

Minutes, City of Southaven, Southaven, Mississippi

The Mayor and Board of Aldermen of the City of Southaven, Mississippi (the "City"), took up for consideration the matter of adopting this sales parameter resolution and bond resolution in connection with the issuance of Combined Water and Sewer System Revenue Refunding Bonds, Series 2016, of the City. After a discussion of the subject, Alderman Flores offered and moved the adoption of the following resolution:

RESOLUTION (I) AUTHORIZING AND DIRECTING THE ISSUANCE OF COMBINED WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2016 OF THE CITY OF SOUTHAVEN, MISSISSIPPI (THE "CITY"), IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED FOURTEEN MILLION SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$14,750,000) (THE "BONDS") TO RAISE MONEY FOR THE PURPOSE OF PROVIDING FUNDS FOR (A)(1) THE REFINANCE, PREPAYMENT AND ADVANCE REFUNDING OF A PORTION OF THE CITY'S OUTSTANDING \$9,000,000 PROMISSORY NOTE (SOUTHAVEN, MISSISSIPPI WATER & SEWER SYSTEM PROJECT), DATED MARCH 1, 2006; AND THE SUBSEQUENT ADVANCE REFUNDING OF A PORTION OF THE OUTSTANDING \$9,000,000 MISSISSIPPI DEVELOPMENT BANK SPECIAL OBLIGATION BONDS, SERIES 2006 (SOUTHAVEN, MISSISSIPPI WATER AND SEWER SYSTEM PROJECT), DATED MARCH 1, 2006; (2) THE CURRENT OR ADVANCE REFUNDING OF A PORTION OF THE CITY'S OUTSTANDING \$5,400,000 COMBINED WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2007, DATED AUGUST 1, 2007; AND (3) THE REFINANCE, PREPAYMENT AND ADVANCE REFUNDING OF A PORTION OF THE CITY'S OUTSTANDING \$6,500,000 PROMISSORY NOTE (SOUTHAVEN, MISSISSIPPI WATER & SEWER SYSTEM PROJECT), DATED FEBRUARY 1, 2009; AND THE SUBSEQUENT ADVANCE REFUNDING OF A PORTION OF THE OUTSTANDING \$6,500,000 MISSISSIPPI DEVELOPMENT BANK SPECIAL OBLIGATION BONDS, SERIES 2009 (SOUTHAVEN, MISSISSIPPI WATER AND SEWER SYSTEM PROJECT), DATED FEBRUARY 1, 2009; (B) FUNDING A DEBT SERVICE RESERVE FUND, INCLUDING THE PREMIUM FOR THE SURETY BOND, IF APPLICABLE, AND (C) PAYMENT OF COSTS OF ISSUANCE FOR THE BONDS, INCLUDING THE PREMIUM FOR THE BOND INSURANCE POLICY, IF APPLICABLE; (II) PRESCRIBING THE FORM AND INCIDENTS OF SAID BONDS; (III) PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES TO BE DERIVED FROM THE OPERATION OF THE COMBINED WATER AND SEWER SYSTEM OF THE CITY IN AN AMOUNT SUFFICIENT TO PAY THE COST OF THE OPERATION AND MAINTENANCE THEREOF AND TO PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS AND ANY PARITY INDEBTEDNESS; (IV) MAKING PROVISION FOR A DEBT SERVICE RESERVE FUND; (V) MAKING PROVISION FOR MAINTAINING THE TAX-EXEMPT STATUS OF SAID BONDS; AND (VI) FOR RELATED PURPOSES.

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WHEREAS, the Mayor and Board of Aldermen of the City of Southaven, Mississippi, acting for and on behalf of said City of Southaven, Mississippi, 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 Sections 31-27-1 et seq., of the Mississippi Code of 1972, as amended and/or supplemented from time to time.

"Act of Bankruptcy" shall mean the filing of a petition in bankruptcy or insolvency by or against the City under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect.

"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" means the Mayor of the City, the Clerk of the City 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, a public body corporate and politic of the State of Mississippi, exercising essential public functions and organized under the provisions of the Sections 31-25-1 et seq., Mississippi Code of 1972, as amended and/or supplemented from time to time.

"Beneficial Owner" shall mean, 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" or "Bonds" shall mean the not to exceed \$14,750,000 Combined Water and Sewer System Revenue Refunding Bonds, Series 2016 of the City authorized and directed to be issued in this Bond Resolution.

"Bond Counsel" shall mean Butler Snow LLP, Ridgeland, Mississippi.

"Bond Insurance Policy," if applicable, means the financial guaranty insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of the principal of and interest on the Bonds when due.

"Bond Insurer" or "Insurer," if applicable, means the provider of the Bond Insurance Policy, or any successor thereto or assignee thereof.

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement, by and between the City and the Underwriter, dated the date of sale of the Bonds, the form of which is attached hereto as **EXHIBIT C**, with such completions, changes, insertions and modifications to the Bond Purchase Agreement as shall be approved by the officers executing and delivering the

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same (the execution thereof shall constitute conclusive evidence approval of any such completions, changes, insertions and modifications).

"Bond Resolution" shall mean this resolution, as may be amended from time to time.

"Bond Year" shall mean the period commencing on the date of the delivery of the Bonds through February 1, 2017 and each twelve (12) month period thereafter, commencing with the period ending February 1, 2018, until final maturity of the Bonds.

"Bondholder" or "Bondholders" or "Holder" or "Holders" or any similar term shall mean the registered owner of any Bond.

"Book-Entry System" means a book-entry system established and operated for the recordation of Beneficial Owners of the Bonds as described in Section 3 herein.

"Callable Bonds" shall mean together, the Callable 2006 Bank Bonds, the Callable 2007 Bonds and the Callable 2009 Bank Bonds.

"Callable 2006 Bank Bonds" shall mean the 2006 Bank Bonds which mature on March 1 in the years 2018 through 2031, both inclusive; or shall include such outstanding 2006 Bank Bonds maturing on March 1 in the years as determined in the Bond Purchase Agreement.

"Callable 2007 Bonds" shall mean the 2007 Bonds which mature on August 1 in the years 2017 through 2027, both inclusive; or shall include such outstanding 2007 Bonds maturing on August 1 in the years as determined in the Bond Purchase Agreement.

"Callable 2009 Bank Bonds" shall mean the 2009 Bank Bonds which mature on February 1 in the years 2019 through 2029, both inclusive; or shall include such outstanding 2009 Bank Bonds maturing on February 1 in the years as determined in the Bond Purchase Agreement.

"City" shall mean the City of Southaven, Mississippi.

"Clerk" shall mean the City Clerk of the City.

"Code" shall mean the Internal Revenue Code of 1986, as amended, supplemented or superseded.

"County" shall mean DeSoto County, Mississippi.

"Current Expenses" shall mean the reasonable and necessary current expenses of maintenance, repair and operation of the System and shall include, without limiting the generality of the foregoing, expenses not annually recurring, premiums for insurance, administrative and engineering expenses relating to maintenance, repair and operation, fees and expenses of the Paying Agent, legal expenses, taxes lawfully imposed on the System, reasonable payments to pension or retirement funds for employees of the System, and any other expense of the System required or permitted to be paid by the City under the provisions of the Bond Resolution or by law, but shall not include any allowance for depreciation or deposits or transfers to the credit of 2007 Debt Service Fund, the 2016 Debt Service Fund, 2007 Debt Service Reserve Account or the Debt Service Reserve Fund.

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"Debt Service Reserve Fund" shall mean the debt service reserve fund provided for in the Bond Resolution securing the Bonds.

"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 February 2 of one year and ending on February 1 of the following year, or such shorter period from the date of issuance of the Bonds to February 1 2017), on all Bonds then outstanding; (ii) 125% of average annual debt service on the Bonds; or (iii) ten percent (10%) of the stated principal amount of such issue of Bonds, or if such issue of Bonds has more than a de minimis amount (as defined in Section 1.148-1(b) of the Treasury Regulations) of original issue discount or premium, ten percent (10%) of the issue price (as defined in Section 1.148-1(b) of the Treasury Regulations) of such issue of Bonds), which Debt Service Reserve Requirement may be funded with cash or a Reserve Fund Credit Facility; provided, however, that upon initial issuance of the Bonds, the Debt Service Reserve Requirement will mean the amount set forth in (i) hereinabove and in future years if the amount of the Debt Service Reserve Requirement should equal an amount in excess of the lesser of (i), (ii) and (iii) above, the funds held in the Debt Service Reserve Fund will not be invested at a yield in excess of the yield on the Bonds. The initial deposit into the Debt Service Reserve Fund may be funded with a Surety Bond.

"Direct Participant" means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

"DTC" means The Depository Trust Company.

"DTC participants" shall mean any participant for whom DTC is a Security Depository Nominee.

"Escrow Fund" shall mean together, the Escrow 2006 Fund, the Escrow 2007 Fund and the Escrow 2009 Fund.

"Escrow 2006 Fund" shall mean the Mississippi Development Bank Special Obligation Bonds, Series 2006 (Southaven, Mississippi Water and Sewer System Project) Escrow Fund established pursuant to the 2006 Escrow Agreement to pay the principal of and interest on the Refunded 2006 Bank Bonds and the redemption price of the Callable 2006 Bank Bonds.

"Escrow 2006 Requirement" shall mean the sale proceeds of the Bonds deposited in the Escrow 2006 Fund and used to refund the Refunded 2006 Bank Bonds as provided in the 2006 Escrow Agreement.

"Escrow 2007 Fund" shall mean the City of Southaven, Mississippi Combined Water and Sewer System Revenue Bonds, Series 2007 Escrow Fund established pursuant to the 2007 Escrow Agreement to pay the principal of and interest on the Refunded 2007 Bonds and the redemption price of the Callable 2007 Bonds.

"Escrow 2007 Requirement" shall mean the sale proceeds of the Bonds deposited in the Escrow 2007 Fund and used to refund the Refunded 2007 Bonds as provided in the 2007 Escrow Agreement.

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"Escrow 2009 Fund" shall mean the Mississippi Development Bank Special Obligation Bonds, Series 2009 (Southaven, Mississippi Water and Sewer System Project) Escrow Fund established pursuant to the 2009 Escrow Agreement to pay the principal of and interest on the Refunded 2009 Bank Bonds and the redemption price of the Callable 2009 Bank Bonds.

"Escrow 2009 Requirement" shall mean the sale proceeds of the Bonds deposited in the Escrow 2009 Fund and used to refund the Refunded 2009 Bank Bonds as provided in the 2009 Escrow Agreement.

"Governing Body" shall mean the Mayor and Board of Aldermen of the City.

"Indirect Participant" shall mean a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Direct Participant.

"Letter of Representations" shall mean the DTC Blanket Issuer Letter of Representations of the City.

"Mayor" shall mean the Mayor of the City.

"Municipal Advisor" shall mean Government Consultants, Inc., Jackson, Mississippi.

"Net Revenues" shall mean all Revenues remaining after payment of Current Expenses.

"Non-Refunded 2007 Bonds" shall mean the outstanding 2007 Bonds not refunded with a portion of the proceeds of the Bonds.

"Paying Agent" shall mean any bank, trust company or other institution hereafter designated by the Governing Body to make payments of the principal of and interest on the Bonds, and to serve as registrar and transfer agent for the registration of owners of the Bonds, and for the performance of other duties, and shall initially be Trustmark National Bank, Jackson, Mississippi.

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

"Principal and Interest Requirements" for any Bond Year shall mean the sums sufficient for the payment of the principal of and interest on the Bonds, any parity bonds, including the Non-Refunded 2007 Bonds and subordinated indebtedness which will mature and accrue during such period.

"Project" shall mean providing funds for the (i) Refunding Project, (ii) funding the Debt Service Reserve Fund including the premium for the Surety Bond, if applicable, and (iii) paying the costs of issuance of the Bonds, including the premium for the Bond Insurance Policy, if applicable.

"Record Date" shall mean, as to interest payments, the 15th day of the month preceding the dates set for payment of interest on the Bonds and, as to payments of principal, the 15th day of the month preceding the maturity date thereof or the date set for redemption.

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"Record Date Registered Owner" shall mean the Registered Owner as of the Record Date.

"Redemption Price" shall mean, with respect to a Bond, the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms pursuant to the provisions hereof.

"Refunded Bonds" shall mean together, the Refunded 2006 Bank Bonds, the Refunded 2007 Bonds and the Refunded 2009 Bank Bonds.

"Refunded Notes" shall mean together, the Refunded 2006 Note and the Refunded 2009 Note.

"Refunded 2006 Bank Bonds" shall mean the 2006 Bank Bonds which mature on March 1 in the years 2018 through 2031, both inclusive, or shall include such outstanding 2006 Bank Bonds maturing on March 1 in the years as determined in the Bond Purchase Agreement.

"Refunded 2006 Note" shall mean the principal installments of the 2006 Note maturing on March 1 in the years 2018 through 2031, both inclusive, being prepaid, such portion being identified in the Bond Purchase Agreement as the same amount in each year of the Refunded 2006 Bank Bonds being refunded with a portion of the proceeds of the Bonds.

"Refunded 2007 Bonds" shall mean the 2007 Bonds which mature on August 1 in the years 2017 through 2027, both inclusive, or shall include such outstanding 2007 Bonds maturing on August 1 in the years as determined in the Bond Purchase Agreement.

"Refunded 2009 Bank Bonds" shall mean the 2009 Bank Bonds which mature on February 1 in the years 2019 through 2029, both inclusive, or shall include such outstanding 2009 Bank Bonds maturing on February 1 in the years as determined in the Bond Purchase Agreement.

"Refunded 2009 Note" shall mean the principal installments of the 2009 Note maturing on February 1 in the years 2019 through 2029, both inclusive, being prepaid, such portion being identified in the Bond Purchase Agreement as the same amount in each year of the Refunded 2009 Bank Bonds being refunded with a portion of the proceeds of the Bonds.

"Refunding Project" shall mean together, the Refunding 2006 Project, the Refunding 2007 Project and the Refunding 2009 Project.

"Refunding 2006 Project" shall mean providing funds for (i) the refinance, prepayment and advance refunding of the Refunded 2006 Note and (ii) the contemporaneous advance refunding of the Refunded 2006 Bank Bonds, including funds for the redemption of the Callable 2006 Bank Bonds at a redemption price of 100% plus accrued interest.

"Refunding 2007 Project" shall mean providing funds for the current or advance refunding of the Refunded 2007 Bonds, including funds for the redemption of the Callable 2007 Bonds at a redemption price of 100% plus accrued interest

"Refunding 2009 Project" shall mean providing funds for (i) the refinance, prepayment and advance refunding of the Refunded 2009 Note and (ii) the contemporaneous advance

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refunding of the Refunded 2009 Bank Bonds, including funds for the redemption of the Callable 2009 Bank Bonds at a redemption price of 100% plus accrued interest.

"Registered Owner" shall mean the Person whose name shall appear in the registration records of the City maintained by the Transfer Agent.

"Reserve Fund Credit Facility" if applicable, 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.

"Revenues" shall mean all payments, proceeds, fees, charges, rents and all other income derived by or for the account of the City from its ownership and operation of the System, excluding all acreage, front-footage, assessment and similar fees and charges derived by the City in connection with the provision of or payment for capital improvements constituting a part of the System.

"Revenue Fund" shall mean the revenue fund provided for in the Bond Resolution and described and provided for in the 2007 Resolution for the 2007 Bonds as the City's Water, Sewer and Fire Protection Revenue Fund.

"Securities Depository" means The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book-Entry System with respect to the Bonds.

"Securities Depository Nominee" means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration records the Bonds to be delivered to such Securities Depository during the continuation with such Securities Depository of participation in its Book-Entry System.

"State" means the State of Mississippi.

"Surety Bond," if applicable, means the Reserve Fund Credit Facility issued by the Bond Insurer guaranteeing certain payments into the Debt Service Reserve Fund with respect to the Bonds as provided therein and subject to the limitations set forth therein.

"Surety Bond Provider," if applicable, shall mean the Bond Insurer.

"System" shall mean the combined water and sewer system of the City.

"Transfer Agent" shall mean any bank, trust company or other institution hereafter designated by the Governing Body for the registration of owners of the Bonds and for the performance of such other duties as may be herein or hereafter specified by the Governing Body, and shall initially be the Paying Agent as designated in the Bond Purchase Agreement.

"Transferred Proceeds" shall mean funds, if applicable, transferred from the funds and accounts of the Refunded 2009 Bank Bonds to (i) provide funds for the debt service on the Bonds, (ii) fund the funds and accounts of the Bonds, and/or (ii) fund a portion of the Refunding 2009 Project.

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"2006 Bank Bonds" shall mean the Mississippi Development Bank Special Obligation Bonds, Series 2006 (Southaven, Mississippi Water and Sewer System Project), dated March 1, 2006, issued under the 2006 Indenture in the aggregate principal amount of \$9,000,000, said 2006 Bank Bonds being secured by payments due by the City under the 2006 Loan Agreement for the 2006 Note.

"2006 Escrow 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 Refunded 2006 Bank Bonds, which 2006 Escrow Agent shall initially be Trustmark National Bank, Jackson, Mississippi.

"2006 Escrow Agreement" shall mean that 2006 Escrow Deposit Trust Agreement, dated the date of delivery of the Bonds, by and between the Bank and the 2006 Escrow Agent, as acknowledged and approved by the City, providing for the refunding of the Refunded 2006 Bank Bonds.

"2006 Indenture" shall mean the Indenture of Trust, dated March 1, 2006, by and between the Bank and Trustmark National Bank, Jackson, Mississippi, securing the 2006 Bank Bonds.

"2006 Loan" shall mean the loan provided by the Bank to the City under the 2006 Loan Agreement secured by the 2006 Note funded from the proceeds of the 2006 Bank Bonds.

"2006 Loan Agreement" shall mean the Loan Agreement dated as of March 1, 2006, by and between the City and the Bank, secured by the 2006 Note.

"2006 Note" shall mean the City's Promissory Note (Southaven, Mississippi Water & Sewer System Project), dated March 1, 2006, issued in the original principal amount of \$9,000,000 under the 2006 Loan Agreement, said 2006 Note and 2006 Loan Agreement representing security for the 2006 Loan provided from the proceeds of the 2006 Bank Bonds under the 2006 Indenture.

"2006 Trustee" shall mean Trustmark National Bank, Jackson, Mississippi, in its capacity as trustee under the 2006 Indenture.

"2007 Bonds" shall mean the City of Southaven, Mississippi Combined Water and Sewer System Revenue Bonds, Series 2007, dated August 1, 2007, issued under the 2007 Resolution in the aggregate principal amount of \$5,400,000.

"2007 Contingent Fund" shall mean the fund provided for in the Bond Resolution and provided for in the 2007 Resolution for the 2007 Bonds said 2007 Contingent Fund to be maintained and utilized for the Bonds pursuant to the terms of this Bond Resolution following the final maturity of the Non-Refunded 2007 Bonds and the discharge of the 2007 Resolution.

"2007 Debt Service Account" shall mean the account described in the Bond Resolution and provided for in the 2007 Resolution for the 2007 Bonds.

"2007 Debt Service Reserve Account" shall mean the account described in the Bond Resolution and provided for in the 2007 Resolution for the 2007 Bonds.

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"2007 Depreciation Fund" shall mean the fund provided for in the Bond Resolution and provided for in the 2007 Resolution for the 2007 Bonds said 2007 Depreciation Fund to be maintained and utilized for the Bonds pursuant to the terms of this Bond Resolution following the final maturity of the Non-Refunded 2007 Bonds and the discharge of the 2007 Resolution.

"2007 Escrow 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 Refunded 2007 Bonds, which 2007 Escrow Agent shall initially be Regions Bank, Birmingham, Alabama.

"2007 Escrow Agreement" shall mean that 2007 Escrow Agreement, dated the date of delivery of the Bonds, by and between the City and the 2007 Escrow Agent, providing for the refunding of the Refunded 2007 Bonds.

"2007 Operation and Maintenance Fund" shall mean the fund provided for in the Bond Resolution and provided for in the 2007 Resolution for the 2007 Bonds.

"2007 Paying Agent" shall mean Regions Bank, Birmingham, Alabama.

"2007 Resolution" shall mean the bond resolution, adopted by the Governing Body of the City on August 7, 2007, as amended September 4, 2007 in connection with the 2007 Bonds.

"2009 Bank Bonds" shall mean the Mississippi Development Bank Special Obligation Bonds, Series 2009 (Southaven, Mississippi Water and Sewer System Project), dated February 1, 2009, issued under the 2009 Indenture in the aggregate principal amount of \$6,500,000, said 2009 Bank Bonds being secured by payments due by the City under the 2009 Loan Agreement for the 2009 Note.

"2009 Escrow 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 Refunded 2009 Bank Bonds, which 2009 Escrow Agent shall initially be Trustmark National Bank, Jackson, Mississippi.

"2009 Escrow Agreement" shall mean that 2009 Escrow Deposit Trust Agreement, dated the date of delivery of the Bonds, by and between the Bank and the 2009 Escrow Agent, as acknowledged and approved by the City, providing for the refunding of the Refunded 2009 Bank Bonds.

"2009 Indenture" shall mean the Indenture of Trust, dated February 1, 2009, by and between the Bank and Regions Bank, Birmingham, Alabama, securing the 2009 Bank Bonds.

"2009 Loan" shall mean the loan provided by the Bank to the City under the 2009 Loan Agreement secured by the 2009 Note funded from the proceeds of the 2009 Bank Bonds.

"2009 Loan Agreement" shall mean the Loan Agreement, dated as of February 1, 2009, by and between the City and the Bank, secured by the 2009 Note.

"2009 Note" shall mean the City's Promissory Note (Southaven, Mississippi Water & Sewer System Project), dated February 1, 2009, issued in the original principal amount of

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\$6,500,000 under the 2009 Loan Agreement, said 2009 Note and 2009 Loan Agreement representing security for the 2009 Loan provided from the proceeds of the 2009 Bank Bonds under the 2009 Indenture.

"2009 Trustee" shall mean Regions Bank, Birmingham, Alabama, in its capacity as trustee under the 2009 Indenture.

"2016 Costs of Issuance Fund" shall mean the City of Southaven, Mississippi Combined Water and Sewer System Revenue Refunding Bonds, Series 2016 Costs of Issuance Fund provided for in Section 25 hereof.

"2016 Debt Service Fund" shall mean the City of Southaven, Mississippi Combined Water and Sewer System Revenue Refunding Bonds, 2016 Debt Service Fund provided for in Section 15(b) hereof.

"Underwriter" shall mean Raymond James & Associates, Inc., Memphis, Tennessee.

(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. The City is authorized under the provisions of the Act to issue its Bonds to fund the Project. It is advisable and in the public interest to issue the Bonds for the purpose stated herein.

3. The estimated cost of the Project is not to exceed Fourteen Million Seven Hundred Fifty Thousand Dollars (\$14,750,000).

4. The City is authorized under the provisions of the Act to issue its Bonds to provide funds for the Project, said Bonds to be payable solely from Net Revenues, subject to the parity lien of the Non-Refunded 2007 Bonds.

5. As of the date of this Bond Resolution, the 2007 Bonds are the only indebtedness of the City consisting, or secured by, a lien on Net Revenues, as defined herein and as set forth in the 2007 Resolution.

6. The terms and provisions of this Bond Resolution are subject to the terms and provisions of the 2007 Resolution, pertaining to parity indebtedness secured by Net Revenues, of the System as defined herein and described in the 2007 Resolution.

7. The amount of the Bonds, when added to the outstanding indebtedness of the City, will not exceed any constitutional or statutory limitation of indebtedness.

8. The Bonds are not private activity bonds as such term is defined in Section 141 of the Code.

9. The Code provides that non-compliance with the provisions thereof may cause interest on obligations to become taxable retroactive to the initial date of issuance, and provides

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that the tax-exempt status of interest on obligations such as the Bonds is contingent on a number of future actions by the City. It is necessary to make certain covenants pertaining to the exemption of the interest on the Bonds from federal income taxes since such exemption may depend, in part, upon continuing compliance by the City with certain requirements with the Code.

10. The Governing Body recognizes that the current low interest rate environment provides an opportunity to refund the Refunded Bonds, and the Governing Body further realizes that the Governing Body must move expeditiously to accomplish the greatest savings possible by the issuance of the Bonds.

11. In that the bond market is volatile, the Governing Body needs to authorize the negotiated sale of the Bonds to the Underwriter, subject to the satisfaction of the conditions as hereinafter set forth in Section 42 and authorizes the Mayor and Clerk to execute the Bond Purchase Agreement, prior to a scheduled meeting of the Governing Body in order to maximize the savings to the City regarding the issuance of the Bonds.

12. The City recognizes that in order to prepare the necessary offering documents it is in the best interest of the City to authorize Bond Counsel and Municipal Advisor to prepare and distribute all necessary documents and to do all things required in order to negotiate the sale of the Bonds to the Underwriter and effectuate the issuance of such Bonds.

13. It is necessary to approve the form of and execution of the Preliminary Official Statement, to be dated the date of distribution thereof (the "Preliminary Official Statement") for the sale of the Bonds and the distribution thereof to prospective purchasers of the Bonds.

14. It is necessary to approve the form of and execution of the Bond Purchase Agreement with regard to the sale of the Bonds.

15. It is necessary to approve the form of, execution and distribution of an Official Statement, to be dated the date of execution of the Bond Purchase Agreement (the "Official Statement") for the Bonds.

16. It is necessary to approve the 2006 Escrow Agent, the 2007 Escrow Agent and the 2009 Escrow Agent and the form of and execution of the 2006 Escrow Agreement, the 2007 Escrow Agreement and the 2009 Escrow Agreement for the Refunded 2006 Bank Bonds, Refunded 2007 Bonds and Refunded 2009 Bank Bonds, respectively.

17. It is necessary to authorize the Mayor or Clerk of the City to provide a written notification to (a) the 2006 Trustee of the advance refunding of the Refunded 2006 Bank Bonds; (b) the 2007 Paying Agent of the current or advance refunding of the Refunded 2007 Bonds; and (c) the 2009 Trustee of the advance refunding of the Refunded 2009 Bank Bonds.

18. It has now become necessary to make provision for the preparation, execution and issuance of said Bonds.

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

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SECTION 1. (a) The combined water and sewer facilities of the City are presently operated as the System.

(b) The Refunded 2006 Bank Bonds, the Refunded 2007 Bonds and the Refunded 2009 Bank Bonds shall be refunded with a portion of the proceeds of the Bonds and, if applicable, any Transferred Proceeds of the Refunded Bonds.

SECTION 2. In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same from time to time, this Bond Resolution shall constitute a contract between the City and the Registered Owners from time to time of the Bonds. 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 Owners shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction.

SECTION 3. (a) The Bonds shall initially be issued pursuant to a Book-Entry System administered by the Securities Depository with no physical distribution of Bond certificates to be made except as provided in this Section 3. Any provision of this Bond Resolution or the Bonds requiring physical delivery of the Bonds shall, with respect to any Bonds held under the Book-Entry System, be deemed to be satisfied by a notation on the Registration Records maintained by the Paying Agent that such Bonds are subject to the Book-Entry System.

(b) So long as a Book-Entry System is being used, one Bond in the aggregate principal amount of the Bonds and registered in the name of the Securities Depository, the Securities Depository Nominee and the Participants and Indirect Participants will evidence beneficial ownership of the Bonds in authorized denominations, with transfers of ownership effected on the records of the Securities Depository, the Participants and the Indirect Participants pursuant to rules and procedures established by the Securities Depository, the Participants and the Indirect Participants. The principal of and any premium on each Bond shall be payable to the Securities Depository Nominee or any other person appearing on the Registration Records as the Registered Holder of such Bond or its registered assigns or legal representative at the principal office of the Paying Agent. So long as the Book-Entry System is in effect, the Securities Depository will be recognized as the Holder of the Bonds for all purposes. Transfer of principal, interest and any premium payments or notices to Participants and Indirect Participants will be the responsibility of the Securities Depository and transfer of principal, interest and any premium payments or notices to Beneficial Owners will be the responsibility of the Participants and Indirect Participants. No other party will be responsible or liable for such transfers of payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the Participants or the Indirect Participants. While the Securities Depository Nominee or the Securities Depository, as the case may be, is the registered owner of the Bonds, notwithstanding any other provisions set forth herein, payments of principal of, redemption premium, if any, and interest on the Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of such Holder, without notice to or the consent of the Beneficial Owners, the Paying Agent, with the consent of the City, and the Securities Depository may agree in writing to make payments of principal and interest in a manner different from that set out herein. In such

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event, the Paying Agent shall make payments with respect to the Bonds in such manner as if set forth herein.

(c) The City may at any time elect (i) to provide for the replacement of any Securities Depository as the depository for the Bonds with another qualified Securities Depository, or (ii) to discontinue the maintenance of the Bonds under a Book-Entry System. In such event, and upon being notified by the City of such election, the Paying Agent shall give 30 days' prior notice of such election to the Securities Depository (or such fewer number of days as shall be acceptable to such Securities Depository).

(d) Upon the discontinuance of the maintenance of the Bonds under a Book-Entry System, the City will cause Bonds to be issued directly to the Beneficial Owners of Bonds, or their designees, as further described below. In such event, the Paying Agent shall make provisions to notify Participants and the Beneficial Owners of the Bonds, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate by the Paying Agent in its discretion, that Bonds will be directly issued to the Beneficial Owners of Bonds as of a date set forth in such notice, which shall be a date at least 10 days after the date of mailing of such notice (or such fewer number of days as shall be acceptable to the Securities Depository).

(e) In the event that Bonds are to be issued to the Beneficial Owners of the Bonds, or their designees, the City shall promptly have prepared Bonds in certificated form registered in the names of the Beneficial Owners of Bonds shown on the records of the Participants provided to the Paying Agent, as of the date set forth in the notice described above. Bonds issued to the Beneficial Owners, or their designees, shall be in fully registered form substantially in the form set forth in **EXHIBIT A** hereto.

(f) If any Securities Depository is replaced as the depository for the Bonds with another qualified Securities Depository, the City will issue to the replacement Securities Depository Bonds substantially in the form set forth herein, registered in the name of such replacement Securities Depository.

(g) Each Securities Depository and the Participants, the Indirect Participants and the Beneficial Owners of the Bonds, by their acceptance of the Bonds, agree that the City and the Paying Agent shall have no liability for the failure of any Securities Depository to perform its obligation to any Participant, Indirect Participant or other nominee of any Beneficial Owner of any Bonds to perform any obligation that such Participant, Indirect Participant or other nominee may incur to any Beneficial Owner of the Bonds.

(h) Notwithstanding any other provision of this Bond Resolution, on or prior to the date of issuance of the Bonds, the Paying Agent shall have executed and delivered to the initial Securities Depository a Letter of Representations governing various matters relating to the Securities Depository and its activities pertaining to the Bonds. The terms and provisions of such Letter of Representations are incorporated herein by reference and in the event there shall exist any inconsistency between the substantive provisions of the said Letter of Representations and any provisions of this Bond Resolution, then, for as long as the initial Securities Depository shall serve with respect to the Bonds, the terms of the Letter of Representations shall govern.

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(i) Notwithstanding any provision in this Bond Resolution to the contrary, at all times in which the Book-Entry System is in effect, any references to physical delivery of a Bond shall not be required.

SECTION 4. (a) The Bonds are hereby authorized and ordered to be prepared and issued in the principal amount of not to exceed Fourteen Million Seven Hundred Fifty Thousand Dollars (\$14,750,000) to raise money, which funds, together with Transferred Proceeds, if applicable, will provide monies for the Project. Transferred Proceeds, if applicable, will be used for the Refunding 2007 Project and Refunding 2009 Project, as applicable, and will be defined in the Official Statement and/or the Bond Purchase Agreement. The principal of and the interest on the Bonds shall be payable in accordance with and as authorized by this Bond Resolution and the Act.

(b) Payments of interest on the Bonds 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.

(c) The Bonds shall be registered as to both principal and interest; shall be dated the date of delivery thereof; shall be issued in the principal denomination of \$5,000 each, or integral multiples thereof up to the amount of a single maturity; shall be numbered from one upward in the order of issuance; shall bear interest from the date thereof at the rate or rates specified in the Bond Purchase Agreement, payable on February 1 and August 1 of each year (each an "Interest Payment Date") until maturity, commencing August 1, 2016, unless otherwise specified in the Bond Purchase Agreement, such interest rate or rates to be in compliance with the Act; and shall mature and become due and payable on February 1 in the years and in the amounts as determined in the Bond Purchase Agreement, with the final maturity occurring not later than February 1, 2031.

(d) The Bonds may be subject to optional or mandatory sinking fund redemption prior to their stated dates of maturity as set forth in the Bond Purchase Agreement

(e) If notice of redemption is required in the Bond Purchase Agreement, notice of redemption identifying the numbers of Bonds or portions thereof to be redeemed shall be given to the Registered Owners thereof by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption. Failure to mail or receive any such notice, or any defect therein or in the mailing thereof, shall not affect the validity of any proceedings for the redemption of Bonds. Any notice mailed as provided herein shall be conclusively presumed to have been given, irrespective of whether received. If such written notice of redemption is made and if due provision for payment of the redemption price is made, all as provided above, the Bonds which are to be redeemed thereby automatically shall be deemed to have been redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the owner to receive the redemption price out of the funds provided for such payment. If at the time of mailing of any notice of redemption, there shall not be on deposit with the Paying Agent sufficient moneys to redeem all of the Bonds called for redemption, such notice shall state that it is subject to the deposit of moneys with the Paying Agent not later than on the redemption date and shall be of no effect unless such moneys are deposited.

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(f) The Bonds, for which the payment of sufficient moneys or, to the extent permitted by the laws of the State of Mississippi, (a) direct obligations of, or obligations for the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations"), (b) certificates of deposit or municipal obligations fully secured by Government Obligations or (c) evidences of ownership of proportionate interests in future interest or principal payments on Government Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the Government Obligations and which Government Obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated, (d) State and Local Government Series ("SLGS") Securities, or (e) municipal obligations, the payment of the principal of, interest and redemption premium, if any, on which are irrevocably secured by Government Obligations and which Government Obligations are not subject to redemption prior to the date on which the proceeds attributable to the principal of such obligations are to be used and have been deposited in an escrow account which is irrevocably pledged to the payment of the principal of and interest and redemption premium, if any, on such municipal obligations (all of which collectively, with Government Obligations, "Defeasance Securities"), shall have been deposited with an escrow agent appointed for such purpose, which may be the Paying and Transfer Agent, shall be deemed to have been paid, shall cease to be entitled to any lien, benefit or security under this Bond Resolution and shall no longer be deemed to be outstanding hereunder, and the Registered Owners shall have no rights in respect thereof except to receive payment of the principal of and interest on such Bonds from the funds held for that purpose. Defeasance Securities shall be considered sufficient under this Bond Resolution if said investments, with interest, mature and bear interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest and to pay principal when due on such Bonds.

SECTION 5. (a) The Bonds may be validated and executed as herein provided; and if they are validated they shall be registered as an obligation of the City in the office of the Clerk in a record maintained for that purpose, and the Clerk shall cause to be imprinted upon the reverse side of, or attached to, each of the Bonds, over her manual or facsimile signature and manual or facsimile seal, his certificate in substantially the form set out in **EXHIBIT A** hereto.

(b) The Bonds shall be executed by the manual or facsimile signature of the Mayor and countersigned by the manual or facsimile signature of the Clerk, with the seal of the City imprinted or affixed thereto; provided, however all signatures and seals appearing on the Bonds, 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 Bonds 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 Bonds shall be delivered to the Underwriter upon payment of the purchase price therefor in accordance with the terms and conditions of their sale and award, together with a complete certified transcript of the proceedings had and done in the matter of the authorization,

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issuance, sale and validation, if applicable, of the Bonds, and the final, unqualified approving opinion of Bond Counsel.

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

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

(ii) an authorization to the Transfer Agent, signed by the Mayor or Clerk, to authenticate and deliver the Bonds to the Underwriter.

(e) At delivery, the Transfer Agent shall authenticate the Bonds and deliver them to the Underwriter thereof upon payment of the purchase price of the Bonds to the City.

(f) Bonds, blank as to denomination, rate of interest, date of maturity and CUSIP number and sufficient in quantity in the judgment of the City to meet the reasonable transfer and reissuance needs on the Bonds, shall be printed and delivered to the Transfer Agent in generally-accepted format, and held by the Transfer Agent until needed for transfer or reissuance, whereupon the Transfer Agent shall imprint the appropriate information as to denomination, rate of interest, date of maturity and CUSIP number prior to the registration, authentication and delivery thereof to the transferee holder. The Transfer Agent is hereby authorized upon the approval of the Governing Body to have printed from time to time as necessary additional Bonds bearing the facsimile seal of the City and facsimile signatures of the persons who were the officials of the Governing Body as of the date of original issue of the Bonds.

SECTION 6. (a) The City will appoint the Paying and Transfer Agent for the Bonds. The Mayor and/or Clerk are hereby authorized and directed to appoint the Paying and Transfer Agent to be designated in and evidenced by the execution of the Bond Purchase Agreement. The Paying and Transfer Agent shall be a bank or trust company located within the State of Mississippi. The City specifically reserves the right to hereafter designate a separate Transfer Agent and/or Paying Agent in its discretion in the manner hereinafter provided.

(b) So long as any of the Bonds shall remain outstanding, the City shall maintain with the Transfer Agent records for the registration and transfer of the Bonds. The Transfer Agent is hereby appointed registrar for the Bonds, 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, any Bond 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.

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(d) (i) An Agent may at any time resign and be discharged of the duties and obligations of either the function of the Paying Agent or Transfer Agent, or both, by giving at least sixty (60) days' written notice to the City, and may be removed from either or both of said functions at any time by resolution of the Governing Body delivered to the Agent. The resolution shall specify the date on which such removal shall take effect and the name and address of the successor Agent, and shall be transmitted to the Agent being removed within a reasonable time prior to the effective date thereof. Provided, however, that no resignation or removal of an Agent shall become effective until a successor Agent has been appointed pursuant to the Bond Resolution.

(ii) Upon receiving notice of the resignation of an Agent, the City shall promptly appoint a successor Agent by resolution of the Governing Body. Any appointment of a successor Agent shall become effective upon acceptance of appointment by the successor Agent. If no successor Agent shall have been so appointed and have accepted appointment within thirty (30) days after the notice of resignation, the resigning Agent may petition any court of competent jurisdiction for the appointment of a successor Agent, which court may thereupon, after such notice as it may deem appropriate, appoint a successor Agent.

(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, lists of Registered Owners and all other records, documents and instruments relating to its duties as such Agent.

(iv) Any successor Agent appointed under the provisions hereof shall be a bank, trust company or national banking association having Federal Deposit Insurance Corporation insurance of its accounts, duly authorized to exercise corporate trust powers and subject to examination by and in good standing with the federal and/or state regulatory authorities under the jurisdiction of which it falls.

(v) Every successor Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor Agent and to the City an instrument in writing accepting such appointment hereunder, and thereupon such successor Agent, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor.

(vi) 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.

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(vii) 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 Bonds.

(viii) 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.

(e) Any corporation or association into which an Agent may be converted or merged, or with which it may be consolidated or to which it may sell or transfer its 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, shall be and become successor Agent hereunder and vested with all the powers, discretion, 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 either the City or the successor Agent, anything herein to the contrary notwithstanding, provided only that such successor Agent shall be satisfactory to the City and eligible under the provisions of Section 6(d)(iv) hereof.

SECTION 7. The Bonds shall be in substantially the form attached hereto as **EXHIBIT A**, with such appropriate variations, omissions and insertions as are permitted or required by this Bond Resolution.

SECTION 8. In case any 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 Bond of like date, number, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated Bond, or in lieu of and in substitution for such 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 Bond stolen, destroyed or lost, his filing with the City or Paying Agent evidence satisfactory to them that such Bond was stolen, destroyed or lost, and of his ownership thereof, and furnishing the City or Paying 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. The provision of this Section 8 shall not apply if the Book-Entry System is in effect.

SECTION 9. Only such of the Bonds as shall have endorsed thereon a certificate of registration and authentication in substantially the form hereinabove set forth, duly executed by the Paying Agent, shall be entitled to the rights, benefits and security of this Bond Resolution. No such Bond shall be valid or obligatory for any purpose unless and until such certificate of registration and authentication shall have been duly executed by the Paying Agent, which executed certificate shall be conclusive evidence of registration, authentication and delivery under this Bond Resolution. The Paying Agent's certificate of registration and authentication on any such Bond shall be deemed to have been duly executed if signed by an authorized officer of the Paying Agent, but it shall not be necessary that the same officer sign said certificate on all of the Bonds that may be issued hereunder at any one time.

SECTION 10. (a) In the event the Underwriter shall fail to designate the names, addresses and social security or tax identification numbers of the Registered Owners of the Bonds within thirty (30) days of the date of sale, or at such other later date as may be designated by the City, one Bond registered in the name of the Underwriter may be issued in the full

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amount of each maturity. Ownership of the Bonds shall be in the Underwriter until the initial Registered Owner has made timely payment and, upon request of the Underwriter within a reasonable time of the initial delivery of the Bonds, the Paying Agent shall re-register any such Bond upon its records in the name of the Registered Owner to be designated by the Underwriter in the event timely payment has not been made by the initial Registered Owner.

(b) Except as hereinabove provided, the Person in whose name any of the Bonds shall be registered in the records of the City maintained by the Paying Agent may be deemed the absolute owner thereof for all purposes, and payment of or on account of the principal of or interest on any of the Bonds 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 any of the Bonds to the extent of the sum or sums so paid.

SECTION 11. (a) The Bonds shall be transferable only in the records of the City, upon surrender thereof at the office of the Transfer Agent, together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the Registered Owner or his or its attorney duly authorized in writing. Upon the transfer of any of the Bonds, the City, acting through its Transfer Agent, shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and maturity and rate of interest as the surrendered Bond or Bonds.

(b) In all cases in which the privilege of transferring any of the Bonds is exercised, the Transfer Agent shall authenticate and deliver said Bonds in accordance with the provisions of this Bond Resolution.

SECTION 12. (a) Payment of principal on the Bonds shall be made, upon presentation and surrender thereof at the principal office of the Paying Agent, 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.

(b) Payment of each installment of interest on the Bonds 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 Bond subsequent to the Record Date and prior to the due date of the interest.

(c) Principal of and interest on the Bonds shall be paid by check or draft mailed on the Interest Payment Date to Registered Owners at the addresses appearing in the registration records of the Paying Agent. Any such address may be changed by written notice from the Registered Owner to the Paying Agent by certified mail, return receipt requested, or such other method as may be subsequently prescribed by the Paying Agent, such notice to be received by the applicable principal or interest payment date to be effective as of such date.

SECTION 13. The principal of and interest on the Bonds shall be payable solely from a pledge of Net Revenues subject to the prior payment of the reasonable and necessary expense of operating and maintaining the System and the parity lien of the Non-Refunded 2007 Bonds. The Bonds shall not constitute an indebtedness of the City within the meaning of any

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constitutional or statutory restriction, limitation or provision, and the taxing power of the City is not pledged to the payment of the Bonds, either as to principal or interest.

SECTION 14. From and after the issuance and delivery of the Bonds, the System shall be operated on a Fiscal Year basis, commencing on the first day of October, and ending on the last day of September in the following year; provided, however, that the Fiscal Year may be changed upon written notice to the Registered Owners.

SECTION 15. All Revenues shall be set aside as collected by the City and shall be deposited into the Revenue Fund created under the 2007 Resolution securing the 2007 Bonds and any parity indebtedness, including, the Bonds. Moneys in said fund shall not be subject to lien or attachment by any creditor of the City and shall be set aside for, allocated to and deposited by the Clerk to the extent available in the following order of preference in the following separate and special funds, created pursuant to the 2007 Resolution and this Bond Resolution, without further direction of or action by the Governing Body or other authority of the City:

(a) On the first business day of each month, commencing in the first month after delivery of the Bonds, there shall be deposited into the 2007 Operation and Maintenance Fund created under the 2007 Resolution, such amount which will provide for the payment of the Current Expenses to be paid during such calendar month, and, in the event that the aggregate amounts deposited into such fund pursuant to this subsection (a) during the preceding months shall have been insufficient to pay all such expenses, an amount sufficient to repay such deficiencies. The aggregate amounts annually deposited in the 2007 Operation and Maintenance Fund shall at all times equal annual current expenses.

(b) The following deposits shall be made to the 2007 Debt Service Fund and the 2007 Debt Service Reserve Account created under the 2007 Resolution and the 2016 Debt Service Fund and 2016 Debt Service Reserve Fund created under this Bond Resolution:

(i) On the first business day of each month, commencing in the first month after the delivery of the Bonds, there shall be deposited, (a) to the credit of the 2007 Debt Service Fund; provided, however, that the obligation of the City to make any such deposit hereunder shall be reduced by the amount of any reduction under the 2007 Resolution of the amount of the corresponding payment required to be made by the City thereunder (it being understood payment under any insurance policy or reserve policy, if applicable, shall not reduce such obligation), as long as the Non-Refunded 2007 Bonds are outstanding, an amount which, together with equal subsequent monthly deposits on the first business day of each successive month, will provide a sum equal to the amount necessary to pay interest and principal due and payable through the date on which the next installment of principal on the Non-Refunded 2007 Bonds is due; and (b) into the 2016 Debt Service Fund an amount which, together with equal subsequent monthly deposits on the first business day of each successive month, will provide a sum equal to the amount necessary to pay interest and principal due and payable through the date on which the next installment of principal on the Bonds is due.

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(ii) Provided, that in addition to the moneys required to be paid into the funds as set forth in (i) above, moneys shall be paid and/or deposited into the following funds as follows:

(1) as long as the Non-Refunded 2007 Bonds are outstanding, pay to the credit of the 2007 Debt Service Reserve Account created under the 2007 Resolution for the 2007 Bonds, the amount, if any, required to be paid into the 2007 Debt Service Reserve Account in order to ensure that the amount on deposit therein equals the debt service reserve requirement for said 2007 Debt Service Reserve Account established by the provisions of the 2007 Resolution; provided, however, if the amount on deposit in the 2007 Debt Service Reserve Account as valued on the last day of any bond year is more than the debt service reserve requirement for said 2007 Debt Service Reserve Account, the amount of such excess shall be transferred to the 2007 Debt Service Fund; and

(2) deposit to the Debt Service Reserve Fund established under this Bond Resolution amounts sufficient to meet any deficiency in the 2016 Debt Service Fund in future years; provided, however, in order to fully fund the Debt Service Reserve Fund, the Clerk shall immediately upon delivery of the Bonds deposit a portion of the proceeds of the Bonds and/or a portion of any Transferred Proceeds, if applicable, and, if necessary, an additional amount, which, together with amounts already on deposit therein, will be equal to the Debt Service Reserve Requirement at which amount the Debt Service Reserve Fund shall thereafter be maintained by such future payments as may be necessary for that purpose. The Debt Service Reserve Fund shall be used only to pay maturing principal and accruing interest, or both, on the Bonds and only whenever and to the extent that funds otherwise available in the 2016 Debt Service Fund are insufficient for that purpose. No funds paid into the Debt Service Reserve Fund shall be used to prepay the principal unless such prepayment is for the entire balance of the principal amount of the Bonds. If the amount on deposit in the Debt Service Reserve Fund as valued on the last day of any Bond Year is more than the Debt Service Reserve Requirement, the amount of such excess shall be transferred to the 2016 Debt Service Fund. The initial deposit into the Debt Service Reserve Fund may be funded with a Surety Bond.

(c) As long as any Non-Refunded 2007 Bonds remain outstanding, there shall be deposited in the 2007 Contingent Fund such amount as required by the 2007 Resolution and utilized as set forth in the 2007 Resolution. Upon full payment of the Non-Refunded 2007 Bonds, said fund shall survive the discharge of the 2007 Resolution and continue to be funded in an amount of Five Thousand Dollars (\$5,000) (at which amount said fund shall thereafter be maintained by such future payments as may be necessary for that purpose) and be governed by the terms of the Bond Resolution. The 2007 Contingent Fund shall be used for the purpose of paying the cost of unforeseen contingencies arising in the operation and maintenance of the System, including the construction of reasonable and proper improvements, betterments and extensions; provided, however, that in the event the funds otherwise provided for by the Bond Resolution for the payment of the principal of and interest on the Bonds should be insufficient for said purpose, then and in that event, to the extent of any such insufficiency, the amount

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necessary to pay accruing interest and to provide for the payment of the principal as set forth in the Bond Resolution shall be drawn from the 2007 Contingent Fund, together with funds otherwise available, to pay such accruing interest and to provide for the payment of principal as set forth in the Bond Resolution.

(d) As long as any Non-Refunded 2007 Bonds remain outstanding, there shall be deposited in the 2007 Depreciation Fund such amount as required by the 2007 Resolution and utilized as set forth in the 2007 Resolution. Upon full payment of the Non-Refunded 2007 Bonds, said fund shall survive the discharge of the 2007 Resolution and continue to be funded in an amount of Five Thousand Dollars (\$5,000) (at which amount said fund shall thereafter be maintained by such future payments as may be necessary for that purpose) and be governed by the terms of the Bond Resolution. Said 2007 Depreciation Fund shall be used only to replace such parts of the System as may need replacement in order to keep the System operating in an economical and efficient manner; provided however, that in the event of the funds otherwise established by the Bond Resolution for the payment of the principal of and interest on the Bonds shall be insufficient for said purpose, then and in that event, to the extent of any such insufficiency, the amount necessary to pay accruing interest and to provide for the payment of the principal as set forth in the Bond Resolution shall be drawn from the 2007 Depreciation Fund, together with funds otherwise available, to pay such accruing interest and to provide for the payment of principal as set forth in the Bond Resolution.

The Revenue Fund and the 2007 Operation and Maintenance Fund, will survive the payment in full or refunding in advance of maturity of the Non-Refunded 2007 Bonds, while the Bonds, or any indebtedness issued on parity with the Bonds, are outstanding and such funds will be governing by the provisions of this Bond Resolution and any resolution securing said parity indebtedness.

The moneys in the foregoing funds shall be held separate and apart from all other funds of the City and shall be applied in the manner provided, and, pending such application, shall be subject to a lien and charge in favor and for the security of Registered Owners for the Bonds and the registered owners of the Non-Refunded 2007 Bonds until paid out or transferred as herein provided. Any surplus Revenues remaining after all deposits and transfers required or allowed by the Bond Resolution shall be used solely for purposes pertaining to the System.

SECTION 16. If Net Revenues shall be insufficient at any time to make the payments or deposits from the Net Revenues required by Section 15 hereof, the deficiency shall be made good by additional payments to be made out of the first available Net Revenues received during any succeeding month or months.

SECTION 17. Subject to the provisions of the Non-Refunded 2007 Bonds, all sums in the funds referred to in Section 15 hereof shall be kept on deposit in bank accounts separate from all other bank accounts of the City in a bank or banks having Federal Deposit Insurance Corporation insurance of its accounts and at all times shall be continuously secured as provided by the laws of the State of Mississippi for other funds of the City, or, in the discretion of the Governing Body, may be invested as directed in this Bond Resolution in investments authorized under the laws of the State of Mississippi as may now be or hereafter become. Such investments shall mature or be redeemable prior to the time the funds so invested will be needed for expenditure. Any interest or other income received from investments shall accrue to and be

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deposited in the fund which generated such income or to which such income is attributable and applied toward the purposes set forth in such fund.

SECTION 18. The City covenants and agrees with the Registered Owners that it will perform or cause to be performed all duties with respect to the operation and maintenance of the System and with respect to the fixing, maintaining and collecting of the rates, fees and charges for the services thereof, the establishing of the funds herein referred to, and all other matters and things required by law and by this Bond Resolution, and that it will do or cause to be done, in apt time and season, each and every official act necessary for the payment of the principal of and the interest on the Bonds as the same shall mature and accrue.

SECTION 19. The City further covenants with the Registered Owners as follows:

(a) As long as any of the Bonds are outstanding and unpaid, it will operate and maintain the System, or cause the System to be operated and maintained.

(b) As long as any of the Bonds are outstanding and unpaid, it will fix and maintain rates and make and collect charges for the use and service of the System which will at all times provide Net Revenues sufficient: (i) to pay the Current Expenses of the System, and (ii) to provide, as long as the Non-Refunded 2007 Bonds are outstanding, one hundred twenty percent (120%) of the amount of the maximum Principal and Interest Requirements and the payments required to be made to the credit of the 2007 Debt Service Reserve Account and the Debt Service Reserve Fund for the current Bond Year on account of the Bonds and the Non-Refunded 2007 Bonds then outstanding; and (ii) thereafter one hundred ten percent (110%) of the amount of the maximum Principal and Interest Requirements and the payments required to be made to the credit of the Debt Service Reserve Fund for the current Bond Year on account of the Bonds then outstanding.

(c) If the Net Revenues in any Fiscal Year as shown by the City's audit are less than the total amount set forth in subsection (b) of this Section, then the City shall, as promptly as possible, take such actions necessary regarding a revision of such rates, fees and charges or methods of operating the System which will result in producing the required amount in the following Fiscal Year. The City shall, subject to applicable requirements imposed by law, immediately revise such rates, fees and charges and take such other actions respecting the methods of operation of the System as shall in its discretion be deemed necessary. Failure to take such actions or (i) if coverage is less, as long as the Non-Refunded 2007 Bonds are outstanding, than one hundred twenty percent (120%) of the maximum Principal and Interest Requirements of the Bonds and the Non-Refunded 2007 Bonds outstanding and the payment required to be made to the credit of the 2007 Debt Service Fund and the Debt Service Reserve Fund, or (ii) upon full payment of the Non-Refunded 2007 Bonds, if coverage is less than one hundred ten percent (110%) of the maximum Principal and Interest Requirements of the Bonds and the payment required to be made to the credit of the Debt Service Reserve Fund, shall be a breach of the City's covenants herein.

(d) As long as any of the Bonds shall remain outstanding and unpaid, the City shall carry and maintain all-risk insurance upon all the properties forming a part of the System which may be of an insurable nature, such insurance to be of the type and kind and for such amount or amounts as carried and maintained by other municipalities rendering services of a similar

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character in similar communities. The proceeds of all such insurance shall be used only for the maintenance and restoration of the System, or for the payment of the principal of and the interest on the Bonds.

(e) The City shall set up and maintain a proper system of accounts showing the amount of Revenues received from the System and the application thereof. Such accounts shall be separate and distinct from the other accounts of the City and the City, and at least once a year shall be properly audited by independent auditors who shall be certified public accountants. The report of such audit shall be open to the public and to all Registered Owners.

(f) The Registered Owner of any of the Bonds shall be permitted, at all reasonable times, to inspect the System and all records, accounts and data relating thereto, and shall be furnished all data and information relating to the System which may be reasonably requested.

(g) Except as provided for by this Bond Resolution, the City will not create or permit to be created any charge or lien on Net Revenues ranking equal or prior to the charge or lien of the Bonds and the Non-Refunded 2007 Bonds.

SECTION 20. Prior to the commencement of each Fiscal Year, the Governing Body shall cause to be prepared a budget setting out the estimated receipts and expenditures of the System for the then ensuing Fiscal Year. This budget shall contain:

(a) An estimate of the receipts expected to be derived from the operation of the System;

(b) A statement of the estimated cost of operating the System during the next ensuing Fiscal Year;

(c) A statement of the amount of principal and interest due during the ensuing Bond Year;

(d) A statement of what replacements to the System may be anticipated and the estimated cost thereof;

(e) A statement of the total amount anticipated to be payable from Revenues during the next ensuing Fiscal Year; and

(f) A statement of the amount on deposit in each of the funds referred to in Section 15 of this Bond Resolution.

SECTION 21. (a) From and after the issuance of the Bonds, no additional bonds shall be issued or obligations incurred by the City which are payable in whole or in part from or chargeable to Net Revenues (except obligations incurred in the operation and maintenance of the System), unless such additional bonds or obligations are in all respects junior and subordinate to the Bonds and the Non-Refunded 2007 Bonds.

(b) The City shall have the right to issue one or more additional bond series to be secured by a parity lien on and ratably payable from Net Revenues and any other security

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pledged to the Bonds, including the Non-Refunded 2007 Bonds, subject to the provisions of the 2007 Resolution, respectively, regarding parity indebtedness, provided in each instance that:

(i) the Net Revenues available for payments of principal and interest on the Bonds, the Non-Refunded 2007 Bonds for a period of 12 consecutive months during the 18 months preceding the month in which such additional parity bonds are issued must be certified by an accountant to have been at least equal to 120% (as long as the Non-Refunded 2007 Bonds are outstanding) of the highest annual debt service payments in any succeeding Bond Year with respect to the Bonds, the Non-Refunded 2007 Bonds, any other outstanding bonds and the bonds proposed to be issued, and thereafter equal to 110% of the highest annual debt service payments in any succeeding Bond Year with respect to the Bonds, the Non-Refunded 2007 Bonds, any other outstanding bonds and the bonds proposed to be issued; or in lieu of the foregoing formula, if a new schedule of rates, fees and charges for the services, facilities and commodities of the System shall have been adopted, then the Net Revenues available for debt service payments (taking into account such new rates) must be certified by an accountant to have been at least equal to 120% (as long as the Non-Refunded 2007 Bonds are outstanding) of the highest annual debt service payments in any succeeding Bond Year with respect to the Bonds, any other outstanding bonds, and the bonds proposed to be issued, and thereafter equal to 110% of the highest annual debt service payments in any succeeding Bond Year with respect to the Bonds, any other outstanding bonds, and the bonds proposed to be issued during the period set forth above;

(ii) the pledge of and lien on the Net Revenues and amounts on deposit from time to time in the 2007 Debt Service Account, until the Non-Refunded 2007 Bonds are still outstanding, and the 2016 Debt Service Fund shall be extended for the benefit of the Registered Owners of the additional bonds; and

(iii) the resolution under which the proposed bonds are being issued shall provide for the funding of the increase in the Debt Service Reserve Fund resulting from the issuance of such additional bonds from the proceeds of such additional bonds.

(c) The City hereby covenants and agrees that in the event additional series of parity bonds are issued following the final maturity of the Non-Refunded 2007 Bonds, it shall:

(i) Adjust the deposits into the 2016 Debt Service Fund in the following manner: On the first business day of each month, commencing in the first month after the delivery of the additional bonds, there shall be deposited into the 2016 Debt Service Fund an amount which, after taking into account any amounts already on deposit and equal subsequent monthly deposits on the first business day of each successive month, will provide a sum equal to the amount necessary to pay interest and principal due and payable through the date on which the next installment of principal on the Bonds and the additional bonds is due.

(ii) Adjust the amount of the Debt Service Reserve Fund to a sum equal to the lesser of the following: (1) the Debt Service Reserve Fund Requirement as calculated for the Bonds, and such additional parity bonds; and (2) the maximum amount which, if deposited therein, in the opinion of nationally recognized bond counsel, would not

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adversely affect the tax-exempt status of interest on the Bonds and such additional bonds. The additional funds required to provide the lesser of (1) or (2) as set forth in the immediate preceding sentence shall be funded from the proceeds of the additional parity bonds.

(d) The City shall have the right to call, subject to the call provisions of the respective bond series, any or all outstanding bonds which may be called at par prior to calling any bonds that are callable at a premium. If it is provided in any subsequently issued series of bonds secured by a parity lien on Net Revenues that excess moneys in the 2016 Debt Service Fund shall be used to redeem bonds in advance of scheduled maturity or if the City, at its option, undertakes to redeem outstanding bonds in advance of scheduled maturity, it is agreed and understood that:

(i) calls of or prepayment on bonds will apply to each series of bonds on an equal pro rata basis (reflecting the proportion of the original amount of each series of bonds outstanding at the time of such call); and

(ii) calls of bonds for each bond series will be in accordance with the call provisions of the respective bond series.

(e) The City may issue bonds junior and subordinate to the Bonds and the Non-Refunded 2007 Bonds at any time, provided that the issuance of such bonds does not violate any covenant of the City concerning any of its then outstanding bonds.

SECTION 22. (a) The provisions of this Bond Resolution shall constitute a contract between the City and the Registered Owners from time to time of the Bonds, and after the issuance of the Bonds no changes, additions or alterations of any kind shall be made hereto in any manner except upon consent of the Registered Owners of at least sixty-five percent (65%) in principal amount of the Bonds then outstanding, such consent to be evidenced by an instrument or instruments signed by such Registered Owners and duly acknowledged in the manner of a deed for the conveyance of real estate in the State of Mississippi. Such instruments shall contain or be accompanied by proofs of ownership of specified numbers and principal amounts of the Bonds, shall be filed in the office of the Clerk and shall be a public record.

(b) Any and all modifications or alterations made in the manner hereinabove provided shall not become effective until the required consents shall have been filed with the Clerk.

(c) No modifications or alterations to this Bond Resolution shall extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation to pay the principal of or the interest on any of the Bonds at the time and place and at the rate and in the currency as provided therein, without the express consent of the Registered Owner of any of such Bonds, nor reduce the percentage of the Bonds required for the affirmative vote or written consent to a modification or alteration, nor alter or impair the covenants set forth in Sections 18 and 19 hereof.

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SECTION 23. The Bonds and the Non-Refunded 2007 Bonds shall be payable equally and ratably, without regard to the date when the Bonds actually shall be delivered and shall enjoy parity of lien, one with the other, upon Net Revenues.

SECTION 24. A certain portion of the principal proceeds of the Bonds and, if applicable, a portion of the Transferred Proceeds, will be remitted directly to the (a) 2006 Escrow Agent to effectuate the Refunding 2006 Project; (b) 2007 Escrow Agent or 2007 Paying Agent to effectuate the Refunding 2007 Project; and (c) 2009 Escrow Agent to effectuate the Refunding 2009 Project.

SECTION 25. (a) The City hereby establishes the 2016 Costs of Issuance Fund which shall be held by the 2006 Escrow Agent pursuant to the 2006 Escrow Agreement, for and on behalf of the City. A certain portion of the proceeds received upon the sale of the Bonds shall be deposited in the 2016 Costs of Issuance Fund. Any income received from investment of monies in the 2016 Costs of Issuance Fund shall be deposited in the 2016 Costs of Issuance Fund. Funds in the 2016 Costs of Issuance Fund shall be used to pay the costs, fees and expenses incurred by the City in connection with the authorization, issuance, sale, validation, if applicable, and delivery of the Bonds. Any amounts which remain in the 2016 Costs of Issuance Fund after the payment of the costs of issuance for the Bonds shall be transferred by the 2006 Escrow Agent to the City for deposit to the 2016 Debt Service Fund and used as permitted under State law.

(b) The Mayor is hereby authorized and directed to sign requisitions and perform such other acts as may be necessary to authorize the payment by the 2006 Escrow Agent, acting for and on behalf of the City, on the closing date of the Bonds the costs of issuance of said Bonds; provided, however, total costs of issuance for said Bonds shall not exceed five percent (5%) of the par amount of the Bonds (excluding the Underwriter's discount and original issue discount, and any costs associated with the Bond Insurance Policy and Surety Bond, if applicable).

SECTION 26. (a) Upon the occurrence of an event of default, the Registered Owner of any of the Bonds may, by suit, action, mandamus or other proceedings at law or in equity, enforce and compel performance by the appropriate official or officials of the City of any or all acts and duties to be performed by the City under the provisions of the Act and of this Bond Resolution.

(b) Each of the following constitutes an event of default under this Bond Resolution:

(i) failure by the City to pay any installment of principal or Redemption Price of any Bond at the time required;

(ii) failure by the City to pay any installment of interest on any Bond at the time required;

(iii) failure by the City to perform or observe any other covenant, agreement or condition on its part contained in this Bond Resolution or in the Bonds, and the continuance thereof for a period of sixty (60) days after written notice thereof to the City by the Registered Owners of not less than ten percent (10%) in principal amount of the then outstanding Bonds; or

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(iv) an Act of Bankruptcy occurs.

(c) If there be any default in the payment of the principal of and interest on the Bonds, any court having jurisdiction in the proper action may, upon petition of the Registered Owners of a majority in principal amount of the Bonds then outstanding, appoint a receiver to administer and operate the System with power to fix rates and collect charges sufficient to provide for the payment of the Bonds and to pay the expense of operating and maintaining the System in conformity with the provisions of the Act and of this Bond Resolution; provided, however, if the Non-Refunded 2007 Bonds are outstanding, the provisions of this sub-section will be subject to the provisions of the 2007 Resolution.

SECTION 27. At least five (5) days prior to the due date thereof, the Clerk of the City shall remit to the Paying Agent the sum or sums then becoming due as interest, or principal and interest, on the Bonds, plus the sum then due as the charges of the Paying Agent for its services and responsibility under the terms of this Bond Resolution, which charges shall be expenses of operation and shall be charged to and payable from the 2007 Operation and Maintenance Fund referred to in this Bond Resolution.

SECTION 28. The Bonds may be submitted to validation as provided by Sections 31-13-1 to 31-13-11, Mississippi Code of 1972, as amended, and for that purpose the Clerk, if required, is hereby authorized and directed to transmit to the State's Bond Attorney a certified copy of all of the legal papers pertaining to the issuance of the Bonds, including transcripts of records, resolutions, proofs of publication, tabulation or votes and all facts pertaining to the issuance of the Bonds.

SECTION 29. If the City shall pay or cause to be paid to the Registered Owners of the Bonds the principal of, premium, if any, and interest to become due with respect thereto at the times and in the manner stipulated therein and herein, and if the City shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Bond Resolution expressed as to be kept, performed and observed by it or on its part and shall pay or cause to be paid to the Paying Agent all sums of money due or to become due according to the provisions hereof, then the rights of the Registered Owners under the Bond Resolution shall cease, determine and be void, and thereupon the lien of this Bond Resolution on Net Revenues shall be defeased, canceled and discharged.

SECTION 30. The City hereby covenants that it will not make any use of the proceeds of the Bonds or do or suffer any other action that would cause: (i) the 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 Bonds to be included in the gross income of the Registered Owners thereof for federal income taxation purposes; or (iii) the interest on the Bonds to be treated as an item of tax preference under Section 57(a)(5) of the Code.

SECTION 31. The City hereby covenants with regard to the Refunded 2006 Bank Bonds, the Refunded 2007 Bonds and the Refunded 2009 Bank Bonds as follows:

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(a) it has not abandoned, sold or otherwise disposed of any facility, equipment or improvement financed or refinanced directly or indirectly with the proceeds of the 2006 Note, the 2006 Bank Bonds, the 2007 Bonds, the 2009 Note and the 2009 Bank Bonds;

(b) it does not intend to, during the term that any of the Bonds allocable to the Refunding Project are outstanding, abandon, sell or otherwise dispose of any facility, equipment or improvement financed or refinanced directly or indirectly with the proceeds of the 2006 Note, the 2006 Bank Bonds, the 2007 Bonds, the 2009 Note and the 2009 Bank Bonds;

(c) it shall timely file with the Ogden, Utah Service Center of the Internal Revenue Service, such information report or reports as may be required by Section 148(f) and 149(e) of the Code;

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

(e) it will not employ an abusive arbitrage device in connection with the issuance by it of the Bonds which will (1) enable it to obtain a material financial advantage (based on arbitrage) apart from the savings that may be realized as a result of the lower interest rates on the Bonds than on the Refunded 2006 Note, the Refunded 2006 Bank Bonds, the Refunded 2007 Bonds, the Refunded 2009 Note and the Refunded 2009 Bank Bonds and (2) overburden the tax-exempt bond market; and

(f) the amount of "excess gross proceeds", as such term is defined in Income Tax Regulation § 1.148-10(c)(2), of the Bonds allocable to the Refunding Project will not exceed one percent (1%) of the proceeds received from the sale thereof.

SECTION 32. The City covenants that it will make no Prohibited Payments as that term is used in the regulations promulgated under the Code.

SECTION 33. The City does not designate the Bonds as "qualified tax-exempt obligations" as defined in and for the purposes of Section 265(b)(3) of the Code.

SECTION 34. 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 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 last bond that is part of the Bonds 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 Bonds, 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

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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 Bonds 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 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 35. In the event the City receives an opinion of nationally recognized bond counsel to the effect that any of the computations, deposits or payments referenced in Section 34 herein are not required to be made in order to maintain the tax-exempt status of interest on the Bonds, the City need not make such computations, deposits or payments.

SECTION 36. The City shall not hereafter construct, acquire or operate, or permit, or, to the extent permitted by law, consent to the construction, acquisition or operation of, any plants, structures, facilities or properties which may compete or tend to compete with the System; except that nothing in this Bond Resolution contained shall prevent the City from giving its permission or consent to the construction, acquisition or preparation in the area serviced by the System by a Person or facilities for the provision of water and sewer services which the City shall determine are not economically feasible for it to construct or acquire at such time, but which, if constructed or acquired by the City, would carry out the purposes of the City and its System under Sections 21-27-23 and 21-27-41 through 21-27-69, Mississippi Code of 1972, as amended and/or supplemented from time to time, and such facilities pursuant to the terms of such permission or consent will become a part of the System upon notice to such person by the City, either (i) without any cost to or payment by the City, or (ii) upon payment of such amount or cost as the City shall determine to be proper in the circumstances.

SECTION 37. The City covenants that it will (a) diligently enforce and collect all fees, rental or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the laws of the State, and (b) to the full extent permitted by law, under reasonable rules and regulations, shut off and discontinue the supplying of the services and facilities of the System for the non-payment of fees, rentals or other charges for said water services, and will not restore said water services until all delinquent charges, together with interest and reasonable penalties, have been paid in full.

SECTION 38. The City covenants that it will not provide free service to any user of the System unless permitted by State statute.

SECTION 39. The City hereby agrees for the benefit of the holders and beneficial owners of the Bonds for so long as it remains obligated to advance funds to pay the Bonds to

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provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board ("MSRB") through MSRB's Electronic Municipal Market Access system at 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, together with any identifying information or other information then required to accompany the applicable filing (the "Accompanying Information"). This information will be available free to securities brokers and others through EMMA.

The City will provide certain updated financial information and operating data to the MSRB in the Required Electronic Format through EMMA, together with any Accompanying Information. The information to be updated includes all quantitative financial information and operating data with respect to the City as set forth in the Continuing Disclosure Certificate, the form of which is included in the Official Statement. The City will update and provide this information within twelve months after the end of each fiscal year of the City ending in or after September 30, 2016.

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. Any such financial statements will be prepared in accordance with the accounting principles promulgated by the State of Mississippi 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. If the City changes its fiscal year, it will notify the MSRB in the Required Electronic Format through EMMA, together with any Accompanying Information.

Anyone requesting information under the continuing disclosure requirements of SEC Rule 15c2-12 should contact the City Clerk, City Hall, 119 W. 8th Avenue, Southaven, Mississippi 39465, Telephone Number: (601) 545-1776.

The City will also provide notice to the MSRB in the Required Electronic Format through EMMA, 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 Bonds, 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 Bonds; or their failure to perform; (5) adverse tax opinions, IRS notices or events affecting the tax status of the Bonds; (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 MSRB in the Required Electronic Format through EMMA, 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 Bonds, 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 Bonds; (5) the consummation of a

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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 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 Bonds 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 Bonds 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 Bonds, 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 Bonds. 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 41. That the Governing Body of the City hereby approves, adopts and ratifies the Preliminary Official Statement for the sale of the Bonds in substantially the form attached hereto as **EXHIBIT B**. The City hereby deems the Preliminary Official Statement to be "final" as required by Rule 15c2-12(b)(1) of the Securities and Exchange Commission.

SECTION 42. That the distribution of copies of said Preliminary Official Statement to prospective purchasers of the Bonds is hereby authorized and ratified.

SECTION 43. That the Governing Body of the City hereby authorizes the negotiation of the sale of the Bonds to the Underwriter and authorizes the execution by the Mayor and Clerk of the Governing Body of the Bond Purchase Agreement in substantially the same form attached hereto as **EXHIBIT C** for and on behalf of the City, with such completions, changes, insertions and modifications as shall be approved by the officers executing and delivering the same (the execution thereof shall constitute conclusive evidence approval of any such completions, changes, insertions and modifications), and provided that the following parameters are met: (1) the par amount of the Bonds will not exceed \$14,750,000; (2) the net interest cost of the Bonds

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will not exceed 4.00%; (3) the term of the Bonds will not exceed February 1, 2031; and (4) terms and provisions of the Bonds in compliance with the Act.

SECTION 44. Upon the execution of the Bond Purchase Agreement, the Mayor and Clerk are hereby authorized and directed to cause to be prepared and to execute a final Official Statement in connection with the Bonds in substantially the form of the Preliminary Official Statement, subject to minor amendments and supplement as approved by the Mayor and Clerk executing same (the execution thereof shall constitute approval of any such completions, changes, insertions and modifications).

SECTION 45. The Governing Body recognizes and acknowledges that due to uncertain conditions in the municipal bond marketplace from time to time, that it may or may not be determined to be advisable to refund any, all or a portion of the Refunded Bonds at any given time. Therefore the Governing Body does hereby grant authority to the Mayor to provide for the final selection and approval of the obligations, amounts, and maturities of the Refunded Bonds to be refunded with the Bonds.

SECTION 46. The President and Clerk, acting for and on behalf of the City, and the counsel to the City are hereby authorized to apply for a commitment for the provision of a Bond Insurance Policy and/or a Surety Bond. If the City executes a commitment for the provision of a Bond Insurance Policy and/or a Surety Bond for the Bonds and any additional documents and certificates which are required by any provider of such Bond Insurance Policy and/or Surety Bond selected to provide credit enhancement and funding for the Debt Service Reserve Requirement for the Debt Service Reserve Fund, respectively, in connection with the issuance of the Bonds, the Mayor, Clerk and/or any other Authorized Officers of the Governing Body is hereby authorized to approve any changes, insertions and omissions as may be required by the provider of the Bond Insurance Policy and/or Surety Bond to the Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, the 2006 Escrow Agreement, the 2007 Escrow Agreement and the 2009 Escrow Agreement as are approved by the Mayor of the City evidenced by his execution of the commitment for said Bond Insurance Policy and/or Surety Bond and other additional documents and certificates. The Governing Body hereby authorizes and approves the execution of said commitments for said Bond Insurance Policy and/or Surety Bond by the Mayor of the City, for and on behalf of the City, if applicable.

SECTION 47. This resolution shall serve as notice to the 2006 Trustee, the 2007 Paying Agent and the 2009 Trustee of the City's desire to provide for refunding of the Refunded 2006 Bank Bonds, the Refunded 2007 Bonds and the Refunded 2009 Bank Bonds, respectively.

SECTION 48. The form of and the execution by the Mayor or Clerk of the 2006 Bank Bonds Notice of Refunding/Redemption, attached hereto as **EXHIBIT D** is hereby approved.

SECTION 49. The form of and the execution by the Mayor or Clerk of the 2007 Bonds Notice of Notice of Refunding/Redemption, attached hereto as **EXHIBIT E** is hereby approved.

SECTION 50. The form of and the execution by the Mayor or Clerk of the 2009 Bank Bonds Notice of Refunding/Redemption, attached hereto as **EXHIBIT F** is hereby approved.

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SECTION 51. That the Governing Body hereby approves the form of the 2006 Escrow Agreement, the 2007 Escrow Agreement and the 2009 Escrow Agreement, respectively, attached hereto as **EXHIBIT G**, **EXHIBIT H** and **EXHIBIT I**, respectively, for and on behalf of said Governing Body, and authorizes the execution by the Authorized Officers of the Governing Body of the 2006 Escrow Agreement, the 2007 Escrow Agreement and the 2009 Escrow Agreement in substantially the same form for and on behalf of said Governing Body.

SECTION 52. That the Governing Body hereby approves the appointment of the 2006 Escrow Agent, the 2007 Escrow Agent and the 2009 Escrow Agent under the terms and provisions of the 2006 Escrow Agreement, the 2007 Escrow Agreement and the 2009 Escrow Agreement, respectively.

SECTION 53. The Governing Body hereby authorizes the 2006 Escrow Agent, the 2007 Escrow Agent and the 2009 Escrow Agent to make the initial application with the Department of the Treasury, Bureau of Public Debt, Division of Special Investments, Parkersburg, West Virginia for SLGS, if such application is deemed necessary in connection with completing the Refunding 2006 Project, the Refunding 2007 Project and the Refunding 2009 Project, respectively. The Governing Body further authorizes the Mayor and/or Clerk to execute an Escrow Bidding Agent Agreement, as applicable, if such agreement is deemed necessary in connection with completing the Refunding Project.

SECTION 54. The Governing Body authorizes the preparation and submission of the final application for SLGS by the 2006 Escrow Agent, the 2007 Escrow Agent and the 2009 Escrow Agent, respectively, if such application is deemed necessary in connection with completing the Refunding 2006 Project, the Refunding 2007 Project and the Refunding 2009 Project.

SECTION 55. If in the opinion of the City and Bond Counsel, a supplement or amendment to the Preliminary Official Statement and/or Official Statement is necessary to provide proper disclosure for the Bonds, the Governing Body of the City hereby authorizes (a) Bond Counsel to prepare such supplement or amendment to the Preliminary Official Statement and/or the Official Statement in a form and in a manner approved by Bond Counsel, and (b) Bond Counsel and/or the Underwriter for the Bonds to provide distribution of such supplement or amendment to the Preliminary Official Statement and/or Official Statement, as the case may be, in connection with the sale of the Bonds.

SECTION 56. That the City hereby certifies that it will be in compliance with the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") in connection with all applicable bond issues sold, issued and delivered by the City since July 1, 1995, subject to the Rule, prior to the sale of the Bonds.

SECTION 57. The Mayor and Clerk and any other Authorized Officer of the Governing Body are authorized to execute and deliver such resolutions, certificates and other documents as are required for the sale, issuance and delivery of the Bonds.

SECTION 58. 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

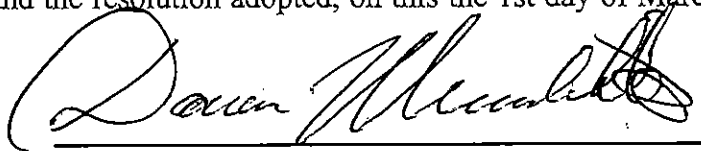
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only to the extent of such conflict. For cause, this Bond Resolution shall become effective upon the adoption hereof.

Alderman Brooks seconded the motion to adopt the foregoing resolution, and the question being put to a roll call vote, the result was as follows:

Alderman William Brooks	Voted: YES
Alderman Kristian Kelly	Voted: YES
Alderman Shirley Kite	Voted: YES
Alderman George Payne	Voted: YES
Alderman Joel Gallagher	Voted: YES
Alderman Scott Ferguson	Voted: YES
Alderman Raymond Flores	Voted: YES

The motion having received the affirmative vote of a majority of the members present, the Mayor declared the motion carried and the resolution adopted, on this the 1st day of March, 2016.



MAYOR

ATTEST:



CITY CLERK



Minutes, City of Southaven, Southaven, Mississippi

EXHIBIT A

[BOND FORM]

UNITED STATES OF AMERICA

STATE OF MISSISSIPPI

CITY OF SOUTHAVEN

COMBINED WATER AND SEWER SYSTEM REVENUE REFUNDING BOND

SERIES 2016

NO. R-_____ \$ _____

Rate of Interest Maturity Date of Original Issue CUSIP
_____ % _____ _____, 2016 _____

Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS

The City of Southaven, 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 Bond, at the principal office of the _____, _____, _____, or its successor, as paying agent (the "Paying Agent") for the Combined Water and Sewer System Revenue Refunding Bonds, Series 2016, of the City (the "Bonds"), on the maturity date identified above, the principal amount identified above. Payment of the principal amount of this Bond shall be made to the Registered Owner hereof who shall appear in the registration records of the City maintained by the _____, _____, _____, or its successor, as transfer agent for the Bonds (the "Transfer Agent"), as of the 15th day of the calendar month preceding the maturity date hereof.

The City further promises to pay interest on such principal amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the rate of interest per annum set forth above, on February 1 and August 1 of each year (each an "Interest Payment Date"), commencing August 1, 2016, 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 15th day of the calendar month preceding the applicable Interest Payment Date.

Payments of principal of and interest on this Bond shall be made by check or draft mailed on the Interest Payment Date to such Registered Owner at his address as it appears on such registration records. The Registered Owner hereof may change such address by written notice to the Transfer Agent by certified mail, return receipt requested, or such other method as may be subsequently prescribed by the Transfer Agent, such notice to be received by the Transfer Agent

Minutes, City of Southaven, Southaven, Mississippi

not later than the 15th day of the calendar month preceding the applicable principal or Interest Payment Date.

This Bond is one of a series of Bonds of like date of original issue, tenor and effect, except as to denomination, number, rate of interest and date of maturity, issued in the aggregate authorized principal amount of not to exceed _____ Dollars (\$_____) to raise money, together with certain transferred proceeds, if applicable, sufficient for (i) (a) the refinance, prepayment and advance refunding of certain outstanding principal installments of the City's Promissory Note (Southaven, Mississippi Water & Sewer System Project), dated March 1, 2006, issued in the original principal amount of \$9,000,000, securing a Loan Agreement, dated March 1, 2006, by and between the City and the Mississippi Development Bank, evidencing a loan between the City and the Mississippi Development Bank, and the subsequent advance refunding and redemption of a portion of the outstanding \$9,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2006 (Southaven, Mississippi Water and Sewer System Project), dated March 1, 2006, issued pursuant to an Indenture of Trust, dated March 1, 2006, by and between the Mississippi Development Bank and Trustmark National Bank, Jackson, Mississippi, (b) the current or advance refunding of a portion of the City's outstanding Combined Water and Sewer System Revenue Bonds, Series 2007, dated August 1, 2007, issued in the original principal amount of \$5,400,000; and (c) the refinance, prepayment and advance refunding of certain outstanding principal installments of the City's Promissory Note (Southaven, Mississippi Water & Sewer System Project), dated February 1, 2009, issued in the original principal amount of \$6,500,000, securing a Loan Agreement, dated February 1, 2009, by and between the City and the Mississippi Development Bank, evidencing a loan between the City and the Mississippi Development Bank, and the subsequent advance refunding and redemption of a portion of the outstanding \$6,500,000 Mississippi Development Bank Special Obligation Bonds, Series 2009 (Southaven, Mississippi Water and Sewer System Project), dated February 1, 2009, issued pursuant to an Indenture of Trust, dated February 1, 2009, by and between the Mississippi Development Bank and Trustmark National Bank, Jackson, Mississippi; (ii) funding a debt service reserve fund, including the premium for a surety bond, if applicable; and (iii) paying costs of issuance for the Bonds, including the premium for the bond insurance policy, if applicable.

This Bond is issued under the authority of the Constitution and statutes of the State of Mississippi, including Sections 31-27-1 et seq., Mississippi Code of 1972, as amended and/or supplemented from time to time, and by the further authority of proceedings duly had by the Mayor and Board of Aldermen of the City, including resolution adopted March 1, 2016 (the "Bond Resolution").

[INSERT REDEMPTION PROVISIONS].

[REMOVE IF NOT APPLICABLE: Notice of redemption identifying the numbers of Bonds or portions thereof to be redeemed shall be given to the Registered Owners thereof by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption. Failure to mail or receive any such notice, or any defect therein or in the mailing thereof, shall not affect the validity of any proceedings for the redemption of Bonds. Any notice mailed as provided herein shall be conclusively presumed to have been given, irrespective of whether received. If such written notice of redemption is made and if due provision for payment of the redemption price is made, all

Minutes, City of Southaven, Southaven, Mississippi

as provided above, the Bonds which are to be redeemed thereby automatically shall be deemed to have been redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the owner to receive the redemption price out of the funds provided for such payment. If at the time of mailing of any notice of redemption, there shall not be on deposit with the Paying Agent sufficient moneys to redeem all of the Bonds called for redemption, such notice shall state that it is subject to the deposit of moneys with the Paying Agent not later than on the redemption date and shall be of no effect unless such moneys are deposited.]

The Bonds are registered as to both principal and interest. The Bonds are to be issued or reissued in the denomination of \$5,000 each, or integral multiples thereof up to the amount of a single maturity.

This Bond may be transferred or exchanged by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal office of the Transfer Agent, but only in the manner, subject to the limitations in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer or exchange, a new Bond or Bonds of like aggregate principal amount in authorized denominations of the same maturity will be issued.

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 principal of and interest on the Bonds shall be payable solely from the Revenues derived from the operation of the combined water and sewer system of the City (the "System"), subject to the prior payment of the reasonable and necessary expense of operating and maintaining the System and the parity lien of the Non-Refunded 2007 Bonds, all as defined and described in the Bond Resolution. The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory restriction, limitation or provision, and the taxing power of the City is not pledged to the payment hereof, either as to principal or interest. Revenues shall be deposited in the Revenue Fund, as defined in the Bond Resolution, and then transferred to the 2016 Debt Service Fund for the payment of principal and interest on the Bonds.

The City covenants and agrees that it will perform all duties required by law and by the Bond Resolution; that it will apply the proceeds of this Bond to the purposes above set forth; that, as long as this Bond is outstanding, it will operate and maintain the System; that it will fix and maintain rates and make and collect charges for the services of the System, without regard to the user thereof, sufficient to provide for the operation and maintenance of the System in good repair and working order, and to provide for the payment of the principal of and interest on this Bond as same shall mature and accrue, all as set forth in the Bond Resolution; and that such an amount of the Net Revenues of the System as will maintain a 2016 Debt Service Fund on this Bond, as the same shall mature and accrue, is hereby irrevocably pledged to said purpose.

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 Bonds, in order to make the same legal and binding limited obligations of the City, according to the terms thereof, do exist, have happened and have been

Minutes, City of Southaven, Southaven, Mississippi

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 Bond, both principal and interest, the full faith and credit of the City are hereby irrevocably pledged.

This 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.

Terms capitalized herein shall have the same meaning as in the Bond Resolution, unless otherwise expressly provided herein.

IN WITNESS WHEREOF, the City has caused this 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 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.

CITY OF SOUTHAVEN, MISSISSIPPI

BY: _____
Mayor

COUNTERSIGNED:

City Clerk

(Seal)

Minutes, City of Southaven, Southaven, Mississippi

There shall be printed in the lower left portion of the face of, or attached to, the Bonds a registration and authentication certificate in substantially the following form:

CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Bond Resolution and is one of the Combined Water and Sewer System Revenue Refunding Bonds, Series 2016, of the City of Southaven, Mississippi.

_____,
as Transfer Agent

BY: _____
Authorized Officer

Date of Registration and Authentication: _____

There shall be printed on the reverse of, or attached to, the Bonds a registration [and validation]certificate and an assignment form in substantially the following form:

REGISTRATION [AND VALIDATION] CERTIFICATE

STATE OF MISSISSIPPI
COUNTY OF DESOTO
CITY OF SOUTHAVEN

I, the undersigned City Clerk of the City of Southaven, Mississippi, do hereby certify that the within 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 DeSoto County, Mississippi, rendered on the ____ day of ____, 2016].

City Clerk

(Seal)

Minutes, City of Southaven, Southaven, Mississippi

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____, _____, Mississippi, as Transfer Agent to transfer the said Bond on the records kept for registration thereof with full power of substitution in the premises.

NOTICE: The signature to this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular manner, without any alteration whatever.

Signatures guaranteed:

NOTICE: Signature(s) must be guaranteed by an approved eligible guarantor institution, an institution that is a participant in a Securities Transfer Association recognized signature guarantee program.

(Authorized Officer)

Date of Assignment: _____

Insert Social Security Number or Other
Tax Identification Number of Assignee: _____

Minutes, City of Southaven, Southaven, Mississippi

EXHIBIT A

[BOND FORM]

UNITED STATES OF AMERICA

STATE OF MISSISSIPPI

CITY OF SOUTHAVEN

COMBINED WATER AND SEWER SYSTEM REVENUE REFUNDING BOND

SERIES 2016

NO. R-_____ \$ _____

<u>Rate of Interest</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____%	_____	_____, 2016	_____

Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS

The City of Southaven, 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 Bond, at the principal office of the _____, _____, or its successor, as paying agent (the "Paying Agent") for the Combined Water and Sewer System Revenue Refunding Bonds, Series 2016, of the City (the "Bonds"), on the maturity date identified above, the principal amount identified above. Payment of the principal amount of this Bond shall be made to the Registered Owner hereof who shall appear in the registration records of the City maintained by the _____, _____, or its successor, as transfer agent for the Bonds (the "Transfer Agent"), as of the 15th day of the calendar month preceding the maturity date hereof.

The City further promises to pay interest on such principal amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the rate of interest per annum set forth above, on February 1 and August 1 of each year (each an "Interest Payment Date"), commencing August 1, 2016, 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 15th day of the calendar month preceding the applicable Interest Payment Date.

Payments of principal of and interest on this Bond shall be made by check or draft mailed on the Interest Payment Date to such Registered Owner at his address as it appears on such registration records. The Registered Owner hereof may change such address by written notice to the Transfer Agent by certified mail, return receipt requested, or such other method as may be subsequently prescribed by the Transfer Agent, such notice to be received by the Transfer Agent

Minutes, City of Southaven, Southaven, Mississippi

not later than the 15th day of the calendar month preceding the applicable principal or Interest Payment Date.

This Bond is one of a series of Bonds of like date of original issue, tenor and effect, except as to denomination, number, rate of interest and date of maturity, issued in the aggregate authorized principal amount of not to exceed _____ Dollars (\$_____) to raise money, together with certain transferred proceeds, if applicable, sufficient for (i) (a) the refinance, prepayment and advance refunding of certain outstanding principal installments of the City's Promissory Note (Southaven, Mississippi Water & Sewer System Project), dated March 1, 2006, issued in the original principal amount of \$9,000,000, securing a Loan Agreement, dated March 1, 2006, by and between the City and the Mississippi Development Bank, evidencing a loan between the City and the Mississippi Development Bank, and the subsequent advance refunding and redemption of a portion of the outstanding \$9,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2006 (Southaven, Mississippi Water and Sewer System Project), dated March 1, 2006, issued pursuant to an Indenture of Trust, dated March 1, 2006, by and between the Mississippi Development Bank and Trustmark National Bank, Jackson, Mississippi, (b) the current or advance refunding of a portion of the City's outstanding Combined Water and Sewer System Revenue Bonds, Series 2007, dated August 1, 2007, issued in the original principal amount of \$5,400,000; and (c) the refinance, prepayment and advance refunding of certain outstanding principal installments of the City's Promissory Note (Southaven, Mississippi Water & Sewer System Project), dated February 1, 2009, issued in the original principal amount of \$6,500,000, securing a Loan Agreement, dated February 1, 2009, by and between the City and the Mississippi Development Bank, evidencing a loan between the City and the Mississippi Development Bank, and the subsequent advance refunding and redemption of a portion of the outstanding \$6,500,000 Mississippi Development Bank Special Obligation Bonds, Series 2009 (Southaven, Mississippi Water and Sewer System Project), dated February 1, 2009, issued pursuant to an Indenture of Trust, dated February 1, 2009, by and between the Mississippi Development Bank and Trustmark National Bank, Jackson, Mississippi; (ii) funding a debt service reserve fund, including the premium for a surety bond, if applicable; and (iii) paying costs of issuance for the Bonds, including the premium for the bond insurance policy, if applicable.

This Bond is issued under the authority of the Constitution and statutes of the State of Mississippi, including Sections 31-27-1 et seq., Mississippi Code of 1972, as amended and/or supplemented from time to time, and by the further authority of proceedings duly had by the Mayor and Board of Aldermen of the City, including resolution adopted March 1, 2016 (the "Bond Resolution").

[INSERT REDEMPTION PROVISIONS].

[REMOVE IF NOT APPLICABLE: Notice of redemption identifying the numbers of Bonds or portions thereof to be redeemed shall be given to the Registered Owners thereof by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption. Failure to mail or receive any such notice, or any defect therein or in the mailing thereof, shall not affect the validity of any proceedings for the redemption of Bonds. Any notice mailed as provided herein shall be conclusively presumed to have been given, irrespective of whether received. If such written notice of redemption is made and if due provision for payment of the redemption price is made, all

Minutes, City of Southaven, Southaven, Mississippi

as provided above, the Bonds which are to be redeemed thereby automatically shall be deemed to have been redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the owner to receive the redemption price out of the funds provided for such payment. If at the time of mailing of any notice of redemption, there shall not be on deposit with the Paying Agent sufficient moneys to redeem all of the Bonds called for redemption, such notice shall state that it is subject to the deposit of moneys with the Paying Agent not later than on the redemption date and shall be of no effect unless such moneys are deposited.]

The Bonds are registered as to both principal and interest. The Bonds are to be issued or reissued in the denomination of \$5,000 each, or integral multiples thereof up to the amount of a single maturity.

This Bond may be transferred or exchanged by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal office of the Transfer Agent, but only in the manner, subject to the limitations in the Bond Resolution, and upon surrender and cancellation of this Bond. Upon such transfer or exchange, a new Bond or Bonds of like aggregate principal amount in authorized denominations of the same maturity will be issued.

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 principal of and interest on the Bonds shall be payable solely from the Revenues derived from the operation of the combined water and sewer system of the City (the "System"), subject to the prior payment of the reasonable and necessary expense of operating and maintaining the System and the parity lien of the Non-Refunded 2007 Bonds, all as defined and described in the Bond Resolution. The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory restriction, limitation or provision, and the taxing power of the City is not pledged to the payment hereof, either as to principal or interest. Revenues shall be deposited in the Revenue Fund, as defined in the Bond Resolution, and then transferred to the 2016 Debt Service Fund for the payment of principal and interest on the Bonds.

The City covenants and agrees that it will perform all duties required by law and by the Bond Resolution; that it will apply the proceeds of this Bond to the purposes above set forth; that, as long as this Bond is outstanding, it will operate and maintain the System; that it will fix and maintain rates and make and collect charges for the services of the System, without regard to the user thereof, sufficient to provide for the operation and maintenance of the System in good repair and working order, and to provide for the payment of the principal of and interest on this Bond as same shall mature and accrue, all as set forth in the Bond Resolution; and that such an amount of the Net Revenues of the System as will maintain a 2016 Debt Service Fund on this Bond, as the same shall mature and accrue, is hereby irrevocably pledged to said purpose.

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 Bonds, in order to make the same legal and binding limited obligations of the City, according to the terms thereof, do exist, have happened and have been

Minutes, City of Southaven, Southaven, Mississippi

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 Bond, both principal and interest, the full faith and credit of the City are hereby irrevocably pledged.

This 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.

Terms capitalized herein shall have the same meaning as in the Bond Resolution, unless otherwise expressly provided herein.

IN WITNESS WHEREOF, the City has caused this 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 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.

CITY OF SOUTHAVEN, MISSISSIPPI

BY: _____
Mayor

COUNTERSIGNED:

City Clerk

(Seal)

Minutes, City of Southaven, Southaven, Mississippi

There shall be printed in the lower left portion of the face of, or attached to, the Bonds a registration and authentication certificate in substantially the following form:

CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This Bond is one of the Bonds described in the within mentioned Bond Resolution and is one of the Combined Water and Sewer System Revenue Refunding Bonds, Series 2016, of the City of Southaven, Mississippi.

_____,
as Transfer Agent

BY: _____
Authorized Officer

Date of Registration and Authentication: _____

There shall be printed on the reverse of, or attached to, the Bonds a registration [and validation] certificate and an assignment form in substantially the following form:

REGISTRATION [AND VALIDATION] CERTIFICATE

STATE OF MISSISSIPPI
COUNTY OF DESOTO
CITY OF SOUTHAVEN

I, the undersigned City Clerk of the City of Southaven, Mississippi, do hereby certify that the within 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 DeSoto County, Mississippi, rendered on the ____ day of ____, 2016].

City Clerk

(Seal)

Minutes, City of Southaven, Southaven, Mississippi

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____, _____, Mississippi, as Transfer Agent to transfer the said Bond on the records kept for registration thereof with full power of substitution in the premises.

NOTICE: The signature to this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular manner, without any alteration whatever.

Signatures guaranteed:

NOTICE: Signature(s) must be guaranteed by an approved eligible guarantor institution, an institution that is a participant in a Securities Transfer Association recognized signature guarantee program.

(Authorized Officer)

Date of Assignment: _____

Insert Social Security Number or Other
Tax Identification Number of Assignee: _____

Minutes, City of Southaven, Southaven, Mississippi

EXHIBIT B

FORM OF PRELIMINARY OFFICIAL STATEMENT

Minutes, City of Southaven, Southaven, Mississippi

EXHIBIT C

FORM OF BOND PURCHASE AGREEMENT

Minutes, City of Southaven, Southaven, Mississippi

EXHIBIT D

FORM OF NOTICE OF REFUNDING/REDEMPTION FOR 2006 BANK BONDS

Minutes, City of Southaven, Southaven, Mississippi

_____, 2016

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mississippi Development Bank
Attn: Executive Director
735 Riverside Drive, Suite 300
Jackson, MS 39202

Trustmark National Bank
Attn: Corporate Trust Administration
248 East Capitol, Suite 820
Jackson, MS 39201

RE: Advance refunding of certain outstanding principal installments of the City of Southaven, Mississippi (the "City") \$9,000,000 Promissory Note (Southaven, Mississippi Water & Sewer System Project), dated March 1, 2006 (the "2006 Note"), maturing on March 1 in the years 2018 through 2031, both inclusive (the "Refunded 2006 Note") securing a Loan Agreement, dated March 1, 2006 (the "2006 Loan Agreement"), by and between the City and the Mississippi Development Bank and the subsequent advance refunding of a portion of the outstanding \$9,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2006 (Southaven, Mississippi Water and Sewer System Project), dated March 1, 2006 (the "2006 Bank Bonds"), maturing on March 1 in the years 2018 through 2031, both inclusive (the "Refunded 2006 Bank Bonds") and the redemption of the Refunded 2006 Bank Bonds maturing on March 1 in the years 2018 through 2031, both inclusive (the "Callable 2006 Bank Bonds")

Dear Sir:

The Mayor and Board of Aldermen (the "Governing Body") of the City of Southaven, Mississippi (the "Issuer"), acting for and on behalf of the Issuer, did adopt a resolution, which authorized the advance refunding of the Refunded 2006 Bank Bonds and the optional redemption of the Callable 2006 Bank Bonds at a redemption price of 100%. The Governing Body does hereby irrevocably exercise its option to refinance, prepay and advance refund the Refunded 2006 Note under the provisions of the 2006 Loan Agreement and advance refund the Refunded 2006 Bank Bonds under the provisions of the Indenture of Trust, dated March 1, 2006 (the "2006 Indenture"), by and between the Mississippi Development Bank and Trustmark National Bank, Jackson, Mississippi, as trustee (the "2006 Trustee") and to optionally redeem at a redemption price of 100% the Callable 2006 Bank Bonds effective March 1, 2017. Such optional redemption shall be carried out in accordance with the provisions of the 2006 Loan Agreement and the 2006 Indenture and the 2006 Trustee is hereby authorized to utilize the funds provided to it by Trustmark National Bank, as Escrow Agent (the "Escrow Agent") for such optional redemption, said funds being provided from the proceeds of the Issuer's Combined Water and Sewer System Revenue Refunding Bonds, Series 2016, to be dated the date of delivery thereof,

Minutes, City of Southaven, Southaven, Mississippi

to be issued in the principal amount of not to exceed _____ Dollars (\$____,000) (the "Bonds").

From the date of the issuance of the Bonds, the 2006 Trustee shall provide for the payment of principal of and interest on the Refunded 2006 Bank Bonds including the redemption price of the Callable 2006 Bank Bonds from the funds (together with interest earnings thereon) provided to it by the Escrow Agent.

It is the responsibility of the 2006 Trustee to assure that all publications and form of redemption notices conform to the requirements of the 2006 Indenture.

Sincerely,

(Type Name of Mayor or Clerk of the City of
Southaven, Mississippi)

Cc: Municipal Securities Rulemaking Board (via <http://emma.msrb.org>)
Ambac Assurance Corporation (via notices@ambac.com)
RE: Financial Guaranty Insurance Policy No. 25050BE
Surety Bond No. SB2238BE

Minutes, City of Southaven, Southaven, Mississippi

EXHIBIT E

FORM OF NOTICE OF REFUNDING/REDEMPTION FOR 2007 BONDS

Minutes, City of Southaven, Southaven, Mississippi

_____, 2016

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Regions Bank
Attn: Corporate Trust
1900 5th Avenue North, 25th Floor
Birmingham, AL 35203

RE: Current or Advance refunding of certain outstanding maturities of the City of Southaven, Mississippi \$5,400,000 Combined Water and Sewer System Revenue Bonds, Series 2007 (the "2007 Bonds"), maturing on August 1 in the years 2017 through 2027, both inclusive (the "Refunded 2007 Bonds") and the redemption of the Refunded 2007 Bonds maturing on August 1 in the years 2017 through 2027, both inclusive (the "Callable 2007 Bonds")

Dear Sir:

The Mayor and Board of Aldermen (the "Governing Body") of the City of Southaven, Mississippi (the "Issuer"), acting for and on behalf of the Issuer, did adopt a resolution, which authorized the current or advance refunding of the Refunded 2007 Bonds and the optional redemption of the Callable 2007 Bonds at a redemption price of 100%. The Governing Body does hereby irrevocably exercise its option to current or advance refund the Refunded 2007 Bonds under the provisions of the bond resolution adopted by the City on August 7, 2007, as amended September 4, 2007 (together, the "2007 Resolution") and to optionally redeem at a redemption price of 100% the Callable 2007 Bonds effective August 1, 2016. Such optional redemption shall be carried out in accordance with the provisions of the 2007 Resolution and Regions Bank, Birmingham, Alabama, as paying agent (the "2007 Paying Agent") is hereby authorized to utilize the funds provided to it by Regions Bank, as Escrow Agent (the "Escrow Agent") for such optional redemption, said funds being provided from the proceeds of the Issuer's Combined Water and Sewer System Revenue Refunding Bonds, Series 2016, to be dated the date of delivery thereof, to be issued in the principal amount of not to exceed _____ Dollars (\$____,000) (the "Bonds").

From the date of the issuance of the Bonds, the 2007 Paying Agent shall provide for the payment of principal of and interest on the Refunded 2007 Bonds including the redemption price of the Callable 2007 Bonds from the funds (together with interest earnings thereon) provided to it by the Escrow Agent.

It is the responsibility of the 2007 Paying Agent to assure that all publications and form of redemption notices conform to the requirements of the 2007 Resolution.

Sincerely,

(Type Name of Mayor or Clerk of the City of
Southaven, Mississippi)

Cc: Municipal Securities Rulemaking Board (via <http://emma.msrb.org>)
Assured Guaranty Municipal Corp., (formerly known as Financial Security Assurance Inc.), 31
West 52nd Street, New York, New York 10019, Attn: Managing Director – Public Finance
Surveillance, RE: Municipal Bond Insurance Policy No. 209058-N and Municipal Bond
Debt Service Reserve Insurance Policy No. 209058-R_____

Minutes, City of Southaven, Southaven, Mississippi

EXHIBIT F

FORM OF NOTICE OF REFUNDING/REDEMPTION FOR 2009 BANK BONDS

Minutes, City of Southaven, Southaven, Mississippi

_____, 2016

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mississippi Development Bank
Attn: Executive Director
735 Riverside Drive, Suite 300
Jackson, MS 39202

Trustmark National Bank
Attn: Corporate Trust Administration
248 East Capitol, Suite 820
Jackson, MS 39201

RE: Advance refunding of certain outstanding principal installments of the City of Southaven, Mississippi (the "City") \$6,500,000 Promissory Note (Southaven, Mississippi Water & Sewer System Project), dated February 1, 2009 (the "2009 Note"), maturing on February 1 in the years 2019 through 2029, both inclusive (the "Refunded 2009 Note") securing a Loan Agreement, dated February 1, 2009 (the "2009 Loan Agreement"), by and between the City and the Mississippi Development Bank and the subsequent advance refunding of a portion of the outstanding \$6,500,000 Mississippi Development Bank Special Obligation Bonds, Series 2009 (Southaven, Mississippi Water and Sewer System Project), dated February 1, 2009 (the "2009 Bank Bonds"), maturing on February 1 in the years 2019 through 2029 (the "Refunded 2009 Bank Bonds") and the redemption of the Refunded 2009 Bank Bonds maturing on February 1 in the years 2019 through 2029, both inclusive (the "Callable 2009 Bank Bonds")

Dear Sir:

The Mayor and Board of Aldermen (the "Governing Body") of the City of Southaven, Mississippi (the "Issuer"), acting for and on behalf of the Issuer, did adopt a resolution (an executed copy of which is attached), which authorized the advance refunding of the Refunded 2009 Bank Bonds and the optional redemption of the Callable 2009 Bank Bonds at a redemption price of 100%. The Governing Body does hereby irrevocably exercise its option to refinance, prepay and advance refund the Refunded 2009 Note under the provisions of the 2009 Loan Agreement and advance refund the Refunded 2009 Bank Bonds under the provisions of the Indenture of Trust, dated February 1, 2009 (the "2009 Indenture"), by and between the Mississippi Development Bank and Trustmark National Bank, Jackson, Mississippi, as trustee (the "2009 Trustee") and to optionally redeem at a redemption price of 100% the Callable 2009 Bank Bonds effective February 1, 2018. Such optional redemption shall be carried out in accordance with the provisions of the 2009 Loan Agreement and the 2009 Indenture and the 2009 Trustee is hereby authorized to utilize the funds provided to it by Trustmark National Bank, Jackson, Mississippi, as Escrow Agent, for such optional redemption, said funds being provided from the proceeds of the Issuer's Combined Water and Sewer System Revenue Refunding Bonds, Series 2016, to be dated the date of delivery thereof, to be issued in the principal amount of not to exceed _____ Dollars (\$____,000) (the "Bonds").

Minutes, City of Southaven, Southaven, Mississippi

From the date of the issuance of the Bonds, the 2009 Trustee shall provide for the payment of principal of and interest on the Refunded 2009 Bank Bonds including the redemption price of the Callable 2009 Bank Bonds from the funds (together with interest earnings thereon) provided to it by the Escrow Agent.

It is the responsibility of the 2009 Trustee to assure that all publications and form of redemption notices conform to the requirements of the 2009 Indenture.

Sincerely,

(Type Name of Mayor or Clerk of the City of
Southaven, Mississippi)

Cc: Municipal Securities Rulemaking Board (via <http://emma.msrb.org>)

Minutes, City of Southaven, Southaven, Mississippi

EXHIBIT G
FORM OF 2006 ESCROW AGREEMENT

Minutes, City of Southaven, Southaven, Mississippi

EXHIBIT H

FORM OF 2007 ESCROW AGREEMENT

Minutes, City of Southaven, Southaven, Mississippi

EXHIBIT I

FORM OF 2009 ESCROW AGREEMENT

Minutes, City of Southaven, Southaven, Mississippi

EXHIBIT B

FORM OF PRELIMINARY OFFICIAL STATEMENT

Minutes, City of Southaven, Southaven, Mississippi

PRELIMINARY OFFICIAL STATEMENT DATED 2016

NEW ISSUE-BOOK ENTRY

RATINGS: Standard & Poor's " _____ "

(See "RATINGS" herein)

In the opinion of Butler Snow LLP, Ridgeland, Mississippi, as Bond Counsel, assuming continuing compliance by the City of Southaven, Mississippi with the tax covenants and representations described herein, under existing law, interest on the Bonds (defined herein) is excludable from federal gross income pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific item of tax preference under Section 57 of the Code for the 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. Bond Counsel is of the further opinion that interest on the Bonds is exempt from State of Mississippi income taxation under existing laws. See "TAX EXEMPTION" herein.

\$____,000*

COMBINED WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS

SERIES 2016

OF THE

CITY OF SOUTHAVEN, MISSISSIPPI

Dated: Date of Delivery

Due: February 1, as shown

on inside front cover

The Bonds are being issued for the purpose of providing for the (1)(a) refinance, prepayment and advance refunding of a portion of the outstanding principal installments of the City of Southaven, Mississippi (the "City") \$9,000,000 Promissory Note (Southaven, Mississippi Water & Sewer System Project), dated March 1, 2006, securing the Loan Agreement, dated March 1, 2006, by and between the City and the Mississippi Development Bank (the "Bank") and the refunding and redemption of a portion of the outstanding Bank's \$9,000,000 Special Obligation Bonds, Series 2006 (Southaven, Mississippi Water and Sewer System Project), dated March 1, 2006, (b) current or advance refunding of a portion of the outstanding maturities of the City's \$5,400,000 Combined Water and Sewer System Revenue Bonds, Series 2007, dated August 1, 2007; and (c) refinance, prepayment and advance refunding of a portion of the outstanding principal installments of the City's \$6,500,000 Promissory Note (Southaven, Mississippi Water & Sewer System Project), dated February 1, 2009, securing the Loan Agreement, dated February 1, 2009, by and between the City and the Bank and the refunding and redemption of a portion of the outstanding Bank's \$6,500,000 Special Obligation Bonds, Series 2009 (Southaven, Mississippi Water and Sewer System Project), dated February 1, 2009, all as set forth herein in order to provide debt service savings for the City; (2) funding the Debt Service Reserve Fund, including, if applicable, the payment of the premium for the Surety Bond (all as defined herein); and (3) paying for the costs of issuance of the Bonds, including, if applicable, the premium for the Bond Insurance Policy (as defined herein). Interest on the Bonds is payable from the date thereof, semiannually on February 1 and August 1 of each year (each an "Interest Payment Date"), commencing August 1, 2016. Except as set forth herein, interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent to the Registered Owners. Principal of the Bonds is payable at the principal corporate trust office of Trustmark National Bank, Jackson, Mississippi, Paying Agent

The Bonds are issuable as fully registered instruments and will be initially issued only in book-entry form, under a book-entry system (described herein) in which The Depository Trust Company ("DTC") is the securities depository for the Bonds, to the nominee of DTC (Cede & CO.), with no physical delivery of Bond certificates to the purchasers thereof. Principal and interest payments on the Bonds will be paid to the DTC nominee, which will distribute such payments to the participating members of DTC for subsequent remittance to the owners of the beneficial interest in the Bonds. Such beneficial owners will be permitted to exercise the rights of holders of Bonds only indirectly through DTC and its participating members.

The Bonds will be subject to redemption prior to maturity as set forth herein.

The Bonds will be issued under and in conformity with the Constitution and Laws of the State of Mississippi and pursuant to the Bond Resolution adopted by the Mayor and Board of Aldermen of the City on March 1, 2016. The Bonds will be payable solely from and secured by a lien on Net Revenues derived from the operation of the combined water and sewer system of the City (the "System"), subject to the prior payment of the reasonable and necessary expense of operating and maintaining the System and the parity lien of the

* Preliminary, subject to change.

Minutes, City of Southaven, Southaven, Mississippi

City's Non-Refunded 2007 Bonds, as herein described. The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory restriction, limitation or provision, and the taxing power of the City is not pledged to the payment hereof, either as to principal or interest.

The Bonds will not be designated by the City as "qualified tax exempt obligations" for purposes of Section 265(b)(3)(c) of the Internal Revenue Code of 1986, as amended.

[The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed by a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by _____.]

[INSERT LOGO OF BOND INSURER]

The Bonds are being offered for delivery when, as and if issued and received by the Underwriter, subject to the final approving opinion of Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel. Certain legal matters will be passed upon for the City by Butler Snow LLP, Southaven, Mississippi, Counsel for the City, and for the Underwriter by the Law Offices of Andy J. Clark, PLLC in connection with the sale and issuance of the Bonds. Government Consultants Inc., Jackson, Mississippi is serving as Municipal Advisor to the City. It is anticipated that the Bonds will be available for delivery on or about _____, 2016.

RAYMOND JAMES

The date of this Official Statement is _____, 2016.

Minutes, City of Southaven, Southaven, Mississippi

MATURITY SCHEDULE*

<u>YEAR OF</u> <u>MATURITY</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>PRICE OR</u> <u>YIELD</u>	<u>CUSIP**</u> <u>_____</u>
		%	%	

*Preliminary, subject to change.

**The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Bonds only. The City and Underwriter do not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of the Bonds.

Minutes, City of Southaven, Southaven, Mississippi

NO DEALER, BROKER, SALES REPRESENTATIVE OR OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED HEREIN AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CITY. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER, SOLICITATION OR SALE. 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 CITY SINCE THE DATE HEREOF.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE CITY, DTC, THE BOND INSURER (AS DEFINED HEREIN) AND FROM OTHER SOURCES WHICH ARE BELIEVED RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY THE UNDERWRITER SHOWN ON THE COVER HEREOF OR THE CITY. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE OF THE BONDS SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE SINCE THE DATE HEREOF IN THE MATTERS WHICH ARE MATERIAL TO THE FULL AND PUNCTUAL PAYMENT OF DEBT SERVICE ON THE BONDS.

UPON ISSUANCE, THE BONDS WILL NOT BE REGISTERED BY THE CITY UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY, OTHER THAN THE CITY (TO THE EXTENT DESCRIBED HEREIN), WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE BONDS FOR SALE.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT MAY STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE BOND INSURER MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, THE BOND INSURER HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING THE BOND INSURER SUPPLIED BY THE BOND INSURER AND PRESENTED UNDER THE CAPTION "BOND INSURANCE" AND "APPENDIX F - SPECIMEN BOND INSURANCE POLICY" HEREIN.

Minutes, City of Southaven, Southaven, Mississippi

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Minutes, City of Southaven, Southaven, Mississippi

CITY OF SOUTHAVEN, MISSISSIPPI

DARREN MUSSELWHITE
MAYOR

BOARD OF ALDERMEN

KRISTIAN KELLY
SHIRLEY KITE
GEORGE PAYNE
JOEL GALLAGER
SCOTT FERGUSON
RAYMOND FLORES
WILLIAM BROOKS

ANDREA MULLEN
CITY CLERK

BUTLER SNOW LLP
RIDGELAND, MISSISSIPPI
CITY ATTORNEY

LAW OFFICES OF ANDY J. CLARK, PLLC
UNDERWRITER'S COUNSEL

GOVERNMENT CONSULTANTS, INC.
JACKSON, MISSISSIPPI
FINANCIAL ADVISOR

BUTLER SNOW LLP
RIDGELAND, MISSISSIPPI
BOND COUNSEL

Minutes, City of Southaven, Southaven, Mississippi

CITY ATTORNEY

LAW OFFICES OF ANDY J. CLARK, PLLC

UNDERWRITER'S COUNSEL

GOVERNMENT CONSULTANTS, INC.

JACKSON, MISSISSIPPI

FINANCIAL ADVISOR

BUTLER SNOW LLP

RIDGELAND, MISSISSIPPI

BOND COUNSEL

Minutes, City of Southaven, Southaven, Mississippi

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Minutes, City of Southaven, Southaven, Mississippi

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Minutes, City of Southaven, Southaven, Mississippi

OFFICIAL STATEMENT

\$____,000*

COMBINED WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS

SERIES 2016

OF THE

CITY OF SOUTHAVEN, MISSISSIPPI

INTRODUCTION

The purpose of this Official Statement is to set forth certain information in connection with the sale of the \$____,000* Combined Water and Sewer System Revenue Refunding Bonds, Series 2016, dated _____, 2016 (the "Bonds"), of the City of Southaven, Mississippi (the "City"). The City is a political subdivision incorporated under the laws of the State of Mississippi.

Reference is made to the Act as hereinafter defined, the Bond Resolution as hereinafter defined and any and all modifications and amendments thereof for a description of the authority of the City to issue the Bonds, the nature and extent of the security of, the principal of and interest on the Bonds and the terms and conditions under which the Bonds are issued.

THE BONDS

Definitions

* Preliminary, subject to change.

Minutes, City of Southaven, Southaven, Mississippi

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 Sections 31-27-1 et seq., Mississippi Code of 1972, as amended and/or supplemented from time to time.

"Act of Bankruptcy" shall mean the filing of a petition in bankruptcy by or against the City under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect.

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

"Authorized Officer" shall mean the Mayor of the City, the Clerk of the City 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, a public body corporate and politic of the State of Mississippi, exercising essential public functions and organized under the provisions of the Sections 31-25-1 et seq., Mississippi Code of 1972, as amended and/or supplemented from time to time.

"Beneficial Owner" shall mean, 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" or "Bonds" shall mean the \$_____ Combined Water and Sewer System Revenue Refunding Bonds, Series 2016 of the City authorized and directed to be issued in the Bond Resolution.

"Bond Counsel" shall mean shall mean Butler Snow LLP, Ridgeland, Mississippi.

"Bond Insurance Policy" means the financial guaranty insurance policy issued by the Bond Insurer guaranteeing the scheduled payment of the principal of and interest on the Bonds when due.

"Bond Insurer" or "Insurer" means _____, or any successor thereto or assignee thereof.

"Bond Purchase Agreement" shall mean the Bond Purchase Agreement, dated the date of the sale of the Bonds, by and between the City and the Underwriter.

"Bond Resolution" shall mean the Bond Resolution adopted by the Governing Body of the City on _____, 2016.

"Bond Year" shall mean the period commencing on the date of the delivery of the Bonds through February 1, 2017 and each twelve (12) month period thereafter, commencing with the period ending February 1, 2018, until final maturity of the Bonds.

Minutes, City of Southaven, Southaven, Mississippi

"Bondholder" or "Bondholders" or "Holder" or "Holders" or any similar term shall mean the registered owner of any Bond.

"Book-Entry System" shall mean a book-entry system established and operated for the recordation of Beneficial Owners of the Bonds as described under the section entitled "Book-Entry Only System" herein.

"Business Day" shall mean any day, other than a Saturday or Sunday, on which the Paying Agent 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.

"Callable Bonds" shall mean together, the Callable 2006 Bank Bonds, the Callable 2007 Bonds and the Callable 2009 Bank Bonds.

"Callable 2006 Bank Bonds" shall mean the 2006 Bank Bonds which mature on March 1 in the years 2018 through 2031, both inclusive; ; or shall include such outstanding 2006 Bank Bonds maturing on March 1 in the years as determined in the Bond Purchase Agreement.

"Callable 2007 Bonds" shall mean the 2007 Bonds which mature on August 1 in the years 2017 through 2027, both inclusive; or shall include such outstanding 2007 Bonds maturing on August 1 in the years as determined in the Bond Purchase Agreement.

"Callable 2009 Bank Bonds" shall mean the 2009 Bank Bonds which mature on February 1 in the years 2019 through 2029, both inclusive; or shall include such outstanding 2009 Bank Bonds maturing on February 1 in the years as determined in the Bond Purchase Agreement.

"City" shall mean the City of Southaven, Mississippi.

"Clerk" shall mean the City Clerk of the City.

"Code" shall mean the Internal Revenue Code of 1986, as amended, supplemented or superseded.

"County" shall mean DeSoto County, Mississippi.

"Current Expenses" shall mean the reasonable and necessary current expenses of maintenance, repair and operation of the System and shall include, without limiting the generality of the foregoing, expenses not annually recurring, premiums for insurance, administrative and engineering expenses relating to maintenance, repair and operation, fees and expenses of the Paying Agent, legal expenses, taxes lawfully imposed on the System, reasonable payments to pension or retirement funds for employees of the System, and any other expense of the System required or permitted to be paid by the City under the provisions of the Bond Resolution or by law, but shall not include any allowance for depreciation or deposits or transfers to the credit of 2007 Debt Service Account, the 2016 Debt Service Fund, the 2007 Debt Service Reserve Account or the Debt Service Reserve Fund.

Minutes, City of Southaven, Southaven, Mississippi

"Debt Service Reserve Fund" shall mean the debt service reserve fund provided for in the Bond Resolution securing the Bonds.

"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 February 2 of one year and ending on February 1 of the following year, or such shorter period from the date of issuance of the Bonds to February 1, 2017), on all Bonds then outstanding; (ii) 125% of average annual debt service on the Bonds; or (iii) ten percent (10%) of the stated principal amount of such issue of Bonds, or if such issue of Bonds has more than a de minimis amount (as defined in Section 1.148-1(b) of the Treasury Regulations) of original issue discount or premium, ten percent (10%) of the issue price (as defined in Section 1.148-1(b) of the Treasury Regulations) of such issue of Bonds), which Debt Service Reserve Requirement may be funded with cash or a Reserve Fund Credit Facility; provided, however, that upon initial issuance of the Bonds, the Debt Service Reserve Requirement will mean the amount set forth in (i) hereinabove and in future years if the amount of the Debt Service Reserve Requirement should equal an amount in excess of the lesser of (i), (ii) and (iii) above, the funds held in the Debt Service Reserve Fund will not be invested at a yield in excess of the yield on the Bonds. The initial deposit into the Debt Service Reserve Fund may be funded with a Surety Bond.

"Direct Participant" means a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

"DTC" means The Depository Trust Company.

"DTC participants" shall mean any participant for whom DTC is a Security Depository Nominee.

"Escrow Fund" shall mean together, the Escrow 2006 Fund, the Escrow 2007 Fund and the Escrow 2009 Fund.

"Escrow 2006 Fund" shall mean the Mississippi Development Bank Special Obligation Bonds, Series 2006 (Southaven, Mississippi Water and Sewer System Project) Escrow Fund established pursuant to the 2006 Escrow Agreement to pay the principal of and interest on the Refunded 2006 Bank Bonds and the redemption price of the Callable 2006 Bank Bonds.

"Escrow 2006 Requirement" shall mean the sale proceeds of the Bonds deposited in the Escrow 2006 Fund and used to refund the Refunded 2006 Bank Bonds as provided in the 2006 Escrow Agreement.

"Escrow 2007 Fund" shall mean the City of Southaven, Mississippi Combined Water and Sewer System Revenue Bonds Escrow Fund established pursuant to the 2007 Escrow Agreement to pay the principal of and interest on the Refunded 2007 Bonds and the redemption price of the Callable 2007 Bonds.

Minutes, City of Southaven, Southaven, Mississippi

"Escrow 2007 Requirement" shall mean the sale proceeds of the Bonds deposited in the Escrow 2007 Fund and used to refund the Refunded 2007 Bonds as provided in the 2007 Escrow Agreement.

"Escrow 2009 Fund" shall mean the Mississippi Development Bank Special Obligation Bonds, Series 2009 (Southaven, Mississippi Water and Sewer System Project) Escrow Fund established pursuant to the 2009 Escrow Agreement to pay the principal of and interest on the Refunded 2009 Bank Bonds and the redemption price of the Callable 2009 Bank Bonds.

"Escrow 2009 Requirement" shall mean the sale proceeds of the Bonds deposited in the Escrow 2009 Fund and used to refund the Refunded 2009 Bank Bonds as provided in the 2009 Escrow Agreement.

"Fiscal Year" shall mean the period commencing on the first day of October of any year and ending on the last day of September of the following year.

"Governing Body" shall mean the Mayor and Board of Aldermen of the City.

"Indirect Participant" shall mean a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Direct Participant.

"Letter of Representations" shall mean the letter of representations from the City to DTC under the Book-Entry System.

"Mayor" shall mean the Mayor of the City.

"Net Revenues" shall mean all Revenues remaining after payment of Current Expenses.

"Non-Refunded 2007 Bonds" shall mean the outstanding 2007 Bonds not refunded with a portion of the proceeds of the Bonds.

"Paying Agent" shall mean any bank, trust company or other institution hereafter designated by the Governing Body to make payments of the principal of and interest on the Bonds, and to serve as registrar and transfer agent for the registration of owners of the Bonds, and for the performance of other duties, and shall initially be Trustmark National Bank, Jackson, Mississippi.

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

"Principal and Interest Requirements" for any Bond Year shall mean the sums sufficient for the payment of the principal of and interest on the Bonds, any parity bonds, including the Non-Refunded 2007 Bonds and subordinated indebtedness which will mature and accrue during such period.

Minutes, City of Southaven, Southaven, Mississippi

"Project" shall mean providing funds for the (i) Refunding Project, (ii) funding the Debt Service Reserve Fund, including the premium for the Surety Bond, if applicable, and (iii) paying the costs of issuance of the Bonds, including the premium for the Bond Insurance Policy, if applicable.

"Record Date" shall mean, as to interest payments, the 15th day of the calendar month preceding the dates set for payment of interest on the Bonds and, as to payments of principal, the 15th day of the calendar month preceding the maturity date or the date set for redemption.

"Record Date Registered Owner" shall mean the Registered Owner as of the Record Date.

"Redemption Price" shall mean, with respect to a Bond, the principal amount of such Bond plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms pursuant to the provisions of the Bond Resolution.

"Refunded Bonds" shall mean together, the Refunded 2006 Bank Bonds, the Refunded 2007 Bonds and the Refunded 2009 Bank Bonds.

"Refunded Notes" shall mean together, the Refunded 2006 Note and the Refunded 2009 Note.

"Refunded 2006 Bank Bonds" shall mean the 2006 Bank Bonds which mature on March 1 in the years 2018 through 2031, both inclusive, or shall include such outstanding 2006 Bank Bonds maturing on March 1 in the years as determined in the Bond Purchase Agreement.

"Refunded 2006 Note" shall mean the principal installments of the 2006 Note maturing on March 1 in the years 2018 through 2031, both inclusive, being prepaid, such portion being identified in the Bond Purchase Agreement as the same amount in each year of the Refunded 2006 Bank Bonds being refunded with a portion of the proceeds of the Bonds.

"Refunded 2007 Bonds" shall mean the 2007 Bonds which mature on August 1 in the years 2017 through 2027, both inclusive, or shall include such outstanding 2007 Bonds maturing on August 1 in the years as determined in the Bond Purchase Agreement.

"Refunded 2009 Bank Bonds" shall mean the 2009 Bank Bonds which mature on February 1 in the years 2019 through 2029, both inclusive, or shall include such outstanding 2009 Bank Bonds maturing on February 1 in the years as determined in the Bond Purchase Agreement.

"Refunded 2009 Note" shall mean the principal installments of the 2009 Note maturing on February 1 in the years 2020 through 2029, both inclusive, being prepaid, such portion being identified in the Bond Purchase Agreement as the same amount in each year of the Refunded 2009 Bank Bonds being refunded with a portion of the proceeds of the Bonds.

"Refunding Project" shall mean together, the Refunding 2006 Project, the Refunding 2007 Project and the Refunding 2009 Project.

Minutes, City of Southaven, Southaven, Mississippi

"Refunding 2006 Project" shall mean providing funds for (i) the refinance, prepayment and advance refunding of the Refunded 2006 Note and (ii) the contemporaneous advance refunding of the Refunded 2006 Bank Bonds, including funds for the redemption of the Callable 2006 Bank Bonds at a redemption price of 100% plus accrued interest.

"Refunding 2007 Project" shall mean providing funds for the current or and advance refunding of the Refunded 2007 Bonds, including funds for the redemption of the Callable 2007 Bonds at a redemption price of 100% plus accrued interest

"Refunding 2009 Project" shall mean providing funds for (i) the refinance, prepayment and advance refunding of the Refunded 2009 Note and (ii) the contemporaneous advance refunding of the Refunded 2009 Bank Bonds, including funds for the redemption of the Callable 2009 Bank Bonds at a redemption price of 100% plus accrued interest.

"Registered Owner" shall mean the person whose name shall appear in the registration records of the City maintained by the Transfer Agent.

"Reserve Fund Credit Facility" if applicable, 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.

"Revenues" shall mean all payments, proceeds, fees, charges, rents and all other income derived by or for the account of the City from its ownership and operation of the System, excluding all acreage, front-footage, assessment and similar fees and charges derived by the City in connection with the provision of or payment for capital improvements constituting a part of the System.

"Revenue Fund" shall mean the revenue fund provided for in the Bond Resolution and described and provided for in the 2007 Resolution for the 2007 Bonds as the City's Water, Sewer and Fire Protection Revenue Fund.

"Securities Depository" means The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book-Entry System with respect to the Bonds.

"Securities Depository Nominee" means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration records the Bonds to be delivered to such Securities Depository during the continuation with such Securities Depository of participation in its Book-Entry System.

"State" means the State of Mississippi.

"Surety Bond," if applicable, means the Reserve Fund Credit Facility issued by the Bond Insurer guaranteeing certain payments into the Debt Service Reserve Fund with respect to the Bonds as provided therein and subject to the limitations set forth therein.

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"Surety Bond Provider," if applicable, shall mean the Bond Insurer.

"System" shall mean the combined water and sewer system of the City.

"Transfer Agent" shall mean any bank, trust company or other institution hereafter designated by the Governing Body for the registration of owners of the Bonds and for the performance of such other duties as may be specified in the Bond Resolution, and shall initially be the Paying Agent.

"Transferred Proceeds" shall mean funds, if applicable, transferred from the funds and accounts of the Refunded 2009 Bank Bonds to (i) provide funds for the debt service on the Bonds, (ii) fund the funds and accounts of the Bonds, and/or (iii) fund a portion of the Refunding 2009 Project.

"2006 Bank Bonds" shall mean the Mississippi Development Bank Special Obligation Bonds, Series 2006 (Southaven, Mississippi Water and Sewer System Project), dated March 1, 2006, issued under the 2006 Indenture in the aggregate principal amount of \$9,000,000, said 2006 Bank Bonds being secured by payments due by the City under the 2006 Loan Agreement for the 2006 Note.

"2006 Escrow 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 Refunded 2006 Bank Bonds, which 2006 Escrow Agent shall initially be Trustmark National Bank, Jackson, Mississippi.

"2006 Escrow Agreement" shall mean that 2006 Escrow Deposit Trust Agreement, dated the date of delivery of the Bonds, by and between the Bank and the 2006 Escrow Agent, as acknowledged and approved by the City, providing for the refunding of the Refunded 2006 Bank Bonds.

"2006 Indenture" shall mean the Indenture of Trust, dated March 1, 2006, by and between the Bank and Trustmark National Bank, Jackson, Mississippi, securing the 2006 Bank Bonds.

"2006 Loan" shall mean the loan provided by the Bank to the City under the 2006 Loan Agreement secured by the 2006 Note funded from the proceeds of the 2006 Bank Bonds.

"2006 Loan Agreement" shall mean the Loan Agreement dated as of March 1, 2006, by and between the City and the Bank, secured by the 2006 Note.

"2006 Note" shall mean the City's Promissory Note (Southaven, Mississippi Water & Sewer System Project), dated March 1, 2006, issued in the original principal amount of \$9,000,000 under the 2006 Loan Agreement, said 2006 Note and 2006 Loan Agreement representing security for the 2006 Loan provided from the proceeds of the 2006 Bank Bonds under the 2006 Indenture.

"2006 Trustee" shall mean Trustmark National Bank, Jackson, Mississippi, in its capacity as trustee under the 2006 Indenture.

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"2007 Bonds" shall mean the City of Southaven, Mississippi Combined Water and Sewer System Revenue Bonds, Series 2007, dated August 1, 2007, issued under the 2007 Resolution in the aggregate principal amount of \$5,400,000.

"2007 Contingent Fund" shall mean the fund provided for in the Bond Resolution and provided for in the 2007 Resolution for the 2007 Bonds said 2007 Contingent Fund to be maintained and utilized for the Bonds pursuant to the terms of the Bond Resolution following the final maturity of the Non-Refunded 2007 Bonds and the discharge of the 2007 Resolution.

"2007 Debt Service Account" shall mean the account described in the Bond Resolution and provided for in the 2007 Resolution for the 2007 Bonds.

"2007 Debt Service Reserve Account" shall mean the account described in the Bond Resolution and provided for in the 2007 Resolution for the 2007 Bonds.

"2007 Depreciation Fund" shall mean the fund provided for in the Bond Resolution and provided for in the 2007 Resolution for the 2007 Bonds said 2007 Depreciation Fund to be maintained and utilized for the Bonds pursuant to the terms of the Bond Resolution following the final maturity of the Non-Refunded 2007 Bonds and the discharge of the 2007 Resolution.

"2007 Escrow 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 Refunded 2007 Bonds, which 2007 Escrow Agent shall initially be Regions Bank, Birmingham, Alabama.

"2007 Escrow Agreement" shall mean that 2007 Escrow Agreement, dated the date of delivery of the Bonds, by and between the City and the 2007 Escrow Agent, providing for the refunding of the Refunded 2007 Bonds.

"2007 Operation and Maintenance Fund" shall mean the fund provided for in the Bond Resolution and provided for in the 2007 Resolution for the 2007 Bonds.

"2007 Paying Agent" shall mean Regions Bank, Birmingham, Alabama.

"2007 Resolution" shall mean the bond resolution, adopted by the Governing Body of the City on August 7, 2007, as amended September 4, 2007 in connection with the 2007 Bonds.

"2009 Bank Bonds" shall mean the Mississippi Development Bank Special Obligation Bonds, Series 2009 (Southaven, Mississippi Water and Sewer System Project), dated February 1, 2009, issued under the 2009 Indenture in the aggregate principal amount of \$6,500,000, said 2009 Bank Bonds being secured by payments due by the City under the 2009 Loan Agreement for the 2009 Note.

"2009 Escrow 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 Refunded

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2009 Bank Bonds, which 2009 Escrow Agent shall initially be Trustmark National Bank, Jackson, Mississippi.

"2009 Escrow Agreement" shall mean that 2009 Escrow Deposit Trust Agreement, dated the date of delivery of the Bonds, by and between the Bank and the 2009 Escrow Agent, as acknowledged and approved by the City, providing for the refunding of the Refunded 2009 Bank Bonds.

"2009 Indenture" shall mean the Indenture of Trust, dated February 1, 2009, by and between the Bank and Regions Bank, Birmingham, Alabama, securing the 2009 Bank Bonds.

"2009 Loan" shall mean the loan provided by the Bank to the City under the 2009 Loan Agreement secured by the 2009 Note funded from the proceeds of the 2009 Bank Bonds.

"2009 Loan Agreement" shall mean the Loan Agreement, dated as of February 1, 2009, by and between the City and the Bank, secured by the 2009 Note.

"2009 Note" shall mean the City's Promissory Note (Southaven, Mississippi Water & Sewer System Project), dated February 1, 2009, issued in the original principal amount of \$6,500,000 under the 2009 Loan Agreement, said 2009 Note and 2009 Loan Agreement representing security for the 2009 Loan provided from the proceeds of the 2009 Bank Bonds under the 2009 Indenture.

"2009 Trustee" shall mean Regions Bank, Birmingham, Alabama, in its capacity as trustee under the 2009 Indenture.

"2016 Costs of Issuance Fund" shall mean the City of Southaven, Mississippi Combined Water and Sewer System Revenue Refunding Bonds, Series 2016 Costs of Issuance Fund provided for in the Bond Resolution to be held by the 2006 Escrow Agent pursuant to the 2006 Escrow Agreement, for and on behalf of the City, for the payment of costs of issuance for the Bonds.

"2016 Debt Service Fund" shall mean the Southaven, Mississippi Combined Water and Sewer System Revenue Refunding Bonds, Series 2016 Debt Service Fund provided for in the Bond Resolution.

"Underwriter" shall mean Raymond James & Associates, Inc., Memphis, Tennessee.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, _____, (the "Bond Insurer"), will issue its municipal bond insurance policy for the Bonds (the "Bond Insurance Policy"). The Bond Insurance Policy guarantees the scheduled payment of principal of and the interest on the Bonds when due as set forth in the form of the Bond Insurance Policy included as an exhibit to this Official Statement, but shall be unpaid by reason of nonpayment by the City. See "BOND INSURANCE – Bond Insurance Policy" and "APPENDIX F - SPECIMEN BOND INSURANCE POLICY".

Purpose and Authorization

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The Bonds are being issued to provide funds for the following purposes: (i)(a) refinance, prepayment and advance refunding of the Refunded 2006 Note, and the subsequent advance refunding of the Refunded 2006 Bank Bonds and the optional redemption of the Callable 2006 Bank Bonds, (b) current or advance refunding of the Refunded 2007 Bonds and the optional redemption of the Callable 2007 Bonds; (c) refinance, prepayment and advance refunding of the Refunded 2009 Note, and the subsequent advance refunding of the Refunded 2009 Bank Bonds and the optional redemption of the Callable 2009 Bank Bonds, (ii) funding the Debt Service Reserve Fund, including the premium for the Surety Bond, and (iii) payment of the costs of issuing the Bonds, including the premium for the Bond Insurance Policy ((i) through (iii) are collectively referred to as the "Project"). A schedule of the principal maturities of the Refunded 2006 Bank Bonds, the Refunded 2007 Bonds and the Refunded 2009 Bank Bonds are contained in APPENDIX C.

The Bonds are being issued on parity with the City's Non-refunded 2007 Bonds as more fully described in "SECURITY FOR THE BONDS" herein.

The Bonds will be issued pursuant to the provisions of the Act and the Bond Resolution.

Form of the Bonds

The Bonds shall be dated _____, 2016, shall be delivered in the denomination of Five Thousand Dollars (\$5,000) each, or integral multiples thereof up to the amount of a single maturity, shall be numbered from one (1) upward in the order of issuance, shall be issued in fully registered form, and shall bear interest from the date thereof at the rate or rates specified herein on February 1 and August 1 of each year (each an "Interest Payment Date"), commencing August 1, 2016.

Redemption Provisions

The Bonds maturing on February 1, 20__ and thereafter, are subject to redemption prior to their stated dates of maturity at par, plus accrued interest to the date of redemption, either in whole or in part on any date on or after on February 1, 20__.

Notice of redemption identifying the numbers of Bonds or portions thereof to be redeemed shall be given to the Registered Owners thereof by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption. Failure to mail or receive any such notice, or any defect therein or in the mailing thereof, shall not affect the validity of any proceedings for the redemption of Bonds. Any notice mailed as provided in the Bond Resolution shall be conclusively presumed to have been given, irrespective of whether received. If such written notice of redemption is made and if due provision for payment of the redemption price is made, all as provided above, the Bonds which are to be redeemed thereby automatically shall be deemed to have been redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the owner to receive the redemption price out of the funds provided for such payment. If at the time of mailing of any notice of redemption, there shall not be on deposit with the Paying Agent sufficient moneys to redeem all of the

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Bonds called for redemption, such notice shall state that it is subject to the deposit of moneys with the Paying Agent not later than on the redemption date and shall be of no effect unless such moneys are deposited

2016 Debt Service Fund

In the Bond Resolution the City establishes the 2016 Debt Service Fund for the Bonds, said fund to be maintained at a qualified depository of the City. Money deposited in the 2016 Debt Service Fund shall be used solely for the purpose of paying the interest on and principal of the Bonds when and as due. Accrued interest, if applicable, through the date of delivery of the Bonds shall be deposited in the 2016 Debt Service Fund.

Ownership of the Bonds

In the event the Underwriter shall fail to designate the names, addresses and social security or tax identification numbers of the Registered Owners of the Bonds within thirty (30) days of the date of sale, or at such other later date as may be designated by the City, one (1) Bond registered in the name of the Underwriter may be issued in the full amount for each maturity. Ownership of the Bonds shall be in the Underwriter until the initial Registered Owner has made timely payment and, upon request of the Underwriter, within a reasonable time of the initial delivery of the Bonds, the Paying Agent shall re-register any such Bond upon its records in the name of the Registered Owner to be designated by the Underwriter in the event timely payment has not been made by the initial Registered Owner.

Except as provided in the Bond Resolution, the Person in whose name any Bond shall be registered in the records of the City maintained by the Paying Agent may be deemed the absolute owner thereof for all purposes, and payment of or on account of the principal of or interest on any Bond shall be made only to or upon the order of the Registered Owner thereof, or his, her or its legal representative, but such registration may be changed as provided in the Bond Resolution. 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.

Registration, Transfer and Exchange of the Bonds

The Bond Resolution provides for the registration, transfer and exchange of the Bonds upon presentation and surrender at the principal corporate trust office of the Paying Agent. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed, or be accompanied by other evidence of transfer acceptable to the Paying Agent. No service charge shall be made to the registered owner for any registration, transfer, or exchange for a different denomination of Bonds, but the City or the Paying Agent may require payment of a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond. The City shall not be obligated to issue, exchange or transfer any Bond during the fifteen (15) day period next preceding any interest payment date. For so long as a book-entry only system is used for determining beneficial ownership of the Bonds, such interest shall be payable to DTC or its nominee.

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Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of the DTC Participants or the Indirect Participants (see, "Book-Entry Only System", herein).

Book-Entry Only System

The City has determined that it will be beneficial to have the Bonds held by a central depository system and to have transfers of the Bonds affected by book-entry on the records of DTC as such central depository system. Unless and until the book-entry-only system has been discontinued, the Bonds will be available only in book-entry form in principal amounts of \$5,000 or any integral multiple thereof. DTC will initially act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's nominee). One fully-registered Bond will be issued for each maturity of the Bonds, 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.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written

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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 Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts the 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 the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the 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 are to be sent to DTC. If less than all of the 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 the 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 Paying Agent 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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Redemption proceeds and principal and interest payments on the 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 City or the Paying Agent, 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 nor its nominee, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal 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 City or the Paying Agent, 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 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds in definitive form will be printed and delivered.

THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCE THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (a) PAYMENTS OF PRINCIPAL OR INTEREST ON THE BONDS; (b) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS; OR (c) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE 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 SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (a) THE BONDS; (b) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (c) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF AND INTEREST

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Redemption proceeds and principal and interest payments on the 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 City or the Paying Agent, 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 nor its nominee, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal 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 City or the Paying Agent, 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 Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds in definitive form will be printed and delivered.

THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCE THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (a) PAYMENTS OF PRINCIPAL OR INTEREST ON THE BONDS; (b) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE BONDS; OR (c) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE 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 SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (a) THE BONDS; (b) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (c) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF AND INTEREST

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ON THE BONDS; (d) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTIONS TO BE GIVEN TO HOLDERS OF THE BONDS; OR (e) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER OF THE BONDS.

Bond Resolution a Contract

In consideration of the purchase and acceptance of any and all of the Bonds by the Registered Owners thereof, the Bond Resolution shall constitute a contract between the City and the Registered Owners from time to time of the Bonds. The pledge made in the Bond Resolution and the covenants and agreements set forth in the Bond Resolution to be performed on behalf of the City for the benefit of the Registered Owners shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction.

SOURCES AND USES OF FUNDS

Proceeds of the issuance of the Bonds, together with certain Transferred Proceeds, will be used to provide funds for the Project (all as provided hereinafter and as more fully described in the Bond Resolution).

The following is a summary of the estimated sources and uses of proceeds of the Bonds:

Sources

Par Amount	\$
Net Original Issue Premium	
Transferred Proceeds	
Total Sources	\$

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Uses

Transfer to 2006 Escrow Agent	
for deposit in Escrow 2006 Fund	\$
Transfer to 2007 Escrow Agent	
for deposit in Escrow 2007 Fund	
Transfer to 2009 Escrow Agent	
for deposit in Escrow 2009 Fund	
2016 Costs of Issuance Fund ¹	
Underwriter's Discount	
Total Uses	\$

¹ Includes \$_____ premium for the Bond Insurance Policy and the \$_____ premium for the Surety Bond.

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[illegible]

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SECURITY FOR THE BONDS

The Bonds will be special obligations of the City payable solely from and secured by a lien on the Net Revenues as collected and received by the City from the operation and ownership of the System, subject to the prior payment of reasonable and necessary expenses of operating and maintaining the System and the parity lien of the City's Non-Refunded 2007 Bonds. The Bond Resolution defines Net Revenues to mean all Revenues remaining after payment of Current Expenses.

The Bonds shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory restriction, limitation or provision, and the taxing power of the City is not pledged to the payment of the Bonds, either as to principal or interest.

Revenues Available for Debt Service

The following schedule, based on projections and information supplied by the City, sets forth the actual and projected Net Revenues of the System for the period of Fiscal Years 2010 to 2020, which were based on the City's rate schedule adopted in 20__. Historical calculations were based on actual data in the City's annual audits (Fiscal Years 2010, 2011, 2012, 2013 & 2014). Revenue and expense figures for Fiscal Year 2015 are based on unaudited financials and the adopted budgets for the System. Revenue projections for Fiscal Years 2016-2019 are based on projected growth of __ percent (__%) per year starting in 20__. Expenses are projected to increase __ percent (__%) each year for Fiscal Years 2016-2019. Debt service coverages for Fiscal Years 20__-20__ range from a low of __ in 20__ to a high of __ in 20__. The schedule should be reviewed based on the following assumptions:

1. Assuming __ water customers and __ sewer customers;
2. Water and sewer rates adopted in __, 20__ are currently in place;
3. Water and sewer usage is projected to remain constant;
4. Revenue projections are based on growth of __ percent (__%) per year starting in 20__. Expenses are projected to increase __ percent (__%) in Fiscal Years 20__-20__; and
5. Debt service based on the following:

\$5,400,000	2007 Combined Water and Sewer System Revenue Bonds, Series 2007 @ net interest cost of __%. ³
__,000	Proposed Combined Water and Sewer System Revenue Refunding Bonds, Series 2016 @ estimated net interest cost of __%.

³ To be current or advance refunded with a portion of the proceeds of the Bonds.

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Statement of Revenues, Expenditures, and Debt Service Coverage

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Audited	Audited	Audited	Audited	Audited	Unaudited	Projected	Projected	Projected	Projected	Projected
REVENUES:											
Water/Sewer Sales	\$9,704,976	\$9,846,238	\$11,863,422	\$10,875,007	\$11,440,689	\$11,711,535					
Other fees and charges	136,576	56,896	66,683	67,785	63,149	15,739					
Interest Income	2,922	11,949	12,291	4,883	5,712	6,584					
Total Revenues	\$9,844,474	\$9,915,083	\$11,942,396	\$10,947,675	\$11,509,550	\$11,733,858	\$11,733,858	\$11,733,858	\$11,733,858	\$11,733,858	
EXPENDITURES:											
Personnel Services	\$1,064,987	\$1,162,435	\$1,160,323	\$1,160,588	\$1,228,857	\$1,344,452					
Material and Supplies	383,428	416,383	427,802	546,286	591,809	653,408					
Maintenance and other	6,511,267	2,708,761	3,707,265	4,070,879	2,632,553	4,260,584					
Professional services	570,266	671,282	603,331	781,131	700,587	902,399					
Total Expenditures	\$8,529,948	\$4,958,861	\$5,898,721	\$6,558,884	\$5,153,806	\$7,160,843	\$7,160,843	\$7,160,843	\$7,160,843	\$7,160,843	
Depreciation and amortization	\$1,591,502	\$1,460,821	\$1,473,932	\$1,475,957	\$1,578,976	\$1,743,111					

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Rate Covenant and Meter Charges

The City has covenanted in the Bond Resolution:

(a) As long as any of the Bonds are outstanding and unpaid, it will operate and maintain the System, or cause the System to be operated and maintained.

(b) As long as any of the Bonds are outstanding and unpaid, it will fix and maintain rates and make and collect charges for the use and service of the System which will at all times provide Pledged Revenues sufficient: (i) to pay the Current Expenses of the System, and (ii) to provide, as long as the Non-Refunded 2007 Bonds are outstanding, one hundred twenty percent (120%) of the amount of the maximum Principal and Interest Requirements and the payments required to be made to the credit of the 2007 Debt Service Reserve Account and the Debt Service Reserve Fund for the current Bond Year on account of the Bonds and the Non-Refunded 2007 Bonds then outstanding; and (ii) thereafter one hundred ten percent (110%) of the amount of the maximum Principal and Interest Requirements and the payments required to be made to the credit of the Debt Service Reserve Fund for the current Bond Year on account of the Bonds then outstanding.

If the Pledged Revenues in any Fiscal Year as shown by the City's audit are less than the total amount set forth in subsection (b) of this Section, then it shall, as promptly as possible, , take such actions necessary regarding a revision of such rates, fees and charges or methods of operating the System which will result in producing the required amount in the following Fiscal Year. The City shall, subject to applicable requirements imposed by law, immediately revise such rates, fees and charges and take such other actions respecting the methods of operation of the System as shall in its discretion be deemed necessary. Failure to take such actions or (i) if coverage is less, as long as the Non-Refunded 2007 Bonds are outstanding, than one hundred twenty percent (120%) of the maximum Principal and Interest Requirements of the Bonds and the Non-Refunded 2007 Bonds outstanding and the payment required to be made to the credit of the 2007 Debt Service Account and the Debt Service Reserve Fund, or (ii) upon full payment of the Non-Refunded 2007 Bonds, if coverage is less than one hundred ten percent (110%) of the maximum Principal and Interest Requirements of the Bonds and the payment required to be made to the credit of the Debt Service Reserve Fund, shall be a breach of the City's covenants in the Bond Resolution.

Funds

The Bond Resolution provides for the creation and establishment of the following two special trust funds (the "Funds" or "Fund") to be held by the City:

2016 Debt Service Fund

Debt Service Reserve Fund

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The 2007 Resolution provided for the creation and establishment of the following funds for the 2007 Bonds, and parity indebtedness, such as the Bonds, said funds are held by the City:

Revenue Fund

2007 Operation and Maintenance Fund

2007 Debt Service Account

2007 Debt Service Reserve Account

2007 Contingent Fund

2007 Depreciation Fund

Except for amounts held in the 2007 Operation and Maintenance Fund, the amounts held in all such Funds shall be held in trust and considered trust funds and applied by the City in accordance with the Bond Resolution and the 2007 Resolution, as applicable.

Revenues of the System and Application Thereof

All Revenues shall be set aside as collected and shall be deposited into the Revenue Fund described in the 2007 Resolution for the 2007 Bonds and any parity indebtedness, including the Bonds. Moneys in said fund shall not be subject to lien or attachment by any creditor of the City and shall be set aside for, allocated to and deposited by the Clerk to the extent available in the following order of preference in the following separate and special funds, created pursuant to the 2007 Resolution and the Bond Resolution, without further direction of or action by the Governing Body or other authority of the City:

(a) On the first business day of each month, commencing in the first month after delivery of the Bonds, there shall be deposited into the 2007 Operation and Maintenance Fund created under the 2007 Resolution, such amount which will provide for the payment of the Current Expenses to be paid during such calendar month, and, in the event that the aggregate amounts deposited into such fund pursuant to this subsection (a) during the preceding months shall have been insufficient to pay all such expenses, an amount sufficient to repay such deficiencies. The aggregate amounts annually deposited into the 2007 Operation and Maintenance Fund shall at all times equal annual current expenses.

(b) The following deposits shall be made to the 2007 Debt Service Account and the 2007 Debt Service Reserve Account created under the 2007 Resolution and the 2016 Debt Service Fund and 2016 Debt Service Reserve Fund created under the Bond Resolution:

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(i) On the first business day of each month, commencing in the first month after the delivery of the Bonds, there shall be deposited, (a) to the credit of the 2007 Debt Service Account; provided, however, that the obligation of the City to make any such deposit hereunder shall be reduced by the amount of any reduction under the 2007 Resolution of the amount of the corresponding payment required to be made by the City thereunder (it being understood payment under any insurance policy or reserve policy, if applicable, shall not reduce such obligation), as long as the Non-Refunded 2007 Bonds are outstanding and not refunded prior to maturity, an amount which, together with equal subsequent monthly deposits on the first business day of each successive month, will provide a sum equal to the amount necessary to pay interest and principal due and payable through the date on which the next installment of principal on the Non-Refunded 2007 Bonds is due; and (b) into the 2016 Debt Service Fund an amount which, together with equal subsequent monthly deposits on the first business day of each successive month, will provide a sum equal to the amount necessary to pay interest and principal due and payable through the date on which the next installment of principal on the Bonds is due.

(ii) Provided, that in addition to the moneys required to be paid into the funds as set forth in (i) above, moneys shall be paid and/or deposited into the following funds as follows:

(1) as long as the Non-Refunded 2007 Bonds are outstanding, pay to the credit of the 2007 Debt Service Reserve Account created under the 2007 Resolution for the 2007 Bonds, the amount, if any, required to be paid into the 2007 Debt Service Reserve Account in order to ensure that the amount on deposit therein equals the debt service reserve requirement for said 2007 Debt Service Reserve Account established by the provisions of the 2007 Resolution; provided, however, if the amount on deposit in the 2007 Debt Service Reserve Account as valued on the last day of any bond year is more than the debt service reserve requirement for said 2007 Debt Service Reserve Account, the amount of such excess shall be transferred to the 2007 Debt Service Account; and

(2) deposit to the Debt Service Reserve Fund established under the Bond Resolution amounts sufficient to meet any deficiency in the 2016 Debt Service Fund in future years; provided, however, in order to fully fund the Debt Service Reserve Fund, the Clerk shall immediately upon delivery of the Bonds deposit a portion of the proceeds of the Bonds and/or a portion of any Transferred Proceeds, if applicable, and, if necessary, an additional amount, which, together with amounts already on deposit therein, will be equal to the Debt Service Reserve Requirement at which amount the Debt Service Reserve Fund shall thereafter be maintained by such future payments as may be necessary for that purpose. The Debt Service Reserve Fund shall be used only to pay maturing principal and accruing interest, or both, on the Bonds and only whenever and to the extent that funds otherwise available in the 2016 Debt Service Fund are

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insufficient for that purpose. No funds paid into the Debt Service Reserve Fund shall be used to prepay the principal unless such prepayment is for the entire balance of the principal amount of the Bonds. If the amount on deposit in the Debt Service Reserve Fund as valued on the last day of any Bond Year is more than the Debt Service Reserve Requirement, the amount of such excess shall be transferred to the 2016 Debt Service Fund. The initial deposit into the Debt Service Reserve Fund may be funded with a Surety Bond.

(c) As long as any Non-Refunded 2007 Bonds remain outstanding, there shall be deposited in the 2007 Contingent Fund such amount as required by the 2007 Resolution and utilized as set forth in the 2007 Resolution. Upon full payment of the Non-Refunded 2007 Bonds, said fund shall survive the discharge of the 2007 Resolution and continue to be funded in an amount of Five Thousand Dollars (\$5,000) (at which amount said fund shall thereafter be maintained by such future payments as may be necessary for that purpose) and be governed by the terms of the Bond Resolution. The 2007 Contingent Fund shall be used for the purpose of paying the cost of unforeseen contingencies arising in the operation and maintenance of the System, including the construction of reasonable and proper improvements, betterments and extensions; provided, however, that in the event the funds otherwise provided for by the Bond Resolution for the payment of the principal of and interest on the Bonds should be insufficient for said purpose, then and in that event, to the extent of any such insufficiency, the amount necessary to pay accruing interest and to provide for the payment of the principal as set forth in the Bond Resolution shall be drawn from the 2007 Contingent Fund, together with funds otherwise available, to pay such accruing interest and to provide for the payment of principal as set forth in the Bond Resolution.

(d) As long as any Non-Refunded 2007 Bonds remain outstanding, there shall be deposited in the 2007 Depreciation Fund such amount as required by the 2007 Resolution and utilized as set forth in the 2007 Resolution. Upon full payment of the Non-Refunded 2007 Bonds, said fund shall survive the discharge of the 2007 Resolution and continue to be funded in an amount of Five Thousand Dollars (\$5,000) (at which amount said fund shall thereafter be maintained by such future payments as may be necessary for that purpose) and be governed by the terms of the Bond Resolution. Said 2007 Depreciation Fund shall be used only to replace such parts of the System as may need replacement in order to keep the System operating in an economical and efficient manner; provided however, that in the event of the funds otherwise established by the Bond Resolution for the payment of the principal of and interest on the Bonds shall be insufficient for said purpose, then and in that event, to the extent of any such insufficiency, the amount necessary to pay accruing interest and to provide for the payment of the principal as set forth in the Bond Resolution shall be drawn from the 2007 Depreciation Fund, together with funds otherwise available, to pay such accruing interest and to provide for the payment of principal as set forth in the Bond Resolution.

The Revenue Fund and the 2007 Operation and Maintenance Fund, will survive the payment in full or refunding in advance of maturity of the 2007 Bonds, while the Bonds, or any indebtedness issued on parity with the Bonds, are outstanding and such funds will be governing by the provisions of the Bond Resolution and any resolution securing said parity indebtedness.

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The moneys in the foregoing funds shall be held separate and apart from all other funds of the City and shall be applied in the manner provided, and, pending such application, shall be subject to a lien and charge in favor and for the security of Registered Owners for the Bonds and the registered owners of the 2007 Bonds until paid out or transferred as herein provided. Any surplus Revenues remaining after all deposits and transfers required or allowed by the Bond Resolution shall be used solely for purposes pertaining to the System.

Investment of Moneys on Deposit in the Funds

Subject to the provisions of the 2007 Resolution in connection with the Non-Refunded 2007 Bonds, respectively, all sums in the funds referred to in the Bond Resolution shall be kept on deposit in bank accounts separate from all other bank accounts of the City in a bank or banks having Federal Deposit Insurance Corporation insurance on its accounts and at all times shall be continuously secured as provided by the laws of the State of Mississippi for other funds of the City, or, in the discretion of the Governing Body, may be invested as directed in the Bond Resolution in investments authorized by laws of the State of Mississippi as may now be or hereafter become applicable. If any sums in the Funds are invested in bonds or other obligations, such bonds or other obligations shall mature or be redeemable prior to the time the funds so invested will be needed for expenditure. Any interest or other income received from investments shall accrue to and be deposited in the fund which generated such income or to which such income is attributable and applied toward the purposes set forth in such fund.

System Insurance

As long as any of the Bonds shall remain outstanding and unpaid, the City shall carry and maintain all-risk insurance upon all the properties forming a part of the System which may be of an insurable nature, such insurance to be of the type and kind and for such amount or amounts as carried and maintained by other municipalities rendering services of a similar character in similar communities. The proceeds of all such insurance shall be used only for the maintenance and restoration of the System, or for the payment of the principal of and the interest on the Bonds.

2016 Debt Service Fund

Amounts in the 2016 Debt Service Fund will be used to pay the principal and the redemption price (including premium, if any) of, and the interest on the Bonds.

2007 Operation and Maintenance Fund

Amounts held in the 2007 Operation and Maintenance Fund will be applied by the City to the payment of the Current Expenses as they accrue in accordance with the annual budget of the City for the System.

2007 Contingent Fund

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Funds on deposit in the 2007 Contingent Fund shall be transferred to the 2007 Operation and Maintenance Fund at the discretion of the City to cover any deficiency therein or for paying the cost of unforeseen contingencies arising in the operation and maintenance of the System, including the construction of reasonable and proper improvements, betterments and extensions.

2007 Depreciation Fund

Funds on deposit in the 2007 Depreciation Fund shall be transferred to the 2007 Operation and Maintenance Fund at the discretion of the City to cover any deficiency therein or for paying to replace such parts of the System as may need replacement in order to keep the System operating in an economical and efficient manner.

Debt Service Reserve Fund

The Debt Service Reserve Fund is to be held by the City and maintained to meet any deficiency in the 2016 Debt Service Fund. The Debt Service Reserve Fund will be funded at closing with proceeds of the Bonds, and, if necessary, other funds, and will be maintained at the required balance set forth in the Bond Resolution. The Debt Service Reserve Fund shall be used only to pay maturing principal and accruing interest, or both, and only whenever and to the extent that funds otherwise available in the 2016 Debt Service Fund are insufficient for that purpose. No funds paid into the Debt Service Reserve Fund shall be used to prepay the principal unless such prepayment is for the entire balance of the principal amount of the Bonds.

Additional Bonds

The City has reserved the right to issue one or more series of additional bonds on parity with the Bonds ("Additional Bonds") for any lawful purpose, including refunding any previously issued series of bonds or any other bonds or obligations of the City issued in connection with the System or payable from Net Revenues. Prior to such issuance, the respective the 2007 Debt Service Account and the 2016 Debt Service Fund must contain the amounts then required to be on deposit therein, and no event of default shall have occurred and be continuing. No Additional Bonds may be issued unless:

- (i) the Net Revenues available for payments of principal and interest on the Bonds, the Non-Refunded 2007 Bonds for a period of 12 consecutive months during the 18 months preceding the month in which such additional parity bonds are issued must be certified by an accountant to have been at least equal to 120% (as long as the Non-Refunded 2007 Bonds are outstanding) of the highest annual debt service payments in any succeeding Bond Year with respect to the Bonds, the Non-Refunded 2007 Bonds, any other outstanding bonds and the bonds proposed to be issued, and thereafter equal to 110% of the highest annual debt service payments in any succeeding Bond Year with respect to the Bonds, the Non-Refunded 2007 Bonds, any other outstanding bonds and the bonds proposed to be issued; or in lieu of the foregoing formula, if a new schedule of rates, fees and charges for the services, facilities and commodities of the System shall have been adopted, then the Net Revenues available for debt

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service payments (taking into account such new rates) must be certified by an accountant to have been at least equal to 120% (as long as the Non-Refunded 2007 Bonds are outstanding) of the highest annual debt service payments in any succeeding Bond Year with respect to the Bonds, any other outstanding bonds, and the bonds proposed to be issued, and thereafter equal to 110% of the highest annual debt service payments in any succeeding Bond Year with respect to the Bonds, any other outstanding bonds, and the bonds proposed to be issued during the period set forth above; and

(ii) the pledge of and lien on the Net Revenues and amounts on deposit from time to time in the 2007 Debt Service Account, until the Non-Refunded 2007 Bonds are still outstanding, and the 2016 Debt Service Fund shall be extended for the benefit of the Registered Owners of the additional bonds; and

(iii) the resolution under which the proposed bonds are being issued shall provide for the funding of the increase in the Debt Service Reserve Fund resulting from the issuance of such additional bonds from the proceeds of such additional bonds.

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THE WATER AND SEWER SYSTEM

General

The City owns and operates the System through its Utility Division. The water portion of the System utilizes 11 wells and four treatment facilities, a total estimated capacity of 13.5 million gallons per day and average daily usage of 5.6 million gallons per day. The peak load is 9 million gallons per day.

The sewer portion of the system includes two "city owned" wastewater treatment plants which treat less than two percent (2%) of the City's sewage. These two facilities have a maximum daily capacity of 80,000 gallons and an average daily usage of 49,000 gallons. Their peak load is 65,000 gallons per day. Upon completion of the Hurricane Creek sewer project, these two facilities will be removed and that portion of sewage will flow to the DeSoto County Regional Utility Authority. Ninety percent (90%) of the City's wastewater is treated in the Memphis Regional Wastewater System, which can double the City's current capacity levels, and eight percent (8%) of the City's wastewater is currently treated by the DeSoto County Regional Utility Authority.

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Water and Sewer Utility Fund

The System is maintained as a separate accounting entity. The Utility Fund is used to account for water and sewer services provided to residents of the City. All activities necessary to provide such services are accounted for in this fund, including administration, engineering, pumping and purification, transmission and distribution, financing and debt service, and billing and collections.

Management of the System

The System is operated by the City's Utility Division under administrative control of the Mayor. The City Clerk and the Chief Financial Officer of the City maintain the books of accounts and prepares financial statements for the System.

Establishment of Rates

Rates for water services are established by the Governing Body and shall only be changed or amended by the Mayor and Board of Aldermen. During any time that any indebtedness is outstanding with a lien on the revenues of the System, the Governing Body must consider, among other things, the rate covenant contained in the applicable resolutions and/or any other governing documents secured by such indebtedness.

Rate Structure

The existing utility rates, effective October 1, 2015, are summarized below:

Residential Rates:

Water:	\$2.41 per 100 cubic feet
Sewer:	\$2.47 per 100 cubic feet
Interceptor Sewer:	\$1.27 per 100 cubic feet

Other Residential Fees:

¾" Tap Fee:	\$525.00
1" Tap Fee:	\$630.00
2" Tap Fee:	\$1,315.00

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Irrigation Tee: 1" - \$300.00; ¾" - \$250.00

Cut-Off Fee: \$25.00

Pull Meter Fee: \$75.00

Commercial Rates:

Water:	\$3.21 per 100 cubic feet
Sewer:	\$3.70 per 100 cubic feet
Interceptor Sewer:	\$1.85 per 100 cubic feet

Other Commercial Fees:

¾" Tap Fee: \$850.00

1" Tap Fee: \$850.00

2" Tap Fee: \$1,700.00

3" Tap Fee: \$1,900.00

4" Tap Fee: \$3,400.00

6" Tap Fee: \$5,000.00

Irrigation Tee: \$350.00 (Only available in 1" or ¾" meters)

Cut-Off Fee: \$25.00

Pull Meter Fee: \$75.00

Sewer Tap Fees:

Inside Basin: \$1,400.00

Outside Basin: \$2,050.00

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Largest Users See Exhibit A.

Litigation and Claims Affecting the System and the City

System Litigation. Currently there are no pending or threatened lawsuits, claims or other proceedings (private, governmental or otherwise) pertaining to the System.

Other Litigation. Currently there are no pending or threatened lawsuits, claims or other proceedings (private, governmental or otherwise) pertaining to the City.

PLAN OF REFUNDING

The Bonds are being issued to provide sufficient funds to (i) refinance, prepay and advance refund the Refunded 2006 Note and subsequently advance refund the Refunded 2006 Bank Bonds and optionally redeem the Callable 2006 Bank Bonds at a redemption price of 100% plus accrued interest with the proceeds of the refunding of the Refunded 2006 Note; (ii) current or advance refund the Refunded 2007 Bonds and optionally redeem the Callable 2007 Bonds at a redemption price of 100% and (iii) refinance, prepay and advance refund the Refunded 2009 Note and subsequently advance refund the Refunded 2009 Bank Bonds and optionally redeem the Callable 2009 Bank Bonds at a redemption price of 100% plus accrued interest with the proceeds of the refunding of the Refunded 2009 Note. The Refunded 2006 Bank Bonds, the Refunded 2007 Bonds and the Refunded 2009 Bank Bonds are being refunded for the purpose of providing debt service savings for the City pursuant to the provision of the Act and the Bond Resolution. The refunding of the Refunded 2006 Bank Bonds, the Refunded 2007 Bonds and the Refunded 2009 Bank Bonds will result in an overall net present value savings to maturity to the City of at least two percent (2%) of the respective Refunded 2006 Bank Bonds, the Refunded 2007 Bonds and the Refunded 2009 Bank Bonds being refunded, as required by the Act.

Upon receipt of the proceeds of the Bonds, the City will cause (i) a portion of the proceeds representing the Escrow 2006 Requirement to be remitted directly to the 2006 Escrow Agent for further deposit by the 2006 Escrow Agent to the Escrow 2006 Fund, (ii) a portion of the proceeds representing the Escrow 2007 Requirement to be remitted directly to the 2007 Escrow Agent for further deposit by the 2007 Escrow Agent to the Escrow 2007 Fund, and (iii) a portion of the proceeds representing the Escrow 2009 Requirement to be remitted

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directly to the 2009 Escrow Agent for further deposit by the 2009 Escrow Agent to the Escrow 2009 Fund.

The 2006 Escrow Agent shall (i) invest such proceeds in the Escrow 2006 Fund in United States Government Securities and/or United States Treasury Securities - State and Local Government Series (the "2006 Escrow Securities"), maturing in amounts and bearing interest at rates sufficient (a) to pay, when due, the interest accruing and due on the Refunded 2006 Bank Bonds from the date of closing for the Bonds through and including March 1, 2017, and (b) to pay the principal of the Callable 2006 Bank Bonds being redeemed on March 1, 2017, representing the redemption price of 100% plus accrued interest on such date (see "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein). The Escrow 2006 Fund is irrevocably pledged solely for the benefit of the holders of the Refunded 2006 Bank Bonds. The 2006 Escrow Agent will hold and administer the Escrow 2006 Fund and will apply the maturing principal of and interest on the 2006 Escrow Securities to payments of principal of and interest on the Refunded 2006 Bank Bonds, as and when such amounts become due. The owners of the Refunded 2006 Bank Bonds will be entitled to a preferred claim and first lien upon the 2006 Escrow Securities, the proceeds thereof and all other assets of the Escrow 2006 Fund.

The 2006 Bank Bonds were issued for the purpose of providing funds for a loan to the City secured by the 2006 Note and the 2006 Loan Agreement, to provide funds to (i) improve, repair or extend water works systems, water supply systems, sewerage systems and sewage disposal systems, including any combination of any or all of those systems into one (1) system, (ii) to acquire real property necessary therefor, if any, and (iii) for related purposes, all within the City (the "2006 Project").

The 2007 Escrow Agent shall (i) invest such proceeds in the Escrow 2007 Fund in United States Government Securities and/or United States Treasury Securities - State and Local Government Series (the "2007 Escrow Securities"), maturing in amounts and bearing interest at rates sufficient (a) to pay, when due, the interest accruing and due on the Refunded 2007 Bonds from the date of closing for the Bonds through and including August 1, 2016, and (b) to pay the principal of the Callable 2007 Bank Bonds being redeemed on August 1, 2016, representing the redemption price of 100% plus accrued interest on such date (see "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein). The Escrow 2007 Fund is irrevocably pledged solely for the benefit of the holders of the Refunded 2007 Bonds. The 2007 Escrow Agent will hold and administer the Escrow 2007 Fund and will apply the maturing principal of and interest on the 2007 Escrow Securities to payments of principal of and interest on the Refunded 2007 Bonds, as and when such amounts become due. The owners of the Refunded 2007 Bonds will be entitled to a preferred claim and first lien upon the 2007 Escrow Securities, the proceeds thereof and all other assets of the Escrow 2007 Fund.

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The 2007 Bonds were issued for the purpose of providing funds for to pay the cost of improving, repairing and extending the System of the City, cost of issuance and credit enhancement (the "2007 Project").

The 2009 Escrow Agent shall (i) invest such proceeds in the Escrow 2009 Fund in United States Government Securities and/or United States Treasury Securities - State and Local Government Series (the "2009 Escrow Securities"), maturing in amounts and bearing interest at rates sufficient (a) to pay, when due, the interest accruing and due on the Refunded 2009 Bank Bonds from the date of closing for the Bonds through and including February 1, 2018, and (b) to pay the principal of the Callable 2009 Bank Bonds being redeemed on February 1, 2018, representing the redemption price of 100% plus accrued interest on such date (see "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein). The Escrow 2009 Fund is irrevocably pledged solely for the benefit of the holders of the Refunded 2009 Bank Bonds. The 2009 Escrow Agent will hold and administer the Escrow 2009 Fund and will apply the maturing principal of and interest on the 2009 Escrow Securities to payments of principal of and interest on the Refunded 2009 Bank Bonds, as and when such amounts become due. The owners of the Refunded 2009 Bank Bonds will be entitled to a preferred claim and first lien upon the 2009 Escrow Securities, the proceeds thereof and all other assets of the Escrow 2009 Fund.

The 2009 Bank Bonds were issued for the purpose of providing funds for a loan to the City secured by the 2009 Note and the 2009 Loan Agreement, to _____ (the "2009 Project").

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter, on behalf of City, relating to (a) the computation of forecasted receipts of principal and interest on the Escrow Securities and the forecasted payments of principal and interest to redeem the Refunded 2006 Bank Bonds, the Refunded 2007 Bonds and the Refunded 2009 Bank Bonds, respectively, and (b) computation of the yields on the Bonds and the Escrow Securities, were examined by The Arbitrage Group, Inc., certified public accountants (the "Verification Agent"). Such computations were based solely on assumptions and information supplied by the Underwriter, on behalf of the City. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

RATINGS

Standard & Poor's has assigned their municipal bond rating of "___" to the Bonds. Such rating is conditioned upon the issuance of the Bond Insurance Policy and reflects only the view of such rating agency, and an explanation of the significance of the rating may be obtained only from said rating agency.

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Standard & Poor's has assigned an underlying rating of "____" to the Bonds.

Information on the ratings may be obtained from the City Clerk of the City. Such ratings reflect only the view of such organization, and an explanation of the significance of the ratings may be obtained only from said rating agency. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect upon the market price or marketability of the Bonds.

UNDERWRITING

The Bonds are being purchased for reoffering by Raymond James & Associates, Inc., Memphis, Tennessee (the "Underwriter"), shown on the cover hereof at a purchase price of \$____ (\$____ par amount of Bonds, plus a net original issue premium of \$____, less \$____ for an Underwriter's discount). The Bond Purchase Agreement pursuant to which the Underwriter expects to purchase the Bonds provides that the Underwriter will purchase all the Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions stated in such Bond Purchase Agreement.

The Underwriter may offer and sell the Bonds to other dealers and other purchasers at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Underwriter.

BOND INSURANCE

The following information has been furnished by the Bond Insurer for use in this Official Statement. The City make no representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the dates indicated. Summaries of or references to the Bond Insurance Policy are made subject to all the detailed provisions thereof to which reference is hereby made for further information and do not purport to be complete statements of any or all of such provisions. Reference is made to APPENDIX F hereto for a specimen of the Bond Insurance Policy.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, _____ ("____") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

[INSERT APPLICABLE LANGUAGE FOR BOND INSURANCE]

TAX EXEMPTION

General

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The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to delivery of the Bonds in order that the interest on the Bonds not be included in gross income of the registered owners for federal income tax purposes under Section 103 of the Code. The certificate as to non-arbitrage and other tax matters of the City, which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures relating to compliance with such requirements of the Code. The City agrees, covenants and represents in the Bond Resolution that it will not make any use of the gross proceeds of the Bonds or amount that may be treated as proceeds of the Bonds or do or take or omit to take any other action that would cause: (i) the Bonds to be "arbitrage bonds" as such term is defined in Section 148(a) of the Code and the Regulations promulgated thereunder; (ii) the interest on the Bonds to be included in the gross income of the registered owners for federal income taxation purposes; or (iii) the interest on the Bonds to be treated as an item of tax preference under Section 57(a)(5) of the Code.

Except as expressly stated in the following two paragraphs of this section, Bond Counsel will express no opinion as to any federal or state consequences of the ownership of, receipt of interest on, or disposition of the Bonds.

In the opinion of Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel, under existing law, interest on the Bonds is not included in gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code and interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax that may be imposed on individuals and corporations. Such interest, however, is includable in the "adjusted current earnings" of certain corporations for purposes of computing the alternative minimum tax (see "Certain Federal Tax Information – Alternative Minimum Tax"). In rendering the foregoing opinion, Bond Counsel has assumed the compliance by the City with the tax covenants and representations in the Bond Resolution and the representations in the certificate as to non-arbitrage and other tax matters. These requirements relate to, *inter alia*, the use and investment of the gross proceeds of the Bonds, the Refunding Project, the use of any facility, equipment or improvement financed or refinanced directly or indirectly with the proceeds of the Refunded Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds have resulted in a failure of the City to comply with its covenants. Failure of the City to comply with such covenants could result in the interest on the Bonds becoming subject to federal income tax from the date of issue.

Under existing law, Bond Counsel is of the opinion that, interest on the Bonds is exempt from all present taxes imposed by the State of Mississippi and any county, municipality or other political subdivision of the State of Mississippi.

General. The following discussion of certain federal income tax matters is a summary of possible collateral tax consequences. It does not purport to deal with all aspects of federal taxation that may be relevant to particular registered owners. Further, the following discussion should not be construed as expressing an opinion of Bond Counsel as to any such matters, not specifically addressed in

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their opinion. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences in certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Alternative Minimum Tax. The Code imposes an alternative minimum tax with respect to individuals and corporations on alternative minimum taxable income. A twenty percent (20%) alternative corporate minimum tax is imposed on corporations (other than S corporations, regulated investment companies, real estate investment trusts or real estate mortgage investment conduits, as such terms are defined in the Code). Interest on the Bonds is not treated as a preference item in calculating alternative minimum taxable income. The Code provides, however, that the corporation's alternative minimum taxable income is increased by 75 percent of the excess (if any) of (i) the "adjusted current earnings" of a corporation over (ii) its alternative minimum taxable income (determined without regard to this adjustment and the alternative tax net operating loss deduction). Interest on tax-exempt obligations, including the interest on the Bonds, would generally be included in computing a corporation's "adjusted current earnings." Accordingly, a portion of any interest on the Bonds received or accrued by a corporate registered owner will be included in computing such corporation's alternative minimum taxable income for such year.

Financial Institutions. Section 265(b)(1) of the Code provides that commercial banks, thrift institutions and other financial institutions may not deduct the portion of their otherwise allowable interest expense allocable to tax exempt obligations acquired after August 7, 1986 (other than "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code).

The City has not designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(B) of the Code.

Changes in Federal and State Tax Laws. From time to time, there are legislative proposals introduced and regulatory actions proposed or announced at the federal or state level that, if enacted, could alter or amend directly or indirectly relevant federal and state tax matters, including, without limitation, those mentioned hereinabove or could adversely affect the market value of the Bonds. It cannot be predicted whether or when or in what form any such legislative or regulatory proposal might be enacted or implemented or whether if enacted or implemented it would apply to tax exempt obligations issued prior to enactment or implementation. In addition, from time to time litigation is threatened or commenced which, if concluded in a particular manner, could adversely affect relevant tax matters or the market value of the Bonds. It cannot be predicted how any particular litigation or judicial action will be

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resolved or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending or proposed legislation, regulatory initiatives or litigation.

TAX TREATMENT OF ORIGINAL ISSUE DISCOUNT

The Bonds maturing on February 1 of the years 20__ through 20__ (the "Discount Bonds") are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at maturity thereon. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on bond will accrue over the term of the bond, and for the Discount Bonds, the amount of accretion will be based on a single rate of interest, compounded semiannually (the "yield to maturity"). The amount of OID that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of OID accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such Discount Bond during such accrual period. The amount of OID so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Bond.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

TAX TREATMENT OF ORIGINAL ISSUE PREMIUM

The Bonds maturing on February 1 in the years 20__ through 20__ (the "Premium Bonds") have an issue price that is greater than the amount payable at maturity of such Premium Bonds. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the Premium Bond's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Premium Bond, whether at the time of initial

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issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Premium Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the owners of the Bonds to provide certain financial information and operating data relating to the City within twelve months after the end of each fiscal year of the City ending in or after September 30, 2016 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, in certain cases if deemed material under federal laws. The Annual Report and notices of material events will be filed by the City with (a) the Municipal Securities Rulemaking Board (the "MSRB") through MSRB's Electronic Municipal Market Assess system at <http://emma.msrb.org> ("EMMA") in the electronic format then prescribed by the Securities and Exchange Commission (the "SEC") pursuant to SEC Rule 15c2-12(b)(5) (the "Rule"), and with (b) any public or private repository or entity designated by the State as a State repository, if any, for the purposes of the Rule. This information will be made available free to securities brokers and the general public 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 specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in APPENDIX D to this Official Statement. These covenants have been made in order to assist the Underwriter in complying with the Rule.

There have been instances in the last five years in which the City has failed to file certain annual financial information as required by its prior continuing disclosure undertakings. The City adopted policies and procedures on November 4, 2014 (the "Policy") to ensure timely filing of its annual financial information. Pursuant to the Policy, a staff designee of the City will appoint or engage a dissemination agent to assist in carrying out its obligations under the Policy and/or the staff designee will be responsible for submitting the information required under the Policy. The City has hired a dissemination agent to file the City's required annual report.

MISCELLANEOUS AND LEGAL INFORMATION

No Default on Securities

No securities of the City have been in default as to principal or interest payments or in any other material respect at any time in at least the last 25 years. No principal or interest on any obligation of the City is past due.

No Bond Proceeds for Current Operating Expenses

No proceeds from the sale of securities (except tax anticipation notes issued against revenues of a current fiscal year) have been used for current operating expenses at any time in at least the last ten years.

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Pension Plan

The City has no pension plan or retirement plan for employees. The City employees are members of and contribute to the Mississippi Public Employees' Retirement System ("PERS"), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The PERS Board of Trustees authority to determine contribution rates is established Section 25-11-1 et seq. of the Mississippi Code of 1972 and may be amended only by the State Legislature.

The Governmental Accounting Standards Board ("GASB") approved two (2) new standards on June 25, 2012 that will substantially improve the accounting and financial reporting of public employee pensions by state and local governments, including the State. Statement No. 67, Financial Reporting for Pension Plans, revises existing guidance for the financial reports of most pension plans. Statement No. 68, Accounting and Financial Reporting for Pensions as amended by Statement No. 71, revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits.

The Provisions in Statement 67 are effective for financial statements for period beginning after June 15, 2013. The provisions in Statement 68 and Statement 71 are effective for fiscal years beginning after June 15, 2014. PERS is compliant with Statement 67 and is making plans to fully comply with Statements 68 and 71.

The PERS employer contribution rate was 9.75 percent in fiscal year 2005 with an increase in fiscal year 2006 to 10.75 percent. Beginning in fiscal year 2007, the employer contribution rate increased from 10.75 percent in .55 percent increments until the target rate of 11.85% was met in fiscal year 2008. Use of the phased-in employer contribution rate increase resulted in an annual contribution deficit for fiscal year 2007. The purposes of the phased-in approach was to moderate the impact to the State of a contribution rate increase. A slight increase in the employer contribution rate was implemented in fiscal year 2010, from 11.85 percent to 12.0 percent. In fiscal year 2010, the actuary's recommended employer contribution rate was to increase from 12.0 percent to a projected 13.56 percent for fiscal year 2011. In lieu of the employer contribution rate increase, the member contribution rate was increased from 7.25 to 9.0 percent for fiscal year 2011, which produced a decrease in employer normal cost. The reduction in normal cost, coupled with favorable investment experience, resulted in a revised recommended employer contribution rate decreased from 13.56 percent to 12.93 percent, which became effective January 1, 2012. The employer contribution rate increased in fiscal year 2013 to 14.26 percent and in fiscal year 2014, the Board implemented a revised funding policy aimed at stabilizing the employer contribution rate, which was set at 15.75 percent, and established a goal for the Plan to be 80.0 percent funded by 2042. At June 30, 2014, PERS employers' total pension liability was \$27.0 billion. The plan fiduciary net position was \$24.9 billion resulting in a net pension liability of \$12.1 billion. The plan fiduciary net position as a percentage of the

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total pension liability was 67.2 percent using measurements established by GASB Statement No. 67, Financial Reporting for Pension Plans. PERS latest publicly available financial report for 2014 is available on the PERS website located at www.pers.ms.gov/content/CAFR/CAFR2014.

At September 30, 2014, PERS members were required to contribute 9% of their annual covered salary, and the City is required to contribute at an actuarially determined rate. The rate at September 30, 2014 was 15.75% of annual covered payroll. The City's contributions (employer share only) to PERS for the years ending September 30, 2014, 2013 and 2012 were \$_____, \$_____ and \$_____, respectively, equal to the required contributions for each year. As of June 30, 2014, the City's employer contribution and employer allocation percentage was \$_____ and _____%.

Legal Proceedings

There are no pending legal proceedings which might be expected to affect the City's ability to perform its obligations to the Registered Owners of the Bonds.

Validation

Prior to issuance, the Bonds may be validated before the Chancery Court of DeSoto County as provided by Sections 31-13-1 to 31-13-11, Mississippi Code of 1972, as amended.

Approval of Legal Proceedings

All legal matters in connection with the authorization and issuance of the Bonds are subject to the final approval of the legality thereof by Bond Counsel. The form of the opinion of Bond Counsel is attached hereto as APPENDIX E and will be available in final form at the time of delivery of the Bonds. No representation is made to the Registered Owners of the Bonds that Bond Counsel has verified the accuracy, completeness or fairness of the statements in the Official Statement and Bond Counsel assumes no responsibility to the registered owners of the Bonds except for the matters set forth in such opinion.

Bankruptcy

The City is a "Municipality" as that term is defined in Title 11 of the United States Code (the "Bankruptcy Code").⁴ Section 109(c) of the Bankruptcy Code prescribes the conditions and circumstances under which a Municipality may file a petition for relief under the Bankruptcy Code. As a debtor, a Municipality may *only* file for relief pursuant to Chapter 9 of the Bankruptcy Code ("Chapter 9"). Pursuant to Section 303(a) of the Bankruptcy Code, no creditor or judgment holder of a Municipality may file a Chapter 9 petition on behalf of a Municipality.

⁴ Section 101(40) of the Bankruptcy Code provides that "[t]he term 'municipality' means political subdivision or public agency or instrumentality of a state." 11 U.S.C. § 101(40).

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Pursuant to Section 109(c)(2) of the Bankruptcy Code, before a municipality may file a petition under Chapter 9 of the Bankruptcy Code, a municipality must be specifically authorized by (a) state law or (b) a governmental officer or organization empowered to authorize such a filing. Accordingly, before a Municipality in the State of Mississippi (the "State") may file for Chapter 9 protection, it must have specific authority granted to it. Currently, there is no State statute that prescribes, authorizes or otherwise contains authorization for any Municipality to file for Chapter 9 protection, or delegates such authority to a governmental officer or organization. As such, in order for a State Municipality, including the City, to file for Chapter 9 relief, the Municipality must obtain specific authority from the State Legislature.

The State Legislature is comprised of the Senate and the House of Representatives. The Senate is composed of 52 members, and the House of Representatives consists of 122 members. Each member of each chamber is elected to a four-year term. In the State, the Legislature convenes annually on the first Tuesday after the first Monday each January. Regular sessions of the State Legislature last 90 days in all years of an administration except for the first session after a new governor has been elected, when a 125-day session is held.

In order to obtain specific authority from the State Legislature to file for relief pursuant to Chapter 9, a Municipality would have to request both houses during the annual session of the State Legislature to approve a bill authorizing the Municipality to file for relief pursuant to Chapter 9 and such bill would have to be signed into law by the Governor of the State. There is no appeal process or any other proceeding under current State law that the Municipality may pursue if such requested specific authority is not granted by the State Legislature.

Miscellaneous

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights and obligations of the Registered Owners thereof.

The information contained in this Official Statement has been taken from sources considered reliable, but is not guaranteed. To the best of our knowledge, information in this Official Statement does not include any untrue statement of material fact; nor does the information omit the statement of any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

CITY OF SOUTHAVEN, MISSISSIPPI

BY: _____

Minutes, City of Southaven, Southaven, Mississippi

MAYOR

CITY CLERK

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APPENDIX A

INFORMATION ON THE CITY

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ECONOMIC AND DEMOGRAPHIC INFORMATION

General Description

Southaven, Mississippi is located in the north central part of DeSoto County (the "County"), which lies just south of the Tennessee border and east of the Mississippi River and Tunica County, Mississippi. The City is approximately five miles south of Memphis, Tennessee, and 200 miles northeast of Jackson, Mississippi, the state capital.

Southaven began as a part of Whitehaven, Tennessee, which was then an unincorporated suburb of Memphis. Whitehaven was annexed by Memphis, and the Mississippi portion of the suburb was incorporated in 1980. Since then, the City has doubled its land area, and its population has nearly tripled. It is one of the fastest growing cities in the southeast United States. Industries have been attracted to the area by the healthy economic environment and by the availability of a qualified labor force. These factors have helped make the City the business hub of DeSoto County; one of the highest grossing Wal-Mart stores in the entire chain is located in the City, as is the nation's largest Sam's Wholesale Club. The nation's largest youth baseball complex, Snowden Grove Park, was completed in 2000 and attracts over 200,000 players and over 500,000 spectators to the area each year.

Population

The population of the City has been recorded or estimated as follows:

1980	1990	2000	2010	2014
16,441	17,949	28,977	48,982	51,824

SOURCE: Census Data information at website: www.census.gov; February 2016.

Government

The Governing Body of the City is comprised of the Mayor and a seven-member Board of Aldermen, in whom the City's legislative powers are vested. The Mayor has the superintending control of all offices and affairs of the City and has the duty to see that the laws and ordinances of the City are executed. The Mayor and one of the Aldermen are elected at large; the other Aldermen are each elected from one of the City's six wards. All are elected for concurrent four year terms, and are not limited in the number of terms they may serve.

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The members of the Governing Body are:

Name	Position	Current Position Held Since
Darren Musselwhite	Full-time Mayor	June, 2013
Kristian Kelly	Alderman	June, 2013
Shirley Beshears	Alderman	June, 2013
George Payne	Alderman	June, 2013
Joel Gallagher	Alderman	June, 2013
Scott Ferguson	Alderman	June, 2013
Raymond Flores	Alderman	June, 2013
William Brooks	Alderman – At - Large	June, 2013

Transportation

Highways: Interstate Highway 55 provides a four-lane north/south corridor and is being upgraded to eight or 10 lanes from Stateline Road in the City to the City of Hernando. U.S. Highway 51 also runs north/south through the City. U.S. Highways 61 and 78 traverse other parts of the County. State Highways 301 and 302 and a number of county roads provide access to outlying areas.

Railroad: BNSF Railway and Canadian National-Illinois Central Railroad serve as the County's rail lines. All six Class I rail systems serve Memphis, Tennessee and all have intermodal yards in the metro area.

Air Service: The nearest commercial airport is Memphis International Airport, served by nine major airlines and three commuter airlines, with more than 300 daily passenger flights. Memphis is also the number one cargo hub in the world – home to the FedEx Super Hub, a major UPS hub and an RPS sort facility.

Waterways: The nearest port is the Port of Memphis, which has a channel depth of nine feet and is located 12 miles away on the Mississippi River, in Shelby County, Tennessee. It is the fourth-largest inland port in the U.S. and ranks first in the nation in foreign import tonnage. More than 30 international freight forwarders operate in Memphis.

Motor Freight Carriers: The County is home to 195 truck terminals and several companies have hubs in the area, as the City lies within the Memphis commercial delivery zone.

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County Employment

	2014	2013	2012	2011	2010
RESIDENCE BASED EMPLOYMENT					
I. Civilian Labor Force	79,250	81,120	83,270	83,260	78,640
II. Unemployed	4,250	4,880	5,400	6,020	6,180
Rate	5.4%	6.0%	6.5%	7.2%	7.9%
III. Employed	75,000	76,240	77,870	77,240	72,460
ESTABLISHMENT BASED EMPLOYMENT					
I. Manufacturing	3,980	4,110	4,020	3,820	3,550
II. Non-manufacturing	49,890	46,710	45,590	43,650	42,910
A. Agriculture, Forestry, Fishing & Hunting	130	100	90	80	90
B. Mining	40	50	40	30	30
C. Utilities	150	150	150	160	90
D. Construction	1,830	1,740	1,700	1,680	1,920
E. Wholesale Trade	3,470	3,470	3,650	3,510	3,290
F. Retail Trade	8,080	7,730	7,570	7,440	7,260
G. Transportation & Warehousing	7,090	6,450	6,110	5,660	5,410
H. Information	250	260	260	190	190
I. Finance & Insurance	920	920	910	910	960
J. Real Estate, Rental & Leasing	440	450	530	560	600
K. Prof., Scientific & Technical Service	920	840	840	860	910
L. Management of Companies & Entertainment	60	40	20	10	10
M. Administrative Support & Waste Management	5,190	3,950	3,830	3,440	3,220
N. Educational Services	300	250	230	200	230
O. Health Care & Social Assistance	5,590	5,660	5,430	5,050	4,880
P. Arts, Entertainment & Recreation	750	700	630	640	600
Q. Accommodation & Food Service	7,090	6,540	6,370	6,170	6,060

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R. Other Services (except Public Administration)	930	940	920	890	880
	6,660	6,470	6,310	6,170	6,280
S. Government Education	4,060	3,890	3,760	3,660	3,720
III. Total Nonagricultural Employment	53,870	50,820	49,610	47,470	46,460

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; Last revision date of information 5/27/2015; January 2016.

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Per Capita Income

Year	County	Mississippi	United States	County as % Of U.S.
2014	\$36,242	\$34,431	\$46,049	79%
2013	35,455	33,629	44,438	80
2012	35,388	33,127	44,266	80
2011	34,004	31,976	42,453	80
2010	32,623	30,783	40,277	81

SOURCE: Bureau of Economic Analysis: Regional Economic Accounts at website: www.bea.gov, 2010-2014; February 2016.

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Major Employers

The following is a partial listing of major employers in the County, their products or services and their approximate number of employees:

Employer	Employees	Product/Service
DeSoto County School District	3,872	Education
Baptist Memorial Hospital	1,750	Healthcare
Dizzy Dean Baseball, Inc.	1,000	Sports and recreation club
Williams-Sonoma	993	Distribution
Wal Mart	500	Department store
District Transportation & Sec.	500	Transportation
Fed Ex Ground	433	Package sorting hub
McKesson Corporation	400	Distribution Center
City of Southaven	375	City Government
Parts Distribution	350	General freight trucking
Future Electronics	332	Electronic equipment & supplies
Landau Uniforms	330	Uniform manufacturer
Hart & Cooley	300	Roll foam manufacturer
Siemens Industry Inc.	300	Computer-based building management systems
DeSoto County Civic Center	300	Convention and meeting center
Newly Weds Foods	282	Food Ingredients, seasonings, blends, flavors
Associated Wholesale Grocers	265	Third-party logistics

Minutes, City of Southaven, Southaven, Mississippi

SOURCE: DeSoto County Economic Development Council; information updated as of February 18, 2016.

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Retail Sales for the City

State Fiscal Year Ended June 30	Amount
2015	\$1,130,238,021
2014	1,078,903,089
2013	1,030,920,889
2012	1,026,750,166
2011	957,901,876

SOURCE: Annual Reports for years indicated, Mississippi Department of Revenue website: www.dor.ms.gov; February 2016.

Educational Facilities

The City schools are part of the DeSoto County School District, which is the largest and fastest growing school district in the State. Its Gifted Instructional Program also has the largest enrollment of any such program in the State. The School District operates 24 elementary and intermediate schools, 8 middle schools, and 8 high schools, in addition to a vocational complex and an alternative center. The County is credited with having one of the best technical preparatory programs in the State. Also, thanks to the State's Computers in the Classroom initiative, every classroom in the School District is equipped with computers and internet accessibility, as well as opportunities for distance learning. The high schools are all on block scheduling, which allows more advanced students to complete higher level courses and to earn college credits through dual enrollment and offers remediation to students who are experiencing difficulties. All schools are accredited by the Southern Association of Colleges and Schools and by the State, and about 87% of the County's high school graduates attend college. Total enrollment for the School District for the 2015-2016 scholastic year and for preceding years is as follows:

Scholastic Year	Enrollment
2015-2016	33,140
2014-2015	33,362
2013-2014	33,054
2012-2013	32,759
2011-2012	32,311

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SOURCE: Office of Research and Statistics, Mississippi Department of Education's website:
<http://reports.mde.k12.ms.us/data/>; February 2016.

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Banking Institutions

Institutions	FY 2015 Total Assets
BancorpSouth ⁵	\$13,775,151,000
BankPlus ⁶	2,568,234,000
The Citizens National Bank of Meridian ⁷	1,137,950,000
Community Bank, North Mississippi ⁸	504,170,000
Planters Bank & Trust Company ⁹	812,881,000
First Commercial Bank ¹⁰	81,064,000
First Security Bank ¹¹	505,585,000
First Tennessee Bank NA ¹²	25,199,654,000
Regions Bank ¹³	123,859,106,000
Renasant Bank ¹⁴	7,902,663,000
SunTrust Bank ¹⁵	183,166,171,000
Sycamore Bank ¹⁶	202,010,000
Trustmark National Bank ¹⁷	12,388,869,000

⁵ Headquartered in Tupelo, Mississippi.

⁶ Headquartered in Ridgeland, Mississippi.

⁷ Headquartered in Meridian, Mississippi.

⁸ Headquartered in Amory, Mississippi.

⁹ Formerly Covenant Bank, merged with Planters Bank & Trust Company effective 2/01/2016. Headquartered in Indianola, Mississippi.

¹⁰ Formerly Desoto County Bank, merged with First Security Bank effective 5/01/2015. Headquartered in Jackson, Mississippi.

¹¹ Headquartered in Batesville, Mississippi.

¹² Headquartered in Memphis, Tennessee.

¹³ Headquartered in Birmingham, Alabama.

¹⁴ Headquartered in Tupelo, Mississippi. .

¹⁵ Headquartered in Atlanta, Georgia.

¹⁶ Headquartered in Senatobia, Mississippi.

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Wells Fargo Bank, National Association ¹⁸	\$1,579,174,000,000
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SOURCE: Obtained from the FDIC's website, <http://research.fdic.gov/bankfind/index.html>.
Assets stated as of September 30, 2015, unless otherwise noted.
Information available as of February 11, 2016

¹⁷ Headquartered in Jackson, Mississippi.

¹⁸ Headquartered in Sioux Falls, South Dakota.

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TAX INFORMATION

Assessed Valuation

Assessment Year	Real Property	Personal Property ¹⁹	Public Utility Property	Total
2015	\$341,807,033	\$122,007,075	\$12,356,194	\$476,170,302
2014	334,543,549	113,917,020	12,112,019	460,572,588 ²⁰
2013 ²¹	321,984,668	187,516,635	11,863,604	521,364,907
2012	347,692,132	173,432,380	10,822,106	531,946,618
2011	347,139,528	163,571,760	9,685,865	520,397,153

SOURCE: Office of the County Tax Assessor.

Procedure for Property Assessments

The Tax Assessor of DeSoto 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 (formerly the State Tax Commission).

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 countywide 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

¹⁹ Personal Property includes automobiles, other motor vehicles and mobile homes.

²⁰ The decrease in assessed value is primarily due to the reclassification of a property, a power plant located in the City that was purchased by Tennessee Valley Authority ("TVA"). The property was reclassified and therefore the City's total assessed value decreased; however, TVA is making monthly payments in lieu of taxes, which total in lieu of payments by TVA equals approximately the same amount the previous company was paying in taxes.

²¹ Decrease in assessed value due to reappraisal.

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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.

Procedure for Tax Collections

Ad valorem taxes on real, personal and utility property are due on February 1 of each year. A penalty in the amount of one percent (1%) per month is levied against all delinquent ad valorem taxes. In the event the taxes are not paid by August 5, the property is sold for taxes on the last Monday in August and upon the sale of any property for failure to pay ad valorem taxes, the owner has two years from the date of sale in which to redeem the property. Ad valorem taxes for motor vehicles (license plates) are due one year from the first day of the month in which the tag is acquired. A onetime late penalty in the amount of 25% of the amount of the taxes due is levied in the event the license plate is not acquired in the month in which it expires. Ad valorem receipts for motor vehicles are collected on a monthly basis.

If any taxpayer neglects or refuses to pay his taxes on the due date thereof, the unpaid taxes will bear interest at the rate of 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 27-41-55, Mississippi Code of 1972, as amended, and related statutes provide that after the fifteenth day of February or the fifth day of August in each year, the tax collector for each County shall advertise all lands in a City on which all taxes due and in arrears have not been paid, as well as all land liable for other matured taxes, for sales on the first Monday in April or the last Monday of August following, as the case may be. DeSoto County conducts its tax sales during the month of August.

History of Assessed Valuation

The State has undertaken substantial revision of its property taxation since 1980. In that year the Mississippi Supreme Court rendered its decision in State Tax Commission v. Fondren, 387 So. 2d 712, in which the Mississippi Department of Revenue was enjoined from approving assessment rolls from any county in the state for the tax year 1983 unless the Mississippi Department of Revenue equalized the assessment rolls of all counties. While the appeal of that case was pending in the Mississippi Supreme Court, the Legislature passed Senate Bill No. 2672, Regular Session 1980, which is codified in part as Sections 27-35-49 and 27-35-50, Mississippi Code of 1972, as amended, which ordered a state-wide reappraisal of property and required appraisal at true value and assessment in proportion to true value. DeSoto County has completed reappraisal.

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On June 3, 1986, the voters of the State of Mississippi approved an amendment to Section 112 of the Mississippi Constitution which established certain classes of property and related assessment ratios for property taxation purposes. Formerly there were four classes of property and no assessment ratio of one class could be more than double the assessment ratio of each of the other classes of property. The amendment sets forth five classes of property and provides that the assessment ratio of one class of property must not be more than three times the assessment ratio of each of the other classes of property.

- | | |
|-----------|---|
| CLASS I | Single-family, owner-occupied, residential real property – ten percent (10%) of true value; |
| CLASS II | All real property except that of public utilities and single-family, owner-occupied property - fifteen percent (15%) of true value; |
| CLASS III | All personal property except motor vehicles and personal property of public utilities - fifteen percent (15%) of true value; |
| CLASS IV | All public utility property - thirty percent (30%) of true value; and |
| CLASS V | Motor vehicles - thirty percent (30%) of true value. |

The entire State has completed its reappraisal, and all property in the City is now appraised at true value. Assessments for the years 1986 and thereafter, for taxes payable in the years 1987 and thereafter, have been and will continue to be based on the assessment ratios set forth in the constitutional amendment and legislation related thereto.

Sections 27-35-15, *et seq.*, Mississippi Code of 1972, as amended, require county tax assessors to annually appraise all personal property subject to taxation and describe how the assessors are to obtain and maintain property lists and how to value the property. Section 27-35-50 of the Mississippi Code also requires determination of true value of all real property annually, and the Mississippi Department of Revenue is given power to establish rules to facilitate implementation of appraisal and assessment.

Rule 6 of the Mississippi Department of Revenue's Property Tax Bureau set the tax roll year 1997 as a year of developing and adopting standards and minimum requirements for maintenance of property appraisal. Each county was to prepare a base property sales file and establish an update cycle of no more than four years, during which 100% of the tax parcels would be physically observed and notated on the county's property records. The Mississippi Department of Revenue has statutory authority to monitor each county's progress and to assure that each county's assessment records comply with acceptable standards.

DeSoto County has opted for the four-year cycle, established its base real and personal property sales files, and is in the midst of its second cycle of physically observing and notating all tax parcels.

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Homestead Exemption

The Homestead Exemption Law of 1946, as amended, reduces the local tax burden on certain homes and provides partial replacement of the tax loss by revenues from other sources of taxation on the state level. 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 to pay the Bonds, except as hereinafter noted.

Those homeowners who qualify for 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 services, and those classified 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. The tax loss resulting to the City from homestead exemptions is reimbursed by the Mississippi Department of Revenue. However, in any year the City will not be reimbursed an amount in excess of one hundred six percent (106%) of the total net reimbursement made to the City in the previous year nor may any exemption exceed \$200.00 per qualified applicant.

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Tax Levy per \$1000 Valuation*

	Year in Which Taxes Levied					
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
General Purpose	29.48	27.67	22.36	23.12	20.38	20.38
General Obligation						
Bond & Int. Sinking Fund	14.25	16.06	15.37	14.61	16.60	16.60
Library	0.00	0.00	0.00	0.00	0.75	0.75
Sanitation	0.00	6.00	6.00	6.00	6.00	6.00
Total	43.73	43.73	43.73	43.73	43.73	43.73

*Tax Levy is shown in mills.

SOURCE: Office of the City Administrator; February 2016.

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DEBT INFORMATION

Legal Debt Limit Statement

(As of February 1, 2016)

	15% Debt	20% Debt
Authorized Debt Limit (Last Completed Assessment for Taxation (\$476,170,302))	\$71,425,545	\$95,234,060
Present Debt Subject to Debt Limits	37,355,000	39,430,000 ²²
Margin for Further Debt Under Debt Limits	\$34,070,545	\$55,804,060

General Statutory Debt Limits Provisions

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 benefitted, or for the purpose of paying a municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefitted.

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.

²² See footnote number 23.

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Outstanding General Obligation Bonded Debt

(As of February 1, 2016)

Issue	Date of Issue	Original Principal	Outstanding Principal
Public Improvement Bonds	07/01/07	6,000,000	\$ 555,000
Public Improvement Bonds	07/01/08	4,000,000	2,990,000
G.O. Refunding Bonds	04/16/09	6,665,000	3,190,000
G. O. Bonds	02/26/10	6,000,000	4,710,000
G.O. Refunding Bonds	04/15/10	3,595,000	1,425,000
G.O. Refunding Bonds	11/30/10	3,225,000	2,195,000
G.O. Refunding Bonds	02/17/11	3,505,000	2,020,000
G.O. W&S Refunding Bonds ²³	10/31/12	2,735,000	2,075,000
G.O. Refunding Bonds, 2012A	10/31/12	3,015,000	2,630,000
G.O. Bonds	11/29/12	2,875,000	2,070,000
G.O. Bonds, Series 2013A	12/1/13	6,565,000	6,095,000
Taxable GO Bonds, Series 2013B	1/31/14	2,930,000	2,720,000
GO Refunding Bonds, Series 2015	4/09/15	6,870,000	6,755,000
Total			\$39,430,000

SOURCE: Office of the City Administrator, February 2016

²³ This debt is subject only to the 20% limitation.

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Additional Bonded Debt (not subject to Debt Limits)

(As of February 1, 2016)

Issue	Date of Issue	Original Principal	Outstanding Principal
Water & Sewer Revenue Bonds ²⁴	08/01/07	\$5,400,000	\$3,815,000
Total			\$3,815,000

Other Long-Term Debt

(As of February 1, 2016)

Issue	Date of Issue	Original Principal	Outstanding Principal
Mississippi Development Bank Loan ²⁵	03/01/06	\$9,000,000	\$6,910,000
Mississippi Development Bank Loan ²⁶	02/01/09	6,500,000	4,785,000
Mississippi Development Bank Loan ²⁷	03/31/14	7,945,000	7,065,000
Total			\$18,760,000

SOURCE: Office of the City Administrator.

²⁴ To be partially refunded with proceeds of the Bonds.

²⁵ The City borrowed \$9,000,000 from the Bank on March 1, 2006 for improvements in the water and sewer systems. The loan is secured by revenues of the City derived from the operation of the water and sewer system. The bonds and the interest thereon are limited obligations of the City and do not constitute or give rise to any pecuniary liability of the City or a charge against its general credit or taxing powers. To be partially refunded with proceeds of the Bonds.

²⁶ The City borrowed \$6,500,000 from the Bank on February 1, 2009 for improvements in the water and sewer systems. The loan is secured by revenues of the City derived from the operation of the water and sewer system. The bonds and the interest thereon are limited obligations of the City and do not constitute or give rise to any pecuniary liability of the City or a charge against its general credit or taxing powers. To be partially refunded with proceeds of the Bonds.

²⁷ The City borrowed \$7,945,000 from the Bank on March 31, 2014 for refunding of various outstanding Bank debt. The loan is secured by revenues of the City.

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Other Outstanding Debt

The City also has outstanding tax increment limited obligation bonds, secured solely by the tax revenue received from the projects, which are subject to neither the 15 nor 20 percent debt limitations, pursuant to Section 21-45-9, Mississippi Code of 1972.

The City also has outstanding notes, which are not subject to the 15 nor 20 per cent debt limitation.

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Annual Debt Service Requirements

FY Ending September 30	General Obligation Bonds		
	Principal	Interest	Total
2016	\$3,795,000.00	\$1,204,593.02	\$4,999,593.02
2017	\$3,925,000.00	\$1,088,486.77	\$5,013,486.77
2018	\$4,055,000.00	\$968,052.52	\$5,023,052.52
2019	\$4,180,000.00	\$852,692.52	\$5,032,692.52
2020	\$4,040,000.00	\$737,995.52	\$4,777,995.52
2021	\$3,570,000.00	\$631,817.16	\$4,201,817.16
2022	\$3,310,000.00	\$539,254.28	\$3,849,254.28
2023	\$3,050,000.00	\$455,047.03	\$3,505,047.03
2024	\$2,820,000.00	\$374,277.27	\$3,194,277.27
2025	\$2,635,000.00	\$292,645.01	\$2,927,645.01
2026	\$1,765,000.00	\$222,837.51	\$1,987,837.51
2027	\$1,020,000.00	\$176,903.13	\$1,196,903.13
2028	\$1,070,000.00	\$140,918.75	\$1,210,918.75
2029	\$795,000.00	\$103,100.00	\$898,100.00
2030	\$830,000.00	\$74,462.50	\$904,462.50
2031	\$405,000.00	\$52,237.50	\$457,237.50
2032	\$415,000.00	\$37,887.50	\$452,887.50
2033	\$430,000.00	A-19 \$23,100.00	\$453,100.00

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2034	\$445,000.00	\$7,787.50	\$452,787.50
Total:	\$42,555,000.00	\$7,984,095.49	\$50,539,095.49

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General Obligation Bonded Debt	Fiscal Year Ended September 30					
	2015	2014	2013	2012	2011	
General Obligation Bonds (09/01/98)	\$ -0-	\$ -0-	\$ -0-	\$ 155,000	\$ 300,000	
General Obligation Public Improvement Bonds (12/01/04)	-0-	210,000	415,000	3,365,000	3,550,000	
General Obligation Public Improvement Bonds (12/01/05)	210,000	3,170,000	3,365,000	3,550,000	3,730,000	
General Obligation Public Improvement Bonds (07/01/07)	555,000	4,460,000	4,710,000	4,950,000	5,180,000	
General Obligation Public Improvement Bonds (07/01/08)	2,990,000	3,155,000	3,315,000	3,465,000	3,610,000	
General Obligation Notes (12/01/08)	-0-	-0-	720,000	1,410,000	2,070,000	
General Obligation Refunding Bonds (04/16/09)	3,845,000	4,470,000	5,080,000	5,675,000	6,250,000	
General Obligation Bonds (02/26/10)	4,950,000	5,180,000	5,400,000	5,610,000	5,810,000	
General Obligation Refunding Bonds (04/15/10)	1,815,000	2,195,000	2,565,000	2,925,000	3,280,000	
General Obligation Refunding Bonds (11/30/10)	2,405,000	2,615,000	2,820,000	3,020,000	3,225,000	
General Obligation Refunding Bonds (02/17/11)	2,325,000	2,620,000	2,915,000	3,195,000	3,505,000	
General Obligation W&S Refunding Bonds (10/31/12)	2,305,000	2,525,000	2,735,000	-0-	-0-	
General Obligation Refunding Bonds 2012A (10/31/12)	2,885,000	2,920,000	2,955,000	-0-	-0-	

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General Obligation Bonds (11/29/12)	2,345,000	2,615,000	2,875,000	-0-	-0-
General Obligation Bonds 2013A (12/19/13)	6,335,000	6,565,000	-0-	-0-	-0-
General Obligation Bonds 2013B (01/13/14)	2,720,000	2,930,000	-0-	-0-	-0-
General Obligation Refunding Bonds 2015 (4/09/15)	6,870,000	-0-	-0-	-0-	-0-
Totals	\$42,555,000	\$45,630,000	\$39,870,000	\$37,320,000	\$40,510,000

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Debt Ratios

FY Ended September 30	General Obligation Debt	General Obligation Debt to Assessed Value
2015	\$42,555,000	8.93%
2014	45,630,000	9.91
2013	39,870,000	7.64
2012	37,320,000	7.15
2011	40,510,000	9.07

Overlapping General Obligation Indebtedness

(As of March 1, 2016)

	2010 Population	Current Assessed Valuation ²⁸	General Obligation Bonded Debt	General Obligation Bonded Debt Per Capita
DeSoto County	161,774	\$1,657,544,146	\$86,570,000	\$535.13

²⁸ 2015 Assessment Year.

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