Bonds, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

**"Disclosure Document"** means the Preliminary Official Statement, Official Statement, or any other similar disclosure document or instrument prepared in connection with the Bonds.

**"Governmental Body"** means any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

**"Indenture"** means the Indenture of Trust, to be dated \_\_\_\_\_, 2014, by and between the Issuer and the Trustee, as from time to time amended, supplemented or modified.

**"Issuer"** means Mississippi Development Bank, a Mississippi public corporation and its successors and assigns.

**"MDB Resolution"** means the resolution of the Issuer dated \_\_\_\_\_, 2014, under which the Issuer authorized the issuance of the Bonds.

**"Person"** means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including without limitation a government or political subdivision thereof or a Governmental Body.

**"Project"** means the Project as defined in the City Bond Resolution.

**"Purchaser"** means \_\_\_\_\_, \_\_\_\_\_, Mississippi.

**"Subsidiary"** means, with respect to any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of

the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person or one or more Subsidiaries, or by such person and one or more Subsidiaries.

**"Tax Event"** means, with respect to any Bond, any event which by the terms of such Bond or any related financing document relates to the taxability of interest paid on such Bond and as a result of which such Bond shall become subject to a mandatory redemption.

**"Tax Intercept Agreement"** means the Tax Intercept Agreement, to be dated as of \_\_\_\_\_, 2014, by and between the City and the Bank, and accepted by the Trustee, as further described in Section 5.13 of the Indenture.

**"Trustee"** means \_\_\_\_\_, \_\_\_\_\_, Mississippi, a state banking corporation, as trustee under the Indenture, and its successors and assigns.

**2. Sale and Placement of Bonds. (A) Sale of Bonds.** Subject to the terms and conditions contained in this Agreement, the Issuer hereby agrees to sell to you, and you hereby agree to purchase the aggregate principal amount of the Bonds at a purchase price of \$15,000,000.00, which represents the par amount of the Bonds. The Bonds shall initially be issued in denominations of \$5,000 or any integral multiples thereof and shall be registered in the name of Cede & Co., as nominee for the Depository. The Bonds shall mature in the years and principal amounts and shall bear interest at the rate or rates as follows:

<b>YEAR OF MATURITY (APRIL 1)</b>	<b>PRINCIPAL AMOUNT</b>	<b>INTEREST RATE</b>
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**(B) Closing.** The sale of the Bonds shall take place on the Closing Date at the offices of Butler Snow LLP, Ridgeland, Mississippi, or such other location which is agreed upon by the parties. You shall make payment of the purchase price for the Bonds on the Closing Date to the Issuer or as directed by the Issuer in immediately available funds, wire transfer or by credit advice of transfer to such account as the Issuer may have designated to you in writing at least two Business Days prior to such Closing Date.

**(C) Right to Rescind.** You shall have the right to rescind or terminate this Agreement at any time on or prior to the Closing Date if an Event of Default or a Default shall have occurred and be continuing, or the sale and purchase of the Bonds as provided herein shall, in your reasonable judgment, become impossible or impractical because, since the date hereof:

(i) Any outbreak of major hostilities or any other national or international calamity or crises shall have occurred;

(ii) A general banking moratorium shall have been declared by Federal or New York State authorities;

(iii) Trading on the New York Stock Exchange shall have been suspended, or minimum or maximum prices for trading shall have been fixed or maximum ranges for prices shall have been required on the New York Stock Exchange by such Exchange or by the Securities and Exchange Commission or any other Governmental Body; or

(iv) Any action shall have been taken by the Securities and Exchange Commission preventing the effectiveness of the registration statement filed with the Securities and Exchange Commission under the Securities Act of 1933 with respect to one or more of the Funds or the Securities and Exchange Commission shall have issued a stop order suspending the effectiveness of such registration statement.

**3. Representation and Warranties of the City.** The City represents and warrants that on and as of the date hereof and on and as of the Closing Date:

**(A) Organization and Power.** The City is a political subdivision of the State of Mississippi, and has all power and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted or proposed to be conducted and to enter into and perform this Agreement and any Ancillary Agreement to which it is or is to be a party.

**(B) Authorization of Agreements, etc.** This Agreement and the Ancillary Agreements to which the City is or is to be a party have been duly authorized by all necessary action on the part of the City. This Agreement has been duly executed and delivered by the City and constitutes, and the Ancillary Agreements to which the City is or is to be a party, when duly executed and delivered, will constitute valid and binding agreements of the City.

**(C) No Material Adverse Change.** Since September 30, 2014, the date of the City's last audited financial statements, there has been no material adverse change in the business, financial, condition, results or operations of the City.

**(D) Litigation.** Except as disclosed in documents publicly available regarding the City, there is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of the City, threatened, against or affecting the City or any Affiliate thereof in any court or before any arbitrator or before or by any Governmental Body reasonably likely to result in an adverse decision which would materially adversely affect the business, financial position or results of operations of the City, or which in any manner raises any question affecting the validity or enforceability of this Agreement or any of the Ancillary Agreements to which the City is or is to be a party, nor to the knowledge of the City is there any basis therefor.

**(E) Noncontravention.** To the knowledge of the City, the execution, delivery and performance by the City of this Agreement and the Ancillary Agreements to which it is or is to be a party do not and will not contravene, or constitute a default under any material provision of applicable law or regulation of the City or of any material agreement, judgment, injunction, order, decree or other instrument binding upon the City or any Affiliate thereof, or result in the creation of any material lien other than liens contemplated by the Ancillary Agreements or other encumbrance on any asset of the City or any Affiliate.

**(F) Governmental Consents.** All authorizations, consents and approvals of, and all filings and registrations with, any Governmental Body required in connection with the execution and delivery by the City of, or in connection with the performance by the City of its obligations under this Agreement, the Ancillary Agreements to which the City is or is to be a party and the Bonds have been obtained or made and are in full force and effect.

**(G) Brokers, etc.** Other than you, no Person has, or as a result of the transactions contemplated hereby and by the Ancillary Agreements will have, any right, interest or valid claim against or on the City or any purchaser for any commission, fee or other compensation as a broker or finder or in any similar capacity, which fee is the obligation solely of the City and will be paid on or before the Closing Date.

**4. Representations and Warranties of the Issuer.** The Issuer represents and warrants that, on and of the date hereof and on and as of the Closing Date:

**(A) Authority.** The Issuer is a validly existing public body, corporate and politic, organized and existing under the laws of the State of Mississippi. The Issuer is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by this Agreement and the Ancillary Agreements to which the Issuer is or is to be a party. The execution, delivery and performance of this Agreement, the Ancillary Agreements to which the Issuer is or is to be a party, and the Bonds are within the authority of the Issuer, have been duly authorized by all proceedings of the Issuer, and such execution, delivery and performance do not and will not contravene, or constitute a default under, any provision of applicable law or regulation or of the charter documents or bylaws of the Issuer, or any judgment, order, decree, agreement or instrument binding on it or result in the creation of any lien or other encumbrance on any asset of the Issuer other than the lien on the Trust Estate (as defined in the Indenture) in favor of the Trustee for the benefit of the Bondholders. This Agreement constitutes, and the Ancillary Agreements to which the Issuer is or is to be a party, when duly executed and delivered, will constitute, valid and binding commitments of the Issuer, and the Bonds, when

duly executed and delivered by the Issuer in accordance with this Agreement and the Indenture, will constitute limited, valid and binding obligations of the Issuer.

**(B) Use of Proceeds.** The Proceeds from the sale of the Bonds hereunder will be used to finance the Project as provided in the Indenture and the City Bond Resolution including the payment of the costs of issuance of the Bonds and the City Bond. The proceeds of the Bonds will not be used by the Issuer in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor section thereto, and the applicable regulations promulgated or proposed thereunder.

**(C) Litigation.** There is no action, suit or proceeding, inquiry or investigation, at law or in equity, by or before any court, arbitrator or Governmental Body pending or, to the knowledge of the Issuer, threatened against the Issuer in any way calling into question the creation, organization or existence of the Issuer, the title of any of its officers to their respective offices, the pledge or lien securing the Bonds, the collection of any amounts pledged to the payment of the Bonds or the validity of, or the power of the Issuer to enter into, the transactions contemplated hereby and by the Ancillary Agreements, or wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or could affect the enforceability of the Bonds or any other agreement or instrument to which the Issuer is or is to be a party and that is to be used in connection with, or is contemplated by, this Agreement or the Ancillary Agreements, nor to the knowledge of the Issuer is there any basis therefor.

**(D) Governmental Authorization.** All authorization, consents and approvals of, and filings and registration with, any Governmental Body required in connection with the election and delivery by the Issuer of, or in connection with the performance by the Issuer of obligations under, this Agreement, the Ancillary Agreements to which the Issuer is or is to be a party, and the Bonds have been obtained or made and are in full force and effect.

**5. Conditions of Closing.** Your obligation to purchase the Bonds under this Agreement shall be subject to the satisfaction of the following conditions:

**(A) Opinion of Counsel to the City.** You shall have received a favorable opinion dated the Closing Date from counsel to the City, satisfactory to you and your counsel.

**(B) Opinion of Bond Counsel.** You and the City shall have received favorable opinions dated the Closing Date from Butler Snow LLP, Ridgeland, Mississippi, bond counsel, satisfactory to you to the effect that:

(i) The Act is valid under the constitution of the State of Mississippi and the Bonds have been issued in conformity with the Act and the MDB Resolution adopted by the Governing Body of the Issuer; and the MDB Resolution has been duly adopted and is in full force and effect in the form adopted;

(ii) The Issuer is a public body, corporate and politic, organized and existing under the laws of the State of Mississippi, with full power and authority to undertake the financing of the Project, to execute and deliver this Agreement and the Ancillary Documents and to issue and sell the Bonds;

(iii) The Issuer has the right and power under the laws of the State of Mississippi to enter into and perform this Agreement and the Ancillary Agreements to which the Issuer is a party and to issue and sell the Bonds;

(iv) This Agreement and the Ancillary Agreements to which the Issuer is a party have been duly authorized, executed and delivered by the Issuer and constitute valid and binding agreements of the Issuer;

(v) The Bonds have been duly authorized, executed and delivered by the Issuer, in accordance with the law, the MDB Resolution and the Indenture, and constitute valid and binding obligations of the Issuer and the Bonds are entitled to the benefits of the Indenture;

(vi) No consent or approval is required to be obtained from or document filed with, any Governmental Body by the Issuer or the City in connection with the execution and delivery of, or performance under, this Agreement or the Ancillary Agreements or in connection with the issuance, sale and performance of the Bonds;

(vii) Under presently existing statutes, regulations, court rulings and court decisions, the interest on the Bonds is exempt from Mississippi income tax and from all other state and municipal taxation in the State of Mississippi, except transfer and estate taxes;

(viii) Under presently existing statutes, regulations, court rulings and court decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes; and

(ix) The Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and no indenture with respect to the Bonds need be qualified under the Trust Indenture Act of 1939.

**(C) Representations and Warranties.** The representations and warranties of each of the City and the Issuer contained herein shall be true and correct on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date.

**(D) Performance; No Default.** Each of the City and the Issuer shall have performed and complied with all agreements and conditions herein required to be performed or complied with by it prior to or on the Closing Date, and at the time of the Closing no event of default or defaults shall have occurred and be continuing with respect to the Bonds.

**(E) Compliance Certificate.** The City and the Issuer shall have delivered to you on the Closing Date a certificate, dated the Closing Date, certifying that the conditions relating to the Issuer and the City specified in subparagraphs (C) and (D) of this paragraph 5 have been fulfilled.

**(F) Ancillary Agreements.** All of the Ancillary Agreements shall have been duly executed and delivered by and shall constitute valid and binding agreements of, the parties hereto.

**(G) Other Documents and Proceedings.** You shall have received all other documents and opinions as you may reasonably request relating to:

- (i) The existence of the City and the Issuer;
- (ii) The governmental authority for and validity of this Agreement, the Ancillary Agreements and the Bonds;
- (iii) The exemption from federal and state income taxes of interest on the Bonds; and
- (iv) Other matters relevant to the issuance of the Bonds pursuant to the terms of the Indenture and the sale of the Bonds hereunder.

All proceedings to be taken in connection with the transactions contemplated by this Agreement and the Ancillary Agreements, and all documents, opinions and certificates incident to such transactions shall be satisfactory in form and substance to you and to your special counsel.

**(H) The Bonds.** The Trustee shall have provided to the person(s) you direct as Purchaser, including the Depository, the duly authenticated Bonds in compliance with the provisions of Paragraph 2(A) hereof.

**(I) Notice.** You shall have received five (5) Business Days' written notice from the City or the Issuer of the proposed Closing Date.

**(J) No Legal Action.** There shall not be pending before any court or any other Governmental Body any action, proceeding or investigation which is directed toward challenging, restraining, prohibiting or invalidating the transactions contemplated hereby or by the Ancillary Agreements, nor shall the Issuer or the City have received from any Governmental Body official notification objecting to the sale of the Bonds.

**6. Agreements of the City.** The City agrees that it will deliver to you and the Trustee and the Issuer:

- (i) Copies of annual audited financial statements of the City;
- (ii) Promptly upon becoming aware of any Tax Event relating to any Bond, a notice of such Tax Event setting forth the details thereof; and
- (iii) Promptly upon becoming aware of the existence of any condition or event which constitutes a default or an event of default on the Bonds, a certificate of an officer of the City to such effect setting forth the details thereof and the actions to be taken with respect thereto.

**7. Payment of Certain Expenses and Taxes by the City.** Whether or not the transactions contemplated by this Agreement shall be consummated, the City agrees, to the extent allowed by law:

(A) To pay all reasonable expenses incurred by you or any holder of any of the Bonds or an interest therein incident to the transactions contemplated by this Agreement or in connection with any enforcement, modification, amendment or alteration of this Agreement, the Bonds or any of the Ancillary Agreements (whether or not any such enforcement, modification, amendment or alteration becomes effective), including, but not limited to, any out-of-pocket expenses incurred by you or any such holder and the fees, charges and disbursements of special counsel for you or any such holder;

(B) To pay the fees and expenses of the Depository; and

(C) To pay, and save you or any such holder of any of the Bonds or any interest therein harmless against any and all liability with respect to, amounts payable as a result of:

(i) Any issuance, stamp, documentary, transfer or similar taxes which may be determined to be payable in connection with the execution and delivery of the Bonds, this Agreement or any of the Ancillary Agreements, or any modification, amendment or alteration, of the terms or provisions of any of the Bonds, this Agreement or any of the Ancillary Agreements, and

(ii) Any interest or penalties resulting from any delays in paying any of such expenses, charges, disbursements, liabilities or taxes.

The obligations of the City under this Paragraph 7 shall survive the payment of the Bonds.

**8. Indemnification by City.** The City, the Issuer and the Purchaser hereby agree as follows:

(A) The City, to the extent allowed by law, agrees to indemnify and hold harmless the Purchaser, the Trustee and the Issuer, their respective directors, officers, employees and agents (collectively, the "Indemnified Persons" and individually, an "Indemnified Person") from and against any and all losses, claims, damages, liabilities and costs (i) arising out of any statement or information regarding the City contained in any Disclosure Document that is untrue or incorrect or alleged to be untrue or incorrect in any material respect or the omission or alleged omission therefrom of any statement or information that is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect, (ii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected without the written consent of the Indemnified Persons, and (iii) to which the Indemnified Persons may become subject under federal or state statutory laws or regulations insofar as such losses, claims, damages, liabilities and costs and any legal or other expenses (including legal or other expenses reasonably incurred in connection with investigating or defending the same) to which the City and the Indemnified Persons may be subject in such proportion as is appropriate to reflect not only the relative benefits received by

the City on the one hand and the Indemnified Persons on the other hand, but also the relative fault of the City and the Indemnified Persons, as well as any relevant equitable considerations.

(B) This indemnity agreement shall remain operative and in full force and effect, to the extent allowed by law, regardless of any investigation made by or on behalf of the City, or on delivery of and payment for any Bonds hereunder, and shall survive the termination or cancellation of this letter Agreement.

(C)

**9. Survival of Covenants; Successors and Assigns.** All covenants, agreements, and warranties made by the City or the Issuer in this Agreement, the Ancillary Agreements or in certificates or other documents delivered pursuant to any condition thereof in connection with the delivery of the Bonds to you, and shall continue in full force and effect until the Bonds are paid in full and thereafter to the extent provided by Paragraph 8. All such covenants, agreements, representations and warranties shall be binding upon any successors and assigns of the City or the Issuer, as the case may be, and shall inure to the benefit of your successors and assigns.

**10.**

**11. No Oral Change; Assignment.**

(A) This Agreement may not be changed orally, but only by an agreement in writing and signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(B) Neither the City nor the Issuer may assign any of its respective rights or obligations under this Agreement without your written consent, and you shall not be required to purchase the Bonds except as provided in this Agreement.

**12. Notices.** Except as otherwise provided in this Agreement, whenever notice is required to be given pursuant to the provisions of this Agreement, such notice shall be in writing and shall be mailed by first class mail, postage prepaid, addressed:

If to the Issuer -                      Mississippi Development Bank  
735 Riverside Drive, Suite 300  
Jackson, Mississippi 39202  
Attention: Executive Director

If to the Trustee - \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_

If to the City -

City of Pascagoula, Mississippi

City Hall, 603 Watts Avenue  
Pascagoula, Mississippi 39567  
Attention: City Clerk

If to the Securities

Depository -

The Depository Trust Company

55 Water Street

New York, New York 10041

Attention: Municipal Securities

All notices shall be effective upon receipt.

**13. Reproduction of Documents.** This Agreement, the Ancillary Agreements, and all documents relating thereto, including without limitation (A) consents, waivers and modifications which may hereafter be executed, (B) documents received by you at the Closing (except the Bonds), and (C) financial statements, certificates and other information previously or hereafter furnished to you or any Bondholder may be reproduced by you or such Bondholder by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process and you or any Bondholder may destroy any original document so reproduced. The City and the Issuer agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you or any Bondholder in regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

**14. Law Governing.** This Agreement shall be construed in accordance with and governed by the laws of the State of Mississippi.

**15. Headings.** The headings of the paragraphs and subparagraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement.

**16. Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

**17. Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

[Signature Page to Follow.]

If you agree with the foregoing, please sign this Agreement in the space provided below.

Very truly yours,

**CITY OF PASCAGOULA, MISSISSIPPI**

By: \_\_\_\_\_  
Mayor

**SIGNATURE PAGE TO MISSISSIPPI DEVELOPMENT BANK BOND  
PURCHASE AGREEMENT AMONG THE CITY OF PASCAGOULA, MISSISSIPPI,  
MISSISSIPPI DEVELOPMENT BANK, AND \_\_\_\_\_, \_\_\_\_\_, MISSISSIPPI,  
DATED \_\_\_\_\_, 2014 REGARDING THE \$15,000,000 MISSISSIPPI DEVELOPMENT  
BANK SPECIAL OBLIGATION BONDS, SERIES 2014 (PASCAGOULA, MISSISSIPPI  
GENERAL OBLIGATION BOND PROJECT)**

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**MISSISSIPPI DEVELOPMENT BANK**

By: \_\_\_\_\_  
Executive Director

**SIGNATURE PAGE TO MISSISSIPPI DEVELOPMENT BANK BOND  
PURCHASE AGREEMENT AMONG THE CITY OF PASCAGOULA, MISSISSIPPI,  
MISSISSIPPI DEVELOPMENT BANK, AND \_\_\_\_\_, \_\_\_\_\_, MISSISSIPPI,  
DATED \_\_\_\_\_, 2014 REGARDING THE \$15,000,000 MISSISSIPPI  
DEVELOPMENT BANK SPECIAL OBLIGATION BONDS, SERIES 2014  
(PASCAGOULA, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT)**

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*Accepted By:*

\_\_\_\_\_,  
\_\_\_\_\_, MISSISSIPPI

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

**SIGNATURE PAGE TO MISSISSIPPI DEVELOPMENT BANK BOND  
PURCHASE AGREEMENT AMONG THE CITY OF PASCAGOULA, MISSISSIPPI,  
MISSISSIPPI DEVELOPMENT BANK, AND \_\_\_\_\_, \_\_\_\_\_, MISSISSIPPI,  
DATED \_\_\_\_\_, 2014 REGARDING THE \$15,000,000 MISSISSIPPI  
DEVELOPMENT BANK SPECIAL OBLIGATION BONDS, SERIES 2014  
(PASCAGOULA, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT)**

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**EXHIBIT D**  
**FORM OF PRELIMINARY OFFICIAL STATEMENT**

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2014**

**NEW ISSUE BOOK ENTRY ONLY**

**RATING – Moody's: "\_\_\_\_"**  
**(See "RATING" herein)**  
**(Application Made)**

In the opinion of Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2014 Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code (as defined herein), and is not a specific item of tax preference under Section 57 of the Code for purposes of calculating alternative minimum tax; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Such exclusion is conditioned on continuing compliance with certain tax covenants of the Bank and the City. In the opinion of Bond Counsel under existing laws, regulations, rulings and judicial decisions, interest on the Series 2014 Bonds are exempt from income taxation in the State of Mississippi. See "TAX MATTERS" herein and "APPENDIX D - FORM OF BOND COUNSEL OPINION" attached hereto.

**\$15,000,000**  
**MISSISSIPPI DEVELOPMENT BANK**  
**SPECIAL OBLIGATION BONDS, SERIES 2014**  
**(PASCAGOULA, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT)**

**Dated: Date of Delivery** **DUE: APRIL 1, as below**

The Series 2014 Bonds will be dated the day of delivery, and will bear interest from that date to their respective maturities in the amounts and at the rates set forth below. The Series 2014 Bonds are issuable only as fully registered bonds and, when issued, will be registered in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2014 Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2014 Bonds will not receive physical delivery of certificates representing their interests in the Series 2014 Bonds. Interest on the Series 2014 Bonds is payable on April 1 and October 1 of each year, commencing April 1, 2015. So long as DTC or its nominee is the Registered Owner of the Series 2014 Bonds, interest, together with the principal of and redemption premium, if any, on the Series 2014 Bonds will be paid directly to DTC by \_\_\_\_\_, Trustee under the Indenture, all as defined and more fully described herein under the caption, "DESCRIPTION OF THE SERIES 2014 BONDS -- Book-Entry-Only System."

The Series 2014 Bonds are issued by the Bank for the principal purpose of providing funds for the purchase of securities of the City, as more fully described in this Official Statement.

The Series 2014 Bonds are subject to redemption as described herein under the caption "DESCRIPTION OF THE SERIES 2014 BONDS -- Redemption."

THE SERIES 2014 BONDS ARE LIMITED AND SPECIAL OBLIGATIONS OF THE BANK AND ARE PAYABLE SOLELY OUT OF THE TRUST ESTATE OF THE BANK PLEDGED THEREFOR UNDER THE INDENTURE, INCLUDING THE CITY BOND AND PAYMENTS DERIVED THEREFROM, AS MORE FULLY DESCRIBED HEREIN. THE SERIES 2014 BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR LOAN OF THE CREDIT OF THE BANK, THE STATE OF MISSISSIPPI OR ANY POLITICAL SUBDIVISION THEREOF UNDER THE CONSTITUTION AND LAWS OF THE STATE OF MISSISSIPPI, OR A PLEDGE OF THE FULL FAITH AND CREDIT, TAXING POWER OR MORAL OBLIGATION OF THE BANK, THE STATE OF MISSISSIPPI OR ANY POLITICAL SUBDIVISION THEREOF; PROVIDED, HOWEVER, THAT THE CITY BOND IS SECURED BY THE FULL FAITH AND CREDIT AND TAXING POWER OF THE CITY. THE SOURCES OF PAYMENT OF, AND SECURITY FOR, THE SERIES 2014 BONDS ARE MORE FULLY DESCRIBED HEREIN. THE BANK HAS NO TAXING POWER.

**MATURITY SCHEDULE**

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>PRICE OR YIELD</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>PRICE OR YIELD</u>
_____	_____	%	%	_____	_____	%	%
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

The Series 2014 Bonds are offered subject to the final approval of the legality thereof by Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel. Certain legal matters will be passed upon for the Bank by Balch & Bingham LLP, Jackson, Mississippi, its counsel, and for the City by Eddie C. Williams, Esquire, Pascagoula, Mississippi. Government Consultants, Inc., Jackson, Mississippi, serves as the Financial Advisor to the Bank in connection with the sale and issuance of the Series 2014 Bonds. The Series 2014 Bonds are expected to be available in definitive form for delivery on or about \_\_\_\_\_, 2014.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. PROSPECTIVE INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The date of this Official Statement is \_\_\_\_\_, 2014.

This Preliminary Official Statement and certain of the information contained herein is in a form deemed final for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (except for the omission of certain information permitted to be omitted under Rule 15c2-12(b)(1)). This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFERING OF ANY SECURITY OTHER THAN THE ORIGINAL OFFERING OF THE SERIES 2014 BONDS IDENTIFIED ON THE COVER HEREOF. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THAT CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF THE SERIES 2014 BONDS BY ANY PERSON, IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION AND EXPRESSION OF OPINIONS HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR THE SALE OF ANY OF THE SERIES 2014 BONDS SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

INFORMATION HEREIN HAS BEEN OBTAINED FROM THE BANK, THE CITY AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION IS NOT GUARANTEED BY THE UNDERWRITER.

UPON ISSUANCE, THE SERIES 2014 BONDS WILL NOT BE REGISTERED BY THE BANK UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY, OTHER THAN THE BANK (TO THE EXTENT DESCRIBED HEREIN), WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE SERIES 2014 BONDS FOR SALE.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE BANK AND THE PURCHASERS OR HOLDERS OF THE SERIES 2014 BONDS. ALL ESTIMATES AND ASSUMPTIONS CONTAINED HEREIN ARE BELIEVED TO BE REASONABLE, BUT NO REPRESENTATION IS MADE THAT SUCH ESTIMATES OR ASSUMPTIONS ARE CORRECT OR WILL BE REALIZED.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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## OFFICIAL STATEMENT

**\$15,000,000**  
**MISSISSIPPI DEVELOPMENT BANK**  
**SPECIAL OBLIGATION BONDS, SERIES 2014**  
**(PASCAGOULA, MISSISSIPPI GENERAL OBLIGATION BOND PROJECT)**

### INTRODUCTION

The purpose of this Official Statement, including its APPENDICES, is to set forth certain information concerning the sale and issuance by the Mississippi Development Bank (the "Bank") of its Mississippi Development Bank Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project) (the "Series 2014 Bonds"), issued in the aggregate principal amount of \$15,000,000.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and all APPENDICES hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series 2014 Bonds to potential investors is made only by means of the entire Official Statement.

#### **The Bank**

The Bank was established in 1986 as a separate body corporate and politic of the State of Mississippi (the "State") for the public purposes set forth under the provisions of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended (the "Bank Act"). The Bank is not an agency of the State, is separate from the State in its corporate and sovereign capacity and has no taxing power. The Bank is governed by a Board of Directors composed of nine (9) members.

Pursuant to the Bank Act, the purpose of the Bank is to assist "local governmental units," as defined in the Bank Act to be (i) any county, municipality, utility district, regional solid waste authority, county cooperative service district or political subdivision of the State of Mississippi, (ii) the State of Mississippi or any agency thereof, (iii) the institutions of higher learning of the State of Mississippi, (iv) any education building corporation established for institutions of higher learning, or (v) any other governmental unit created under state law, such as the City, through programs of purchasing the bonds, notes or evidences of indebtedness of such local governmental units under agreements between such local governmental units and the Bank. The entity described in APPENDIX A (the "City") is such a local governmental unit.

#### **Sources of Payment and Security for the Series 2014 Bonds**

The Series 2014 Bonds will be issued by and under and secured by an Indenture of Trust dated the date of delivery (the "Indenture"), by and between the Bank and \_\_\_\_\_, \_\_\_\_\_, Mississippi, as Trustee (the "Trustee"). The principal of, redemption premium, if any, and interest on any and all of the Series 2014 Bonds, together with any additional bonds or refunding bonds (the "Refunding Bonds") that may be authorized and issued by the Bank under

the Indenture on a parity with the Series 2014 Bonds (collectively, the "Bonds"), are payable from those revenues and funds of the Bank which, together with the general obligation bond issued by the City (the "City Bond"), as defined and described herein, pursuant to Sections 21-33-301 *et seq.*, Mississippi Code of 1972, as amended (the "City Bond Act" and together with the Bank Act, the "Act"), are pledged pursuant to the Indenture for the benefit of the owners of the Series 2014 Bonds without priority. The full faith and credit and taxing power of the State are not pledged to the payment of the principal of, premium, if any, and interest on any of the Series 2014 Bonds. The Series 2014 Bonds are not a debt, liability, loan of the credit or pledge of the full faith and credit, moral obligation of the State or of any political subdivision; provided, however, that the City Bond is secured by the full faith and credit and taxing power of the City. The Bank has no taxing power and has only those powers and sources of revenue set forth in the Bank Act. The Series 2014 Bonds are issued and secured separately from any other obligations issued by the Bank.

The Series 2014 Bonds are secured by the pledge of the Trust Estate established under the Indenture (the "Trust Estate"), defined to be (i) cash and securities in the funds and accounts established by the Indenture (except the Rebate Fund, as described herein) (the "Funds" and "Accounts") and the investment earnings thereon and all proceeds thereof, (ii) the City Bond and the earnings thereon and the proceeds thereof, and (iii) all funds, accounts and moneys hereinafter pledged to the Trustee as security by the Bank. All Series 2014 Bonds will be secured equally and ratably by all of the foregoing. The sources of payment for the Series 2014 Bonds are further described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS," and "APPENDIX A."

The principal of and interest on the City Bond are payable out of certain revenues as hereinafter defined. The following City Bond is scheduled to be purchased with proceeds of the Series 2014 Bonds: \$15,000,000 Pascagoula, Mississippi General Obligation Bond, Series 2014 (the "City Bond"). The sources of payment on the City Bond is further described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS" and "APPENDIX C."

The Indenture provides that in order to further secure the payment of principal of and interest on the Series 2014 Bonds, the Bank will establish thereunder the Debt Service Reserve Fund (the "Debt Service Reserve Fund") and maintain therein an amount (the "Debt Service Reserve Requirement") equal to the lesser of the following: (i) the maximum amount of principal and interest becoming due in the current or any future bond year (meaning each one year period beginning on \_\_\_\_\_ 2 of one year and ending on \_\_\_\_\_ 1 of the following year) on all Series 2014 Bonds then outstanding; (ii) 125% of average annual debt service on the Series 2014 Bonds; and (iii) 10% of the stated principal amount of the Series 2014 Bonds, which Debt Service Reserve Requirement may be funded with cash or the Reserve Fund Credit Facility. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS - Debt Service Reserve Fund" for further discussion of the Debt Service Reserve Fund.

The Bank Act provides that the State Legislature may appropriate to the Bank for deposit in the Debt Service Reserve Fund any sum, required by the Bank Act to be certified by the President of the Board of Directors of the Bank on or prior to January 1 of any year, as may be necessary to restore the amount in the Debt Service Reserve Fund to an amount equal to the Debt

Service Reserve Requirement. The Indenture further requires such certification to be made by the Bank to the Governor on or before January 1 of any year in which the amount in the Debt Service Reserve Fund is less than an amount equal to the Debt Service Reserve Requirement. However, nothing in these provisions or in any other provision of the Bank Act creates a debt or an obligation on the part of the State to make any payments or appropriations to or for the use of the Bank. See the captions "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS - State Appropriations Mechanism" and "RISKS TO THE OWNERS OF THE SERIES 2014 BONDS."

**Purpose of the Series 2014 Bonds**

The Series 2014 Bonds are being issued pursuant to the Act to purchase the City Bond to provide funds for (i) the construction, improvement or pavement of streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land therefor; the construction of bridges and culverts; erecting, repairing, improving, adorning and equipping municipal buildings and purchasing land therefor; the construction and improvement of sanitary, storm, drainage, or sewer systems; improve, repair, and extend the combined water, gas and sewer system of the City; for other authorized purposes under the Act and the Bank Act (the "Project"); (ii) funding a debt service reserve fund for the Series 2014 Bonds; and (iii) paying costs of issuance for the Series 2014 Bonds and the City Bond.

**Authority for Issuance**

The Series 2014 Bonds are issued pursuant to the provisions of the Act and the Indenture.

**Description of the Series 2014 Bonds**

Redemption. The Series 2014 Bonds are subject to redemption as set forth hereinafter under the caption "DESCRIPTION OF THE SERIES 2014 BONDS -- Redemption."

Denominations. The Series 2014 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof.

Registration, Transfers, and Exchanges. The Series 2014 Bonds will be issued only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2014 Bonds will be made in book entry only form. Purchasers of beneficial interests in the Series 2014 Bonds will not receive physical delivery of certificates representing their respective interests in the Series 2014 Bonds.

Payments. Interest on the Series 2014 Bonds is payable on \_\_\_\_\_ 1, 201\_\_\_\_, and on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year thereafter, and, so long as DTC or its nominee is the Registered Owner of the Series 2014 Bonds, such interest, together with the principal of and redemption premium, if any, on the Series 2014 Bonds will be paid directly to DTC by \_\_\_\_\_, \_\_\_\_\_, Mississippi, as Trustee under the Indenture. The final disbursement of such payments to the Beneficial Owners of the Series 2014 Bonds will be the responsibility of the DTC Participants and the Indirect Participants, all as more fully defined and described herein

under the caption "DESCRIPTION OF THE SERIES 2014 BONDS -- Book-Entry-Only System."

**For a more complete description of the Series 2014 Bonds and the basic documentation pursuant to which the Series 2014 Bonds are being issued, see the captions "DESCRIPTION OF THE SERIES 2014 BONDS," "REVENUES, FUNDS AND ACCOUNTS," and "OPERATION OF FUNDS AND ACCOUNTS," in this Official Statement.**

#### **Tax Exemption**

In the opinion of bond counsel, under existing laws, regulations, rulings, and judicial decisions, interest on the Series 2014 Bonds is excludable from gross income for federal tax purposes, with such exclusion conditioned upon continuing compliance with certain tax covenants of the Bank and the City, and under existing laws, regulations, rulings, and judicial decisions, interest on the Series 2014 Bonds are exempt from income taxation in the State of Mississippi. Interest on the Series 2014 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes; however, it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. For a more complete description of such opinions and certain other tax consequences incident to the ownership of the Series 2014 Bonds, see the captions "TAX MATTERS" in this Official Statement. See "APPENDIX D" for the proposed form of bond counsel opinion.

#### **Professionals Involved in the Offering**

\_\_\_\_\_, \_\_\_\_\_, Mississippi, will act as Trustee under the Indenture for the Series 2014 Bonds. Government Consultants, Inc., Jackson, Mississippi, is employed as financial advisor to the Bank (the "Financial Advisor") with respect to the Series 2014 Bonds. Certain proceedings in connection with the issuance of the Series 2014 Bonds are subject to the approval of Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel. The purchaser of the Series 2014 Bonds shall receive the opinion of Butler Snow LLP, to the effect that, based upon their participation in the preparation of the Official Statement, no facts have come to their attention which would lead them to believe that the Official Statement (except for financial statements and other financial and statistical data contained therein, as to which they will express no opinion or belief) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. Certain legal matters will be passed upon for the Bank by Balch & Bingham LLP, Jackson, Mississippi and for the City by, Eddie C. Williams, Esquire, Pascagoula, Mississippi. See the caption "LEGAL MATTERS" and "MISCELLANEOUS" in this Official Statement.

#### **Offering and Delivery of the Series 2014 Bonds**

Subject to the final approval of the legality thereof by Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel, the Series 2014 Bonds are expected to be available in definitive form for delivery on or about \_\_\_\_\_, 2014.

### **Risks to the Owners of the Series 2014 Bonds**

There are certain risks involved in the ownership of the Series 2014 Bonds which should be considered by prospective purchasers. The ability of the Bank to pay principal of, redemption premium, if any, and interest on the Series 2014 Bonds depends primarily upon the receipt by the Bank of City Bond payments (the "City Bond Payments") from the City participating in the program (the "Program") which is obligated to make such payments to the Bank, together with investment earnings on certain amounts in the Funds and Accounts defined in and established under the Indenture. There can be no representation or assurance that the City will realize sufficient Revenues to make the required City Bond Payments. In addition, the State Legislature may determine to appropriate funds to the extent of any deficiency in the Debt Service Reserve Fund; however, the State Legislature is not and cannot be obligated to appropriate any such funds. Further, factors beyond the control of the Bank may make it difficult or impossible for the State Legislature to appropriate sufficient funds in a timely fashion to replenish any deficiency in the Debt Service Reserve Fund. See the caption, "SECURITY AND SOURCES OF PAYMENT." Failure of the Bank, the City or both the Bank and the City to comply with certain tax covenants may also adversely affect the exempt status of the interest on all of the Series 2014 Bonds. See the caption "RISKS TO THE OWNERS OF THE SERIES 2014 BONDS" in this Official Statement.

### **Other Information**

This Official Statement speaks only as of its date, and certain information contained herein is subject to change.

Copies of other documents and information are available, upon request, and upon payment to the Bank of a charge for copying, mailing, and handling, from William T. Barry, Executive Director, Mississippi Development Bank, 735 Riverside Drive, Suite 300, Jackson, Mississippi 39202, telephone (601) 355-6232.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2014 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Bank and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Bank since the date hereof.

**THE SERIES 2014 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED.**

### **Format of Official Statement**

There follows in this Official Statement a description of the security and sources of payment for the Series 2014 Bonds, the purposes and operation of the Bank's Program to be financed out of the proceeds of the Series 2014 Bonds, the Bank, and summaries of certain provisions of the Series 2014 Bonds, the Indenture, and certain provisions of the Act. All discussions of the Act and the Indenture are qualified in their entirety by reference to the Act and the Indenture, copies of which are available from the Bank, and all discussions of the Series 2014 Bonds are qualified in their entirety by reference to the definitive form and the information with respect to the Series 2014 Bonds contained in the Indenture. Certain information relating to the City is set forth in "APPENDIX A," certain financial and economic information relating to the City is set forth in "APPENDIX B," the form of the City Bond Resolution and the City Bond is set forth in "APPENDIX C," the proposed form of opinion of Bond Counsel with respect to the Series 2014 Bonds is set forth in "APPENDIX D," certain definitions of certain terms used in this Official Statement are set forth in "APPENDIX E" and the form of the continuing disclosure agreement of the Bank and the City as set forth in "APPENDIX F." Each of the APPENDICES to this Official Statement is an integral part of this Official Statement and should be read in its entirety by any and all owners or prospective owners of the Series 2014 Bonds.

Capitalized terms not defined herein shall have the definitions set forth in "APPENDIX E- DEFINITIONS."

### **SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS**

#### **General**

The Series 2014 Bonds are payable only out of the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, premium, if any, and interest on all of the Series 2014 Bonds. The Series 2014 Bonds do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof under the constitution of the State or a pledge of the full faith and credit and taxing power or moral obligation of the State or any political subdivision thereof; provided, however, that the City Bond is a general obligation of the City. The Bank has no taxing power. The sources of payment of, and security for, the Series 2014 Bonds are more fully described below.

Under the Indenture, the Series 2014 Bonds are secured by a pledge to the Trustee of the City Bond and all City Bond Payments, as described herein. In addition, the Indenture pledges to the payment of the Series 2014 Bonds all proceeds of the Trust Estate, including without limitation all cash and securities held in the Funds and Accounts created by the Indenture, except for the Rebate Fund, together with investment earnings thereon and proceeds thereof (except to the extent transferred to the Rebate Fund or from such Funds and Accounts under the Indenture), and all other funds, accounts and moneys to be pledged by the Bank to the Trustee as security under the Indenture, to the extent of any such pledge.

#### **The City and the City Bond**

From the proceeds of the Series 2014 Bonds, the Bank intends to purchase and, upon purchase, will pledge to the Trustee the City Bond of the City, as described in "APPENDIX C."

**Provisions for Payment of the City Bond**

The City Bond will be a general obligation of the City. The City Bond Resolution provides that the City is unconditionally obligated to make payments secured by the full faith and credit of the City in an aggregate amount sufficient, with any other funds available therefor, including the combined water & sewer revenues that will be used to pay that portion of the current principal and interest payment allocable to Seven Million Dollars (\$7,000,000) in the principal amount of the City Bond, for the payment in full of the principal of, premium, if any, and interest on all Series 2014 Bonds issued and Outstanding under the Indenture, to the date of payment thereof, and certain costs, expenses and charges of the Bank and the Trustee.

In the City Bond Resolution, the City covenants to levy a direct, continuing special tax upon all of the taxable property within the geographical limits of the City, adequate and sufficient, after allowance shall have been made for the expenses of collection and delinquencies in the payment of taxes, to produce sums required for the payment of the principal of premium, if any, and the interest on the City Bond and any additional obligations of the City under the City Bond Resolution; provided, however, that such tax levy for any year shall be abated *pro tanto* to the extent the City on or prior to September 1 of that year has transferred money to the 2014 Bond Fund of the City Bond, or has made other provisions for funds, including the combined water & sewer revenues that will be used to pay that portion of the current principal and interest payment allocable to Seven Million Dollars (\$7,000,000) in the principal amount of the City Bond, to be applied toward the payment of the principal of and interest on the City Bond due during the ensuing fiscal year of the City, in accordance with the provisions of the City Bond Resolution. Said tax shall be extended upon the tax rolls and collected in the same manner and at the same time as other taxes of the City are collected, and the rate of tax which shall be so extended shall be sufficient in each year fully to produce the sums required as aforesaid, without limitation as to time, rate or amount. The avails of said tax are irrevocably pledged in the City Bond Resolution for the payment of the principal of, premium, if any, and interest on the City Bond and any additional obligations of the City as aforesaid as the same shall respectively mature and accrue.

**The City Bond will never, within the meaning of any constitutional or statutory limitation, be a debt, liability, or obligation of the State or any political subdivision of the State other than the City, and neither the full faith and credit nor taxing power of the State or any political subdivision thereof is pledged to the payment of the principal, premium, if any, and interest on the City Bond; provided, however, that the City Bond is a general obligation of the City.** The City Bond initially issued under the City Bond Resolution shall be issued for the purposes of providing funds to finance costs of the (i) Project (as described in "APPENDIX C - FORM OF CITY BOND RESOLUTION AND CITY BOND"), fund a debt service reserve fund for the Series 2014 Bonds and to pay related costs of issuance for the City Bond and the Series 2014 Bonds.

The issuance of the City Bond shall be authorized by resolution of the City Council of the City (the "Governing Body") adopted pursuant to Act. See "APPENDIX C" for further description of the City Bond.

**Debt Service Reserve Fund**

The Act authorizes and the Indenture requires the Bank to establish and maintain the Debt Service Reserve Fund in which there is to be deposited or transferred:

- (A) All proceeds of Series 2014 Bonds required to be deposited in the Debt Service Reserve Fund by the terms of the Indenture or any supplemental indenture or resolution of the Bank with respect to the proceeds of Series 2014 Bonds, established under the Indenture in the amount of the Debt Service Reserve Requirement, which is the lesser of the (i) the maximum amount of principal and interest becoming due in the current or any future bond year (meaning each one year period beginning on \_\_\_\_ 2 of one year and ending on \_\_\_\_ 1 of the following year) on all Series 2014 Bonds then outstanding; (ii) 125% of average annual debt service on the Series 2014 Bonds; and (iii) 10% of the stated principal amount of the Series 2014 Bonds, which Debt Service Reserve Requirement may be funded with cash or the Reserve Fund Credit Facility, as defined in the Indenture;
- (B) All money required to be transferred to the Debt Service Reserve Fund from another Fund or Account under the Indenture;
- (C) All money paid by the City for deposit to the Debt Service Reserve Fund as provided in the Resolution;
- (D) All money appropriated by the State for replenishment of the Debt Service Reserve Fund; and
- (E) Any other available money or funds that the Bank may decide to deposit in the Debt Service Reserve Fund.

Except as provided by the Indenture, moneys in the Debt Service Reserve Fund will be held and applied to the payment of the principal of and interest on the Series 2014 Bonds in cases where sufficient funds are not available in other Funds and Accounts for such payments.

The City may, at any time, provide the Trustee with a Reserve Fund Credit Facility to be substituted for all or a portion of the amount of money and investments in the Debt Service Reserve Fund equal to the amount available for drawing under such Reserve Fund Credit Facility; provided that such right of substitution shall be subject to the following conditions:

- (A) The Trustee shall receive a certificate of the City to the effect that such substitution is in the best economic interests of the City stating the reasons therefor and stating how the amounts on deposit in the Debt Service Reserve Fund are to be applied; and

(B) The Trustee shall receive an opinion of counsel acceptable to the Trustee, in form and substance satisfactory to the Trustee, addressed to the Trustee, the Bank and the City as to the due authorization, execution, delivery and enforceability of the Reserve Fund Credit Facility in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of the Reserve Fund Credit Facility is not a domestic entity, an opinion of foreign counsel to the same effect in form and substance satisfactory to the Trustee; and

(C) The Trustee, the Bank and the City shall receive an opinion of nationally recognized counsel, in form and substance satisfactory to each of them, to the effect that substitution of such Reserve Fund Credit Facility and the proposed application to the amounts in the Debt Service Reserve Fund will not cause the interest on the Series 2014 Bonds to become includable in gross income of the holders thereof for federal income taxation purposes; and

(D) The obligation of the Bank to reimburse the issuer of the Reserve Fund Credit Facility for any fees or expenses or claims or drawings under such Reserve Fund Credit Facility shall be subordinate to the payment of debt service on the Series 2014 Bonds under the Indenture; and

(E) The Reserve Fund Credit Facility must provide for a revolving feature under which the amount available for drawing thereunder will be reinstated to the extent of any reimbursement of drawings or claims paid; and

(F) The value of the assets (including the amount available for drawing under the Reserve Fund Credit Facility) held in the Debt Service Reserve Fund must equal the Debt Service Reserve Requirement immediately upon such substitution.

If there shall be an insufficiency of funds in the General Account of the General Fund to make any required payment of principal of or interest on any Series 2014 Bonds, and the Trustee is holding a Reserve Fund Credit Facility in lieu of funds in the Debt Service Reserve Fund, the Trustee shall make a drawing under the Reserve Fund Credit Facility in an amount equal to the lesser of (1) the amount then available for drawing under the Reserve Fund Credit Facility, or (2) the amount necessary to make up the insufficiency described above, which drawing shall be made in time to prevent the occurrence of an Event of Default under the Indenture; and the proceeds of such drawing shall be deposited into the Debt Service Reserve Fund for application as provided in the Indenture.

On the fifth (5th) business day prior to the expiration of any Reserve Fund Credit Facility, the Trustee shall make a drawing of the full amount available thereunder, and shall deposit the proceeds of such drawing into the Debt Service Reserve Fund; provided, however, that the Trustee shall not make a drawing if, not later than the fifth (5th) business day prior to the expiration of such Reserve Fund Credit Facility, a substitute Reserve Fund Credit Facility or money or Investment Securities or both money and Investment Securities equal to the Debt Service Reserve Requirement have been delivered to the Trustee for deposit in the Debt Service Reserve Fund.

If the Trustee receives notice that (1) the revolving reinstatement feature described above has been suspended or terminated, (2) the rating of the issuer of the Reserve Fund Credit Facility has fallen below "A" by Standard and Poor's Ratings Group, (3) the issuer of the Reserve Fund Credit Facility has defaulted in its payment obligations thereunder, or (4) the Reserve Fund Credit Facility will not be extended or renewed, the Trustee shall immediately notify the City in writing, of the occurrence of such event and shall request that the City make or cause to be made the payments required to replenish the Debt Service Reserve Fund pursuant to the Indenture and the City Bond Resolution, which payments may be made from the proceeds of a drawing under the Reserve Fund Credit Facility.

Reserve Fund Credit Facility means an irrevocable and unconditional letter of credit, insurance policy or surety bond, the terms of which have been approved by the City, issued by a bank or other financial institution, which is acceptable to the City, having a long-term credit rating of "A" or better, as determined by Standard and Poor's Ratings Group which credit facility names the Trustee as the beneficiary thereunder; provided, that any such credit facility must (a) be renewable or extendable on an annual basis; (b) have an initial term of not less than three (3) years; (c) provide that the bank or other financial institution providing such credit facility must notify the Trustee and the City, no less than thirty (30) days in advance of the expiration of the credit facility of its intention not to renew or extend such credit facility; (d) permit the Trustee to make a drawing thereunder to fund the Debt Service Reserve Fund no later than five (5) business days prior to the earlier of (1) the expiration date of such credit facility and (2) the date the proceeds of such drawing will be needed to fund the Debt Service Reserve Fund.

#### **State Appropriations Mechanism**

The Act provides that in order to assure the maintenance of the Debt Service Reserve Fund, the State Legislature may appropriate to the Bank for deposit in the Debt Service Reserve Fund any sum required by the Act to be certified by the Bank on or before January 1 of any year to the Governor and then required by the Act to be transmitted by a request from the Governor to the State Legislature, as necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. However, nothing in these provisions or any other provision of the Act creates a debt or liability of the State to make any payments or appropriations to or for the use of the Bank. There can be no representation or assurance (i) that the request by the Governor transmitted to the Legislature, stating the amount of a deficiency in the Debt Service Reserve Fund, would be taken up for any or for early consideration by the State Legislature, or (ii) that upon consideration of any such request, the State Legislature would determine to appropriate funds to reduce or eliminate such deficiency, or (iii) that in the event the State Legislature determined to make such an appropriation, the amounts thus appropriated would be forthcoming as of any particular date.

As required by the State Constitution, the regular session of the State Legislature begins on the Tuesday after the first Monday of January each year unless sooner convened by the Governor of the State. Such sessions shall be limited to a period of 125 calendar days every fourth year and 90 calendar days for every other regular session. Provided further that the House of Representatives, by resolution with the Senate concurring therein, and by a two-thirds (2/3) vote of those present and voting in each house, may extend such limited session for a period of thirty (30) days with no limit on the number of extensions to each session. Because the State

Legislature meets for only a portion of each year, there can be no representation or assurance that the State Legislature could, if it elected to do so, take timely action upon a certificate from the Bank in order to provide funds to avoid a default in the payment of principal of or interest on the Series 2014 Bonds.

Under the Indenture, the State does thereby pledge to and agree with the holders of any Series 2014 Bonds that the State will not limit or alter the rights thereby vested in the Bank to fulfill the terms of any agreements made with the said Bondholders or in any way impair the rights and remedies of such holders until such Series 2014 Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders of Series 2014 Bonds, are fully met and discharged.

#### **Tax Intercept Agreement**

General. As provided for in the Act, the City and the Bank have entered into and the Trustee has accepted the Tax Intercept Agreement whereby the City has covenanted, agreed and authorized the Mississippi Department of Revenue or any other State agency, department or commission to (1) withhold all or any part of any monies which the City is entitled to receive from time to time pursuant to any law and which is in possession of the Mississippi Department of Revenue or any other State agency, department or commission (the "Tax Monies"), and (2) pay same over to the Trustee on behalf of the Bank to satisfy any delinquent payment (the "Delinquent Payment") under Section 12 of the City Bond Resolution. If on the first day of \_\_\_\_\_ and \_\_\_\_\_ of each year, beginning \_\_\_\_\_ 1, 20\_\_\_\_, there are insufficient funds to make the payments under Section 12 of the City Bond Resolution, the Bank has authorized and directed the Trustee under the Tax Intercept Agreement to file the Tax Intercept Agreement and a statement of deficiency setting forth the amount of any Delinquent Payment with the Mississippi Department of Revenue or any other State agency, department or commission, thereby directing the Mississippi Department of Revenue or any other State agency, department or commission to pay any Tax Monies directly to the Trustee on behalf of the Bank to satisfy any Delinquent Payment, all as permitted under the Act. In any event if the City fails to make timely payments under the City Bond Resolution as provided in Section 12 of the City Bond Resolution, the Trustee is hereby further directed to file the Tax Intercept Agreement with the Mississippi Department of Revenue and take further action to recover Tax Monies under the Tax Intercept Agreement. The Trustee is hereby directed to pay any Tax Monies into the General Account of the General Fund to be applied in accordance with Section 6.05 of the Indenture.

City Sales Tax Revenues. The Tax Monies include any and all funds held by any State agency, commission or department which are to be distributed to the City pursuant to State law. Tax Monies include sales taxes, homestead ad valorem tax exemption reimbursements (See "EXHIBIT A - INFORMATION ON THE CITY - Homestead Exemption" herein), and other miscellaneous items which may be due the City from the State from time to time. The largest portion of Tax Monies consists of sales tax revenues collected by the Mississippi Department of Revenue and which are, according to State law, remitted to the City on a monthly basis. For fiscal years (October 1 through September 30) 20\_\_ - 20\_\_, sales tax remittances to the City were:

Year	Total Amount Remitted
2004	\$ _____
2005	_____
2006	_____
2007	_____
2008	_____
2009	_____
2010	_____
2011	_____
2012	_____
2013	_____

Tax Monies Available for Intercept. If sales taxes collected in the City by the Mississippi Department of Revenue remain at historical rates, there should be at least \$ \_\_\_\_\_ annual sales tax revenues of the City which would be subject to and available for intercept by the Trustee on behalf of the Bank, with which debt service on the Series 2014 Bonds could be paid; provided, however, the availability of such sales tax revenues are subject to the prior lien of the debt service payments on the SRF Loans. The SRF Loans mean the State Revolving Fund Loans, existing on the date of issuance of the Series 2014 Bonds, from the State to the City under Sections 49-17-1 et seq., Mississippi Code of 1972, as amended from time to time, which SRF Loans have a lien on revenues of the City's combined water and sewer system; however, the debt service for the SRF Loans is collected by the Mississippi Department of Revenue by diverting sales tax collections prior to remittance of the sales tax to the City and then subsequently reimbursed to the City from the revenues of the combined water and sewer system.

**RISKS TO THE OWNERS OF THE SERIES 2014 BONDS**

**General**

The Series 2014 Bonds will be payable solely from the payments to be made by the Bank under the Indenture. Pursuant to the Indenture, such payments are limited to City Bond Payments payable by the City on the City Bond pursuant to the City Bond Resolution. No reserve fund has been established for the payment of debt service on the Series 2014 Bonds or the City Bond. Purchasers of the Series 2014 Bonds are advised of certain risk factors with respect to the City Bond.

In addition, purchasers of the Series 2014 Bonds are advised of certain additional information in connection with the City as set forth in "APPENDIX A" and "APPENDIX B."

**City Bond**

The ability of the Bank to pay principal of, redemption premium, if any, and interest on the Series 2014 Bonds depends primarily upon the receipt by the Bank of City Bond Payments from the City which is obligated under the City Bond Resolution to make such payments to the Bank, together with earnings on the amounts in the Funds and Accounts created under the

Indenture sufficient to make such payments. Except for the Debt Service Reserve Fund and except for the intercept of local taxes (see "Tax Intercept Agreement" herein), there is no Indenture Fund or Account which is required to contain amounts to make up for any deficiencies in the event of one or more defaults by the City in making such City Bond Payments, and there is no source from which the General Fund will be replenished except the City Bond Payments and investment income on moneys in the Funds and Accounts.

#### **State Appropriations Mechanism**

The State Legislature may determine to appropriate funds to the extent of any deficiency in the Debt Service Reserve Fund (see the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS - State Appropriations Mechanism"). However, the State Legislature is not and cannot be obligated to appropriate any such funds. Moreover, the State Legislature meets for only a portion of each year unless extended by a special session called by the Governor, and there can be no representation or assurance (i) that a request from the Governor, stating the amount of a deficiency in the Debt Service Reserve Fund, would be taken up for any or for early consideration by the State Legislature, or (ii) that upon consideration of any such request, the State Legislature would determine to appropriate funds to reduce or eliminate such deficiency, or (iii) that in the event the State Legislature determined to make such an appropriation, the amounts thus appropriated would be forthcoming as of any particular date. In no event can or will the Series 2014 Bonds be deemed to be a debt or obligation of the State. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS - Debt Service Reserve Fund."

#### **Tax Covenants**

The Bank has covenanted under the Indenture to use its best efforts to comply with all actions required to assure the continuing exclusion of interest on the Series 2014 Bonds from gross income for federal income tax purposes. Failure by the Bank to comply with such covenants could cause the interest on the Series 2014 Bonds to be taxable retroactive to the date of issuance. Further, the City has covenanted in the City Bond Resolution that it will comply with certain requirements under the Code to ensure continuing exclusion from gross income for federal income tax purposes of interest on the Series 2014 Bonds. Failure by the City to comply with such requirements could cause the interest on such Series 2014 Bonds to be taxable retroactive to the date of issuance. See the caption "TAX MATTERS."

#### **Remedies**

The remedies available to the Trustee, to the Bank or to the owners of the Series 2014 Bonds upon an Event of Default under the Indenture or under the terms of the City Bond purchased by the Bank are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the Indenture and under the City Bond may not be readily available or may be limited.

### **Certain Bankruptcy Risks**

In the event the City were to become a debtor under the Bankruptcy Code, payments under the City Bond Resolution may be stayed or under certain circumstances may be subject to avoidance or disgorgement and the interest of the Trustee in such payments may not extend to payments acquired after the commencement of such a bankruptcy case or within ninety (90) days prior thereto. Under existing Constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the City Bond Resolution and the Indenture may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the City Bond will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally. Furthermore, if a bankruptcy court concludes that the Trustee has "adequate protection," it may enter orders affecting the security of the Trustee, including orders providing for the substitution, subordination and sale of the security of the Trustee. In addition, a reorganization plan may be adopted even though it has not been accepted by the Trustee if the Trustee is provided with the benefit of its original lien or the "indubitable equivalent." Thus, in the event of the bankruptcy of the City, the amount realized by the Trustee may depend on the bankruptcy court's interpretation of "indubitable equivalent" and "adequate protection" under the then existing circumstances. The bankruptcy court may also have the power to invalidate certain provisions of the City Bond Resolution, the Indenture, or related documents that make bankruptcy and related proceedings by the City an Event of Default thereunder. All of these events would adversely effect the payment of debt service on the Series 2014 Bonds.

### **Limitation on Enforceability of Security Interests**

The remedies available upon an Event of Default under the Indenture and the City Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the Indenture and the City Bond Resolution may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the Series 2014 Bonds and the City Bond may be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

The pledge of the full faith and credit granted by the City in the City Bond Resolution may be limited by a number of factors, including the ability to collect levied taxes. Under current law, such a pledge and assignment as attempted to be effected by the City Bond Resolution may be further limited by the following: (a) statutory liens; (b) rights arising in favor of the United States of America or any agency thereof; (c) prohibitions against assignment set forth in federal statutes; (d) constructive trusts, equitable liens or other rights which might be impressed or conferred by any state or federal court in the exercise of equitable jurisdiction; (e) federal bankruptcy laws affecting taxes and other revenues of the City received within ninety (90) days preceding and after any effectual institution of bankruptcy, liquidation or reorganization proceedings by or against the City; (f) rights of third parties in revenues converted to cash and not in the possession of the Trustee; and (g) sales, liens or pledges made by the City.

If an Event of Default does occur, it is uncertain that the Trustee could successfully obtain an adequate remedy at law or in equity.

**Failure to Compel the Levy of Taxes on the City Bond**

The City Bond will be a general obligation of the City payable as to principal and interest out of and secured by an irrevocable pledge of the avails of a direct and continuing tax to be levied annually without limitation as to rate or amount upon the taxable property within the geographical limits of the City; provided, however, that such tax levy for any year shall be abated pro tanto to the extent the City on or prior to September 1 of that year has transferred money to the 2014 Bond Fund of the City Bond, or has made other provisions for funds, to be applied toward the payment of the principal of and interest on the City Bond due during the ensuing fiscal year of the City, in accordance with the provisions of the City Bond Resolution. The City, when necessary, will levy annually a special tax upon all taxable property within the geographical limits of the City adequate and sufficient to provide for the payment of the principal of and the interest on the City Bond as the same falls due.

The qualified electors of the State of Mississippi voted in a general election held on November 7, 1995, to amend the Mississippi Constitution of 1890 (the "Constitution") to add the following new Section 172A (the "Amendment"):

SECTION 172A. Neither the Supreme Court nor any inferior court of this state shall have the power to instruct or order the state or any political subdivision thereof, or an official of the state or any political subdivision, to levy or increase taxes.

The Amendment does not affect the underlying obligation to pay the principal of and interest on the City Bond as it matures and becomes due, nor does it affect the obligation to levy a tax sufficient to accomplish that purpose. However, even though it appears that the Amendment was not intended to affect remedies of a holder of the City Bond in the event of a payment default, it potentially prevents such holder from obtaining a writ of mandamus to compel the levying of taxes to pay the principal of and interest on the City Bond in a Court of the State of Mississippi. It is not certain whether the Amendment would affect the right of a Federal Court to direct the levy of a tax to satisfy a contractual obligation. Other effective remedies are available to the holder of the City Bond in the event of a payment default with respect to the City Bond. For example, such holder can seek a writ of mandamus to compel the City to use any legally available moneys to pay the debt service on the City Bond, and if such writ of mandamus is issued and public officials fail to comply with such writ, then such public officials may be held in contempt of court. In addition, pursuant to Mississippi Constitution §175, all public officials who are guilty of willful neglect of duty may be removed from office.

**DESCRIPTION OF THE SERIES 2014 BONDS**

**General Description**

The Series 2014 Bonds are issuable under the Indenture as fully registered bonds. When issued, the Series 2014 Bonds will be registered in the name of and held by Cede & Co., as

nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests from DTC in the Series 2014 Bonds will be made in book-entry-only form (without certificates) in the denomination of \$5,000 or any integral multiple thereof (see the heading, "Book-Entry-Only System" under this caption).

The Series 2014 Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, set forth on the cover page of this Official Statement. Interest on the Series 2014 Bonds will be payable semiannually on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year, commencing \_\_\_\_\_ 1, 201\_\_\_. Interest will be calculated on the basis of a 360-day year consisting of twelve thirty-day months.

Each Series 2014 Bond will be dated the day of delivery. If any Series 2014 Bond is authenticated on or prior to the day of delivery, it will bear interest from such date. Each Series 2014 Bond authenticated after the day of delivery, will bear interest from the most recent date on which interest was payable (the "Interest Payment Date") and has been paid on or prior to the date of authentication of such Series 2014 Bond, unless such Series 2014 Bond is authenticated after the fifteenth day of the calendar month preceding an Interest Payment Date (the "Record Date") and on or prior to the next following Interest Payment Date, in which case such Series 2014 Bond will bear interest from such following Interest Payment Date.

So long as DTC or its nominee is the Registered Owner of the Series 2014 Bonds, payments of the principal of, redemption premium, if any, and interest on the Series 2014 Bonds will be made directly by the Trustee by wire transfer of funds to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (the "DTC Participants") will be the sole responsibility of DTC, and the ultimate disbursement of such payments to the Beneficial Owners, as defined herein, of the Series 2014 Bonds will be the responsibility of the DTC Participants and the Indirect Participants, as defined herein. See the heading, "Book-Entry-Only System" under this caption.

If the Series 2014 Bonds are no longer in a book-entry-only system, the principal of the Series 2014 Bonds will be payable upon maturity or redemption at the principal corporate trust office of the Trustee in \_\_\_\_\_, \_\_\_\_\_, and interest on the Series 2014 Bonds will be paid by check of the Trustee dated the due date and mailed or delivered on or before the Business Day prior to each Interest Payment Date to the Registered Owners of record as of the close of business on the most recent Record Date or, at the written election of the Registered Owner of \$1,000,000 or more in aggregate principal amount of Series 2014 Bonds delivered to the Trustee at least one Business Day prior to the Record Date for which such election will be effective, by wire transfer to the Registered Owner or by deposit into the account of the Registered Owner if such account is maintained by the Trustee.

#### **Book-Entry-Only System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2014 Bonds. The Series 2014 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by the authorized representative of DTC. One fully-registered Series 2014

Bond certificate will be issued for the Series 2014 Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA-. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2014 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2014 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2014 Bonds, except in the event that use of the book-entry system for the Series 2014 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2014 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2014 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2014 Bonds are credited, which may or may not be

the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2014 Bond documents. For example, Beneficial Owners of Series 2014 Bonds may wish to ascertain that the nominee holding the Series 2014 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2014 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2014 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2014 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal payments, and interest payments on the Series 2014 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Bank or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Bank, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal payments, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bank, or the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2014 Bonds at any time by giving reasonable notice to the Bank or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2014 Bond certificates are required to be printed and delivered.

The Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2014 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Bank believes to be reliable, but the Bank takes no responsibility for the accuracy thereof.

So long as Cede & Co. is the registered holder of the Series 2014 Bonds as nominee of DTC, references herein to the Holders, holders, or Registered Owners of the Series 2014 Bonds mean Cede & Co. and not the Beneficial Owners of the Series 2014 Bonds.

**THE BANK, THE TRUSTEE, THE CITY AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2014 BONDS (I) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE SERIES 2014 BONDS; (II) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN SERIES 2014 BONDS; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE SERIES 2014 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC OR DIRECT OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.**

**NEITHER THE BANK, THE CITY, THE TRUSTEE NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE SERIES 2014 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (3) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR PREMIUM, IF ANY, ON THE SERIES 2014 BONDS; (4) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2014 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.**

**Redemption**

Optional Redemption. The Series 2014 Bonds (or any portions thereof in integral multiples of \$5,000 each) maturing on or after \_\_\_\_\_ 1, 20\_\_\_, are subject to redemption in whole or in part, in principal amounts and maturities selected by the Bank on any date on or after

\_\_\_\_\_ 1, 20\_\_\_, at par, plus accrued interest to the date of redemption. Under the Indenture, selection of Series 2014 Bonds to be redeemed within a maturity will be made by lot by the Trustee. In accordance with DTC's standard practices and its agreement with the Bank, DTC and the DTC Participants will make this selection so long as the Series 2014 Bonds are in book-entry form.

Extraordinary Mandatory Redemption. The Series 2014 Bonds are also subject to extraordinary mandatory redemption prior to maturity in whole or in part, at any time, in inverse order of maturity, at a Redemption Price equal to the principal amount thereof plus accrued interest to the redemption date, from and to the extent that moneys are transferred from the Purchase Account to the Redemption Account created in this Indenture due to a failure of the City to issue and deliver the City Bond or if the City Bond is issued and delivered by the City in an original principal amount less than the original principal amount of the Series 2014 Bonds when issued or otherwise deposited in the Redemption Account from proceeds received upon the redemption of the City Bond under the City Bond Resolution pursuant to a default under the City Bond Resolution and acceleration by the Trustee of the Series 2014 Bonds to be redeemed.

The Bank intends to expend fully and expeditiously all amounts in the Purchase Account promptly after the date of delivery of the Series 2014 Bonds for purchase of the City Bond described in APPENDIX C. However, in the event and to the extent that funds deposited in the Purchase Account from the proceeds of the Series 2014 Bonds are not used for such purchase and the Bank determines not to purchase the City Bond for inclusion in the Program, moneys may be deposited in the Redemption Account and used for extraordinary mandatory redemption at any time of the Series 2014 Bonds and will be so deposited and used after three years from the date of delivery of the Series 2014 Bonds. In the event that less than all of the Series 2014 Bonds are to be redeemed under the provisions for extraordinary mandatory redemption in the Indenture, the principal amount and the maturity of the Series 2014 Bonds to be redeemed will be selected in integral multiples of \$5,000 by lot by the Trustee. In accordance with DTC's standard practices and its agreement with the Bank, DTC and the DTC Participants will make this selection so long as the Series 2014 Bonds are in book-entry form.

Notice of Redemption. Notice of the call for any redemption, identifying the Series 2014 Bonds (or any portions thereof in integral multiples of \$5,000 each) to be redeemed (which may be a conditional notice of redemption), will be given by the Trustee at least 30 days but not more than 45 days prior to the date fixed for redemption by mailing a copy of the redemption notice by registered or certified mail to the Registered Owner of each Series 2014 Bond to be redeemed at the address shown on the registration records and to the Underwriter of the Series 2014 Bonds. Failure to mail such notice to any particular owner of Series 2014 Bonds, or any defect in the notice mailed to any such owner of Series 2014 Bonds, will not affect the validity of the call for the redemption of any other Series 2014 Bonds. So long as DTC or its nominee is the Registered Owner of the Series 2014 Bonds, notice of the call for any redemption will be given to DTC, and not directly to Beneficial Owners. See the caption, "DESCRIPTION OF THE SERIES 2014 BOND -- Book-Entry-Only System."

Redemption Payments. The Trustee will apply funds deposited with the Trustee by the Bank in an amount sufficient to pay the Redemption Price of the Series 2014 Bonds, or portions thereof called, together with accrued interest thereon to the redemption date. After the

redemption date, if proper notice of redemption by mailing has been given and sufficient funds have been deposited with the Trustee, interest will cease to accrue on the Series 2014 Bonds that have been called.

**APPLICATION OF THE PROCEEDS  
OF THE SERIES 2014 BONDS**

The proceeds of sale of the Series 2014 Bonds which is equal to \$\_\_\_\_\_ will be applied as follows:

**Sources of Funds**

Series 2014 Bond Proceeds	\$
	\$
Total Sources of Funds	\$

**Uses of Funds**

Deposit to General Fund, Purchase Account for Purchase of the City Bond	\$
Deposit to the Debt Service Reserve Fund	
Deposit to the General Fund, Costs of Issuance Account	
Total Uses of Funds	\$

**THE MISSISSIPPI DEVELOPMENT BANK**

**General**

The Bank was created in 1986 and is organized and existing under and by virtue of the Bank Act as a separate body corporate and politic for the public purposes set forth in the Bank Act. The Bank is not an agency of the State, is separate from the State in its corporate and sovereign capacity and has no taxing power.

The Bank is granted under the Bank Act the power to borrow money and issue its bonds in such principal amounts as it shall deem necessary to provide funds to accomplish a public purpose or purposes of the State provided for under the Bank Act, including purchasing bonds, notes or evidences of indebtedness, such as the City Bond, from local governmental units, such as the City.

**Organization and Membership of the Bank**

The Bank is governed by a nine (9) member Board of Directors. The members of the Board of Directors are elected by the members of the Mississippi Business Finance Corporation (the "MBFC") at the time and place fixed by the MBFC's by-laws. Appointments are for terms of one year. The members of the Board of Directors are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Term</u>
Mack Brewer	Retired Finance Manager McComb, Mississippi	7/1/14 - 6/30/15
Kim Dillon	President & CEO Jackson, Mississippi	7/1/14 - 6/30/15
William L. Freeman, Jr.	Adjutant General, State of MS Jackson, Mississippi	7/1/14 - 6/30/15
Joe Gregory	Insurance Agent Oxford, Mississippi	7/1/14 - 6/30/15
Gary Harkins	Businessman Brandon, Mississippi	7/1/14 - 6/30/15
Joel Horton	Banker Vicksburg, Mississippi	7/1/14 - 6/30/15
Harold Lewis	Businessman Philadelphia, Mississippi	7/1/14 - 6/30/15
William D. Sones	Bank President & CEO Brookhaven, Mississippi	7/1/14 - 6/30/15
Mark Wiggins	Businessman Oxford, Mississippi	7/1/14 - 6/30/15

The operations of the Bank are administered by William T. Barry, Executive Director. Mr. Barry is a 1972 graduate of the University of Mississippi with a degree in Business.

#### **Prior Bonds of Bank**

The purpose of the Bank is to foster and promote, in accordance with the Bank Act, the borrowing of funds for public purposes by local governmental units. Under the Program, the Bank has previously issued bonds totaling in principal approximately \$6,871,107,402.00. Of such amount, approximately \$3,175,638,615.42 was outstanding as of September 1, 2014. For approximately \$767,175,000.00 in principal amount of bonds of the Bank outstanding, the State's Legislature may determine to appropriate funds to the extent of any deficiency in a reserve fund established for such outstanding Bank bonds.

The Bank is presently considering the issuance under the Bank Act of additional special obligation bonds for other purposes authorized under the Bank Act.

The faith, credit and taxing power of the State and the Bank are not pledged to the payment of the principal of, premium, if any, and interest on any of the bonds issued or planned for issuance by the Bank and all such bonds are not a debt, liability, loan of the credit or pledge of the faith and credit of the State or the Bank. The Bank has no taxing power.

#### **Operation of the Bank**

The purpose of the Bank is to address the financing needs of a broad array of local governmental units (as defined in the Bank Act) in accordance with the provisions of Bank Act.

The Bank has determined to purchase the City Bond of the City from the proceeds received upon the issuance of the Series 2014 Bonds. Upon the execution by the City of the City Bond Purchase Agreement with the Bank prior to or as of the date of the approval of the sale of the Series 2014 Bonds to the successful bidder therefor, the City will be obligated to sell its City Bond to the Bank in accordance with the requirements of the Act and subject to the City Bond Purchase Agreement for the City Bond.

The Act provides that the City Bond purchased by the Bank, upon delivery to the Bank, must be accompanied by all documentation required by the Board of Directors of the Bank, including an approving Opinion of Bond Counsel. The Bank will be prepared to cause the purchase price of the City Bond to be paid to the City promptly after the receipt of such proceeds by the Bank.

## **REVENUES, FUNDS AND ACCOUNTS**

### **Creation of Funds and Accounts**

The Indenture establishes the following special Funds and Accounts to be held by the Trustee:

1. General Fund - comprised of the following:
  - (a) General Account
  - (b) Purchase Account
  - (c) Redemption Account
  - (d) Bond Issuance Expense Account
2. Debt Service Reserve Fund
3. Special Reserve Fund
4. Rebate Fund

### **Deposit of Net Proceeds of the Series 2014 Bonds, Revenues and Other Receipts**

The Trustee will deposit the net proceeds from the sale of the Series 2014 Bonds as follows:

- (a) To the Debt Service Reserve Fund, the sum of \$ \_\_\_\_\_ to fund the Debt Service Reserve Requirement;
- (b) To the Bond Issuance Expense Account of the General Fund, the amount of \$ \_\_\_\_\_ to pay the costs of issuance of the Series 2014 Bonds and the City Bond; and

- (c) To the Purchase Account of the General Fund, the sum of \$ \_\_\_\_\_ to be used to purchase the City Bond.

The Trustee will deposit Revenues and other receipts (except the proceeds of the Series 2014 Bonds, interest earnings on any amounts in the Rebate Fund and moneys received by the Bank from the sale or redemption prior to maturity of the City Bond) into the General Account of the General Fund based on the amount due under the City Bond Resolution for the City Bond, and will deposit any moneys received from the sale or redemption prior to maturity of City Bond in to the Redemption Account of the General Fund.

## OPERATION OF FUNDS AND ACCOUNTS

### General Fund

General Account. The Trustee will disburse the amounts held in the General Account for the following purposes, and, in the event of insufficient funds to make all of such required disbursements, in the following order of priority:

- (a) On or before four (4) Business Days prior to any Interest Payment Date, to the Trustee such amounts as may be necessary to pay the principal and interest coming due on the Series 2014 Bonds on such Interest Payment Date.
- (b) As soon as funds become available to the Debt Service Reserve Fund sufficient amounts to assure that there is on deposit therein the Debt Service Reserve Requirement.
- (c) As necessary and in accordance with the Indenture, such amounts as may be necessary to pay any Program Expenses of the Bank for the Series 2014 Bonds.
- (d) On or before 30 days after each anniversary of the issuance of the Series 2014 Bonds, the amounts to be transferred to the Rebate Fund.
- (e) After making all required payments under subparagraphs (a) through (d) above, the Trustee shall make a determination of the amounts reasonably expected to be received in the form of City Bond Payments in the succeeding twelve (12) months and shall transfer all monies in the Special Reserve Fund, which, together with such expected receipts for the succeeding 12 months are in excess of the amounts needed to pay principal and interest on the Series 2014 Bonds within the immediately succeeding twelve month period; provided, however, any excess under this paragraph (e) shall be transferred to the City at the request of the City with the prior written approval of the Bank.

Bond Issuance Expense Account. Upon receipt of invoices or requisitions acceptable to the Trustee, the Trustee will disburse the amounts held in the Bond Issuance Expense Account for the payment or reimbursement of the costs related to the authorization, sale, validation and issuance of the Series 2014 Bonds and the purchase and validation of the City Bond, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges,

professional consultants' fees, financial advisory fees and expenses, costs of credit ratings, fees and charges for execution, transportation and safekeeping of the Series 2014 Bonds, credit enhancements or liquidity facility fees, and other costs, charges and fees in connection with the foregoing. On the date which is thirty (30) days after the date of issuance of the Series 2014 Bonds, any amounts remaining in the Bond Issuance Expense Account will be transferred to the General Account.

Purchase Account. Upon submission of duly authorized written requisitions of an authorized officer of the Bank stating that all requirements for purchases under the Act, the Indenture and the established policies of the Bank have been or will be met, the Trustee will disburse the amounts held in the Purchase Account for the purchase of the City Bond with said moneys to be applied to the issuance of the Series 2014 Bonds as more fully described under the heading "Deposit of Net Proceeds of the Series 2014 Bonds, Revenues and Other Receipts".

Redemption Account. The Trustee will deposit in the Redemption Account all moneys received upon the sale or redemption prior to maturity of the City Bond and will disburse the funds in the Redemption Account to redeem Series 2014 Bonds of such maturity or maturities as directed by an Authorized Officer if such Series 2014 Bonds are then subject to redemption.

**Debt Service Reserve Fund.**

Except for transfers to the General Account of the General Fund described below, the Trustee will disburse available funds held in the Debt Service Reserve Fund solely for the payment of principal and interest coming due on the Series 2014 Bonds, and only in the event and to the extent that moneys in the General Account, after making all of the transfers required to be made thereto from the Redemption Account of the General Fund and from the Special Reserve Fund are not sufficient to make such payments. See also the discussion of the Debt Service Reserve Fund under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS - Debt Service Reserve Fund."

Amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement will be transferred to the General Account of the General Fund; provided, however, such amount in excess of the Debt Service Reserve Requirement shall be paid to the City at the request of the City with the prior written approval of the Bank.

The City may, at any time, provide the Trustee with a Reserve Fund Credit Facility to be substituted for all or a portion of the amount of money and investments in the Debt Service Reserve Fund equal to the amount available for drawing under such Reserve Fund Credit Facility. See the discussion of the Debt Service Reserve Fund under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2014 BONDS - Debt Service Reserve Fund," for further information regarding the Reserve Fund Credit Facility and the Debt Service Reserve Fund.

**Special Reserve Fund.**

The Trustee will disburse the funds held in the Special Reserve Fund as follows:

(a) On the second business day prior to an Interest Payment Date, if there are not sufficient moneys in the General Account to pay the interest or principal coming due on the Series 2014 Bonds, to the General Account to the extent of such deficiency.

(b) As soon as funds become available, to the Debt Service Reserve Fund sufficient amounts to assure that there is on deposit the Debt Service Reserve Requirement.

#### **Rebate Fund**

Upon the direction of the Bank and in accordance with the memorandum of compliance provided by the Bank under the Indenture (the "Memorandum of Compliance"), the Trustee will deposit amounts for the benefit of the Bank from the General Account in the General Fund into the Rebate Fund and will deposit into the Rebate Fund all income from investments in the Rebate Fund. In the event and to the extent that amounts in the Rebate Fund exceed the amounts required to be rebated to the United States of America, the Trustee will transfer such excess amounts to the General Account in the General Fund upon the direction of the Bank in accordance with the Memorandum of Compliance.

Not more than 60 days after five years following the date of delivery of the Series 2014 Bonds, and at intervals of every five years thereafter, upon the written request of the Bank the Trustee will pay to the United States of America ninety percent (90%) of the amount required to be paid to the United States of America as of such payment date. Not later than 30 days following the retirement of all of the Series 2014 Bonds, upon the written request of the Bank the Trustee will pay to the United States of America one hundred percent (100%) the amount to be paid to the United States of America. Each payment to the United States of America will be accompanied by a statement of the Bank summarizing the determination of the amount of such payment, together with copies of any reports originally filed with the Internal Revenue Service with respect to the Series 2014 Bonds.

With respect to the Rebate Fund, the Bank may direct the Trustee to proceed other than as set forth in the Indenture and described above by delivering to the Trustee a new Memorandum of Compliance accompanied by an Opinion of Bond Counsel to the effect that compliance with such memorandum will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2014 Bonds.

#### **Amounts Remaining in Funds**

Any amounts remaining in any Fund or Account after full payment of all of the Series 2014 Bonds outstanding under the Indenture, all required rebates to the United States of America and the fees, charges and expenses of the Trustee will be distributed to the City, except as provided in Section 3.08 of the Indenture.

### **Investment of Funds**

Any moneys held as part of any Fund or Account created under or pursuant to Article VI of the Indenture and the Rebate Fund shall be invested or reinvested by the Trustee as continuously as reasonably possible in such Investment Securities as may be directed by the Bank (such direction to be confirmed in writing). All such investments shall at all times be a part of the Fund or Account in which the moneys used to acquire such investments had been deposited and, except as provided in Article VI of the Indenture, all income and profits on such investments, other than from moneys on deposit in the Rebate Fund or any Account created thereunder, shall be deposited as received in the General Account of the General Fund for the Funds and Accounts for the Series 2014 Bonds. The Trustee may make any and all such investments through its bond department or through the bond department of any financial institution which is an affiliate of the Trustee and may trade with itself or any of its affiliates in doing so. Moneys in separate Funds and Accounts for the Series 2014 Bonds may be commingled for the purpose of investment or deposit, and moneys in separate Funds. The Trustee and the Bank agree that all investments, and all instructions of the Bank to the Trustee with respect thereto shall be made in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal without causing any of the Series 2014 Bonds to be arbitrage bonds as defined in Section 148 of the Code. Any investment losses shall be charged to the Fund or Account in which moneys used to purchase such investment had been deposited. For so long as the Trustee is in compliance with the provisions of Section 8.01 of the Indenture, the Trustee shall not be liable for any investment losses. Moneys in any Fund or Account shall be invested in Investment Securities with a maturity date, or a redemption date determined by the owner of the Investment Securities at said owner's option, which shall coincide as nearly as practicable with times at which moneys in such Funds or Accounts will be required for the purposes thereof. The Trustee shall sell and reduce to cash a sufficient amount of such Investments in the respective Fund or Account whenever the cash balance therein is insufficient to pay the amounts contemplated to be paid therefrom at the time those amounts are to be paid. All investment income from the assets held in any Fund or Account, except for the Rebate Fund and any Accounts created thereunder, will be added to the General Account of the General Fund for the Funds and Accounts for the Series 2014 Bonds.

The Bank (i) has certified in the Indenture to the owners of the Series 2014 Bonds from time to time outstanding that moneys on deposit in any Fund or Account in connection with the Series 2014 Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, are not intended to be used in a manner which will cause the interest on the Series 2014 Bonds to lose the exclusion from gross income for federal income tax purposes and (ii) has covenanted in the Indenture with the owners of the Series 2014 Bonds from time to time outstanding that, so long as any of the Series 2014 Bonds remain outstanding, moneys on deposit in any Fund or Account established in connection with the Series 2014 Bonds, whether or not such moneys were derived from the proceeds of the sale of the Series 2014 Bonds or from any other source, will not be used in any manner which will cause the interest on the Series 2014 Bonds to become subject to federal income taxation.

## **THE SERIES 2014 BONDS AS LEGAL INVESTMENTS**

The Series 2014 Bonds shall be legal investments in which all public officers and public bodies of this State, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest funds, including capital, in their control or belonging to them are so authorized to invest. The Series 2014 Bonds are also hereby made securities which may properly and legally be deposited with and received by all public officers and bodies of the State or any agency or political subdivisions of the state and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized by law.

### **LITIGATION**

There is not now pending or, to the Bank's knowledge, threatened any litigation restraining or enjoining the issuance, sale, execution or delivery of the Series 2014 Bonds or prohibiting the Bank from purchasing the City Bond with the proceeds of such Series 2014 Bonds or in any way contesting or affecting the validity of the Series 2014 Bonds, any proceedings of the Bank taken with respect to the sale or issuance thereof or the pledge or application of any moneys or security provided for the payment of the Series 2014 Bonds. Neither the creation, organization nor existence of the Bank nor the title of any of the present Directors nor other officers of the Bank to their respective offices is being contested.

There is not now pending or, to the knowledge of the City described in APPENDIX A, threatened any litigation restraining or enjoining the sale, issuance, execution or delivery of the City Bond or prohibiting the City described in APPENDIX A from selling the City Bond to the Bank or in any way contesting or affecting the validity of the City Bond, any proceedings of the City taken with respect to the sale or issuance thereof or the pledge or application of any moneys or security provided for the payment of the City Bond.

### **TAX MATTERS**

In the opinion of Butler Snow LLP, Bond Counsel, interest on the Series 2014 Bonds is excludable from gross income for federal income tax purposes, pursuant to Section 103 of the Code. The opinion of Butler Snow LLP, is based on certain certifications, covenants and representations of the Bank and the City (collectively, "Tax Covenants") and is conditioned on continuing compliance therewith.

In the opinion of Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel, interest on the Series 2014 Bonds is exempt from income taxation in the State of Mississippi under existing laws, regulations, rulings and judicial decisions. This opinion relates only to the exemption of interest on the Series 2014 Bonds for State income tax purposes.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2014 Bonds as a condition to the exclusion from gross income of interest on the Series

2014 Bonds for federal tax purposes. Non-compliance with such requirements may cause interest on the Series 2014 Bonds to be included in gross income for federal income tax purposes retroactive to its date of issue irrespective of the date on which such noncompliance occurs. Should the Series 2014 Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the Series 2014 Bonds would be materially and adversely affected. The Tax Covenants include covenants that (i) the Bank and the City will not take or fail to take any action with respect to the Series 2014 Bonds if such action or omission would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Series 2014 Bonds, under Section 103 of the Code, and neither the Bank nor the City will act in any other manner which would adversely affect such exclusion; (ii) the Bank and the City will not make any investment or do any other act or thing during the period that the Series 2014 Bonds are outstanding which would cause the Series 2014 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code; and (iii) if required by the Code, the Bank and the City will rebate any necessary amounts to the United States of America. It is not an event of default under the Indenture if interest on the Series 2014 Bonds is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code, which is not in effect on the date of issuance of the Series 2014 Bonds.

The interest on the Series 2014 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Series 2014 Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax and the environmental tax imposed by Section 59A of the Code.

Although Bond Counsel has rendered an opinion that interest on the Series 2014 Bonds is excluded from federal gross income and that the Series 2014 Bonds are exempt from State income tax, the accrual or receipt of interest on the Series 2014 Bonds may otherwise affect a bondholder's federal income tax or state tax liability. The nature and extent of these other tax consequences will depend upon the bondholder's particular tax status and a bondholder's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Series 2014 Bonds. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2014 Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Series 2014 Bonds.

#### **LEGAL MATTERS**

Certain legal matters incident to the authorization and issuance of the Series 2014 Bonds by the Bank are subject to the approval of Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel, whose approving opinion will be delivered concurrently with the delivery of Series 2014 Bonds. Bond Counsel has not been requested to review any information contained in this Official Statement or the Appendices hereto, other than the information pertaining to the Series 2014 Bonds under the captions "LITIGATION", "TAX MATTERS", "LEGAL MATTERS", "CONTINUING DISCLOSURE", and in "APPENDIX D" and expresses no opinion thereon and

assumes no responsibility in connection therewith. Certain legal matters will be passed upon for the Bank by its counsel, Balch & Bingham LLP, Jackson, Mississippi and for the City by its counsel, Eddie C. Williams, Esquire, Pascagoula, Mississippi.

Butler Snow I.J.P, Bond Counsel for the Bank, is also serving as bond counsel for the City in connection with the issuance and sale of the City Bond.

The remedies available to the Trustee, to the Bank or to the owners of the Series 2014 Bonds upon an Event of Default under the Indenture or under the terms of the City Bond purchased by the Bank are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the Bankruptcy Code, the remedies provided in the Indenture and under the City Bond may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2014 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally (regardless of whether such enforceability is considered in a proceeding in equity or in law), by general principles of equity (regardless of whether such proceeding is considered in a proceeding in equity or at law) and by the valid exercise of the constitutional powers of the State and the United States of America.

#### **RATING**

Moody's Investors Service, Inc. has assigned its rating of "\_\_\_\_\_" to the Series 2014 Bonds. Information on the rating may be obtained from the Executive Director of the Bank. Such rating reflects only the view of such organization, and an explanation of the significance of the rating may be obtained only from said rating agency. The rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. Any downward revision, suspension or withdrawal of such rating may have an adverse effect on the market price of the Series 2014 Bonds.

#### **CONTINUING DISCLOSURE**

On November 10, 1994, the Securities and Exchange Commission (the "Commission") amended Rule 15c2-12 which was originally adopted by the Commission in 1989 under the Securities Exchange Act of 1934 and set forth certain disclosure requirements relating to a primary offering of municipal securities. The amendments to Rule 15c2-12, which are effective beginning July 3, 1995, add to the existing disclosure obligations relating to municipal securities by requiring that, prior to purchasing or selling municipal securities, brokers, dealers and municipal securities dealers must reasonably determine that the issuer of such municipal securities, together with any other "obligated persons," within the meaning of Rule 15c2-12, have entered into an undertaking for the benefit of bondholders to make certain information available to bondholders on a continuing basis. The Bank and the City are "obligated persons" with respect to the Series 2014 Bonds within the meaning of Rule 15c2-12.

The City and the Bank will enter into a written undertaking with the Trustee for the benefit of Bondholders to deliver, or cause to be delivered, to (a) (i) the Municipal Securities

Rulemaking Board (the "MSRB") through MSRB's Electronic Municipal Market Access system at [www.emma.msrb.org](http://www.emma.msrb.org) ("EMMA") in the electronic format then prescribed by the Securities and Exchange Commission (the "SEC") (the "Required Electronic Format") pursuant to Rule 15c2-12, as amended from time to time (the "Rule") of the SEC, and (ii) in the future, any successor repository or repositories prescribed by the SEC for the purpose of serving as repository under the Rule (together (i) and (ii) are the "National Repository") and (b) any public or private repository or entity designated by the State as a State repository, if any, for the purposes of the Rule (the "State Repository" and together with the National Repository, the "Repositories"), the information described herein, together with any identifying information or other information then required to accompany the applicable filing (the "Accompanying Information"). This information will be made available free to securities brokers and others through EMMA. For the procedures for all filings and notices due to the MSRB, instructions will be provided on the following website for MSRB: <http://emma.msrb.org>.

In the Bank's Undertaking, the Bank has agreed to deliver to the Repositories notices of certain events relating to the Series 2014 Bonds and the Bank. In the City's undertakings, the City has agreed to cause the delivery to the Repositories (i) annual financial information relating to the City and (ii) notices of certain events relating to the City undertakings.

Due to certain statutory requirements, the City's audited financial statement is subject to review by the State Auditor's Office before the City's audited financial statements may be released to the public. There have been times when the State Auditor's Office has not timely completed its review of the City's financials thereby delaying the City's ability to timely file its audited financial statements with EMMA. Under current State law, these delays are expected to continue.

For a summary of the City's and the Bank's undertakings, see "APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto.

The Bank and the City are in compliance with all prior undertakings, as applicable, for all municipal securities issued by the Bank and the City, respectively.

#### **FINANCIAL ADVISOR**

The Bank has retained Government Consultants, Inc., Jackson, Mississippi, as Financial Advisor, in connection with the sale and issuance of the Series 2014 Bonds. In such capacity the Financial Advisor has provided recommendations and other financial guidance to the Bank with respect to the preparation of documents, the preparation for the sale of the Series 2014 Bonds and of the time of the sale, tax-exempt bond market conditions and other factors related to the sale of said Series 2014 Bonds. Although the Financial Advisor performed an active role in the drafting of this Official Statement, it has not independently verified any of the information set forth herein.

#### **VALIDATION**

Prior to issuance, the Series 2014 Bonds will be validated before the Chancery Court of the First Judicial District of Hinds County, Mississippi, as provided by Sections 31-13-1 to 31-

13-11, Mississippi Code of 1972, as amended. Prior to issuance, the City Bond will be validated before the Chancery Court of Jackson County, Mississippi, as provided by Sections 31-13-1 to 31-13-11, Mississippi Code of 1972, as amended.

#### MISCELLANEOUS

The Bank's offices are located at 735 Riverside Drive, Suite 300, Jackson, Mississippi 39202, telephone (601) 355-6232.

All quotations from, and summaries and explanations of, the Act, the Indenture and the City Bond contained in this Official Statement do not purport to be complete, and reference is made to each such document or instrument for full and complete statements of its provisions. The attached APPENDICES are an integral part of this Official Statement and must be read together with all of the foregoing statements. Copies in reasonable quantity of the Act, the Indenture, the City Bond and the supplemental materials furnished to the Bank by the City may be obtained upon written request to the Bank.

Neither any advertisement of the Series 2014 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Series 2014 Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

This Official Statement has been duly approved, executed and delivered by the Bank. The Bank will provide copies of this Official Statement to be distributed to the purchasers of the Series 2014 Bonds.

#### MISSISSIPPI DEVELOPMENT BANK

By: */s/ William T. Barry*

Executive Director

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APPENDIX A  
INFORMATION ON THE CITY

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## ECONOMIC AND DEMOGRAPHIC INFORMATION

### General Description

Located on the Gulf of Mexico, within view of many of its barrier islands, the City of Pascagoula, Mississippi (the “City”) is the county seat of Jackson County (the “County”), the easternmost county on the Mississippi Gulf Coast. The City is 41 miles west of Mobile, Alabama, and 106 miles east of New Orleans, Louisiana. The City's semi-tropical climate makes activities such as water sports and fishing available year round.

### Population

The population of the City and County has been recorded or estimated as follows:

	1980	1990	2000	2010
Pascagoula	29,318	25,899	26,200	22,392
Jackson County	118,015	115,243	131,420	139,668

**SOURCE:** Census Data at website: [www.census.gov](http://www.census.gov); October 2014.

### Government

The City operates under the council-manager form of government. The City council consists of the Mayor and six (6) council members, each of whom serves a four-year term. It employs a city manager who is charged with the administrative affairs of the City; no members of the City council have any administrative duties. The current members of the City council are as follows:

NAME	OCCUPATION	POSITION HELD SINCE
Jim Blevins	Mayor	July 1, 2013
Scott Tipton	Councilman	July 1, 2013
Marvin Pickett, Sr.	Councilman	October 7, 2014
Freddie Jackson	Councilman	July 1, 2013
David Tadlock	Councilman	July 1, 2013
Burton Hill	Councilman	July 1, 2013
Brenda Simpkins	Councilman	July 1, 2013

**Transportation**

U. S. Highway 90 runs east-west through the City, connecting it with New Orleans and Mobile. Interstate I-10, which parallels U.S. 90 along the Gulf Coast, is approximately four miles north of the City via Mississippi Highway 63.

The City is an international deep water port with a channel depth of 38 feet, which provides the base for foreign trade, shipbuilding, and the energy and chemical industry.

The two harbors, Pascagoula Harbor and Bayou Casotte Harbor, offer public facilities which include two terminal warehouses and four deep-water berths.

The nearest commercial airport is the Mobile Regional Airport thirty-five miles away in Mobile, Alabama, which offers 12 daily outgoing flights. Trent C. Lott International Airport, seven miles away in Moss Point, Mississippi, is the nearest general aviation airport.

Rail service is provided by CSX System and Mississippi Export, and there are 22 common carrier truck lines operating in the City.

**Per Capita Income<sup>1</sup>**

Year	County	Mississippi	United States	County as % of U.S.
2012	\$35,103	\$33,657	\$43,735	80%
2011	35,372	32,193	42,298	84
2010	34,903	30,847	40,163	87
2009	34,424	30,249	39,357	87
2008	34,450	30,659	40,873	84

**SOURCE:** Bureau of Economic Analysis: Regional Economic Accounts at website: [www.bea.gov](http://www.bea.gov); 2008 - 2012; October 2014.

<sup>1</sup> Per capita personal income was computed using Census Bureau midyear population estimates. Estimates for 2008 - 2012 reflect county population estimates available as of March 2013.

**Major Employers**

Huntington Ingalls Industries operates Ingalls Shipbuilding in Pascagoula (“Ingalls”). Ingalls is the State's largest private employer. Petroleum refining, chemicals and the seafood industry also provide much of the employment in and near the City. Pascagoula's port is operating at about 80% pre-Katrina capacity. The Port of Pascagoula is Mississippi's largest port, moving over 35 million tons of cargo per year, making it one of the twenty largest ports in the nation by cargo volume. The following is a listing of major employers in and near the City, their products or services and their approximate number of employees:

Employer	Employees	Product/Service
Huntington Ingalls	11,000	Naval Shipbuilding
Chevron Pascagoula Refinery	1,500 Full-time and 2,000+ Contract-workers	Petroleum Refinery
Singing River Health System	3,000	Healthcare
Signal International	1,550 full-time 700 Subcontractors	Marine and Fabrication services provider
VT Halter Marine, Inc.	1,700	Ship Manufacturing
Pascagoula Public School District	1,150	Education
Jackson County Public School District	1,250	Education
AT&T Mobility	725	Inbound Call Center
Wal-Mart Supercenter in Pascagoula	525	Retail
Omega Protein	200	Organic Chemical for Food Industry

**SOURCE:** Jackson County Economic Development Foundation; October 2014.

**Employment Statistics of the County**

	2013	2012	2011	2010	2009
<b>Residence Based Employment</b>					
Civilian Labor Force	61,120	61,460	62,470	64,050	61,360
Unemployed	5,480	6,050	7,060	6,250	5,070
Unemployment Rate	9.0%	9.8%	11.3%	9.8%	8.3%
Employed	55,640	55,410	55,410	57,800	56,290
<b>Establishment Based Employment</b>					
Manufacturing	13,330	13,170	13,810	15,660	16,080
Non-manufacturing (Total)	38,210	37,130	36,950	38,590	37,200
Agriculture, Forestry, Fishing, Hunting	30	30	30	20	30
Mining	70	80	80	90	120
Utilities	510	470	420	440	420
Construction	5,330	3,830	4,140	4,500	4,340
Wholesale Trade	510	510	480	480	460
Retail Trade	4,800	4,750	4,790	4,720	4,900
Transportation & Warehousing	940	960	1,030	1,060	1,100
Information	620	550	560	620	670
Finance & Insurance	1,080	1,060	1,070	1,100	1,100
Real Estate, Rental & Leasing	400	410	440	480	470
Professional, Scientific & Technical Services	1,620	1,610	1,630	1,870	2,000
Management of Companies & Entertainment	450	430	420	170	150
Administrative Support & Waste Management	2,720	2,800	2,420	3,310	2,050
Educational Services	150	130	90	90	120
Health Care & Social Assistance	3,370	3,290	3,230	3,270	3,150
Arts, Entertainment & Recreation	340	360	400	420	260
Accommodation & Food Services	4,560	4,480	4,440	4,410	4,390
Other Services (except Public Administration)	1,020	1,050	800	870	1,030
Government	9,690	10,330	10,480	10,670	10,440
Education	3,760	4,000	4,180	4,230	4,210
<b>Total Nonagricultural Employment</b>	<b>51,540</b>	<b>50,300</b>	<b>50,760</b>	<b>54,250</b>	<b>53,280</b>

**SOURCE:** Mississippi Department of Employment Security: Annual Averages: Labor Force and Establishment Based Employment 2001-2010 and 2011 Forward, Labor Market Information Department at website: [www.mdes.ms.gov](http://www.mdes.ms.gov); October 2014.

**Unemployment Statistics of the County**

	2014	2013	2012	2011	2010	2009
January	7.9%	11.1%	10.9%	11.0%	11.1%	8.0%
February	8.2	10.1	10.4	11.4	10.4	7.8
March	8.2	9.2	10.0	11.1	10.0	7.5
April	7.4	8.7	9.3	10.8	9.4	7.1
May	8.2	9.1	9.7	11.0	9.4	7.7
June	8.7	9.6	10.3	12.0	9.3	8.3
July	8.4	8.9	10.6	12.1	9.4	8.5
August	---	8.2	9.3	11.3	8.6	8.0
September	---	8.7	9.7	11.8	9.5	8.6
October	---	8.5	9.3	11.4	9.6	8.8
November	---	7.9	8.8	10.8	10.0	8.9
December	---	7.7	9.9	10.9	10.5	9.9
Annual Average	---	9.0%	9.8%	11.3%	9.8%	8.3%

**SOURCE:** Mississippi Department of Employment Security: Labor Market Data at website: [www.mdes.ms.gov](http://www.mdes.ms.gov); October 2014.

**Retail Sales**

State Fiscal Year Ended June 30	Amount
2013	\$459,708,431
2012	438,903,081
2011	468,778,868
2010	446,779,693
2009	499,916,695

**SOURCE:** Annual Reports for each year shown, Mississippi Department of Revenue's website: [www.dor.ms.gov](http://www.dor.ms.gov); October 2014.

**Banking Institutions**

<b>Institutions</b>	<b>2013 Total Assets</b>
Wells Fargo Bank, National Association <sup>2</sup>	\$1,488,055,000,000
Regions Bank <sup>3</sup>	116,864,000,000
Hancock Bank <sup>4</sup>	19,009,251,000
The First, A National Banking Association <sup>5</sup>	951,895,000
Merchants & Marine Bank <sup>6</sup>	584,569,000
Community Bank Coast <sup>7</sup>	393,357,000
First Federal Savings & Loan Assoc. of Pascagoula-Moss Point <sup>8</sup>	266,478,000
Charter Bank <sup>9</sup>	102,467,000

SOURCE: Obtained from each bank's website, unless otherwise noted; October 2014.

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<sup>2</sup> Head office located in Sioux Falls, South Dakota. Assets are as of September 30, 2013; obtained from 2013 edition of the Mississippi Bank Directory.

<sup>3</sup> Head office located in Birmingham, Alabama. Assets are as of September 30, 2013.; obtained from 2013 edition of the Mississippi Bank Directory.

<sup>4</sup> Head office located in Gulfport, Mississippi. Assets are as of December 31, 2013.

<sup>5</sup> Head office located in Hattiesburg, Mississippi. Assets are as of September 30, 2013.

<sup>6</sup> Head office located in Pascagoula, Mississippi. Assets are as of June 30, 2012; obtained from 2013 edition of the Mississippi Bank Directory.

<sup>7</sup> Head office located in Biloxi, Mississippi. Assets are as of June 30, 2012; obtained from 2013 edition of the Mississippi Bank Directory.

<sup>8</sup> Head office located in Pascagoula, Mississippi. Assets are as of June 30, 2012; obtained from 2013 edition of the Mississippi Bank Directory.

<sup>9</sup> Head office located in Biloxi, Mississippi. Assets are as of June 30, 2012; obtained from 2013 edition of the Mississippi Bank Directory.

**Educational Facilities**

The Pascagoula School District, which serves both Pascagoula and its sister city, Gautier, is comprised of 11 elementary schools (K-5), three middle schools (6-8), two senior high schools (9-12), and specialty schools that include an Applied Technology Center, a GED Center, a School for Exceptional Children offering pre-kindergarten, elementary and secondary special education, and the Pascagoula Opportunity Center.

Total enrollment for the District for the 2013-2014 scholastic year and the four preceding years is as follows:

Scholastic Year	Enrollment
2013-2014	7,156
2012-2013	6,894
2011-2012	6,916
2010-2011	6,954
2009-2010	7,015

SOURCE: Mississippi Department of Education Office of Research and Statistics, Mississippi Assessment and Accountability Reporting System at website: [www.orshome.mde.k12.ms.us/maars/](http://www.orshome.mde.k12.ms.us/maars/); and Pascagoula School District; October 2014.

**TAX INFORMATION**

**Assessed Valuation**<sup>10</sup>

FY Ending Sept. 30	Real Property	Personal Property <sup>11</sup>	Public Utility Property	Total
2014	\$ _____	\$ _____	\$ _____	\$234,509,404
2013	151,153,082	88,798,805	10,154,968	250,106,855
2012	140,609,452	105,553,887	10,702,792	256,866,131
2011	144,572,789	105,794,487	10,547,077	260,914,353
2010	148,501,139	96,148,588	11,495,223	256,144,950

SOURCE: Office of the City Comptroller, October 2014.

<sup>10</sup> The total assessed valuation is approved in September preceding the fiscal year of the City and represents the value of real property, personal property and public utility property for the year indicated on which taxes are assessed for the following fiscal year's budget. For example, the taxes for the assessed valuation figures for 2014 will be collected starting in January 2015 for the 2014-2015 fiscal year budget of the City.

<sup>11</sup> Personal Property totals includes Motor Vehicles and Mobile Homes.

Assessed valuations are based upon the following assessment ratios:

- (a) Real and personal property (excluding single-family owner-occupied residential real property and motor vehicles, respectively), fifteen percent (15%) of true value;
- (b) Single-family owner-occupied residential real property, ten percent (10%) of true value;
- (c) Motor vehicles and public utility property, thirty percent (30%) of true value.

The 1986 Session of the Mississippi Legislature adopted House Concurrent Resolution No. 41 (the "Resolution"), pursuant to which there was proposed an amendment to the Mississippi Constitution of 1890 (the "Amendment"). The Amendment provided, *inter alia*, that the assessment ratio of any one class of property shall not be more than three times the assessment ratio on any other class of property.

The Amendment set forth five classes of property and the assessment ratios which would be applicable thereto upon the adoption of the Amendment. The assessment ratios set forth in the Amendment are identical to those established by Section 27-35-4, Mississippi Code of 1972, as it existed prior to the Amendment, except that the assessment ratio for single-family, owner-occupied residential real property under the Amendment is set at ten percent (10%) of true value as opposed to fifteen percent (15%) of true value under previously existing law.

#### **Procedure for Property Assessments**

The Tax Assessor of the County assesses all real and personal property subject to taxation in the County, including property in the City, except motor vehicles and property owned by public service corporations, both of which are required by law to be assessed by the Mississippi Department of Revenue.

Section 21-33-9, Mississippi Code of 1972, as amended, provides that the governing authorities of a municipality which is located within a county having completed a county-wide reappraisal approved by the Mississippi Department of Revenue and which has been furnished a true copy of that part of the County assessment roll containing the property located within a municipality as provided in Section 27-35-167, Mississippi Code of 1972, as amended, shall adopt such assessment rolls for its assessment purposes. The City is utilizing the assessment rolls of the County.

The City may not correct or revise such assessment rolls except for the purpose of conforming the municipal assessment roll to corrections or revisions made to the County assessment roll. All objections to the municipal assessment roll may be heard by the Board of Supervisors of the County at the time and in the manner that objections to the County assessment roll are heard. The Board of Supervisors shall notify, in writing, the Governing Body and the Tax Assessor of the City of any corrections or revisions made by it to the part of the County assessment roll adopted as the municipal assessment roll.

In 2012, the Mississippi Supreme Court held in *Willow Bend Estates, LLC, et al. v. Humphreys County Board of Supervisors, et al.*, No. 2012-IA-00575-SCT, that under State law, County tax assessors cannot use the value of tax credits to determine the true value of low income housing properties (“Section 42 Properties”). The Tax Assessor of the County had, in fact, been using tax credits to calculate the true value of Section 42 Properties located within the County and, moreover, the City. As a result, the City must repay approximately \$92,577 to Section 42 Properties developers. At this time the City has not determined how it will repay the developers. However, the City does consider said liability immaterial to the issuance of the City Bond because the City Bond is secured by a separate pledge of the full faith, credit and taxing authority of the City.

**Tax Levy per \$1000 Valuation**<sup>12</sup>

	2014-15	2013-14	2012-13	2011-12	2010-11
<i>General Purposes:</i>					
General Fund	32.17	32.17	31.17	31.17	31.17
Interest & Bond Redemption	2.24	2.24	2.24	2.24	2.24
Disability & Relief	3.00	3.00	4.00	4.00	4.00
Library	1.14	1.14	1.14	1.14	1.14
Solid Waste	1.00	1.00	1.00	1.00	1.00
<i>School Purposes</i>					
Operations	46.39	46.39	46.39	48.19	45.39
Bonds	0	0	0	0	0
Notes	0	0	0	.20	3.00
<b>Total</b>	<b>85.94</b>	<b>85.94</b>	<b>85.94</b>	<b>87.94</b>	<b>87.94</b>

**SOURCE:** Office of the City Comptroller: October 2014.

<sup>12</sup> Tax Levy figures are given in mills.

**Ad Valorem Tax Collections**

<b>Year Ending September 30</b>	<b>Taxes Due</b>	<b>Taxes Collected</b>	<b>Difference (Over/Under)</b>
2014			
2013	\$9,891,726	\$9,875,427	\$(16,299)
2012	10,159,055	9,987,065	(171,990)
2011	10,230,204	10,297,630	67,426
2010	9,771,266	10,564,372	793,106
2009	9,052,420	8,781,898	(270,522)

**SOURCE:** Office of the City Comptroller: October 2014.

**Procedure for Tax Collections**

The Governing Body is required to levy a special tax upon all of the taxable property within the geographical limits of the City each year sufficient to provide for the payment of the principal of and interest on the City's general obligation bonds. If any taxpayer neglects or refuses to pay his taxes on the due date thereof, the unpaid taxes bear interest at the rate of one percent (1%) per month or fractional part thereof from the delinquent date to the date of payment of such taxes. When enforcement officers take action to collect delinquent taxes, other fees, penalties and costs may accrue. Both real property and personal property are subject to public tax sale.

Section 21-33-63, Mississippi Code of 1972, as may be amended from time to time, and related statutes provide that after the fifteenth day of February and after the fifteenth day of August in each year, the tax collector for each municipality shall advertise all lands in such municipality on which all the taxes due and in arrears have not been paid, as well as all land liable for sale on the first Monday of April or the third Monday of September following, as the case may be.

**Reappraisal of Property and Limitation on Ad Valorem Levies**

Senate Bill No. 2672, General Laws of Mississippi, Regular Session 1980, codified in part as Sections 27-35-49 and 27-35-50, Mississippi Code of 1972 (the "Reappraisal Act"), provides that all real and personal property in the State shall be appraised at true value and assessed in proportion to true value. To insure that property taxes do not increase dramatically as the counties complete reappraisals, the Reappraisal Act provides for the limit on increase in tax revenues discussed below.

The statute limits ad valorem tax levies by the City subsequent to October 1, 1980, to a rate which will result in an increase in total receipts of not greater than 10% over the previous year's receipts, excluding revenue from ad valorem taxes on any newly constructed properties,

any existing properties added to the tax rolls or any properties previously exempt which were not assessed in the next preceding year. This limitation does not apply to levies for the payment of the principal of and the interest on general obligation bonds issued by the City or to certain other specified levies. The limitation may be increased only if the proposed increase is approved by a majority of those voting in an election held on such question.

On August 20, 1980, the Mississippi Supreme Court rendered its decision in *State Tax Commission v. Fondren*, 387 So.2d 712, affirming the decree of the Chancery Court of the First Judicial District of Hinds County, Mississippi, wherein the Mississippi Department of Revenue (formerly the State Tax Commission) was enjoined from accepting and approving assessment rolls from any county in the State for the tax year 1983 unless the Mississippi Department of Revenue (formerly the State Tax Commission) equalized the assessment rolls of all of the counties. Due to the intervening passage of the Reappraisal Act, the Supreme Court reversed that part of the lower court's decree ordering the assessment of property at true value (although it must still be appraised at true value), holding instead that assessed value may be expressed as a percentage of true value. Pursuant to the Supreme Court modification of the Chancellor's decree, on November 15, 1980, the Mississippi Department of Revenue (formerly the State Tax Commission) filed a master plan to assist counties in determining true value. On February 7, 1983, the Chancery Court granted an extension until July 1, 1984, of its previous deadline past which the Mississippi Department of Revenue (formerly the State Tax Commission) could not accept and approve tax rolls from counties which had not yet reappraised. The City has completed reappraisal.

#### **Homestead Exemption**

The Mississippi Homestead Exemption Law of 1946 reduces the local tax burden on homes qualifying by law and substitutes revenues from other sources of taxation on the State level as a reimbursement to the local taxing units for such tax loss. Provisions of the homestead exemption law determine qualification, define ownership and limit the amount of property that may come within the exemption. The exemption is not applicable to taxes levied for the payment of the Bonds, except as hereinafter noted.

Those homeowners who qualify for the homestead exemption and who have reached the age of sixty-five (65) years on or before January 1 of the year for which the exemption is claimed, service-connected, totally disabled American veterans who were honorably discharged from military service and those qualified as disabled under the federal Social Security Act are exempt from any and all ad valorem taxes on qualifying homesteads not in excess of \$7,500 of assessed value thereof.

The tax loss resulting to local taxing units from properly qualified homestead exemptions is reimbursed by the Mississippi Department of Revenue. Beginning with the 1984 supplemental ad valorem tax roll and for each roll thereafter, no taxing unit shall be reimbursed an amount in excess of one hundred six percent (106%) of the total net reimbursement made to such taxing unit in the next preceding year.

**Ten Largest Taxpayers**

The ten (10) largest taxpayers in the City for assessment year 2013 are as follows:

Name	Assessed Valuation	Taxes Collected
Huntington Ingalls	\$81,213,516	\$3,211,995
Signal International	6,316,255	249,808
VT Halter Marine	5,192,266	205,354
MS Power Company	4,625,944	182,956
Transocean Offshore	4,367,151	172,721
Bellsouth Telephone	2,451,880	96,972
SREPA	2,267,046	89,662
Wal Mart #01-1066	1,587,216	62,774
Wal Mart Real Estate	1,319,093	52,170
Taylor Heights LP	941,768	37,247
Total	\$110,282,135	\$4,361,659

SOURCE: Office of the City Comptroller: October 2014.

**DEBT INFORMATION**

**Legal Debt Limit Statement**

	15% Limit	20% Limit
Authorized Debt Limit (Last Completed Assessment for Taxation – \$ _____)	\$	\$
Present Debt Subject to Debt Limits	2,680,000	2,680,000
Margin for Further Debt Under Debt Limits	\$	\$
Less this Offering of the City Bond		
Margin for Further Debt Under Debt Limits after Issuance of the City Bond	\$	\$

**Statutory Debt Limits**

The City is subject to a general statutory debt limitation under which no municipality in the State may incur general obligation bonded indebtedness in an amount which will exceed 15 percent of the assessed value of the taxable property within such municipality according to the last completed assessment for taxation.

In computing general obligation bonded indebtedness for purposes of such 15 percent limitation, there may be deducted all bonds or other evidences of indebtedness issued for school, water and sewerage systems, gas and light and power purposes and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying a municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case may a municipality contract any indebtedness payable in whole or in part from proceeds of ad valorem taxes which, when added to all of its outstanding general obligation indebtedness, both bonded and floating, exceeds 20 percent of the assessed value of the taxable property within such municipality.

In arriving at the limitations set forth above, bonds issued for school purposes, bonds payable exclusively from the revenues of any municipally-owned utility, general obligation industrial bonds issued under the provisions of Sections 57-1-1 to 57-1-51, Mississippi Code of 1972, as amended, and special assessment improvement bonds issued under the provisions of Sections 21-41-1 to 21-41-53, Mississippi Code of 1972, as amended, are not included. Also excluded from both limitations are contract obligations subject to annual appropriations.

**Outstanding General Obligation Bonded Debt**

(as of October 2014)

Issue	Date of Issue	Original Amount	Outstanding Principal
General Obligation Refunding Bonds	10/25/06	\$4,255,000	\$2,680,000
Total			\$2,680,000

**SOURCE:** Office of the City Comptroller: October 2014.

**Other Long Term Debt**

(as of October 2014)

Name of Issue	Date of Issue	Original Amount	Outstanding Principal
Incinerator System <sup>13</sup>	1981/83	\$6,930,000	\$ 5,605,274
Combined Water & Sewer System Revenue Refunding Bonds	2012	4,160,000	3,955,000
State Revolving Fund Loan	2012	249,065	153,979
State Revolving Fund Loan	2012	429,865	408,279
Capital Lease	2012	681,989	503,541
Capital Lease	2013	27,154	19,255
Total:			\$11,285,328

**SOURCE:** Office of the City Comptroller: October 2014.

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<sup>13</sup> These bonds were issued by the City and purchased by the National Oceanic and Atmospheric Administration ("NOAA") as part of the Coastal Energy Impact Program to construct an incinerator for solid waste and sell steam generated to a neighboring chemical company. The bonds are secured by the revenues derived from the incinerator and are not general obligations of the City. In 2001, the incinerator ceased operations because the chemical company, its sole customer, closed. Thereafter, the City and NOAA agreed to use the incinerator facilities as a transfer station, and the City would collect tipping fees. They also agreed to freeze the interest payments on the bonds and to use a portion of the tipping fees to repay them. In 2011, it was determined that the incinerator facilities were structurally unsound and that they could no longer be used as a transfer station. The City is currently working with NOAA to forgive the debt.

**Annual Debt Service Requirements**

FY Ending Sept. 30	Existing G.O. Debt Service		
	Principal	Interest	Total
2014	\$305,000.00	\$117,625.00	\$422,625.00
2015	365,000.00	106,187.50	471,187.50
2016	385,000.00	92,135.00	477,135.00
2017	395,000.00	77,216.26	472,216.26
2018	410,000.00	61,811.26	471,811.26
2019	420,000.00	45,616.26	465,616.26
2020	430,000.00	28,816.26	458,816.26
2021	65,000.00	11,401.26	76,401.26
2022	65,000.00	8,736.26	73,736.26
2023	70,000.00	6,055.00	76,055.00
2024	75,000.00	3,150.00	78,150.00
Total	\$2,680,000.00	\$441,125.06	\$3,121,125.06

**General Obligation Bonded Debt**

Issue	Fiscal Year Ended September 30				
	2014	2013	2012	2011	2010
G/O Refunding Bonds, Series 2006	\$2,680,000	\$2,985,000	\$3,280,000	\$3,570,000	\$3,850,000
TOTAL	\$2,680,000	\$2,985,000	\$3,280,000	\$3,570,000	3,850,000

**Debt Ratios**

FY Ended September 30	General Obligation Debt	General Obligation Debt to Assessed Value
2014	\$2,680,000	%
2013	\$2,985,000	1.07
2012	3,280,000	1.22
2011	3,570,000	1.37
2010	3,850,000	1.50

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**APPENDIX B**  
**FINANCIAL INFORMATION FOR THE CITY**

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**AUDITED FINANCIAL STATEMENT FOR FISCAL YEAR  
ENDED SEPTEMBER 30, 2013**

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**ADOPTED BUDGET FOR FISCAL YEAR 2013-2014**

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**ADOPTED BUDGET FOR FISCAL YEAR 2014-2015**

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APPENDIX C  
FORM OF THE CITY BOND RESOLUTION AND THE CITY BOND

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**APPENDIX D**  
**FORM OF BOND COUNSEL OPINION**

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FORM OF BOND COUNSEL OPINION

Upon the delivery of the Series 2014 Bonds, Butler Snow LLP, Bond Counsel, proposes to deliver an opinion in substantially the following form:

Mississippi Development Bank  
Jackson, Mississippi

Mayor and City Council  
City of Pascagoula, Mississippi

, as Trustee

\_\_\_\_\_

[underwriter]

RE: \$15,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi Bond Project), dated the date of delivery (the "Series 2014 Bonds")

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Mississippi Development Bank ("Issuer") of the above defined Series 2014 Bonds, pursuant to an Indenture of Trust ("Indenture"), dated the day of delivery, between the Issuer and \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, as Trustee ("Trustee"). We have examined the law and a certified transcript of proceedings of the Issuer relative to the authorization, issuance and sale of the Series 2014 Bonds and such other papers as we deem necessary to render this opinion, including the Issuer's tax covenants and representations made in the Indenture and certain tax certificates and the City's (as defined in the Indenture) tax covenants and representations made in the City Bond Resolution and in certain tax certificates (collectively, "Tax Representations and Covenants").

We have relied upon the certified transcript of proceedings and other certificates of public officials, including the Tax Representations and Covenants, and have not undertaken to verify any facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, as follows:

(a) The Series 2014 Bonds are the legal, valid and binding limited obligations of the Issuer enforceable in accordance with the terms thereof. The Series 2014 Bonds are payable from and secured only by the certain payments and funds to be received by the Issuer and the Trustee and pledged to the Series 2014 Bonds under the Indenture.

(b) The Indenture is a valid and binding agreement of the Issuer enforceable in accordance with its terms. The Indenture creates the valid pledge which it purports to create on the Funds and Accounts and the City Bond, including the investments thereof, subject to the application thereof to the purposes and on the conditions permitted by the Indenture.

(c) The Act does not bind or obligate the State of Mississippi to appropriate and pay to the Issuer in any future year the amount duly certified to the State Legislature as necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement, the language of the Act being permissive

only, but there is no constitutional bar to future State Legislatures making such appropriations for such purposes if they elect to do so.

(c) Under State statutes, decisions, regulations and rulings existing on this date, interest on the Series 2014 Bonds is exempt from income taxation in the State of Mississippi. This opinion relates only to the tax exemption of interest on the Series 2014 Bonds from State income tax.

(d) Under federal statutes, decisions, regulations and rulings existing on this date interest on the Series 2014 Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code") and interest on the Series 2014 Bonds is not treated as a specific item of tax preference under Section 57 of the Code in calculating the alternative minimum tax imposed by Section 55 of the Code. Such interest, however, is includable in the "adjusted current earnings" of a corporation for purposes of computing the alternative minimum tax and the environmental tax imposed on corporations. This opinion regarding the exclusion from gross income of interest on the Series 2014 Bonds for federal income tax purposes under Section 103 of the Code is conditioned on continuing compliance by the Bank and the City with the Tax Representations and Covenants. Failure to comply with the Tax Representations and Covenants could cause interest on the Series 2014 Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issue. No opinion is expressed upon the consequences of owning the Series 2014 Bonds under any section of the Code other than Sections 103, 55 and 57.

It is to be understood that the rights of the owners of the Series 2014 Bonds and the enforceability of the Series 2014 Bonds, the Indenture, the City Bond and the City Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certificates, resolutions, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We also have assumed the genuineness of the signatures appearing upon such public records, certifications, resolutions, documents and proceedings. In rendering this opinion we have relied upon the opinion of Balch & Bingham LLP, acting as counsel for the Bank, dated the date hereof, as to the due authorization and execution by and enforceability against the Bank as to the Series 2014 Bonds and the Indenture.

Capitalized terms not defined herein shall have the meanings set forth in the Indenture.

Very truly yours,

BUTLER SNOW LLP

**APPENDIX E**  
**DEFINITIONS**

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**"Accounts"** means the accounts created pursuant to Article VI of the Indenture.

**"Act"** means together the Bank Act and the City Bond Act.

**"Additional Payments"** means such Additional Payments as required by the Indenture, which include each and all of the following, to be paid by the City under the City Bond Resolution:

(a) all Costs of Issuance to the extent not paid from the proceeds of the Series 2014 Bonds;

(b) to or upon the order of the Trustee, upon demand, all fees of the Trustee for services rendered under the Indenture and all fees and charges of the paying agent, registrars, legal counsel, accountants, engineers, public agencies and others incurred in the performance on request of the Trustee of services required under the Indenture for which the Trustee and such other persons are entitled to payment or reimbursement; provided that after payment in full thereof the City may, without creating a default under the Indenture, contest in good faith the necessity or reasonableness of any such services, fees or expenses other than the Trustee's fees for ordinary services as set forth in the Indenture, paying agency fees and any fees or charges of public agencies;

(c) to the Issuer and the Trustee, the Administrative Expenses, and all other reasonable expenses incurred by the Issuer and the Trustee in relation to the Construction Project under the City Bond Resolution which are not otherwise required to be paid by the City under the terms of the City Bond Resolution and all indemnity payments required to be made under Section 11.09 of the Indenture; and

(d) any and all out-of-pocket costs and expenses (including, without limitation, the reasonable fees and expenses of any counsel, accountants, appraisers or other professionals) incurred by the Trustee or the Issuer at any time, in connection with (i) the preparation, negotiation and execution of the Indenture, the City Bond, the City Bond Resolution and all other Bond Documents, any amendment of or modification of the Indenture, the City Bond, the City Bond Resolution or the other Bond Documents (including in connection with any sale, transfer, or attempted sale or transfer of any interest of the Indenture to a participant or assignee); (ii) any litigation, contest, dispute, suit, proceeding or action, whether instituted by the Issuer, the Trustee, the City or any other person in any way relating to the Construction Project, the City Bond, the City Bond Resolution, the other Bond Documents, or the City's affairs; (iii) any attempt to enforce any rights of the Trustee or the Issuer against the City or any other person which may be obligated to the Trustee or Issuer or both by virtue of the City Bond, the City Bond Resolution, the other Bond Documents or any other Construction Project related document; (iv) any action to protect, collect, sell, liquidate or otherwise dispose of the Construction Project; and (v) performing any of the obligations relating to or payment of any obligations of the City under the Indenture in accordance with the terms of the Indenture or any other Bond Document.

**"Authorized Officer"** means the President, Vice President, or Executive Director or Secretary of the Bank or such other person or persons who are duly authorized to act on behalf of the Bank.

**"Bank"** means the Mississippi Development Bank, a body corporate and politic exercising essential public functions, or any successor to its functions organized under the Bank Act.

**"Bank Act"** means the provisions of Mississippi Code of 1972, Sections 31-25-1 *et seq.*, as amended from time to time.

**"Bankruptcy Code"** means the 11 U.S.C. Sections 101 *et seq.*, as amended or supplemented from time to time.

**"Beneficial Owner"** means, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a DTC participant on the records of such DTC participant, or such person's subrogee.

**"Bond Counsel"** means an attorney or firm of attorneys approved by the City and the Bank that is nationally recognized in the area of municipal law and matters relating to the exclusion of interest on state and local government bonds from gross income under federal tax law, including particularly compliance with Section 148(f) of the Code.

**"Bond Issuance Expense Account"** means the account by that name created by Section 6.02 of the Indenture.

**"Bond Register"** means the registration records of the Bank kept by the Trustee to evidence the registration and transfer of the Bonds.

**"Bondholder" or "holder of Bonds" or "owner of Bonds"** or any similar term means the Registered Owner of any Bond.

**"Bonds"** means the Series 2014 Bonds and any Refunding Bonds.

**"Business Day"** means any day, other than a Saturday or Sunday, on which the Trustee or the City Hall of the City is not closed and on which the payment system of the Federal Reserve System, New Orleans branch, is operational.

**"City"** shall mean the City of Pascagoula, Mississippi, a "local governmental unit" under the Bank Act.

**"City Bond"** means the \$ \_\_\_\_\_ General Obligation Bond, Series 2014, of the City.

**"City Bond Act"** means the provisions of Mississippi Code of 1972, Sections 21-33-301 *et seq.*, as amended from time to time.

**"City Bond Interest Payment"** means that portion of a City Bond Payment which represents the interest due or to become due on City Bond held by the Trustee pursuant to the Indenture.

**"City Bond Payment"** means the amounts paid or required to be paid, from time to time, for principal, premium, if any, and interest on the City Bond held by the Trustee pursuant to the Indenture.

**"City Bond Principal Payment"** means that portion of a City Bond Payment which represents the principal due or to become due on the City Bond held by the Trustee pursuant to the Indenture.

**"City Bond Purchase Agreement"** means that certain City Bond Purchase Agreement, dated February 21, 2014, by and between the City and the Bank in connection with the issuance and sale of the City Bond.

**"City Bond Resolution"** means that certain Bond Resolution adopted by the City on \_\_\_\_\_, 2014, in connection with the issuance of the City Bond.

**"Code"** means the Internal Revenue Code of 1986 in effect on the date of issuance of the Series 2014 Bonds, and the applicable regulations or rulings promulgated or proposed thereunder, and any successor thereto.

**"Construction Project"** shall mean financing certain capital projects and improvements which shall consist of the construction, improvement or pavement of streets, sidewalks, driveways, parkways, walkways or public parking facilities, and purchasing land therefor; the construction of bridges and culverts; erecting, repairing, improving, adorning and equipping municipal buildings and purchasing land therefor; the construction and improvement of sanitary, storm, drainage, or sewer systems; improve, repair, and extend the combined water, gas and sewer system of the City; and for other authorized purposes under the Act.

**"Costs of Issuance"** shall mean items of expense payable or reimbursable by or indirectly by the Bank and related to the authorization, sale, validation and issuance of the Bonds and the purchase and validation of the City Bond, which items of expense shall include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, professional consultants' fees, financial advisor fees and expenses, costs of credit ratings, fees and charges for execution, transportation and safekeeping of Bonds, credit enhancements or liquidity facility fees, and other costs, charges and fees in connection with the foregoing.

**"Counsel"** means an attorney or firm of attorneys duly admitted to practice law before the highest court of any state and approved by the Bank and the Trustee.

**"DTC"** means The Depository Trust Company.

**"DTC participants"** shall have the meaning ascribed thereto in Section 2.07 of the Indenture.

**"Debt Service Reserve Fund"** means the fund by that name created by Section 6.02 of the Indenture.

**"Debt Service Reserve Requirement"** means the lesser of the following: (i) the maximum amount of principal and interest becoming due in the current or any future bond year (meaning each one year period beginning on \_\_\_\_\_ of one year and ending on \_\_\_\_\_ of the following year) on all Series 2014 Bonds then outstanding; (ii) 125% of average annual debt service on the Series 2014 Bonds; and (iii) 10% of the stated principal amount of the Series 2014 Bonds.

**"Default"** means an event or condition the occurrence of which, with the lapse of time or the giving of notice or both, would become an Event of Default under the Indenture.

**"Event of Default"** means any occurrence or event specified in Section 10.01 of the Indenture.

**"Fees and Charges"** means fees and charges established by the Bank from time to time pursuant to the Act which are payable by the City.

**"Fiscal Year"** means the Bank's fiscal year being the twelve month period from July 1 through the following June 30 or such other as may be established by the Bank.

**"Funds"** means the funds created pursuant to Article VI of the Indenture (other than the Rebate Fund).

**"General Account"** means the account by that name created by Section 6.02 of the Indenture.

**"General Fund"** means the fund by that name created by Section 6.02 of the Indenture.

**"Governmental Obligations"** means to the extent permitted by State law (a) direct obligations of the United States of America; (b) obligations guaranteed as to principal and interest by the United States of America or any federal agency whose obligations are backed by the full faith and credit of the United States of America, including but not limited to: Department of Housing and Urban Development, Export-Import Bank, Farmers Home Administration (or successor thereto), Federal Financing Bank, Federal Housing Administration, Maritime Administration, Small Business Administration, which obligations include but are not limited to certificates or receipts representing direct ownership of future interest or principal payments on obligations described in clause (a) or in this clause (b) and which are held by a custodian in safekeeping on behalf of the holders of such receipts; and (c) obligations of any state of the United States of America or any political subdivision thereof, the full payment of principal of, premium, if any, and interest on which (i) is fully and unconditionally guaranteed or insured by the United States of America, or (ii) is provided for by an irrevocable deposit of the securities described in clause (i) to the extent such investments are permitted by law.

**"Indenture"** means the Indenture of Trust, and all supplements and amendments thereto entered into pursuant to Article XII of the Indenture.

**"Interest Payment Date"** means any date on which interest is payable on the Bonds, and for the Series 2014 Bonds, April 1 and October 1, commencing April 1, 2015.

**"Investment Securities"** means any and all securities, instruments and the like in which the Bank is authorized from time to time to invest its funds under State law, including but not limited to Governmental Obligations.

**"Local Governmental Unit"** means (i) any county, municipality, utility district, regional solid waste authority, county cooperative service district or political subdivision of the State of Mississippi, (ii) the State of Mississippi or any agency thereof, (iii) the institutions of higher learning of the State of Mississippi, (iv) any education building corporation established for institutions of higher learning, or (v) any other governmental unit created under state law, such as the City, through programs of purchasing the bonds, notes or evidences of indebtedness of such local governmental units under agreements between such local governmental units and the Bank.

**"Moody's"** shall mean Moody's Investors Service.

**"Notice Address"** means, with respect to the City, the City's address given in connection with the sale of the City Bond to the Bank, and, with respect to the Bank, the Trustee and the Original Purchaser:

**Bank:** Mississippi Development Bank  
735 Riverside Drive, Suite 300  
Jackson, Mississippi 39202  
Attention: Executive Director

**Trustee:** Attention:

**Original  
Purchaser:**

Attention:

**"Opinion of Bond Counsel"** means an opinion by a nationally recognized firm experienced in matters relating to the tax exemption for interest payable on obligations of states and their instrumentalities and political subdivisions under federal law, and which is acceptable to the Bank and the Trustee.

**"Opinion of Counsel"** means a written opinion of Counsel addressed to the Trustee, for the benefit of the owners of the Bonds, who may (except as otherwise expressly provided in the Indenture) be Counsel to the Bank or Counsel to the owners of the Bonds and who is acceptable to the Trustee.

**"Original Purchaser"** means \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

**"Outstanding" or "Bonds Outstanding"** means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, including Bonds held by the Bank, except:

(e) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;

(f) Bonds deemed paid under Article IX of the Indenture; and

(g) Bonds in lieu of which other Bonds have been authenticated under Section 3.05, 3.06 or 3.10 of the Indenture.

**"Paying Agent"** means \_\_\_\_\_, a \_\_\_\_\_ banking institution organized and existing under the laws of the \_\_\_\_\_, or any successor thereto, acting as the Paying Agent under the City Bond Resolution.

**"Positive Cash Flow Certificate"** means a certificate prepared in accordance with Section 5.11 of the Indenture by the Bank to the effect that immediately after the occurrence or non-occurrence of a specific action or omission, as appropriate, Revenues expected to be received, together with other moneys expected to be held in the Funds and Accounts under the Indenture (other than the Rebate Fund) and available therefor in accordance with Section 5.11 (a)(3) of the Indenture, will at least be sufficient on each Interest Payment Date to provide payment of the principal and interest of the Outstanding Bonds due on such date and the payment of Program Expenses, if any.

**"Principal Office"** means, as it relates to the Trustee, the address for the Trustee set forth under the definition of Notice Address above.

**"Principal Payment Date"** means the maturity date or the mandatory sinking fund redemption date of any Bond.

**"Program"** means the program for purchasing the City Bond by the Bank pursuant to the Bank Act.

**"Program Expenses"** means all of the fees and expenses of the Trustee relating to the Bonds or City Bond, any expenses for preparing Positive Cash Flow Certificates under Section 5.11 and costs of determining the amount rebatable, if any, to the United States of America under Section 6.11 of the Indenture, all to the extent properly allocable to the Program and approved in writing by the Bank.

**"Purchase Account"** means the account by that name created by Section 6.02 of the Indenture.

**"Rebate Fund"** means the fund by that name created by Section 6.02 of the Indenture.

**"Record Date"** means, with respect to any Interest Payment Date, the fifteenth day of the calendar month next preceding such Interest Payment Date.

**"Redemption Account"** means the account by that name created by Section 6.02 of the Indenture.

**"Redemption Price"** means, with respect to any Bond, the principal amount thereof, plus the applicable premium, if any, payable upon redemption prior to maturity.

**"Refunding Bonds"** means Bonds issued pursuant to Sections 2.04 and 2.05 of the Indenture and any Supplemental Indenture.

**"Registered Owner"** means the person or persons in whose name any Bond shall be registered on the Bond Register.

**"Related Documents"** shall mean the Indenture, the City Bond Resolution and the Tax Intercept Agreement.

**"Reserve Fund Credit Facility"** mean an irrevocable and unconditional letter of credit, insurance policy or surety bond, the terms of which have been approved by the City, the Bond Insurer and the Bank, issued by a bank or other financial institution, which is acceptable to the City, the Bond Insurer and the Bank, having a long-term credit rating of "A" or better, as determined by S&P which credit facility names the Trustee as the beneficiary thereunder; provided, that any such credit facility must (a) be renewable or extendable on an annual basis; (b) have an initial term of not less than three (3) years; (c) provide that the bank or other financial institution providing such credit facility must notify the Trustee and the City, no less than 60 days in advance of the expiration of the credit facility of its intention not to renew or extend such credit facility; (d) permit the Trustee to make a drawing thereunder to fund the Debt Service Reserve Fund no later than five (5) business days prior to the earlier of (1) the expiration date of such credit facility and (2) the date the proceeds of such drawing will be needed to fund the Debt Service Reserve Fund.

**"Revenues"** means the Funds and Accounts and all income, revenues and profits of the Funds and Accounts referred to in the granting clauses of the Indenture including, without limitation, all City Bond Payments and any Additional Payments paid to the Trustee under the City Bond Resolution.

**"S&P"** means Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, its successors and assigns, and, if dissolved or liquidated or if it no longer performs the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City (with the approval of the Bank), by written notice to the Trustee.

**"Secretary"** means the Secretary or the Assistant Secretary of the Bank.

**"Series 2014 Bonds"** means \$\_\_\_\_\_ Mississippi Development Bank Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project) issued pursuant to Section 2.01 of the Indenture.

**"State"** means the State of Mississippi.

**"Supplemental Indenture"** means an indenture supplemental to or amendatory of the Indenture, executed by the Bank and the Trustee in accordance with Article XII of the Indenture.

**"Tax Intercept Agreement"** means the Tax Intercept Agreement, dated \_\_\_\_\_, 2014 by and between the City and the Bank, and accepted by the Trustee, as further described in Section 5.13 of the Indenture.

**"Trustee"** means \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, a \_\_\_\_\_ banking institution organized and existing under the laws of the \_\_\_\_\_, or any successor thereto under the Indenture.

**"Trust Estate"** means the property, rights, and amounts pledged and assigned to the Trustee pursuant to the granting clauses of the Indenture.

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**APPENDIX F**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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CONTINUING DISCLOSURE AGREEMENT  
BY AND AMONG THE MISSISSIPPI DEVELOPMENT BANK,  
THE CITY OF PASCAGOULA, MISSISSIPPI  
AND \_\_\_\_\_, \_\_\_\_\_, MISSISSIPPI, AS TRUSTEE

DATED AS OF \_\_\_\_\_, 2014

In Connection with the sale and Issuance of \$15,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2014 (Pascagoula, Mississippi General Obligation Bond Project), dated the date of delivery (the "Series 2014 Bonds")

WHEREAS, the Mississippi Development Bank (the "Bank") has heretofore authorized the issuance of the Series 2014 Bonds which are more particularly described in the Official Statement of the Bank in connection with the Series 2014 Bonds, dated \_\_\_\_\_, 2014 (the "Official Statement"); and

WHEREAS, the Bank has heretofore acknowledged that a purchaser may not purchase or sell the Series 2014 Bonds unless it has reasonably determined that the Bank has undertaken in a written agreement for the benefit of the holders or beneficial owners of the Series 2014 Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission (the "SEC") Rule 15c2-12(b)(5) (the "Rule"), and the Bank desires to assist the purchaser of the Series 2014 Bonds in complying with the Rule; and

WHEREAS, in order to assist the Underwriter (as hereinafter defined) in complying with the Rule, the Bank and the City of Pascagoula, Mississippi (the "City"), have agreed to enter into this Continuing Disclosure Agreement (the "Agreement") with \_\_\_\_\_, \_\_\_\_\_ (the "Trustee"), for the benefit of the holders from time to time of the Series 2014 Bonds to provide certain information as required by the Rule (as hereinafter defined).

NOW, THEREFORE, THE BANK AND THE CITY HEREBY REPRESENT, COVENANT AND AGREE AS FOLLOWS:

**SECTION 1. Definitions.** In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto below. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture of Trust, dated \_\_\_\_\_, 2014, by and between the Bank and the Trustee (the "Indenture").

"Accompanying Information" means any identifying information or other information then required to accompany the applicable filing pursuant to the Rule.

"City Annual Financial Information" shall mean the information summarized herein below under the heading "Annual Financial Information - City Undertaking."

"EMMA" means MSRB's Electronic Municipal Market Access system on the MSRB Website.

"Independent Accountant" shall mean any firm of certified public accountants appointed by the City which is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants or the State Auditor.

"Listed Events" shall mean any of the events listed in Section 5 of this Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established under the 1933 Securities Act, as amended, or any successor thereto.

"MSRB Website" shall mean <http://www.emma.msrb.org>.

"National Repository" means (a) MSRB's EMMA, and (b) in the future, any successor repository or repositories prescribed by the SEC for the purpose of serving as repository under the Rule.

"Underwriter" shall mean \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

"Repository" shall mean each National Repository and each State Repository.

"Required Electronic Format" means the electronic format then prescribed by the SEC or the MSRB pursuant to the Rule.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Mississippi.

"State Repository" shall mean any public or private repository or entity designated by the State as a State repository for the purposes of the Rule. As of the date of this Agreement, there is no State Repository.

**SECTION 2. General.** Nothing in this Agreement shall prevent the Bank, or the City from disseminating any information in addition to that required by this Agreement. If the Bank or the City disseminates any such additional information, neither the Bank nor the City, respectively, shall have any obligation to update such information or include it in any further materials disseminated. All expenses and any other costs incurred by the Bank, the City, or the Trustee in complying with this Agreement shall be paid by the City.

**SECTION 3. Bank Undertaking.** The Bank hereby agrees for the benefit of the holders of the Series 2014 Bonds to provide, together with any Accompanying Information, to each Repository, in a timely manner, notice of any Listed Event.

**SECTION 4. City Undertaking.** The City hereby agrees for the benefit of holders of the Series 2014 Bonds to deliver, or cause to be delivered, together with any Accompanying Information:

- (a) to each Repository no later than 180 days after the end of each fiscal year of the City:
  - (i) the City's Annual Financial Information relating to such fiscal year together with audited financial statements for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements are not then available, the City shall deliver or cause to be delivered such audited financial statements, if any, to each Repository when they become available (but in no event later than 350 days after the end of such fiscal year); or
  - (ii) notice of the failure of the City to provide the City Annual Financial Information;
- and
- (b) (i) to each Repository, in a timely manner, notice of any Listed Event; and

(ii) to each Repository in writing, in a timely manner notice of events which, in the opinion of an authorized officer of the City had, or will have, a material effect on the financial condition or operations of the City.

**SECTION 5. Listed Events.** (a) In addition to the provisions of Sections 3 and 4 above, the Bank and the City shall give or cause to be given notice to each Repository of the occurrence of any of the following Listed Events with respect to the Series 2014 Bonds, in a timely manner, not in excess of ten (10) business days after the occurrence thereof:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on the credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers or their failure to perform;

(v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

- (vi) Defeasances;
- (vii) Rating changes;
- (viii) Tender offers; and

(ix) Bankruptcy, insolvency, receivership or similar event of the Bank or the City; consummation of a merger, consolidation, or acquisition involving the Bank or the City or the sale of all or substantially all of the assets of the Bank or the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(b) The Bank and the City agree to provide or cause to be provided in a timely manner not in excess of ten (10) business days after the occurrence of any of the following Listed Events to each Repository, notice of the occurrence of any of the following Listed Events with respect to the Series 2014 Bonds, if material, together with any Accompanying Information:

- (i) Non-payment related defaults;
- (ii) Modification to rights of security holders;
- (iii) Bond calls or redemptions;
- (iv) Release, substitution or sale of property securing repayment of the securities;

(v) The consummation of a merger, consolidation, acquisition involving an obligated person, other than in the ordinary course of business, or the sale of all or substantially all the assets of an obligated person, other than in the ordinary course of business, or the entry into a definitive agreement to engage in such a transaction, or a termination of such an agreement, other than in accordance with its terms; and

(vi) The appointment of a successor or additional trustee or the change of name of a trustee;

All fifteen (15) Listed Events mandated by the Rule may not apply to the Series 2014 Bonds.

**SECTION 6. Annual Financial Information.**

**General.** The contents, presentation and format of the City Annual Financial Information may be modified from time to time as determined in the judgment of the City to conform to changes in the Rule to disclosure principles or practices and legal requirements followed by or applicable to the City, provided that such modifications shall comply with the requirements of the Rule.

**City Undertaking.** City Annual Financial Information is defined to include:

(a) a brief narrative discussion of the results of operations and financial condition of the City for such fiscal year; and

(b) updated financial and operating information relating to the City set forth in the tables and text in the following section of the Official Statement: "APPENDIX A - INFORMATION ON THE CITY."

**SECTION 7. Financial Statements.** The annual financial statements for the Bank and the City for each fiscal year shall be prepared in accordance with generally accepted accounting principles in effect from time to time. Such financial statements shall be audited by an Independent Accountant.

**SECTION 8. Remedies.** This Agreement is enforceable in accordance with its terms by any Bondholder either directly or as a third party beneficiary. Any Bondholder shall have the rights, for the equal benefit and protection of all Bondholders, by mandamus or other suit or proceeding at law or in equity, to enforce its rights against the Bank and the City and any of the officers, agents and employees of the Bank and the City, and to compel the Bank and the City or any such officers, agents or employees to perform and carry out their duties under their respective undertakings; provided that such rights shall be limited to an action to compel specific enforcement of the obligations of the Bank and the City hereunder and shall not include any rights to monetary damages.

The Trustee shall not be obligated or liable to any holder of the Series 2014 Bonds or other party with respect to any aspect of the implementation, operation or enforcement of any undertaking set forth herein. If the Trustee is made a party to any litigation or legal action involving any undertaking, the City shall pay the legal fees and related costs and expenses of the Trustee in connection with such litigation or legal action.

**SECTION 9. Amendments.** This Agreement may be amended, changed or modified pursuant to a written instrument signed by the Bank, the City, and the Trustee, without the consent of any of the Bondholders, (a) to comply with the provisions of the Rule, (b) to cure any ambiguity, remedy any omission, or cure or correct any defect or inconsistent provision in the undertakings of the Bank and the City, or (c) if the Bank or the City makes a determination that any such amendment will not have a material adverse effect on the interest of the Bondholders; provided, that any such amendment, change or modification complies with the provisions of the Rule.

**SECTION 10. Parties in Interest; Governing Law.** This Agreement is executed and delivered for the sole benefit of the holders of the Series 2014 Bonds, the Bank, the City and the Underwriter of the Bonds and shall be governed by the laws of the State.

**SECTION 11. Termination.** The undertaking of the Bank and the City hereunder shall terminate on the earlier of (a) \_\_\_\_\_, 2014 in the event that the Series 2014 Bonds have not been issued by such date; (b) such date that the Rule, or the provisions thereof are no longer effective; or (c) the date upon which there are no outstanding Series 2014 Bonds.

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

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IN WITNESS WHEREOF, the Bank, the City and the Trustee each have caused this Continuing Disclosure Agreement to be executed by its respective officers, duly authorized, all as of the date first above written.

MISSISSIPPI DEVELOPMENT BANK

ATTEST: By: \_\_\_\_\_  
Executive Director

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

(SEAL)

CITY OF PASCAGOULA, MISSISSIPPI

ATTEST: By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
City Clerk

ACCEPTED BY:

\_\_\_\_\_,  
\_\_\_\_\_, \_\_\_\_\_, as Trustee

By: \_\_\_\_\_  
Title: \_\_\_\_\_

F-6

The above Resolution was introduced by Councilman Jackson, seconded for adoption by Councilman Pickett, and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE". The Mayor then declared the Resolution adopted on the 21st day of October, 2014.

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After general comments and there being no further business to come before the Council at this time, Councilman Jackson made a motion to adjourn. The motion was seconded by Councilman Tipton and received the following vote: Mayor Blevins "AYE". Councilmen Hill "AYE", Jackson "AYE", Simkins "AYE", Tadlock "AYE", Tipton "AYE", and Pickett "AYE".

The meeting ended at 6:58 p.m.

APPROVED:

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Harry J. Blevins, Mayor

ATTEST:

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Carol Groen, Chief Deputy City Clerk