

**A RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE OF A COMBINED UTILITY SYSTEM REVENUE REFUNDING BOND, SERIES 2012, OF THE CITY OF GAUTIER, MISSISSIPPI (THE "CITY"), IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED ELEVEN MILLION DOLLARS (\$11,000,000) (THE "CITY BOND") TO SELL TO THE MISSISSIPPI DEVELOPMENT BANK TO RAISE MONEY FOR THE PURPOSE OF PROVIDING FUNDS FOR (I) THE REFUNDING THE OUTSTANDING PRINCIPAL OF THE GAUTIER UTILITY DISTRICT, JACKSON COUNTY, MISSISSIPPI COMBINED UTILITY SYSTEM REVENUE REFUNDING BONDS, SERIES 2001, DATED DECEMBER 1, 2001, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$15,680,000, SAID DEBT BEING ASSUMED BY THE CITY IN FY 2005, AND (II) PAYING FOR THE COSTS OF ISSUANCE FOR THE CITY BOND AND THE 2012 BANK BONDS, AS HEREIN DEFINED.**

WHEREAS, the Mayor and the City Council (the "Governing Body") of the City of Gautier, Mississippi (the "City"), acting for and on behalf of the 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:

"Accountant" means a reputable, experienced and recognized firm of independent certified public accountants selected by the City, which may be the firm of accountants which regularly audits the records of the City.

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

"Additional Bonds" shall mean bonds, if any, issued in one or more series on a parity with the City Bond pursuant to Section 25 hereof.

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

"Amortized Value" means, when used with respect to securities purchased at a premium above or a discount below par, the value as of any given date obtained by dividing the total amount of the premium or the discount at which such securities were purchased by the number of days remaining to maturity of such securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (i) in the case of securities purchased at a premium, by deducting the product thus obtained from the purchase price and (ii) in the case of securities purchased at a discount, by adding the product thus obtained to the purchase price.

"Authorized Officer" means the Mayor of the City, the City Clerk of the City and the 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" means the Mississippi Development Bank, a body corporate and politic exercising essential public functions, or any successor to its functions.

"Bank Act" shall mean Sections 31-25-1 *et seq.* of the Mississippi Code of 1972, as amended and supplemented from time to time.

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

"Bond Year" shall mean the bond year for the 2012 Bank Bonds.

"Bondholder" or "Holder" or "Holders of 2012 Bank Bonds" or similar term, means the registered owner of any 2012 Bank Bonds as provided in the 2012 Indenture.

"Callable 2001 Bonds" shall mean the Refunded Bonds maturing in the years 2013 through 2019, both inclusive.

"Certificate" means, as the case may be, either (i) a signed document attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or (ii) a signed document setting forth matters to be determined by an Authorized Officer pursuant to this City Bond Resolution.

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

"City Bond" shall mean the Combined Utility System Revenue Refunding Bond, Series 2012, of the City in the original principal amount of not to exceed \$11,000,000 to be dated the day of delivery thereof.

"City Bond Act" shall mean Sections 21-27-23 and 21-27-41 through 21-27-69, Mississippi Code of 1972, as amended and supplemented from time to time.

"City Bond Resolution" shall mean this bond resolution.

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

"Closing" shall mean the date of the delivery of the City Bond.

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

"Consulting Engineer" shall mean a reputable engineer or firm of engineers experienced in conducting analyses, tests, and studies and in rendering reports, advice and opinions in the area of water and sewer utility facilities planning, selected by the City and may be a certified engineer who is an employee of the City.

"Costs of Issuance" means all items of expense related to the authorization, sale, validation and issuance of the City Bond and the 2012 Bank Bonds.

"Counsel" means an attorney duly admitted to practice law before the highest court of any state and approved by the Bank and the 2012 Trustee.

"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 this City Bond Resolution or by law, but shall not include any allowance for depreciation. Current Expenses shall not include debt service payments on any general obligation bonds of the City issued to finance improvements or expansions to the System that are not Parity Indebtedness or to refund bonds issued for such purposes.

"Debt Service Fund" shall mean the debt service fund provided for in Section 15 of this City Bond Resolution.

"Debt Service Payment" means the aggregate of the interest and principal payable on the City Bond and any Parity Indebtedness for the specific period designated under this City Bond Resolution and any Supplemental Resolution, respectively.

"Depository" means any bank, trust company or national banking association selected by the City as a depository of moneys and securities held under the provisions of this City Bond Resolution, and its successor or assign or successors or assigns.

"Event of Default" means any of those events defined as Events of Default by Section 33 of this City Bond Resolution.

"Fiduciary" or "Fiduciaries" means the 2012 Trustee, the Paying Agent, the Transfer Agent, the Depository, or any or all of them, as may be appropriate.

"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.

"Fund" or "Funds" means one or more of the special funds created and established pursuant to this City Bond Resolution.

"Governing Body" shall mean the Mayor and the City Council of the City.

"Government" means the United States of America and any agency or instrumentality thereof.

"Government Obligations" means any direct obligation issued by or guaranteed in full as to principal and interest by the Government.

"Interest Payment Date" shall be the date or dates, as applicable, described in Section 2.03 of the 2012 Indenture as the interest payment dates of the 2012 Bank Bonds.

"Investment Securities" means and includes all securities, instruments and the like in which the City is authorized to invest its funds under applicable law.

"Mayor" shall mean the Mayor of the City.

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

"Operation and Maintenance Fund" shall mean the operation and maintenance fund provided for in this City Bond Resolution.

"Revenue Fund" shall mean the revenue fund provided for in this City Bond Resolution.

"Parity Indebtedness" means indebtedness of the City, the payments of which are secured by a lien on Net Revenues on a parity with the lien securing the City Bond, but excluding the City Bond.

"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 City Bond, and to serve as registrar and transfer agent for the registration of owners of the City Bond, and for the performance of other duties as may be herein or hereafter specified by the Governing Body and shall initially be 2012 Trustee under the 2012 Indenture.

"Person" shall mean an individual, partnership, corporation, 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 City Bond that will mature and accrue during such period.

"Project" shall mean together (i) Refunding Project, (ii) funding the 2012 Debt Service Reserve Fund for the 2012 Bank Bonds, and (iii) paying costs of issuance for the City Bond and the 2012 Bank Bonds.

"Purchaser" shall mean the Bank.

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

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

"Redemption Price" shall mean, with respect to the City Bond, the principal amount of such City 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 the 2001 Bonds maturing in the years 2013 through 2019, both inclusive.

"Refunding Bond Act" shall mean Sections 31-27-1 *et seq.* of the Mississippi Code of 1972, as amended and supplemented from time to time.

"Refunding Project" shall mean the refunding of the Refunded Bonds including the redemption of the Callable 2001 Bonds.

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

"Revenues" shall mean (i) all revenues derived from the System, or a pledge of an income or revenues, funds or monies of the System from any source whatsoever, including 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, and (ii) the pledge of intercept payments from the Mississippi Department of Revenue for the purpose of meeting any deficiency in the payment of the City Bond as authorized by the Act.

"System" shall mean the combined utility system of the City.

"Tax Intercept Agreement" shall mean the Tax Intercept Agreement, dated as of the delivery date of the Bank Bonds, by and between the City and the Bank, and accepted by the Trustee, as further described in Section 29 hereof.

"Tax Monies" shall have the meaning given to it in Section 29 hereof.

"Transfer Agent" shall mean any bank, trust company or other institution hereafter designated by the Governing Body for the registration of the owner of the City Bond and for the performance of such other duties as may be herein or hereafter specified by the Governing Body, and shall initially be the 2012 Trustee under the 2012 Indenture.

"Transferred Funds" shall mean those funds transferred by the City from the funds or accounts of the Refunded Bonds to partially fund the 2012 Debt Service Reserve Fund under the 2012 Indenture.

"2001 Bonds" shall mean the Gautier Utility District, Jackson County, Mississippi Combined Utility System Revenue Refunding Bonds, Series 2001, dated December 1, 2001, issued under and secured by the 2001 Bond Resolution, said debt being assumed by the City in FY 2005.

"2001 Bond Resolution" shall mean the bond resolution adopted by the Governing Body of the City on December 20, 2001, authorizing and directing the issuance of the 2001 Bonds.

"2001 Paying Agent" shall mean Hancock Bank, Baton Rouge, Louisiana, as paying agent for the 2001 Bonds.

"2012 Bank Bonds" shall mean the not to exceed \$11,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2012 (Gautier, Mississippi Combined Utility System Revenue Refunding Bond Project), authorized to be issued by the Purchaser pursuant to the Act and the terms and conditions of the 2012 Indenture.

"2012 Bank Bonds Debt Service Reserve Requirement" shall mean the lesser of the following: (i) the maximum amount of principal and interest becoming due in the current or any future Bond Year on all 2012 Bank Bonds then Outstanding; (ii) 125% of average annual debt service on the 2012 Bank Bonds; or (iii) ten percent (10%) of the stated principal amount of such issue of 2012 Bank Bonds, or if such issues of 2012 Bank 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 2012 Bank Bonds.

"2012 Debt Service Reserve Fund" shall mean the fund provided for in the 2012 Indenture for the 2012 Bank Bonds.

"2012 Indenture" shall mean that certain Indenture of Trust, dated the day of delivery of the 2012 Bank Bonds, by and between the Purchaser and the 2012 Trustee, securing the 2012 Bank Bonds.

"2012 Trustee" shall mean the trustee under the 2012 Indenture.

(b) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and words importing persons shall include firms, partnerships, corporations, trusts and unincorporated organizations. 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 Governing Body has heretofore found and determined that it is necessary, advisable and in the best interest of the City and of its inhabitants to provide fund, together with certain Transferred Funds, for the Project.

3. The City is authorized under the provisions of the Act to issue its City Bond to provide funds, together with certain Transferred Funds, for the Project, said City Bond to be payable solely from Net Revenues.

4. As of the date of this City Bond Resolution, the City certifies that there will be no other indebtedness of the City that will be secured by a parity lien on Net Revenues at the time of the Closing on the City Bond.

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

6. The Code provides that noncompliance with the provisions thereof may cause interest on obligations to become taxable retroactive to the initial date of issuance, and provides that the tax-exempt status of interest on obligations such as the City Bond 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 City Bond from federal income taxes since such exemption may depend, in part, upon continuing compliance by the City with certain requirements with the Code.

7. The Governing Body now finds and determines that it is necessary, advisable and in the public interest that the City Bond in the principal amount of not to exceed \$11,000,000 be issued as hereinafter provided.

8. The Governing Body agrees that the City Bond issued under this City Bond Resolution shall be purchased by the Bank and that the proceeds from the sale of the City Bond received by the City shall be deposited as provided in this City Bond Resolution. The City agrees that the Bank will issue its 2012 Bank Bonds and that a portion of the proceeds of the 2012 Bank Bonds will be used to purchase the City Bond.

9. The Governing Body agrees that the timely payment of the principal of, premium, if any and interest on the 2012 Bank Bonds shall be made payable in accordance with the provisions of the 2012 Indenture and this City Bond Resolution with the City Bond being secured by a lien upon and pledge of the Net Revenues derived from the operation of the System. The City further agrees that the City Bond delivered to the Bank and any payments thereunder shall be assigned and pledged by the Bank to the 2012 Trustee to secure the timely payment of the 2012 Bank Bonds. The foregoing notwithstanding, the City agrees that the moneys and securities, if any, on deposit in the Rebate Fund created under the 2012 Indenture are not part of the trust estate and are not available to make payments of principal, premium, if any, and interest on the 2012 Bank Bonds.

10. The City agrees that the City Bond pledged under the 2012 Indenture and this City Bond Resolution and all of the rights, interests, powers, privileges and benefits accruing to or vested in the Bank under the City Bond pledged under the 2012 Indenture and this City Bond Resolution shall be protected and enforced in conformity with the 2012 Indenture and shall be thereby assigned by the Bank to the 2012 Trustee as additional security for the 2012 Bank Bonds and may be exercised, protected and enforced for or on behalf of the Bondholders in conformity with the provisions of this City Bond Resolution and the 2012 Indenture.

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY AS FOLLOWS:**

**SECTION 1.** (a) The waterworks, water supply, sewerage and sewage disposal facilities of the City have heretofore been combined and are presently operated as the System.

(b) The City Bond is hereby authorized, ordered and directed to be issued in the principal amount of not to exceed Eleven Million Dollars (\$11,000,000) to raise money for the Project.

(c) The City Bond shall be a special obligation of the City payable solely from the moneys, rights and interests pledged hereunder which includes the pledge of Net Revenues derived from the operation of the System. The City Bond will never constitute a general obligation of the City or, within the meaning of any constitutional or statutory limitation, a debt,

liability, or obligation of the State or any political subdivision of the State other than the City, and neither the full faith and credit nor taxing power of the State or any political subdivision thereof is pledged to the payment of such principal, premium, if any, and interest.

**SECTION 2.** (a) Payments of interest on and principal of the City Bond shall be made to the Record Date Registered Owner in lawful money of the United States of America.

(b) The City Bond shall be registered as to both principal and interest; shall be dated the day of delivery; shall be issued in a single denomination equal to the principal amount thereof; shall be numbered one; shall bear interest from the date thereof at the rate or rates borne by the 2012 Bank Bonds (as provided in the 2012 Indenture), payable on an Interest Payment Date; and shall mature and become due and payable in the same manner and at the same dates and times as provided for the 2012 Bank Bonds in the 2012 Indenture.

(c) The City Bond is subject to redemption at the option of the City and scheduled mandatory redemption prior to maturity thereof only at the times, to the extent, in the manner and in the amounts that the 2012 Bank Bonds are subject to optional and mandatory redemption as provided in Section 4.01 of the 2012 Indenture. The City shall provide proper notices to the Bank and the 2012 Trustee as provided in Section 4.05 of the 2012 Indenture in the event the City elects to redeem the City Bond or any portion thereof, and redemption of the City Bond or portion thereof shall be as provided in said Section 4.01. It is intended that redemption of the City Bond may only occur through the processes provided in the 2012 Indenture, and the City hereby accepts such redemption provisions by this reference. Whenever by the terms of this City Bond Resolution or the 2012 Indenture the City or the Trustee is required to redeem the City Bond or portion thereof other than at the election of the City, the Trustee shall determine the portion of the City Bond to be redeemed, give the notice of redemption and pay the Redemption Price thereof and the accrued interest thereon to the redemption date in accordance with the terms of this Section 2 and the 2012 Indenture.

(d) When the City Bond or portion thereof is to be redeemed, the 2012 Trustee shall give notice of the redemption of the City Bond in the name of the City specifying (i) the portion of the City Bond to be redeemed; (ii) the redemption date; (iii) the Redemption Price; (iv) the numbers and other distinguishing marks of the City Bond to be redeemed (except in the event that all of the Outstanding City Bond is to be redeemed); (v) the place or places where amounts due upon such redemption will be payable; and (vi) in the case of the City Bond to be redeemed in part only, the respective portions of the principal thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon the City Bond to be redeemed the Redemption Price thereof, together with accrued interest to the redemption date and from and after such date, interest thereon shall cease to accrue. The 2012 Trustee shall mail a copy of such notice, first class postage prepaid, not less than 30 days nor more than 45 days before the redemption date to the Bank. Such notice by mail shall be sufficient and published notice of the call for redemption need not be given. The obligation of the 2012 Trustee to give the notice required by this Section 2 shall not be conditioned upon the prior payment to the 2012 Trustee of moneys or Government Obligations sufficient to pay the Redemption Price or the interest thereon to the redemption date.

(e) Notice of redemption having been given as provided in sub-section (d) hereof, the City Bond or portions thereof so to be redeemed shall, on the date fixed for redemption, become due and payable at the Redemption Price specified therein plus accrued interest to the redemption date, and upon presentation and surrender thereof at the place specified in such notice, such City Bond or portions thereof shall be paid at the Redemption Price, plus accrued interest to the redemption date. On and after the redemption date (unless the City shall default in the payment of the Redemption Price and accrued interest), such City Bond or portion thereof shall cease to bear interest, and such City Bond or portion thereof shall no longer be considered as Outstanding hereunder. If moneys sufficient to pay the Redemption Price and accrued interest have not been made available by the City to the 2012 Trustee on the redemption date, such City Bond or portion thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(f) If less than all of the City Bond is to be redeemed, the portion of such City Bond to be redeemed shall be selected, not more than 45 days prior to the date fixed for redemption, by the 2012 Trustee at random in such manner as the 2012 Trustee in its discretion may deem fair and appropriate. In making such selection, the Trustee shall treat that portion of the City Bond to be redeemed as representing such City Bond of the lowest authorized denomination as is obtained by dividing the principal amount of such City Bond by such denomination. If the City Bond is to be redeemed in part, the portion to be so redeemed shall be in a principal amount of any authorized denomination. The 2012 Trustee shall promptly notify the City in writing of the portion of the City Bond so selected for redemption.

**SECTION 3.** The City will duly and punctually pay the principal of, premium, if any, and interest on the City Bond at the dates and the places and in the manner mentioned in the City Bond Resolution. Notwithstanding any schedule of payments upon the City Bond, the City agrees to make payments upon such obligations and be liable therefor at such times and in such amounts (including principal, premium, if any, and interest) so as to provide for payment of the principal of, premium, if any, and interest on the 2012 Bank Bonds outstanding under the 2012 Indenture when due whether upon a scheduled Interest Payment Date, at maturity or by mandatory redemption or acceleration upon the 2012 Bank Bonds.

**SECTION 4.** Notwithstanding any provision contained in this City Bond Resolution or in the 2012 Indenture to the contrary, in addition to any credits on any payments due hereunder or under the 2012 Indenture resulting from the payment or prepayment thereof from other sources:

(a) Any moneys paid ratably by the City as interest upon the City Bond shall, after application of such amounts to the payment of interest on the 2012 Bank Bonds, be credited against necessary deposits to the Debt Service Fund for interest payments pursuant to Section 15 as the same become due;

(b) Any moneys deposited by the 2012 Trustee for Mandatory Sinking Fund Redemption under the 2012 Indenture and any moneys paid as principal upon the City Bond and deposited in the General Account under the 2012 Indenture shall be credited against principal payments pursuant to Section 15 as the same becomes due and in the order of maturity to the same extent as payments are applied upon the 2012 Bank Bonds; and

(c) The principal amount of 2012 Bank Bonds of any series and maturity purchased by the 2012 Trustee and canceled, shall be credited against principal payments under Section 15 related to such series of 2012 Bank Bonds so purchased; provided, however, that deposit of a 2012 Bank Bond of one maturity may not be credited against a principal payment under this City Bond Resolution which would be used, in the normal course, to retire a 2012 Bank Bond of another maturity.

**SECTION 5.** The City agrees to pay directly all costs incurred by the Bank in connection with or incident to the issuance and sale of the 2012 Bank Bonds which exceed the amount on deposit in the Bond Issuance Expense Account under the 2012 Indenture.

Notwithstanding anything to the contrary stated herein, the City hereby agrees to pay all amounts required to be paid by it under the 2012 Indenture.

The City also agrees to pay the following items to the following Persons as additional payments under this City Bond Resolution:

(a) To the 2012 Trustee, when due, all reasonable fees and expenses of the 2012 Trustee for services rendered under this City Bond Resolution and the 2012 Indenture and all reasonable fees and charges of any registrars, counsel, accountants, consultants, engineers and other Persons incurred in the performance of services under the 2012 Indenture or this City Bond Resolution, on request of the 2012 Trustee for which the 2012 Trustee and such other Persons are entitled to payment of reimbursement;

(b) To the Bank, when due, all reasonable fees and expenses incurred by the Bank under the 2012 Indenture or the 2012 Bank Bonds which are not otherwise required to be paid by the City under the terms of this City Bond Resolution, and all fees, expenses, taxes and assessments of the Bank that are related to the 2012 Bank Bonds;

(c) To the 2012 Trustee, the amount of all advances of funds made under the provisions of the 2012 Indenture, with interest thereon from the date of each such advance at the 2012 Trustee's announced prime rate per annum from time to time in effect; and

(d) The City also covenants and agrees that it will pay to the 2012 Trustee all amounts due in respect to rebate as provided for in the 2012 Indenture.

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

(b) The City Bond shall be executed by the manual or facsimile signature of the Mayor and countersigned by the manual or facsimile signature of the Clerk, with the seal of the City imprinted or affixed thereto; provided, however, all signatures and seals appearing on the City Bond, other than the signature of an authorized officer of the Paying Agent hereafter provided for, may be facsimile and shall have the same force and effect as if manually signed or impressed. In case any official of the City whose signature or a facsimile of whose signature

shall appear on the City Bond shall cease to be such official before the delivery or reissuance thereof, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such official had remained in office until delivery or reissuance.

(c) The Paying Agent shall authenticate and deliver to the Purchaser upon the order of the City and upon payment of the purchase price of the City Bond to the City, the City Bond authorized to be issued pursuant to this City Bond Resolution only upon delivery to the Paying Agent of:

(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 City Bond;

(ii) An executed bond purchase agreement describing such City Bond to be authenticated and delivered, designating the Bank as the Purchaser of the City Bond and providing that the City Bond be delivered to the Paying Agent for the benefit of the Bondholders of the 2012 Bank Bonds;

(iii) The amount, if any, necessary for deposit in the Debt Service Fund as required by this City Bond Resolution;

(iv) A Certificate of an Authorized Officer stating that no Event of Default hereunder nor an event which with notice or lapse of time or both would become an Event of Default hereunder has occurred and is continuing;

(v) An opinion of Bond Counsel to the effect that this City Bond Resolution authorizing the City Bond has been duly and lawfully adopted by the City; that this City Bond Resolution is in full force and effect, is valid and binding upon the City and enforceable in accordance with its terms, subject to State and Federal laws affecting the enforcement of creditors' rights, and no authorization for this City Bond Resolution is required; that this City Bond Resolution creates the valid pledge it purports to create; that the City Bond has been duly and validly authorized and issued and constitutes a valid and binding special obligation of the City, enforceable in accordance with its terms and the terms of this City Bond Resolution, subject to State and Federal laws affecting the enforcement of creditors' rights, and entitled to the benefits of this City Bond Resolution and the Act, as amended to the date of such opinion;

(vi) An authorization to the Paying Agent, signed by the Mayor, to authenticate and deliver the City Bond to the Purchaser; and

(vii) Such further documents and moneys as may be required by 2012 Indenture.

**SECTION 7.** (a) The City hereby appoints the designated 2012 Trustee as the Paying Agent and Transfer Agent for the City Bond. The City specifically reserves the right to hereafter designate a separate Paying Agent, Transfer Agent and/or 2012 Trustee in its discretion, subject, however to the terms and conditions of the 2012 Indenture, as hereinafter provided.

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

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

(d) (i) An Agent may at any time resign and be discharged of the duties and obligations of the function of the 2012 Trustee, Paying Agent and Transfer Agent pursuant to the terms and conditions stated in Sections 11.05 and 11.06 of the 2012 Indenture.

(ii) In the event of the resignation or removal of the Agent, a successor Agent shall be selected as provided in Section 11.07 of the 2012 Indenture.

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

(iv) The provisions of Section 11.07 and 11.08 of the 2012 Indenture shall govern the acceptance of any appointment of a successor Agent.

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

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

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

**SECTION 8.** The City Bond shall be in substantially the form set forth in **Exhibit A**, with such appropriate variations, omissions and insertions as are permitted or required by this City Bond Resolution.

**SECTION 9.** In case the City Bond shall become mutilated or be stolen, destroyed or lost, the City shall, if not then prohibited by law, cause to be authenticated and delivered a new City Bond of like date, number, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated City Bond, or in lieu of and in substitution for such City Bond stolen, destroyed or lost, upon the Registered Owner's paying the reasonable expenses and charges of the City in connection therewith, and in case of a City Bond stolen, destroyed or lost, his filing with the City or Transfer Agent evidence satisfactory to them that such City 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.

**SECTION 10.** Only if the City Bond shall have endorsed thereon a certificate of registration and authentication in substantially the form hereinabove set forth, duly executed by the Transfer Agent, shall the City Bond be entitled to the rights, benefits and security of this City Bond Resolution. The City Bond shall not be valid or obligatory for any purpose unless and until such certificate of registration and authentication shall have been duly executed by the Transfer Agent, which executed certificate shall be conclusive evidence of registration, authentication and delivery under this City Bond Resolution. The Transfer Agent's certificate of registration and authentication on the City Bond shall be deemed to have been duly executed if signed by an authorized officer of the Transfer Agent, but it shall not be necessary that the same officer sign said certificate on the City Bond that may be issued hereunder at any one time.

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

**SECTION 12.** The City Bond shall be transferable only as provided in the 2012 Indenture. Upon the transfer of the City Bond, the City, acting through its Transfer Agent, shall issue in the name of the transferee a new City Bond of the same aggregate principal amount and maturity and rate of interest as the surrendered City Bond.

**SECTION 13.** The City Bond is secured by a parity lien on Net Revenues of the System and is ratably payable from Net Revenues and any other security pledged for the City Bond. The principal of and interest on the City Bond shall be payable solely from Net Revenues, and shall be subject to the prior payment of the reasonable and necessary expense of operating and maintaining the System. The City Bond 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 City Bond, either as to principal or interest.

**SECTION 14.** From and after the issuance and delivery of the City Bond, 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.** (a) All Revenues shall be set aside as collected by the City and shall be deposited into the Revenue Fund created hereunder. Moneys in said fund shall not be subject to lien or attachment by a creditor of the City and shall be allocated and deposited by an Authorized Officer of the City to the extent available in the following order of preference in the following separate and special funds, without further direction of or action by the City.

(b) On the 20th day of each month and prior to making any withdrawal pursuant to subsection (c) hereof, the City shall withdraw from the Revenue Fund and deposit to the credit of the several Funds the following amounts in the following order of priority.

**FIRST**, amounts shall be withdrawn from the Revenue Fund and deposited to the credit of the Operation and Maintenance Fund as follows:

- (i) The first withdrawal and deposit shall be equal to the amount required to pay Current Expenses during the succeeding two calendar months in accordance with the Annual Budget, and
- (ii) Subsequent withdrawals and deposits at any month-end shall be equal to the amount required to pay Current Expenses during the second succeeding calendar month in accordance with the Annual Budget.

**SECOND**, an amount equal to one-sixth (1/6th) of the interest due on the 2012 Bank Bonds on the next succeeding Interest Payment Date and one-twelfth (1/12th) of the next installment of principal becoming due on the 2012 Bank Bonds by maturity or by mandatory sinking fund redemption shall be withdrawn and deposited to the credit of the Debt Service Fund hereby established for the City Bond.

**THIRD**, there shall be withdrawn and deposited with the 2012 Trustee for deposit by the 2012 Trustee to the credit of the 2012 Debt Service Reserve Fund for the 2012 Bank Bonds, the amount, if any, required to be paid into the 2012 Debt Service Reserve Fund in order to maintain the 2012 Bank Bonds Debt Service Reserve Requirement as established by the provisions of Section 6.08 of the 2012 Indenture; provided upon notice by the Trustee that any event described in the next to the last paragraph of Section 6.08 of the 2012 Indenture has occurred, the City will make or cause to be made the required payments to replenish the 2012 Debt Service Reserve Fund within five (5) days of such notice.

For purposes of calculating the amounts required to be withdrawn and deposited to the credit of the Debt Service Fund pursuant to the Second item above, the City shall take

into account the earnings on the investment of such Funds in the following manner: The amount of such earnings on the day before any Interest Payment Date. Then the amount required to be withdrawn and deposited to the credit of the Debt Service Fund, respectively, pursuant to the Second item above, for the month next succeeding any such six (6) month period shall be reduced by the amount of such earnings.

(c) Any amount remaining in the Revenue Fund after making all payments and deposits required by sub-section (b) hereof including any deficiency in payments required hereunder for prior months shall be available to the City to be used for future expansion, extensions and improvements to the System;

(d) On the first day of February and August of each year, commencing August 1, 2012, the City shall provide to the 2012 Trustee a Certificate executed by an Authorized Officer, if, and only if, the City has determined that it has insufficient lawfully available Net Revenues to make the payments due under this Section.

**SECTION 16.** Pursuant to the terms and conditions of this City Bond Resolution, the City shall pay out of the Debt Service Fund to the 2012 Trustee for deposit to the General Fund, General Account under the 2012 Indenture for any Outstanding 2012 Bank Bonds, the amounts required for the payment of the principal of and the interest due on the Outstanding 2012 Bank Bonds five (5) days prior to the Interest Payment Date for the 2012 Bank Bonds and the amounts required for the payment of the purchase or redemption price of plus accrued interest on Outstanding 2012 Bank Bonds being redeemed or purchased for retirement, and in each such case, such amounts shall be applied by the 2012 Trustee to such payments.

**SECTION 17.** (a) In addition to amounts required to be deposited in the Operation and Maintenance Fund pursuant to Section 15 hereof, there may also be deposited in the Operation and Maintenance Fund, at the option of the City, any other moneys of the City, unless required to be otherwise applied as provided in this City Bond Resolution.

(b) Moneys in the Operation and Maintenance Fund shall be applied by the City to the payment of Current Expenses as they accrue in accordance with the Annual Budget. Any amount in such Fund in excess of the amount required to make the aforesaid payments may be transferred and deposited to any other Fund or Funds pursuant to the priorities established in Section 15 hereof.

**SECTION 18.** (a) Moneys in all Funds held by the City shall be invested to the fullest extent possible in Investment Securities, provided that the maturity date or the date on which such Investment Securities may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event later than) the date or dates on which moneys in the Funds for which the investments were made will be required for the purpose thereof.

(b) Amounts credited to a Fund may be invested, together with amounts credited to one or more other Funds in the same Investment Security or Investment Securities, provided that (i) each such investment complies in all respects with the provisions of sub-section (a) hereof as they apply to each Fund for which the joint investment is made and (ii) the City maintains separate records for each Fund and such investments are accurately reflected therein.

(c) In computing the amount in any Fund, obligations purchased as an investment of moneys therein shall be valued at par or, if purchased at other than par, at their Amortized Value, in either event inclusive of accrued interest.

(d) The income or interest earned by or increment to, all Funds held by the City due to the investment thereof shall be retained, transferred or paid as follows:

(i) Earnings of the Revenue Fund shall be applied as necessary to payments and allocations required by Section 15 in the order of priority set forth therein.

(ii) Earnings of the Debt Service Fund shall be retained therein and applied toward the purposes set forth in Section 15.

(iii) Earnings of the Operation and Maintenance Fund shall be paid to the Revenue Fund and applied as necessary to payments and allocations required by Section 15 in the order of priority set forth herein.

(e) The City shall sell at the best price obtainable, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the Fund for which such investment was made.

**SECTION 19.** (a) The City shall at all times operate, or cause to be operated, the System, properly and in accordance with all applicable state and federal regulations with good operating procedures applicable to all similar facilities and in a sound, efficient and economical manner so as to ensure that capacity is available, and shall maintain, preserve, and keep the same or cause the same to be maintained, preserved, and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all ordinary, necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted, and, if any useful part of the System is damaged or destroyed, the City shall, as expeditiously as may be possible, commence and diligently prosecute the ordinary replacement or reconstruction of such part so as to restore the same to use.

(b) The City shall have the right to make, amend, and enforce reasonable rules and regulations necessary for the operations of the System, which are not inconsistent with the terms, rights, and obligations under this City Bond Resolution and the Act.

(c) The City shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the System, or upon any part thereof or upon any revenue therefrom, when the same shall become due, and shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to any part of the System, and shall not create or suffer to be created any lien or charge upon the System or any part thereof or, upon the Revenues therefrom, except the pledge and lien created by this City Bond Resolution for the payment of the City Bond and except as provided in Section 28 hereof. The City shall pay or cause to be paid, or will make adequate provisions to satisfy and discharge within sixty (60) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any part thereof or on the Net Revenues. Nothing in this Section contained shall

require the City to pay or cause to be discharged, or make provision for, any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

(d) The City shall employ a Consulting Engineer, whose duties shall be to make any certificates and perform any other acts required or permitted of the Consulting Engineer as may be required by the City or as otherwise provided under this City Bond Resolution and supervise the construction of the System.

(e) The City shall at all times maintain with responsible insurers all such insurance as is customarily maintained with respect to combined utility facilities of like character against loss of or damage to the System and against loss of Revenues and against public and other liability to the extent reasonably necessary to protect the interests of the City and the Bondholders. If any useful part of the System shall be damaged or destroyed, the City shall, as expeditiously as may be possible, commence and diligently prosecute the repair or replacement of the damaged property so as to restore the same to use. The proceeds of any such insurance shall be payable to the City and (except for proceeds of use and occupancy insurance) shall be applied to the necessary costs involved in such repair and replacement and, to the extent not so applied, shall (together with proceeds of any such use and occupancy insurance) be deposited in a capital improvement fund and used for capital improvements of the System. In the event that the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance available for payment of the same, moneys in such capital improvement fund shall be used to the extent necessary for such purposes.

**SECTION 20.** The City shall, if requested, not less than sixty (60) days before the beginning of any Fiscal Year, file with the 2012 Trustee its Annual Budget showing estimated Current Expenses, Debt Service and Revenues for such Fiscal Year. The City shall prepare such Annual Budget on the basis of monthly requirements so that it will be possible to determine from such budget the estimated Current Expenses for each month of the Fiscal Year. Such Annual Budget may set forth such additional material as the City may determine.

**SECTION 21.** The City shall not incur Current Expenses in any year in excess of the reasonable and necessary amount thereof and shall not expend any amount or incur any indebtedness for maintenance, repair and operation in excess of the amounts provided for Current Expenses in the Annual Budget, if any, then in effect. Nothing in this Section contained shall limit the amount which the City may expend for Current Expenses in any Fiscal Year, provided any amounts expended therefor in excess of the Annual Budget shall be received by the City from some source other than the Revenues and the City shall not make or receive any reimbursement therefor out of Revenues.

**SECTION 22.** (a) Except as provided in Section 26 hereof regarding competitive facilities, the City shall with respect to all direct or indirect connection with, and all use and services of, the System, make, impose, charge and collect service rates, charges, tipping fees and other fees in accordance with the Act.

(b) Except as provided in sub-section (c) below, the schedule of rates, charges and fees for services furnished by the System will not be revised so as to result in a decrease of Revenues.

(c) The schedule of rates, charges and fees referred to in sub-section (b) of this Section will not be reduced unless:

(i) The 2012 Debt Service Reserve Fund shall not be less than the portion of the 2012 Bank Bonds Debt Service Reserve Requirement required to be therein pursuant to the 2012 Indenture; and

(i) The Net Revenues for the preceding Fiscal Year shall be certified by an Accountant to have been not less than one hundred five percent (105%) of the aggregate of all Debt Service Payments and the payments, if any, required to be made to the credit of the 2012 Debt Service Reserve Fund.

(d) No later than the last day of each Fiscal Year, the rates, charges and fees established for the System will be reviewed by the City and will be adjusted whenever necessary or proper so that the Net Revenues in each Fiscal Year will not be less than one hundred five percent (105%) of the aggregate of all Debt Service Payments and the payments, if any, required to be made to the credit of the 2012 Debt Service Reserve Fund and all other required fund allocations and other payments provided for in this City Bond Resolution.

(e) If requested, copies of every schedule of charges, rates and fees and revisions thereof, prescribed or adopted by the City shall be promptly filed with the 2012 Trustee.

(f) The City may sell and issue revenue bonds pursuant to the Act which may include rate covenants and other terms and conditions as provided in the bond resolution for the issuance of said revenue bonds, all in accordance with the Act, provided that the issuance of such revenue bonds shall not violate any terms and conditions hereunder.

**SECTION 23.** (a) The City shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the System, or under this City Bond Resolution and which, together with all other records, books and papers of the City including insurance policies, shall at all reasonable times be subject to the inspection of the 2012 Trustee, the Bank or the Holder or Holders of not less than 5% in principal amount of the 2012 Bank Bonds then Outstanding or their attorneys duly authorized in writing.

(b) The City shall annually, if requested, within one hundred and twenty (120) days after the close of each Fiscal Year, file with the Bank and the 2012 Trustee an annual report for said Fiscal Year, accompanied by an Accountant's Certificate as to the examination of the financial statements therein (describing such statements as fairly presenting the information set forth therein in conformity with generally accepted accounting principles and the provisions of this City Bond Resolution), relating to the System and including statements in reasonable detail of: (i) the financial condition as of the end of such Fiscal Year and income and expenses for such Fiscal Year, (ii) the number of users of the System for such Fiscal Year and of the service charges, annual charges and other revenues collected in such Fiscal Year, (iii) Current Expenses and the rates or service charges for such Fiscal Year and (iv) with respect to each Fund created by this City Bond Resolution, the receipts therein and disbursements therefrom during such Fiscal Year and the amounts held therein at the end of such Fiscal Year.

**SECTION 24.** No part of the System shall hereafter be sold, leased, mortgaged, pledged, encumbered or otherwise disposed of, except that the City may sell, exchange or lease at any time and from time to time any property or facilities constituting part of the System and not useful or necessary in the construction, reconstruction or operation thereof or the costs of which have been paid from sources other than the City Bond, but any proceeds of any such sale or exchange received and not used to replace the property so sold or exchanged shall be deposited and treated in all respects as Revenues, and any proceeds of any such lease received shall be deposited as Revenues.

**SECTION 25.** Except as provided in Section 27 hereof, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the City Bond, secured by a pledge of or other lien or charge on the Net Revenues and shall not create or cause to be created any liens or charge on such Net Revenues or on any amounts held by any Fiduciary under this City Bond Resolution; but this Section shall not prevent the City from issuing notes payable from the proceeds of the City Bond or bonds or notes or other obligations for the purposes of the City payable out of, or secured by a pledge of, Net Revenues to be derived on and after such date as the pledge of the Net Revenues provided in this City Bond Resolution shall be discharged and satisfied as provided in Section 44, or from issuing bonds or notes or other obligations for the purposes of the City which are payable out of or secured by the pledge of amounts available therefor pursuant to Section 15(c) and which recite on their face that such pledge of said amount is and shall be in all respects subordinate to the provisions of this City Bond Resolution and the lien and pledge created by this City Bond Resolution.

**SECTION 26.** 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 City 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 of facilities for the provision of combined utility 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 the Act 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 27.** (a) The City shall not issue Additional Bonds or other Parity Indebtedness unless:

(i) Prior to such issuance for any Additional Bonds under this City Bond Resolution, the 2012 Debt Service Reserve Fund contained in the 2012 Indenture shall contain the respective amounts then required to be on deposit therein;

(ii) No default or Event of Default shall have occurred and be continuing under this City Bond Resolution, or under the 2012 Indenture;

(iii) The Net Revenues available for Debt Service Payments for a period of twelve (12) consecutive months of the eighteen (18) months preceding the month in which such Additional Bonds or other Parity Indebtedness are issued are certified by an Accountant to have been at least equal to one hundred five percent (105%) of the highest annual Debt Service Payments in any succeeding Bond Year on the City Bond and any Additional Bonds or Parity Indebtedness (including the Additional Bonds or other Parity Indebtedness 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 and an Accountant shall certify that had such new rate schedule been in effect during the applicable period, the Net Revenues available for Debt Service Payments would have at least equaled one hundred five percent (105%) of the highest annual Debt Service Payments in any succeeding Bond Year on the City Bond, the Additional Bonds and any other Parity Indebtedness (including the Additional Bonds and Parity Indebtedness proposed to be issued);

(iv) For any Additional Bonds issued under this City Bond Resolution, the pledge of and lien on the Net Revenues and amounts on deposit from time to time in the Debt Service Fund hereunder shall be extended for the benefit of the Holders of the proposed Additional Bonds; and

(v) With respect to Additional Bonds proposed to be issued to refund outstanding Parity Indebtedness either the requirement set forth in paragraph (iii) is satisfied or the City has provided to the Trustee evidence that the aggregate annual Debt Service Payments in each Fiscal Year with respect to all Parity Indebtedness outstanding including the refunding Additional Bonds after issuance of such refunding Additional Bonds shall be less than the aggregate annual Debt Service Payments in each such Fiscal Year through the last Fiscal Year on all Parity Indebtedness outstanding prior to the issuance of such refunding Additional Bonds.

(b) The City also reserves the right to issue bonds secured by liens on and pledges or revenues and proceeds subject and subordinate to the lien securing Parity Indebtedness and Additional Bonds.

**SECTION 28.** (a) The City will diligently enforce and collect all fees, rentals 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. The City will, 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 services, and will not restore said services until all delinquent charges, together with interest and reasonable penalties, have been paid in full.

**SECTION 29.** As provided for in the Bank Act, the City and the Bank have entered into and the 2012 Trustee has accepted a Tax Intercept Agreement, on the day of delivery of the 2012 Bank Bonds (the "Tax Intercept Agreement") whereby the City has covenanted, agreed and authorized the Mississippi Department of Revenue or any other State agency, department or commission to (1) withhold all or any part of any monies which the City is entitled to receive

from time to time pursuant to any law and which is in possession of the Mississippi Department of Revenue or any other state agency, department or commission created pursuant to State. If on the first day of February and August of each year, beginning August 1, 2012, the 2012 Trustee has been notified pursuant to Section 15 herein that there are insufficient Net Revenues of the System to make the deposits required to provide the payments under Section 15 of this City Bond Resolution, the Bank has authorized and directed the 2012 Trustee under the Tax Intercept Agreement to file the Tax Intercept Agreement and a statement of deficiency setting forth the amount of any Delinquent Payment with the Mississippi Department of Revenue or any other State agency, department or commission, thereby directing the Mississippi Department of Revenue or any other State agency, department or commission to pay any Tax Monies directly to the 2012 Trustee on behalf of the Bank to satisfy any Delinquent Payment, all as permitted under the Bank Act. In any event if the City fails to make timely payments under this City Bond Resolution as provided in Section 15 hereof, the 2012 Trustee is hereby further directed to file the Tax Intercept Agreement with the Mississippi Department of Revenue and take further action to recover Tax Monies under the Tax Intercept Agreement. The 2012 Trustee is hereby directed to pay any Tax Monies into the General Account of the General Fund to be applied in accordance with Section 6.05 of the 2012 Indenture.

**SECTION 30.** The City hereby covenants that it will not make any use of the proceeds of the City Bond or do or suffer any other action that would cause: (i) the 2012 Bank Bonds to be "arbitrage bonds" as such term is defined in Section 148(a) of the Internal Revenue Code of 1986, as amended ("Code"), and the Regulations promulgated thereunder; (ii) the interest on the 2012 Bank Bonds to be included in the gross income of the Registered Owners thereof for federal income taxation purposes; or (iii) the interest on the 2012 Bank Bonds to be treated as an item of tax preference under Section 57(a)(5) of the Code. (a) The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of the Act and this City Bond Resolution.

(b) Upon the date of delivery of the City Bond, all conditions, acts and things required by law and this City Bond Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such City Bond shall exist, have happened and have been performed and the issue of such City Bond, together with all other indebtedness of the City, shall be within every debt and other limit prescribed by the laws of the State.

**SECTION 32.** The City shall have the power to add to the System (i) any facilities for the provision of combined utility services to users that the City may lawfully supply and (ii) any other facilities within the area served by the City pursuant to law; provided that, (a) upon such addition or acquisition, the City shall have the power to set the rates, fees, and charges for the use of such facilities and (b) upon such addition or acquisition, all revenues of such system or facilities shall become Revenues within the meaning of this City Bond Resolution, pledged to the payment of the City Bond and subject to no lien, charge or encumbrance prior to the lien and pledge of this City Bond Resolution; provided, however, that if the conditions set forth in Section 27 hereof for the issuance of Additional Bonds or other Parity Indebtedness are met with respect to any indebtedness of such facilities, such indebtedness may be assumed on a parity with the lien and pledge of this City Bond Resolution. All property, facilities and equipment of any facilities to be added to the System shall be acquired by the City free of any lien or encumbrance. The City shall evidence that the acquisition or addition of such facilities meets the

requirements of this Section by a Certificate of an Authorized Officer accompanied by an opinion of Counsel; in rendering such opinion, counsel may rely on a Certificate of an Accountant to the effect that there have been deposited with a Fiduciary to be held irrevocably in trust moneys and/or Government Obligations sufficient to pay when due or to redeem any prior bonds and any interest thereon, issued to finance such facilities which lien would rank prior to the lien and pledge of this City Bond Resolution.

**SECTION 33.** Each of the following events is hereby declared an "Event of Default" under this City Bond Resolution:

(a) If payment of any installment of interest, principal or premium on any 2012 Bank Bonds shall not be made when the same shall become due and payable under the terms of the 2012 Indenture;

(b) The occurrence of an event of default under Section 10.01 of the 2012 Indenture;

(c) The City shall fail to perform or observe any other covenant, agreement or condition on its part contained in the City Bond Resolution or in the City Bond, and such failure shall continue for a period of 60 days after written notice thereof to the City by the 2012 Trustee or to the City and to the 2012 Trustee by the Holders of not less than 10% in principal amount of the 2012 Bank Bonds Outstanding; or

(d) The City shall file a petition seeking a composition of indebtedness under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State.

**SECTION 34.** (a) Upon the occurrence and continuance of any Event of Default, the 2012 Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of the 2012 Bank Bonds Outstanding, together with indemnification of the 2012 Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce its rights and the rights of the holders of the 2012 Bank Bonds by such suits, actions or proceedings as the 2012 Trustee, being advised by counsel, shall deem expedient including but not limited to:

(i) Enforcement of the right of the Bank to collect and enforce the payment of Revenues, and to require the City to carry out its duties and obligations under the terms of this City Bond Resolution, and to require the City to perform its duties under the Act;

(ii) Suit upon all or any part of the City Bond pledged under the 2012 Indenture;

(iii) Enforcement of any other right of the Bank or 2012 Trustee or Bondholders conferred by law, by this City Bond Resolution or by the 2012 Indenture; and

(iv) Accelerate payment of the 2012 Bank Bonds declaring all principal of and accrued interest on the City Bond due and payable.

(b) Regardless of the happening of an Event of Default, the 2012 Trustee, if requested in writing by the Holders of not less than 25% in aggregate principal amount of the 2012 Bank Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and

maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under this City Bond Resolution by any acts which may be unlawful or in violation of this City Bond Resolution, or (ii) to preserve or protect the interests of the Bondholders, provided that such request is in accordance with law and the provisions of this City Bond Resolution and, in the sole judgment of the 2012 Trustee, is not unduly prejudicial to the interests of the Holders of the City Bond not making such request.

**SECTION 35.** (a) The City covenants that if an Event of Default shall happen and shall not have been remedied, the City, upon demand of the 2012 Trustee, shall pay or cause to be paid over to the 2012 Trustee (i) forthwith, all moneys and securities then held by the City in any Fund under this City Bond Resolution, and (ii) as promptly as practicable after receipt thereof, all Revenues and other payments or receipts pledged hereunder.

(b) During the continuance of an Event of Default, the 2012 Trustee shall apply such moneys, securities, Revenues, payments and receipts and the income therefrom as follows and in the following order:

(i) To the payment of the amounts required for reasonable and necessary Current Expenses;

(ii) To be applied as provided in Section 10.05 of the 2012 Indenture.

**SECTION 36.** No remedy by the terms of this City Bond Resolution conferred upon or reserved to the 2012 Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to other remedy given under this City Bond Resolution or existing at law or in equity or by statute (including the Act) on or after the date of adoption of this City Bond Resolution.

**SECTION 37.** All rights of action (including the right to file proof of claims) under this City Bond Resolution or under the City Bond may be enforced by the 2012 Trustee without the possession of the City Bond or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding instituted by the 2012 Trustee shall be brought in its name as 2012 Trustee without the necessity of joining as plaintiffs or defendants the Bank or any Holders of the 2012 Bank Bonds.

**SECTION 38.** In case any proceeding taken by the 2012 Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the 2012 Trustee or the Bondholders, the City, the 2012 Trustee and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the 2012 Trustee and the Bondholders shall continue as if no such proceeding had been taken.

**SECTION 39.** (a) No delay or omission of the 2012 Trustee or of any Holder of the 2012 Bank Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein. Every power and remedy given by Sections 35 through 42 to the 2012 Trustee and the Holders of the 2012 Bank Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

(b) The 2012 Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this City Bond Resolution, or before the completion of the enforcement of any other remedy under this City Bond Resolution.

(c) Notwithstanding anything contained in this City Bond Resolution to the contrary, the 2012 Trustee, upon the written request of the Holders of at least a majority of the aggregate principal amount of 2012 Bank Bonds then Outstanding, shall waive any Event of Default hereunder and its consequences; provided, however, that except under the circumstances set forth in sub-section (b) of Section 34 hereof or sub-section (b) of this Section 39, a default in the payment of the principal of, premium, if any, or interest on, any 2012 Bank Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the 2012 Bank Bonds at the time Outstanding.

(d) In case of any waiver by the 2012 Trustee of an Event of Default hereunder, the City, the 2012 Trustee and the Bondholders shall be restored to their former positions and rights under this City Bond Resolution, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The 2012 Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default in accordance with this Section 39.

**SECTION 40.** (a) Within 30 days after the occurrence of an Event of Default under 35 hereof, of which the 2012 Trustee is deemed to have notice, the 2012 Trustee shall, unless such Event of Default shall have theretofore been cured, give written notice thereof by first class mail to each Holder of 2012 Bank Bonds then Outstanding and the Bank provided that, except in the case of a default in the payment of principal or the Redemption Price of or interest on any of the 2012 Bank Bonds, the 2012 Trustee may withhold such notice, if, in its sole judgment, it determines that the withholding of such notice is in the best interests of the Bondholders.

(b) The 2012 Trustee shall immediately notify the City of any Event of Default known to the 2012 Trustee.

**SECTION 41.** For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which upon the filing with the 2012 Trustee of a copy thereof and the filing with the City of an instrument in writing made by the 2012 Trustee consenting thereto, shall be fully effective in accordance with its terms:

(i) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this City Bond Resolution; or

(ii) To insert such provisions clarifying matters or questions arising under this City Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with this City Bond Resolution.

**SECTION 42.** At any time or from time to time, a Supplemental Resolution may be adopted by the City, subject to consent by the Bank and subject to consent by the Bondholders in accordance with and subject to the provisions of the 2012 Indenture, which Supplemental

Resolution, upon the filing with the 2012 Trustee of a copy thereof and upon compliance with the provisions of the 2012 Indenture, shall become fully effective.

**SECTION 43.** (a) This City Bond Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of Section 41 and 44. Nothing in Section 41 and 42 shall affect or limit the right or obligation of the City to adopt, make, do, execute, acknowledge or deliver any certificate, act or other instrument pursuant to the provisions of this City Bond Resolution or the right or obligation of the City to execute and deliver to any Fiduciary any instrument which it is provided elsewhere in this City Bond Resolution shall be delivered to said Fiduciary.

(b) Any Supplemental Resolution referred to and permitted or authorized by Section 41 hereof may be adopted by the City without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Section. The copy of every Supplemental Resolution when filed with the 2012 Trustee shall be accompanied by an opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of this City Bond Resolution, is authorized or permitted by this City Bond Resolution and is valid and binding upon the City and enforceable in accordance with its terms.

(c) The 2012 Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Sections 43 and 44 hereof and, subject to a requirement of Bondholders' consent, if any, to make all further agreements and stipulations which may be therein contained, and the 2012 Trustee, in taking such action, shall be fully protected in relying on an opinion of Counsel (which may be a Bond Counsel's opinion) that such Supplemental Resolution is authorized or permitted by the provisions of this City Bond Resolution.

(d) No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

**SECTION 44.** If the City shall pay and discharge or provide, in a manner satisfactory to the 2012 Trustee, which satisfaction shall be evidenced in writing, for the payment and discharge of the whole amount of the principal of, premium, if any, and interest on the City Bond pledged under the 2012 Indenture, and shall pay or cause to be paid all other sums payable hereunder and under the 2012 Indenture, or shall make arrangements satisfactory to the 2012 Trustee, which satisfaction shall be evidenced in writing, for such payment and discharge, then and in that case all rights and interest hereby conveyed or assigned or pledged shall revert to the City and the estate, right, title and interest of the Bank therein shall thereupon cease, terminate and become void; and this City Bond Resolution and the covenants of the City contained herein shall be discharged and the Bank and the 2012 Trustee in such case, on demand of the City and at its costs and expense, shall execute and deliver to the City a proper instrument or proper instruments acknowledging the satisfaction and termination of this City Bond Resolution and shall convey, assign and transfer or cause to be conveyed, assigned or transferred, and shall deliver or cause to be delivered, to the City all moneys then held by the 2012 Trustee under this City Bond Resolution other than moneys deposited with the 2012 Trustee for the payment of the principal of, premium, if any, or interest on the City Bond pledged under the 2012 Indenture, together with

such City Bond marked paid or canceled. However, in no event shall the City Bond be defeased unless the related 2012 Bank Bonds secured thereby have been defeased in accordance with the terms of the 2012 Indenture. Also, the City Bond may be defeased only with non-callable direct obligations of the United States of America.

**SECTION 45.** All documents received by any Fiduciary under the provisions of this City Bond Resolution shall be retained in its possession and shall be subject to all reasonable times to the inspection of the City, any other Fiduciary, and any Bondholders and their agents and their representatives, any of whom, at their expense, may make copies thereof.

**SECTION 46.** Nothing in this City Bond Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the City, the Fiduciaries, the Bank and the Bondholders any right, remedy or claim under or by reason of this City Bond Resolution or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this City Bond Resolution contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Fiduciaries, the Bank and the Bondholders.

**SECTION 47.** No recourse shall be had for the payment of the principal of or interest on the City Bond or for any claim based thereon or on this City Bond Resolution against any Authorized Officer of the City or any Person executing the City Bond. If any one or more of the covenants or agreements provided in this City Bond Resolution on the part of the City or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this City Bond Resolution.

**SECTION 49.** Whenever in this City Bond Resolution the City is named or referred to, it shall be deemed to include any political subdivision of the State or any authority or public benefit corporation of the State or division thereof now in existence or hereafter created, which may succeed to or be assigned the principal functions and powers of the City with respect to the Project and the issuance of the City Bond to finance, together with certain Transferred Funds, the Project pursuant to this City Bond Resolution, and all the covenants and agreements contained in this City Bond Resolution by or on behalf of the City shall bind and inure to the benefit of said successor or assign whether so expressed or not.

**SECTION 50.** Whenever the written consent or approval of the City, Fiduciaries, Bank or Bondholders shall be required under the provisions of this City Bond Resolution, such consent or approval shall not be unreasonably withheld or delayed.

**SECTION 51.** A certain portion of the principal proceeds of the City Bond will be remitted directly to the 2001 Paying Agent, which funds will be sufficient to effectuate the Refunding Project, including the redemption of the Callable 2001 Bonds at par pursuant to the term of the 2001 Bond Resolution. The balance of the proceeds from the sale of the City Bond shall be retained by the Bank and deposited with the 2012 Trustee under the 2012 Indenture to be used for the payment of the costs of issuance for the City Bond and the 2012 Bank Bonds, all as provided in the 2012 Indenture.

**SECTION 52.** All notices, demands and requests to be given or made hereunder to or by the City, the Bank or the 2012 Trustee shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows regarding the City and the Bank and with respect to the 2012 Trustee such notice address set forth in the 2012 Indenture:

- (a) City Clerk  
City of Gautier, Mississippi  
3330 Highway 90  
Gautier, Mississippi 39553
  
- (b) Mississippi Development Bank  
735 Riverside Drive, Suite 300  
Jackson, Mississippi 39202  
Attention: Executive Director

All notices, demands and requests to be given or made hereunder to the Bondholders by the City or a Fiduciary shall be in writing and shall be properly made if sent by United States Mail, postage prepaid, and addressed to the registered owners of the 2012 Bank Bonds.

The City and the Bank may change the address listed for it at any time upon written notice of such change sent by United States Mail, postage prepaid, to the City, the Bank or the 2012 Trustee, as the case may be; and with regard to the 2012 Trustee, pursuant to the requirements of the 2012 Indenture regarding a change in the notice address of the 2012 Trustee.

**SECTION 53.** This City Bond Resolution shall be governed exclusively by the applicable laws of the State.

**SECTION 54.** The City hereby approves and acknowledges the 2012 Indenture and the terms and provisions thereof in the form attached as **EXHIBIT B** to this City Bond Resolution and recognizes that many items governing the terms and conditions of the City Bond are based upon terms, limitations and conditions provided in the attached 2012 Indenture.

**SECTION 55.** The Mayor and Clerk and any other Authorized Officers of the Governing Body are authorized to execute and deliver such resolutions, certificates and other documents as our required for the sale, issuance and delivery of the City Bond.

**SECTION 56.** All ordinances, resolutions or orders of the City in conflict with the provisions of this City Bond Resolution shall be, and the same are hereby repealed, rescinded and set aside, but only to the extent of such conflict. This City Bond Resolution shall become effective immediately upon the adoption thereof.

[The remainder of this page left intentionally blank.]

Following the consideration of the foregoing City Bond Resolution, Council Member \_\_\_\_\_ moved and Council Member \_\_\_\_\_ seconded the motion to adopt the foregoing City Bond Resolution, and the question being put to a roll call vote, the result was as follows:

Mayor Tommy L. Fortenberry	voted: _____
Council Member Johnny Jones	voted: _____
Council Member Hurley Ray Gulliotte	voted: _____
Council Member Gordon Gollott	voted: _____
Council Member Scott D. MacFarland	voted: _____
Council Member Adam Colledge	voted: _____
Council Member Mary Martin	voted: _____

The motion having received the affirmative vote of a majority of the members present, the President declared the motion carried and the City Bond Resolution adopted, on this the 3rd day of April, 2012.

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**MAYOR**  
**CITY OF GAUTIER, MISSISSIPPI**

**ATTEST:**

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**CITY CLERK**  
**CITY OF GAUTIER, MISSISSIPPI**

Jackson 7676478v2

**EXHIBIT A**

**[CITY BOND FORM]**

**THIS BOND HAS BEEN ASSIGNED TO \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_,  
AS TRUSTEE UNDER AN INDENTURE OF TRUST DATED DAY OF DELIVERY  
THEREOF, BY AND BETWEEN THE MISSISSIPPI DEVELOPMENT BANK AND  
THE TRUSTEE. THIS BOND IS REGISTERED IN THE NAME OF THE TRUSTEE  
AND IS NON-TRANSFERRABLE EXCEPT AS PERMITTED IN THE 2012  
INDENTURE.**

**UNITED STATES OF AMERICA  
STATE OF MISSISSIPPI  
JACKSON COUNTY  
CITY OF GAUTIER  
COMBINED UTILITY SYSTEM REVENUE REFUNDING BOND  
SERIES 2012**

**NO. R-\_\_\_\_\_ \$ \_\_\_\_\_**

<b><u>Rate of Interest</u></b>	<b><u>Maturity</u></b>	<b><u>Date of Original Issue</u></b>
_____	_____	<b>April __, 2012</b>

**Registered Owner:** \_\_\_\_\_

**Principal Amount:** \_\_\_\_\_ **DOLLARS**

The City of Gautier, in Jackson County, 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 \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, or its successor, as paying agent (the "Paying Agent") for the Combined Utility System Revenue Refunding Bond, Series 2012, of the City (the "City Bond"), on the maturity date identified above, the principal amount identified above. Payment of the principal amount of this City Bond shall be made to the Registered Owner hereof whose name shall appear in the registration records of the City maintained by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, or its successor, as transfer agent for the City Bond (the "Transfer Agent") at the times and periods as provided in the 2012 Indenture (herein defined).

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

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

This City Bond is issued under the authority of the Constitution and statutes of the State of Mississippi, including Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (the "Bank Act"), Sections 21-27-23 and 21-27-41 through 21-27-69, Mississippi Code of 1972, as amended and supplemented from time to time (the "City Bond Act") and Sections 31-27-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented from time to time (the "Refunding Bond Act" and together with the Bank Act and the City Bond Act, the "Act"), and by the further authority of proceedings duly had by the Mayor and City Council of the City, including a resolution adopted April 3, 2012 (the "City Bond Resolution").

This City Bond is issued in the aggregate authorized principal amount of \_\_\_\_\_ Million \_\_\_\_\_ Hundred Thousand Dollars (\$\_\_\_\_\_) to raise money for the purpose of providing funds for (i) the refunding of the outstanding principal of the Gautier Utility District, Jackson County, Mississippi Combined Utility System Revenue Refunding Bonds, Series 2001, dated December 1, 2001, issued in the original principal amount of \$15,680,000 (the "2001 Bonds"), said debt being assumed by the City in FY 2005, and (ii) paying for the Costs of Issuance for the City Bond and the 2012 Bank Bonds, as herein defined.

The City will duly and punctually pay the principal of, premium, if any, and interest on the City Bond at the dates and the places and in the manner mentioned in the City Bond Resolution, according to the true intent and meaning thereof. Notwithstanding any schedule of payments upon the City Bond, the City agrees to make payments upon the City Bond and be liable therefor at such times and in such amounts (including principal, premium, if any, and interest) so as to provide for payment of the principal of, premium, if any, and interest on \$\_\_\_\_\_ Mississippi Development Bank Special Obligation Bonds, Series 2012 (Gautier, Mississippi Combined Utility System Revenue Refunding Bond Project), dated the date of delivery thereof (the "2012 Bank Bonds"), Outstanding under the Indenture of Trust by and between the Mississippi Development Bank and \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, as trustee (the "Trustee"), dated the day of delivery thereof (the "2012 Indenture") when due whether upon a scheduled interest payment date, at maturity or by mandatory redemption, optional redemption or acceleration.

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

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

The City Bond is registered as to both principal and interest, and is to be issued or reissued in the principal amount thereof.

The principal of and interest on this City Bond shall be payable solely from the Net Revenues derived from the operation of the System of the City, subject to the prior payment of the reasonable and necessary expense of operating and maintaining the System. This City Bond does 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 City Bond is subject to certain provisions of the City Bond Resolution for any additional bonds with a parity lien on Net Revenues of the System, including this City Bond.

This City Bond is the only evidence of indebtedness issued and outstanding under the City Bond Resolution. This City Bond has been purchased by the Mississippi Development Bank and has been assigned to the Trustee under the 2012 Indenture; this City Bond is registered in the name of the Trustee and is non-transferrable except as provided in the 2012 Indenture.

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

This City Bond shall only be redeemed under the City Bond Resolution to the extent and in the manner required to redeem the 2012 Bank Bonds pursuant to the provisions of the 2012 Indenture.

Modifications or alterations of the City Bond Resolution may be made only to the extent and under the circumstances permitted by the 2012 Indenture.

This City Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the City 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 City Bond Resolution, unless otherwise expressly provided herein.

**IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED** that all conditions, acts and things required by law to exist, to have happened and to have been performed precedent to and in the issuance of the City Bond, in order to make the same legal and binding limited obligation of the City, according to the terms thereof, do exist, have happened and have been performed in regular and due time, form and manner as required by law.

**IN WITNESS WHEREOF**, the City has caused this City Bond to be executed in its name by the manual or facsimile signature of the Mayor of the City, countersigned by the manual or facsimile signature of the City Clerk of the City, under the manual or facsimile seal of the City, which said manual or facsimile signatures and seal said officials adopt as and for their own proper signatures and seal, all as of the \_\_\_\_\_ day of \_\_\_\_\_, 2012.

**CITY OF GAUTIER, MISSISSIPPI**

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

**COUNTERSIGNED:**

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

**(SEAL)**

There shall be printed in the lower left portion on the face of the City Bond, or attached thereto, a registration and authentication certificate in substantially the following form:

**CERTIFICATE OF REGISTRATION AND AUTHENTICATION**

This City Bond is the City Bond described in the within mentioned City Bond Resolution and is the Combined Utility System Revenue Refunding Bond, Series 2012, of the City of Gautier, Mississippi.

\_\_\_\_\_  
as Paying Agent

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

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

There shall be printed on the reverse of the City Bond, or attached thereto, a registration and validation certificate and an assignment form in substantially the following form:

**REGISTRATION AND VALIDATION CERTIFICATE**

**STATE OF MISSISSIPPI**

**JACKSON COUNTY**

I, the undersigned City Clerk of the City of Gautier, Mississippi, does hereby certify that the within City Bond has been duly registered by me as an obligation of said City pursuant to law in a record kept in my office for that purpose, and has been validated and confirmed by Decree of the Chancery Court of Jackson County, Mississippi, rendered on the \_\_\_\_\_ day of \_\_\_\_\_, 2012.

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

**(SEAL)**

**ASSIGNMENT**

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

\_\_\_\_\_  
(Name and address of Assignee)  
the within City Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ as Paying Agent to transfer the said City 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 City Bond in every particular manner, without any alteration whatever.

Signature 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: \_\_\_\_\_

**EXHIBIT B**  
**FORM OF THE INDENTURE**