

The Mayor and Board of Aldermen of the City of Hernando met in regular session at City Hall on Tuesday, October 2, 2012 at 6:00 P.M. with Mayor Chip Johnson presiding. Aldermen present were: Sonny Bryant, Andrew Miller, Gary Higdon, Alderman Tipton, Alderman Manning, and Jeff Hobbs. Alderman Lauderdale was absent.

Also present for the meeting were: City Clerk Katie Subia, City Attorney Kenny Stockton, Fire Chief Hubert Jones, Police Chief Mike Riley, Public Works Director Gary McElhannon, Edward Pidgeon, Doug Thornton, Henry Bailey, David Walker, Jason Coleman, Jacob Threadgill, and Vince Thilla.

INVOCATION

Alderman Tipton gave the invocation.

APPROVAL OF AGENDA

Motion was duly made by Alderman Higdon, and seconded by Alderman Lauderdale to approve the agenda as presented. A vote was taken with the following results:

Those voting "Aye": Alderman Bryant, Alderman Miller, Alderman Higdon, Alderman Tipton, Alderman Manning, and Alderman Hobbs.

Those voting "Nay": None.

ORDERED AND DONE this the 2nd day of October 2012.

Agenda
City of Hernando
Mayor and Board of Alderman
Regular Meeting

October 2, 2012

6:00pm

- 1) Call the meeting to order
- 2) Invocation
- 3) Approve Agenda
- 4) Approve Docket of Claims No.'s 95519 – 95761, less 95539, 95541, 95581 – 95609, 95690
- 5) Approve Docket of Claims No.'s (Lauderdale) 95539 and 95690
- 6) Approve Docket of Claims No.'s (Bryant) 95581 – 95609
- 7) Approve Docket of Claims No.'s (Miller) 95541
- 8) Approve Minutes from Regular Meeting on 9/18/12

9) Consent Agenda

- A) Authorize Julie Harris to attend the Mayor's Youth Council summit planning meeting in Hattiesburg on October 24 and the Mayor's Youth Council retreat in Brandon on October 25 and reimburse for travel.
- B) Authorize Julie Harris to attend the Clerks Certification program in Oxford, MS on October 31 – November 2, and authorize pay for registration and travel expenses.

10) Request for sponsorship for HHS Golf Boosters

11) Discussion of Master Parks Plan

12) Public Hearing on TIF for Hampton Inn

13) Adopt Resolution to accept the TIF plan

14) Authorize Mayor Johnson to execute the Developer Agreement with Hernando Hotel Development Group, Inc. upon final approval from the city attorney as to the form of the agreement

15) Adopt Resolution refunding debt

16) Declare Parks 1996 Dodge truck VIN 3B7HC13Z5TG145402 surplus and dispose

17) Discussion on Garbage only customer deposits

18) Authorize to hire Jason Coleman as a full time Police Officer, with a pay of \$14.67 an hour

19) Authorize to purchase two police cars from Missouri

20) Authorize to hire Stephen Margeson as a firefighter, with a pay of \$8.06 an hour

21) Authorize the Mayor to apply for DSR funds for Mussacuna Creek Bank stabilization

22) Authorize the Mayor to sign a contract with Williams, Pitts, and Beard, PLLC to perform our 2012 audit

23) Authorize the Mayor to sign an engagement contract with Williams, Pitts, and Beard, PLLC to assist with duties outside the scope of the Audit

24) Adjourn

APPROVE DOCKET OF CLAIMS NO.'S 95519 – 95761, LESS 95539, 95541, 95581 – 95609, AND 95690

The Board of Aldermen were presented with a docket of claims No. 95519 – 95761, less 95539, 95541, 95581 – 95609, and 95690 in the amount of \$1,265,774.08 for approval.

Motion was duly made by Alderman Tipton, and seconded by Alderman Manning to approve the docket of claims for payment as presented. A vote was taken with the following results:

Those voting “Aye”: Alderman Bryant, Alderman Miller, Alderman Higdon, Alderman Tipton, Alderman Manning, and Alderman Hobbs.

Those voting “Nay”: None.

ORDERED AND DONE this the 2nd day of October, 2012.

APPROVE DOCKET OF CLAIMS NO. 95539 AND 95609 (LAUDERDALE)

Alderman Lauderdale was absent.

The Board of Aldermen were presented with a docket of claims No. 95539 and 95609 in the amount of \$214,927.22 for approval.

Motion was duly made by Alderman Hobbs, and seconded by Alderman Manning to approve the docket of claims for payment as presented. A vote was taken with the following results:

Those voting “Aye”: Alderman Miller, Alderman Higdon, Alderman Tipton, Alderman Manning, Alderman Hobbs, and Alderman Bryant.

Those voting “Nay”: None.

ORDERED AND DONE this the 2nd day of October, 2012.

APPROVE DOCKET OF CLAIMS NO. 95581 - 95609 (BRYANT)

Alderman Bryant recused himself and left the room.

The Board of Aldermen were presented with a docket of claims No. 95581 - 95609 in the amount of \$14,459.03 for approval.

Motion was duly made by Alderman Higdon, and seconded by Alderman Tipton to approve the docket of claims for payment as presented. A vote was taken with the following results:

Those voting “Aye”: Alderman Higdon, Alderman Tipton, Alderman Manning, Alderman Hobbs, and Alderman Miller.

Those voting “Nay”: None.

ORDERED AND DONE this the 2nd day of October, 2012

APPROVE DOCKET OF CLAIMS NO. 95541 (MILLER)

Alderman Miller recused himself and left the room.

The Board of Aldermen were presented with a docket of claims No. 95541 in the amount of \$39,937.37 for approval.

Motion was duly made by Alderman Manning, and seconded by Alderman Tipton to approve the docket of claims for payment as presented. A vote was taken with the following results:

Those voting "Aye": Alderman Tipton, Alderman Manning, Alderman Hobbs, Alderman Bryant, and Alderman Higdon.

Those voting "Nay": None.

ORDERED AND DONE this the 2nd day of October, 2012.

APPROVE MINUTES FROM THE REGULAR BOARD MEETING ON SEPTEMBER 18, 2012

Motion was duly made by Alderman Higdon and seconded by Alderman Hobbs to approve the Minutes from the regular Board Meeting on September 18, 2012. A vote was taken with the following results:

Those voting "Aye": Alderman Manning, Alderman Hobbs, Alderman Bryant, Alderman Miller, and Alderman Higdon.

Those voting "Nay":

Alderman Tipton abstained from voting.

ORDERED AND DONE this the 2nd day of October, 2012.

CONSENT AGENDA

- A) Authorize Julie Harris to attend the Mayor's Youth Council summit planning meeting in Hattiesburg on October 24 and the Mayor's Youth Council retreat in Brandon on October 25 and reimburse for travel.
- B) Authorize Julie Harris to attend the Clerks Certification program in Oxford, MS on October 31 – November 2, and authorize pay for registration and travel expenses.

Motion was duly made by Alderman Higdon and seconded by Alderman Manning to approve the Consent Agenda. A vote was taken with the following results:

Those voting "Aye": Alderman Hobbs, Alderman Bryant, Alderman Miller, Alderman Higdon, Alderman Tipton, and Alderman Manning.

Those voting "Nay": None.

ORDERED AND DONE this the 2nd day of October, 2012.

REQUEST FOR SPONSORSHIP FOR HHS GOLF BOOSTERS

Motion was duly made by Alderman Miller, and seconded by Alderman Tipton to approve the request from HHS Golf Boosters, with the City sponsoring a hole in the tournament for \$100.00, to promote the City of Hernando. A vote was taken with the following results:

Those voting "Aye": Alderman Bryant, Alderman Miller, Alderman Higdon, Alderman Tipton, Alderman Manning, and Alderman Hobbs.

Those voting "Nay": None.

ORDERED AND DONE this the 2nd day of October, 2012.

DISCUSSION OF MASTER PARKS PLAN

Doug Thornton presented the Master Plan for the Park. He handed out diagrams, reviewed them and the cost estimate.

The Mayor and Board thanked Doug for doing a great job with the plan and including a variety of sports.

PUBLIC HEARING ON TIF FOR HAMPTON INN

Mayor Johnson opened up the public hearing.

Laurence Leyens spoke about the TIF project. Mr. Leyens stated that this will be a 4 story hotel, adding 25-35 jobs and will take approximately 11 months to complete.

Mayor Johnson closed the public hearing.

ADOPT RESOLUTION TO ACCEPT THE TIF PLAN

Motion was duly made by Alderman Manning, and seconded by Alderman Higdon to adopt the Resolution approving the adoption and implementation of the "Tax Increment Financing Plan, "The Hampton Inn Hotel Project, Hernando, Mississippi, 2012". A vote was taken with the following results:

Those voting "Aye": Alderman Higdon, Alderman Tipton, Alderman Manning, Alderman Hobbs, Alderman Bryant, and Alderman Miller.

Those voting "Nay": None.

ORDERED AND DONE this the 2nd day of October, 2012.

AUTHORIZE MAYOR JOHNSON TO EXECUTE THE DEVELOPER AGREEMENT WITH HERNANDO HOTEL DEVELOPMENT GROUP, INC. UPON FINAL APPROVAL FROM THE CITY ATTORNEY AS TO THE FORM OF THE AGREEMENT

Laurence Leyens spoke giving information about the Developer agreement.

Motion was duly made by Alderman Manning, and seconded by Alderman Higdon to authorize Mayor Johnson to execute the Developer Agreement with Hernando Hotel Development Group, Inc. upon final approval from the City Attorney as to the form of the agreement. A vote was taken with the following results:

Those voting "Aye": Alderman Tipton, Alderman Manning, Alderman Hobbs, Alderman Bryant, Alderman Miller, and Alderman Higdon.

Those voting "Nay": None.

ORDERED AND DONE this the 2nd day of October, 2012.

ADOPT RESOLUTION REFUNDING DEBT

Demery Grubbs and Sam Keys presented the information on the resolution. This will save over \$200K total on these bonds and loans. The maturity dates stay the same and range from year 2021 – 2026.

RESOLUTION (I) AUTHORIZING AND DIRECTING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012, OF THE CITY OF HERNANDO, MISSISSIPPI (THE "CITY") IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED FIVE MILLION TWO HUNDRED THOUSAND DOLLARS (\$5,200,000) (THE "BONDS") TO RAISE MONEY FOR THE PURPOSE OF PROVIDING FUNDS FOR (A) THE ADVANCED REFUNDING OF CERTAIN OUTSTANDING AMOUNTS OF THE CITY'S (1) \$3,500,000 GENERAL OBLIGATION BONDS, SERIES 2003, DATED OCTOBER 1, 2003 (THE "2003 BONDS") AND (2) \$2,000,000 GENERAL OBLIGATION BONDS, SERIES 2003, DATED APRIL 1, 2003 (THE "\$2M 2003 BONDS"); (B) THE REFINANCE, PREPAYMENT, CURRENT REFUNDING AND REDEMPTION OF CERTAIN OUTSTANDING AMOUNTS OF THE CITY'S (1) STATE OF MISSISSIPPI – DWSIRLF LOAN, DATED FEBRUARY 10, 2002, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$752,086; (2) STATE OF MISSISSIPPI – DWSIRLF LOAN, DATED FEBRUARY 10, 2003, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$391,232; AND (3) STATE OF MISSISSIPPI – DWSIRLF LOAN, DATED MAY 1, 2006, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$233,505; AND THE PAYMENT OF COSTS OF ISSUANCE OF THE BONDS; AND (II) FOR RELATED PURPOSES.

WHEREAS, the Mayor and Board of Aldermen of the City of Hernando, Mississippi (the "City"), acting for and on behalf of said City, hereby finds, determines, adjudicates and declares as follows:

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

"Act" shall mean Sections 31-27-1 et seq, of the Mississippi Code of 1972, as amended.

"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.

"Beneficial Owner" or "Beneficial Owners" 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 \$5,200,000 General Obligation Refunding Bonds, Series 2012 of the City authorized and directed to be issued in this Bond Resolution.

"Bond Counsel" shall mean Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Ridgeland, Mississippi.

"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.

"Bond Resolution" shall mean this resolution.

"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 2 herein.

"Callable Bonds" shall mean together the Callable 2003 Bonds and the Callable \$2M 2003 Bonds.

"Callable 2003 Bonds" shall mean the 2003 Bonds maturing in the years 2014 through 2023, both inclusive.

"Callable \$2M 2003 Bonds" shall mean the \$2M 2003 Bonds maturing in the years 2014 through 2023, both inclusive.

"Callable 2002 Loan" shall mean the 2002 Loan which matures in monthly installments in the years 2012 through 2021, both inclusive.

"Callable 2003 Loan" shall mean the 2003 Loan which matures in monthly installments in the years 2012 through 2022, both inclusive.

"Callable 2006 Loan" shall mean 2006 Loan which matures in monthly installments in the years 2012 through 2026, both inclusive.

"Callable Loans" shall mean together, the Callable 2002 Loan, the Callable 2003 Loan and the Callable 2006 Loan.

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

"City Counsel" shall mean Kenneth Stockton, Esquire, Hernando, Mississippi.

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

"County" shall mean DeSoto County, Mississippi.

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

"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 Bonds, and shall initially be First National Bank of Clarksdale, Clarksdale, Mississippi.

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

"Escrow Funds" shall mean together the Escrow 2003 Fund and the Escrow \$2M 2003 Fund.

"Escrow 2003 Fund" shall mean the City of Hernando, Mississippi, General Obligation Bonds, Series 2003 Escrow Fund established pursuant to the Escrow Agreement to pay the principal of and interest on the Refunded 2003 Bonds.

"Escrow \$2M 2003 Fund" shall mean the City of Hernando, Mississippi \$2M General Obligation Bonds, Series 2003 Escrow Fund established pursuant to the Escrow Agreement to pay principal of and interest on the Refunded \$2M 2003 Bonds.

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

"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.

"Lender" shall mean the Mississippi State Department of Health.

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

"Mayor" shall mean the Mayor of the City.

"Paying Agent" shall mean any bank, trust company or other institution whether designated by the Bond Resolution or 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 as may

be specified by the Bond Resolution or hereafter specified by the Governing Body and shall initially be First National Bank of Clarksdale, Clarksdale, Mississippi.

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

"Project" shall mean together, providing funds for the Refunding Project and the payment of costs of issuance of the Bonds.

"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.

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

"Refunded Bonds" shall mean together, the Refunded 2003 Bonds and the Refunded \$2M 2003 Bonds.

"Refunded 2003 Bonds" shall mean the 2003 Bonds which mature in the years 2014 through 2023, both inclusive.

"Refunded \$2M 2003 Bonds" shall mean the \$2M 2003 Bonds which mature in the years 2014 through 2023, both inclusive.

"Refunded Loans" shall mean together, the Refunded 2002 Loan, the Refunded 2003 Loan and the Refunded 2006 Loan.

"Refunded 2002 Loan" shall mean the outstanding principal installments of the 2002 Loan which mature in the years 2012 through 2021, both inclusive.

"Refunded 2003 Loan" shall mean the outstanding principal installments of the 2003 Loan which mature in the years 2012 through 2022, both inclusive.

"Refunded 2006 Loan" shall mean the outstanding principal installments of the 2006 Loan which mature in the years 2012 through 2026, both inclusive.

"Refunded Obligations" shall mean together, the Refunded Bonds and the Refunded Loans.

"Refunding Project" shall mean providing funds to (i) advance refund the Refunded Bonds, including funds for the redemption of the Callable Bonds and (ii) refinance, prepay and current refund the Refunded Loans, including funds for the redemption of the Callable Loans at a redemption price of par plus accrued and unpaid interest.

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

"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

"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 First National Bank of Clarksdale, Clarksdale, Mississippi.

"Underwriter" shall mean Duncan-Williams, Inc., Memphis, Tennessee.

"2003 Bonds" shall mean the City's \$3,500,000 General Obligation Bonds, Series 2003, dated October 1, 2003.

"2003 Bond Resolution" shall mean the Bond Resolution, adopted by the City, in connection with the 2003 Bonds.

"2003 Escrow Requirement" shall mean the sale proceeds of the Bonds deposited in the Escrow 2003 Fund and used to refund the Refunded 2003 as provided in the Escrow Agreement.

"2003 Paying Agent" shall mean First National Bank of Clarksdale, Clarksdale, Mississippi.

"\$2M 2003 Bonds" shall mean the City's \$2,000,000 General Obligation Bonds, Series 2003, dated April 1, 2003.

"\$2M 2003 Bond Resolution" shall mean the Bond Resolution adopted by the City, in connection with the \$2M 2003 Bonds.

"\$2M 2003 Escrow Requirement" shall mean the sale proceeds of the Bonds deposited in the Escrow \$2M 2003 Fund and used to refund the Refunded \$2M 2003 Bonds as provided in the Escrow Requirement.

"\$2M 2003 Paying Agent" shall mean First Security Bank, Batesville, Mississippi.

"2002 Loan" shall mean the State of Mississippi – DWSIRLF Loan, dated February 10, 2002, issued in the aggregate principal amount of \$752,086.

"2003 Loan" shall mean the State of Mississippi – DWSIRLF Loan, dated February 10, 2003, issued in the aggregate principal amount of \$391,232.

"2006 Loan" shall mean the State of Mississippi – DWSIRLF Loan, dated May 1, 2006, issued in the aggregate principal amount of \$233,505.

"2012 Bond Fund" shall mean the City of Hernando, Mississippi General Obligation Refunding Bonds, Series 2012, 2012 Bond Fund provided for in Section 13 hereof.

"2012 Costs of Issuance Fund" shall mean the City of Hernando, Mississippi General Obligation Refunding Bonds, Series 2012, 2012 Costs of Issuance Fund provided for in Section 14 hereof.

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

2. 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 Five Million Two Hundred Thousand Dollars (\$5,200,000).

4. The Governing Body recognizes that the current low interest rate environment provides an opportunity to realize savings from the issuance of the 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.

5. 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 26 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.

6. It is necessary to approve the 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.

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

8. 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.

9. It is necessary to approve the Escrow Agent and the form and execution of the Escrow Agreement for the Refunded Bonds.

10. It is necessary to authorize the Mayor or Clerk of the City to provide a written notification to the (a) 2003 Paying Agent (the "2003 Bonds Notice of Refunding/Redemption") and (b) \$2M 2003 Paying Agent (the "2M 2003 Bonds Notice of Refunding/Redemption") of the

advanced refunding of the Refunded Bonds and to approve the form of and execution of the notice of refunding of the Refunded Bonds.

11. It is necessary to authorize the Mayor or Clerk of the City to provide a written notification to the Mississippi State Department of Health, as lender (the "Loan Notice of Refunding/Redemption") of the prepayment and current refunding of the outstanding principal of the City's Refunded Loans, on a to be determined date to be the most economically beneficial to the City, and to approve the form of and execution of the notice of the refinance, prepayment, current refunding and redemption of the Refunded Loans.

12. 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:

SECTION 1. 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 2. (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 2. 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 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 Section 8 hereof.

(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.

(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 3. The Bonds are hereby authorized and ordered to be prepared and issued in the principal amount of not to exceed Five Million Two Hundred Thousand Dollars (\$5,200,000) to raise money for the Project as authorized by the Act.

SECTION 4. (a) 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.

(b) 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 by further order of the Governing Body, payable on April 1 and October 1 of each year (each an "Interest Payment Date") until maturity, such interest rate to be in compliance with the Act, commencing April 1, 2013, unless otherwise specified in the Bond Purchase Agreement; and shall mature and become due and payable on October 1 in the years and in the amounts as determined in the Bond Purchase Agreement, with the final maturity occurring not later than October 1, 2023 and with such completions, changes, insertions and modifications to the Bond Purchase Agreement 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).

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

(d) 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.

(e) 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) When the Bonds shall have been validated and executed as herein provided, 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 each of the Bonds, over her manual or facsimile signature and manual or facsimile seal, her certificate in substantially the form set out in **EXHIBIT A**.

(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, issuance, sale and validation 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 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 hereby appoints the Paying and Transfer Agent for the Bonds. 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.

(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.

(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 7(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 Transfer Agent evidence satisfactory to them that such Bond was stolen, destroyed or lost, and of his ownership thereof, and furnishing the City or Transfer Agent with such security or indemnity as may be required by law or by them to save each of them harmless from all risks, however remote. The provision of this Section 8 shall not apply if the Book-Entry System is in effect.

SECTION 9. (a) For the purpose of effectuating and providing for the payment of the principal of and interest on the Bonds as the same shall respectively mature and accrue, there

shall be and is hereby levied a direct, continuing special tax upon all of the taxable property within the geographical limits of the City, adequate and sufficient, after allowance shall have been made for the expenses of collection and delinquencies in the payment of taxes, to produce sums required for the payment of the principal of and the interest on the Bonds; provided, however, that such tax levy for any year shall be abated pro tanto to the extent the City on or prior to September 1 of that year has transferred money to the 2012 Bond Fund of the Bonds, or has made other provisions for funds, to be applied toward the payment of the principal of and interest on the Bonds due during the ensuing fiscal year of the City, including net revenues of the combined water and sewer system of the City, in accordance with the provisions of the Bond Resolution. When necessary, said tax shall be extended upon the tax rolls and collected in the same manner and at the same time as other taxes of the City are collected, and the rate of tax which shall be so extended shall be sufficient in each year fully to produce the sums required as aforesaid, without limitation as to time, rate or amount. The avails of said tax are hereby irrevocably pledged for the payment of the principal of and interest on the Bonds as the same shall respectively mature and accrue. Should there be a failure in any year to comply with the requirements of this section, such failure shall not impair the right of the Registered Owners of any of the Bonds in any subsequent year to have adequate taxes levied and collected to meet the obligations of the Bonds, both as to principal and interest.

SECTION 10. 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 Transfer Agent, shall be entitled to the rights, benefits and security of this Bond Resolution. No 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 Transfer Agent, which executed certificate shall be conclusive evidence of registration, authentication and delivery under this Bond Resolution. The Transfer Agent's certificate of registration and authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Transfer Agent, but it shall not be necessary that the same officer sign said certificate on all of the Bonds that may be issued hereunder at any one time.

SECTION 11. (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 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 Transfer 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 Bond shall be registered in the records of the City maintained by the Transfer Agent may be deemed the absolute owner thereof for all purposes, and payment of or on account of the principal of or interest on any Bond shall be made only to or upon the order of the Registered Owner thereof, or his legal representative, but such registration may be changed as hereinafter provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

SECTION 12. (a) Each Bond 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 attorney duly authorized in writing. Upon the transfer of any Bond, 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 Bonds is exercised, the Transfer Agent shall authenticate and deliver Bonds in accordance with the provisions of this Bond Resolution.

SECTION 13. (a) The City hereby establishes the 2012 Bond Fund which shall be maintained with a qualified depository in its name for the payment of the principal of and interest on the Bonds, and the payment of Agents' fees in connection therewith. There shall be deposited into the 2012 Bond Fund as and when received:

- (i) The accrued interest, if any, received upon delivery of the Bonds;
- (ii) The avails of any of the ad valorem taxes levied and collected pursuant to Section 9 hereof;
- (iii) Any income received from investment of monies in the 2012 Bond Fund;
and
- (iv) Any other funds available to the City which may be lawfully used for payment of the principal of and interest on the Bonds, and which the Governing Body, in its discretion, may direct to be deposited into the 2012 Bond Fund.

(b) As long as any principal of and interest on the Bonds remains outstanding, the Clerk is hereby irrevocably authorized and directed to withdraw from the 2012 Bond Fund sufficient monies to make the payments herein provided for and to transfer same to the account of the Paying Agent in time to reach said Paying Agent at least five (5) days prior to the date on which said interest or principal and interest shall become due.

SECTION 14. The City hereby establishes the 2012 Costs of Issuance Fund which shall be held by the Escrow Agent under the Escrow Agreement. A certain portion of the proceeds received upon the sale of the Bonds shall be deposited in the 2012 Costs of Issuance Fund. Any income received from investment of monies in the 2012 Costs of Issuance Fund shall be deposited in the 2012 Costs of Issuance Fund. Funds in the 2012 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 and delivery of the Bonds. Any amounts which remain in the 2012 Costs of Issuance Fund after the payment of the costs of issuance for the Bonds shall be transferred by the Escrow Agent to the City for deposit in the 2012 Bond Fund and used as permitted under State law.

SECTION 15. Upon delivery of the Bonds, the City will remit or will direct the remittance of (a) a certain portion of the proceeds received upon the sale of the Bonds, directly to the Escrow Agent under the Escrow Agreement for deposit in the Escrow Funds, which amount,

together with investment income thereon, will be sufficient to effectuate the advanced refunding of the Refunded Bonds and the redemption price of the Callable Bonds, pursuant to the terms of the Escrow Agreement; and (b) a certain portion of the proceeds received upon the sale of the Bonds directly to the Lender, which amount, will be sufficient to effectuate the current refunding of the Refunded Loans and the redemption price of the Callable Loans.

SECTION 16. (a) Payment of principal on the Bonds shall be made, upon presentation and surrender of the Bonds at the principal office of the Paying Agent, to the Record Date Registered Owner thereof who shall appear in the registration records of the City maintained by the Transfer Agent as of the Record Date.

(b) Payment of each installment of interest on the 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 Transfer Agent. Any such address may be changed by written notice from the Registered Owner to the Transfer Agent by certified mail, return receipt requested, or such other method as may be subsequently prescribed by the Transfer Agent, such notice to be received by the Transfer Agent not later than the 15th day of the calendar month preceding the applicable principal or Interest Payment Date to be effective as of such date.

SECTION 17. The Bonds may be submitted to validation as provided by Chapter 13, Title 31, Mississippi Code of 1972, and to that end, if requested, the Clerk is hereby directed to make up a transcript of all legal papers and proceedings relating to the Bonds and to certify and forward the same to the State's bond attorney for the institution of validation proceedings.

SECTION 18. 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 19. The City hereby covenants as follows:

(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 Refunded Obligations;

(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 Refunded Obligations;

(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 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 Obligations and 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;

(g) it shall make, or cause to be made, the rebate required by Section 148(f) of the Code in the manner described in Regulation § 1.148-0 through 1.148-11, 1.149(b)-1, 1.149(d)-1, 1.149(g)-1, 1.150-1, 1.150-2, as such regulations and statutory provisions may be modified insofar as they apply to the Bonds.

SECTION 20. The City hereby designates the Bonds as "qualified tax-exempt obligation" as defined in and for the purposes of Section 265(b)(3) of the Code. For purposes of this designation, the City hereby represents that:

(a) the City reasonably anticipates that the amount of tax-exempt obligations to be issued by it during the period from January 1, 2012 to December 31, 2012, and the amount of obligation designated as "qualified tax-exempt obligation" by it, will not exceed \$10,000,000 when added to the aggregate principal amount of the Bonds; and

(b) for purposes of this Section 20, the following obligation are not taken into account in determining the aggregate principal amount of tax-exempt obligations issued by the City: (i) a private activity bond as defined in Section 141 of the Code (other than a qualified 501(c)(3) bond, as defined in Section 145 of the Code); and (ii) any obligation issued to refund any other tax-exempt obligation (other than to advance refund within the meaning of Section 149(d)(5) of the Code) as provided in Section 265(b)(3)(c) of the Code.

SECTION 21. 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 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 of the general type included in the Official Statement in APPENDIX A under the headings "ECONOMIC AND DEMOGRAPHIC INFORMATION," "TAX INFORMATION" and "DEBT INFORMATION" and other financial information set forth in APPENDICES B and C of the Official Statement. The City will update and provide this information within six months after the end of each fiscal year of the City ending in or after 2012.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. The updated information will include audited financial statements, if the City's audit is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by such time and audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles promulgated by the State 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. Accordingly, it must provide updated information by March 31 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the 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, 475 W. Commerce Street, Hernando, Mississippi 38632 Telephone Number: (662) 429-9092.

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 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 Paying Agent, or the change in the name of the Paying Agent. 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 22. The Escrow Agent is hereby authorized to pay costs of issuance expenses on the closing date for the Bonds from the proceeds of the Bonds deposited with the Escrow Agent under the Escrow Agreement for the costs of issuance of said Bonds; provided, however, total costs of issuance for said Bonds shall not exceed 4% of the par amount of the Bonds (excluding Underwriter's discount and bond insurance premium, if any). The Mayor or Clerk or any other Authorized Officer are authorized to sign requisitions for the payment of costs of issuance for the Bonds.

SECTION 23. 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 24. That the distribution of copies of said Preliminary Official Statement to prospective purchasers of the Bonds is hereby authorized and ratified.

SECTION 25. That the Governing Body hereby authorizes the Mayor and Clerk to execute the Certificate of the City of Hernando, Mississippi, attached hereto as **EXHIBIT C**, in

connection with the disclosure requirements regarding the distribution of the above referenced Preliminary Official Statement to prospective purchasers of the Bonds.

SECTION 26. 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 City of the Bond Purchase Agreement in substantially the same form attached hereto as **EXHIBIT D** 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), based on the recommendation of Bond Counsel and Financial Advisor and provided that the following parameters are met: (1) the par amount of the Bonds will not exceed \$5,300,000; (2) the net interest cost of not more than eleven percent (11%) of the Bonds; (3) the Bonds will mature no later than October 1, 2023; (4) terms and provisions of the Bonds in compliance with the Act.

SECTION 27. 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 28. Each of the following constitutes an event of default under this Bond Resolution:

- (a) failure by the City to pay any installment of principal of or interest on any Bond at the time required;
- (b) 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 thirty (30) 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
- (c) an Act of Bankruptcy occurs.

SECTION 29. 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 30. This resolution shall serve as notice to the 2003 Paying Agent, the \$2M 2003 Paying Agent and the Lender of the City's desire to provide for the Refunding Project.

SECTION 31. The form of and the execution by the Mayor or Clerk of the 2003 Bonds Notice of Refunding/Redemption, the \$2M 2003 Notice of Refunding/Redemption and the Loan Notice of Refunding/Redemption attached hereto as **EXHIBIT E, EXHIBIT F, AND EXHIBIT G** is hereby approved.

SECTION 32. That the Governing Body hereby approves the form of the Escrow Agreement attached hereto as **EXHIBIT H** for and on behalf of said Governing Body and authorizes the execution by the Governing Body of the Escrow Agreement in substantially the same form for and on behalf of said Governing Body.

SECTION 33. That the Governing Body hereby approves the appointment of the Escrow Agent under the terms and provisions of the Escrow Agreement.

SECTION 34. The Governing Body hereby authorizes the Escrow Agent and/or Bond Counsel in making the initial application with the Department of the Treasury, Bureau of Public Debt, Division of Special Investments, Parkersburg, West Virginia for United States Treasury Securities - State and Local Government Series (the "SLGS"), if such application is deemed necessary in connection with completing the Project.

SECTION 35. The Governing Body authorizes the preparation and submission of the final application for SLGS by the Escrow Agent, if such application is deemed necessary in connection with completing the Project.

SECTION 36. 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 or Refunded Loans at any given time. Therefore the Governing Body does hereby grant authority to the Mayor, upon advice from the Financial Advisor, to provide for the final selection and approval of the obligations, amounts, and maturities of the Refunded Bonds and Refunded Loans to be refunded with the Bonds.

SECTION 37. If the Escrow Agreement is not deemed necessary due to certain market conditions at the point in time when the Bonds are subject to pricing, the Governing Body hereby approves (b) the remittance of a certain portion of the proceeds received upon the sale of the Bonds directly to the 2003 Paying Agent and the \$2M 2003 Paying Agent to effectuate the advanced refunding of the Refunded Bonds; and (c) the remittance of a portion of the proceeds received upon the sale of the Bonds to the Paying Agent to pay costs of issuance, including costs, fees and expenses incurred by the City in connection with the authorization, issuance, sale validation and delivery of the Bonds and authorizes the Paying Agent to pay costs of issuance expenses on the closing date; provided, however costs of issuance for said Bonds shall not exceed 4% of the par amount of the Bonds (excluding Underwriter's discount and bond insurance premium, if any).

SECTION 38. All orders, resolutions or proceedings of the Governing Body in conflict with any provision hereof shall be, and the same are hereby repealed, rescinded and set aside, but only to the extent of such conflict. For cause, this Bond Resolution shall become effective upon the adoption hereof.

The above and foregoing resolution, after having been first reduced to writing, was introduced by Alderman Higdon, seconded by Alderman Miller and the question being put to a roll call vote, the result was as follows:

		VOTE:	
		YES	NO
Alderman Sam Lauderdale	(Absent)		
Alderman Sonny Bryant		X	
Alderman Andrew Miller		X	
Alderman Gary Higdon		X	
Alderman Jamie Tipton		X	
Alderman Marcus Manning		X	
Alderman Jeff Hobbs		X	

The motion having received the affirmative vote of a majority of the members present, the Mayor declared the motion carried and the resolution adopted this the 2nd day of October, 2012.



MAYOR

ATTEST:



CITY CLERK

(SEAL)

DECLARE PARKS 1996 DODGE TRUCK VIN 3B7HC13Z5TG145402 SURPLUS AND DISPOSE

Motion was duly made by Alderman Tipton, and seconded by Alderman Manning to declare the Parks 1996 Dodge Truck VIN 3B7HC13Z5TG145402 surplus and dispose. A vote was taken with the following results:

Those voting "Aye": Alderman Hobbs, Alderman Bryant, Alderman Miller, Alderman Higdon, Alderman Tipton, and Alderman Manning.

Those voting "Nay": None.

ORDERED AND DONE this the 2nd day of October, 2012.

DISCUSSION ON GARBAGE ONLY CUSTOMER DEPOSITS

The Board discussed the different deposits required and the current Ordinance that sets the deposit rates. A deposit of \$50 for garbage only customers, renting or owning residential customers, was recommended.

Mayor directed the City Attorney to draw up an amended ordinance and bring back to the next Board meeting.

AUTHORIZE TO HIRE JASON COLEMAN AS A FULL TIME POLICE OFFICER, WITH A PAY OF \$14.67 AN HOUR

Motion was duly made by Alderman Higdon, and seconded by Alderman Tipton to authorize to hire Jason Coleman as a full time Police Officer, with a pay of \$14.67 an hour based on the recommendation of the Personnel Committee, following the recommendation of the Police Chief. A vote was taken with the following results:

Those voting "Aye": Alderman Bryant, Alderman Miller, Alderman Higdon, Alderman Tipton, Alderman Manning, and Alderman Hobbs.

Those voting "Nay": None.

ORDERED AND DONE this the 2nd day of October, 2012

AUTHORIZE TO PURCHASE TWO POLICE CARS FROM MISSOURI

Motion was duly made by Alderman Bryant, and seconded by Alderman Miller to authorize to purchase two police cars from Missouri. A vote was taken with the following results:

Those voting "Aye": Alderman Miller, Alderman Higdon, Alderman Tipton, Alderman Manning, Alderman Hobbs, and Alderman Bryant.

Those voting "Nay": None.

ORDERED AND DONE this the 2nd day of October, 2012

AUTHORIZE TO HIRE STEPHEN MARGESON AS A FIREFIGHTER, WITH A PAY OF \$8.06 AN HOUR

Motion was duly made by Alderman Miller, and seconded by Alderman Hobbs to authorize to hire Stephen Margeson as a Firefighter, with a pay of \$8.06 an hour, based on the Personnel Committee's recommendation, following the Fire Chief's recommendation. A vote was taken with the following results:

Those voting "Aye": Alderman Higdon, Alderman Tipton, Alderman Manning, Alderman Hobbs, Alderman Bryant, and Alderman Miller.

Those voting "Nay": None.

ORDERED AND DONE this the 2nd day of October, 2012

AUTHORIZE THE MAYOR TO APPLY FOR DSR FUNDS FOR MUSSACUNA CREEK BANK STABILIZATION

Motion was duly made by Alderman Higdon, and seconded by Alderman Tipton to authorize the Mayor to apply for DSR funds for Mussacuna Creek Bank Stabilization. A vote was taken with the following results:

Those voting "Aye": Alderman Tipton, Alderman Manning, Alderman Hobbs, Alderman Bryant, Alderman Miller, and Alderman Higdon.

Those voting "Nay": None.

ORDERED AND DONE this the 2nd day of October, 2012

AUTHORIZE THE MAYOR TO SIGN A CONTRACT WITH WILLIMAS, PITTS, AND BEARD, PLLC TO PERFORM OUR 2012 AUDIT

Motion was duly made by Alderman Bryant, and seconded by Alderman Hobbs to authorize the Mayor to sign a contract with Williams, Pitts, and Beard, PLLC to perform our 2012 audit. A vote was taken with the following results:

Those voting "Aye": Alderman Manning, Alderman Hobbs, Alderman Bryant, Alderman Miller, Alderman Higdon, and Alderman Tipton.

Those voting "Nay": None.

ORDERED AND DONE this the 2nd day of October, 2012

AUTHORIZE THE MAYOR TO SIGN AN ENGAGEMENT CONTRACT WITH WILLIAMS, PITTS, AND BEARD, PLLC TO ASSIST WITH DUTIES OUTSIDE THE SCOPE OF THE AUDIT

Motion was duly made by Alderman Miller, and seconded by Alderman Higdon to authorize to the Mayor to sign an engagement contract with Williams, Pitts, and Beard, PLLC to assist with duties outside the scope of the audit. A vote was taken with the following results:

Those voting "Aye": Alderman Hobbs, Alderman Bryant, Alderman Miller, Alderman Higdon, Alderman Tipton, and Alderman Manning.

Those voting "Nay": None.

ORDERED AND DONE this the 2nd day of October, 2012

ADJOURN

There being no further business at this time a motion was duly made by Alderman Bryant, seconded by Alderman Hobbs to adjourn.

Motion passed with a unanimous vote of "Aye".

MAYOR CHIP JOHNSON

ATTEST:

KATIE SUBIA, CITY CLERK