

The Mayor and Board of Aldermen of the City of Oxford, Mississippi (the "City"), took up for consideration the matter of refinancing certain combined water and sewer system revenue bonds of the City, and after a discussion of the subject matter, Alderman \_\_\_\_\_ offered and moved the adoption of the following resolution:

**RESOLUTION AUTHORIZING AND DIRECTING THE ISSUANCE OF COMBINED WATER AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2014 OF THE CITY OF OXFORD, MISSISSIPPI IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED FOUR MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (\$4,250,000) FOR THE PURPOSE OF ADVANCE REFUNDING AND DEFEASING CERTAIN OUTSTANDING MATURITIES OF SAID CITY'S \$3,400,000 (ORIGINAL PRINCIPAL AMOUNT) COMBINED WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2006, DATED JUNE 1, 2006, AND THE CITY'S \$2,800,000 (ORIGINAL PRINCIPAL AMOUNT) COMBINED WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2007, DATED JUNE 1, 2007; PRESCRIBING THE FORM AND DETAILS OF SAID REFUNDING BONDS; PROVIDING CERTAIN COVENANTS OF SAID CITY IN CONNECTION WITH SAID REFUNDING BONDS; DIRECTING THE PREPARATION, EXECUTION AND DELIVERY OF SAID REFUNDING BONDS; APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH SAID REFUNDING BONDS; DIRECTING THE PREPARATION AND DISTRIBUTION OF A FINAL OFFICIAL STATEMENT IN CONNECTION WITH SAID REFUNDING BONDS; APPROVING THE FORM OF AND THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT OR PRIVATE PLACEMENT AGREEMENT, AS APPLICABLE, IN CONNECTION WITH THE SALE OF SAID REFUNDING BONDS; MAKING PROVISION FOR CERTAIN FUNDS AND ACCOUNTS IN CONNECTION WITH SAID COMBINED WATER AND SEWER SYSTEM AND SAID REFUNDING BONDS; MAKING PROVISION FOR MAINTAINING THE TAX-EXEMPT STATUS OF SAID REFUNDING BONDS; DIRECTING THE REDEMPTION OF SAID PRIOR BONDS; AND FOR RELATED PURPOSES.**

**WHEREAS**, the Mayor and Board of Aldermen of the City of Oxford, Mississippi (the "Governing Body"), acting for and on behalf of the City of Oxford, Mississippi (the "City"), is authorized by the Mississippi Bond Refinancing Act, being Sections 31-27-1 *et seq.*, Mississippi Code of 1972, as amended (the "Refinancing Act"), to issue revenue refunding bonds of the City for the purpose of refinancing outstanding prior obligations of the City at more favorable interest rates, provided, among other things, that such refinancing results in a net present value savings to maturity of not less than two percent (2%) of the obligations being refinanced; and

**WHEREAS**, the Refinancing Act authorizes the Governing Body, among other things, to provide for the terms and details of such refunding bonds, to sell such refunding bonds at public

or private sale (which sale shall be on such terms and in such manner as the Governing Body shall determine to be in the City's best interest), to make arrangements for the retirement of such prior obligations of the City which are to be refinanced with the proceeds of such refunding bonds and to make other arrangements relating to such refunding bonds; and

**WHEREAS**, the City, acting by and through the Governing Body, has heretofore issued the following series of revenue bonds pursuant to the provisions of Sections 21-27-11 *et seq.*, Mississippi Code of 1972, as amended (the "Utilities Act" and together with the Refinancing Act, the "Act"), for the purpose of financing the costs of the acquisition, construction, enlargement, improvement, repair and/or extension of the City's combined waterworks and sewage system (the "System"):

(a) \$3,400,000 (original principal amount) City of Oxford, Mississippi Combined Water and Sewer System Revenue Bonds, Series 2006, dated as of June 1, 2006 (the "Series 2006 Bonds"), and

(b) \$2,800,000 (original principal amount) City of Oxford, Mississippi Combined Water and Sewer System Revenue Bonds, Series 2007, dated as of June 1, 2007 (the "Series 2007 Bonds" and together with the Series 2006 Bonds, the "Prior Bonds"); and

**WHEREAS**, the Governing Body desires to advance refund and defease in accordance with the Refinancing Act all or a portion of the outstanding principal amount of the Prior Bonds; and

**WHEREAS**, the refunding of the Prior Bonds must result in an overall net present value savings to maturity of not less than two percent (2%) of the Prior Bonds being refunded as required by Section 31-27-13 of the Refinancing Act resulting in the enhancement of the City's annual cash flow; and

**WHEREAS**, long-term interest rates in the tax-exempt bond market are presently favorable to such a refunding; and

**WHEREAS**, the Refinancing Act authorizes such refunding bonds to be secured by a pledge of the same source of security as the Prior Bonds; and

**WHEREAS**, the sale of such refunding bonds through private sale will provide the Governing Body with the greatest degree of flexibility in the marketing of such refunding bonds and will ensure the most favorable long term interest rates and will thereby maximize the interest savings for the City; and

**WHEREAS**, the Governing Body has determined that it is necessary and advisable and in the best interest of the City for the City to issue its not to exceed \$4,250,000 City of Oxford, Mississippi Combined Water and Sewer System Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds") for the purpose of advance refunding and defeasing all or a portion of the Prior Bonds; and

**WHEREAS**, the Series 2014 Bonds will be sold either by (a) negotiated sale pursuant to a bond purchase agreement (the "Bond Purchase Agreement") by and between the City and an underwriter to be chosen by the City (the "Underwriter"), or (b) private placement pursuant to a private placement agreement (the "Private Placement Agreement") by and between the City and a placement agent chosen by the City (the "Placement Agent"); and

**WHEREAS**, there has been presented to the Governing Body the forms of the following documents:

(a) the Bond Purchase Agreement providing for the terms and conditions of the sale of the Series 2014 Bonds to the Underwriter,

(b) the Private Placement Agreement providing for the private placement of the Series 2014 Bonds by the Placement Agent,

(c) an Escrow Trust Agreement (the "Escrow Agreement") by and between the City and a bank or banks to be designated by the City as escrow trustee (the "Escrow Trustee"), and

(d) a Preliminary Official Statement describing the Series 2014 Bonds and other matters in connection with the sale and issuance of the Series 2014 Bonds; and

**WHEREAS**, it appears that each of the documents above referred to, which documents are now before the Governing Body, is in appropriate form and is an appropriate document for the purposes identified; and

**WHEREAS**, it has now been determined that certain outstanding maturities of the Prior Bonds, which may be all or a portion of the Prior Bonds set forth in Exhibit A hereto (the "Refunded Bonds"), should be refunded under the Act; and

**WHEREAS**, the Series 2014 Bonds will be secured by a lien on and payable solely from the Net Revenues (as hereinafter defined) of the System; and

**WHEREAS**, said the Series 2014 Bonds will be issued on a parity with the City's outstanding Series 2006 Bonds which are not being refunded with the proceeds of the Series 2014 Bonds, the City's outstanding Series 2007 Bonds which are not being refunded with the proceeds of the Series 2014 Bonds, the City's outstanding \$3,450,000 (original principal amount) Combined Water and Sewer System Revenue Bonds, Series 2008, dated February 1, 2008, the City's outstanding \$8,500,000 (original principal amount) Combined Water and Sewer System Revenue Bonds, Series 2011, dated as of May 1, 2011, and the City's outstanding \$2,360,000 (original principal amount) City of Oxford, Mississippi Combined Water and Sewer System Revenue Refunding Bonds, Series 2012, dated December 20, 2012 (collectively, the "Water/Sewer Bonds") which are also secured by the Net Revenues of the System; and

**WHEREAS**, the issuance of the Series 2014 Bonds does not exceed any statutory or constitutional limitation upon indebtedness which may be incurred by the City; and

**WHEREAS**, it is proposed that the Governing Body should take all such additional actions, authorize the execution of such certificates, applications, reports and notices, and authorize such other actions and proceedings as shall be necessary in connection with the sale and issuance of the Series 2014 Bonds.

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF OXFORD, MISSISSIPPI, ACTING FOR AND ON BEHALF OF SAID CITY, AS FOLLOWS:**

**SECTION 1.** Each and all of the facts and findings set forth in the premises clauses of this resolution are hereby found and determined to be true and accurate and are incorporated herein by this reference thereto as though set forth again in words and figures.

**SECTION 2.** In addition to any words and terms elsewhere defined herein, the following words and terms shall have the following meanings, unless some other meaning is plainly intended:

"Act" shall mean the Refinancing Act and the Utility Act.

"Additional Bonds" shall mean additional bonds issued hereafter on parity with the Series 2014 Bonds and the Water/Sewer Bonds and secured by Net Revenues of the System.

"Bonds" shall mean the Series 2014 Bonds, the Water/Sewer Bonds and any Additional Bonds issued on parity with the Series 2014 Bonds and secured by the Net Revenues of the System.

"Bond Counsel" shall mean Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, Jackson, Mississippi.

"Bond Resolution" shall mean this resolution authorizing and directing the issuance of the Series 2014 Bonds.

"Bond Year" shall mean the one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year shall begin on the date of issue of the Series 2014 Bonds and shall end on the date selected by the City, provided that such Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the last Series 2014 Bond.

"Business Day" shall mean any day other than (a) a Saturday, (b) a Sunday, (c) any other day on which banking institutions in New York, New York or Oxford, Mississippi, are authorized or required not to be open for the transaction of regular banking business, (d) any day the City Hall in Oxford, Mississippi is closed, or (e) a day on which the New York Stock Exchange is closed.

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

"City Counsel" shall mean Mayo Mallette PLLC, Oxford, Mississippi.

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

"Closing" shall mean the date of the delivery of the Series 2014 Bonds.

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

"Consulting Engineers" shall mean any engineer or engineering firm employed by the City in connection with the System or for the purposes set out in this Bond Resolution.

"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, General Fund Administration Charges and any other expense of the System required or permitted to be paid by the City under the provisions of the Bond Resolution or by law, but shall not include any allowance for depreciation or deposits or transfers to the credit of the 2014 Bond and Interest Fund, the 2014 Debt Service Reserve Fund, the 2014 Depreciation Fund or the 2014 Contingent Fund.

"Debt Service Reserve Fund Requirement" shall mean the lesser of (a) 10% of the stated principal amount of the Series 2014 Bonds, (b) the maximum annual debt service calculated with respect to the Series 2014 Bonds, or (c) 125% of the average annual debt service calculated with respect to the Series 2014 Bonds, to the extent permitted by the Code. The amount of the Debt Service Reserve Requirement to be deposited in the 2014 Debt Service Reserve Fund shall be an amount sufficient to satisfy the Debt Service Reserve Requirement for the Outstanding Prior Bonds and the Series 2014 Bonds.

"Financial Advisor" shall mean Government Consultants, Inc., Jackson, Mississippi, the Independent Registered Municipal Advisor to the City in connection with the sale and issuance of the Series 2014 Bonds.

"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.

"General Fund Administration Charges" shall mean charges to the System for its pro rata share of general City support services, including but not limited to, personnel, data processing, finance, accounting and other generally applicable services.

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

"Mayor" shall mean the Mayor of the City.

"Net Revenues" shall mean all Revenues remaining after payment of Current Expenses and debt service on the SRF Loans.

"1996 Resolution" shall mean the resolution adopted by the Governing Body on August 22, 1996, establishing certain funds and accounts in connection with the System.

"Operation and Maintenance Fund" shall mean the fund by that name provided for in the 1996 Resolution.

"Outstanding Prior Bonds" shall mean the Series 2006 Bonds and the Series 2007 Bonds that are not being refunded with the proceeds of the Series 2014 Bonds.

"Paying Agent" shall mean any bank, trust company or other institution designated by the C to make payments of the principal of and interest on the Series 2014 Bonds, and to serve as registrar and transfer agent for the registration of owners of the Series 2014 Bonds, and for the performance of other duties as may be specified by the Governing Body.

"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 Series 2014 Bonds which will mature and accrue during such period.

"Prior Bonds" shall collectively mean the outstanding 2006 Bonds and 2007 Bonds.

"Prior Paying Agent" shall mean in connection with the 2006 Bonds, First National Bank of Clarksdale, Clarksdale, Mississippi, and in connection with the 2007 Bonds, Hancock Bank, Gulfport, Mississippi.

"Prior Resolutions" shall collectively mean the 1996 Resolution, the 2006 Bond Resolution, the 2007 Bond Resolution, the 2008 Bond Resolution, the 2011 Bond Resolution and the 2012 Bond Resolution.

"Purchasers" shall mean either the Underwriter of the Series 2014 Bonds or the purchasers with whom the Placement Agent has placed the Series 2014 Bonds, as applicable.

"Record Date" shall mean, as to interest payments, the 15<sup>th</sup> day of the month preceding the dates set for payment of interest on the Series 2014 Bonds and, as to payments of principal, the 15<sup>th</sup> day of the month preceding the maturity date thereof.

"Redemption Date" shall mean the date on which the Refunded Bonds are called for redemption.

"Redemption Price" shall mean the principal amount, plus the applicable premium, if any, and interest payable on the Refunded Bonds upon redemption prior to maturity.

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

"Refunded Bonds" shall mean those certain outstanding maturities of the Prior Bonds being refunded with the proceeds of the Series 2014 Bonds, which may be all or a portion of the Prior Bonds set forth in Exhibit A hereto.

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

"Revenue Fund" shall mean the fund by that name provided for in the 1996 Resolution.

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

"Series 2006 Bonds" shall mean the \$3,400,000 (original principal amount) City of Oxford, Mississippi Combined Water and Sewer System Revenue Bonds, Series 2006, dated June 1, 2006.

"Series 2007 Bonds" shall mean the \$2,800,000 (original principal amount) City of Oxford, Mississippi Combined Water and Sewer System Revenue Bonds, Series 2007, dated June 1, 2007.

"Series 2008 Bonds" shall mean the \$3,450,000 (original principal amount) City of Oxford, Mississippi Combined Water and Sewer System Revenue Bonds, Series 2008, dated February 1, 2008.

"Series 2011 Bonds" shall mean the \$8,500,000 (original principal amount) City of Oxford, Mississippi Combined Water and Sewer System Revenue Bonds, Series 2011, dated May 1, 2011.

"Series 2012 Bonds" shall mean the \$2,360,000 (original principal amount) City of Oxford, Mississippi Combined Water and Sewer System Revenue Refunding Bonds, Series 2012, dated December 20, 2012.

"Series 2014 Bonds" shall mean the Combined Water and Sewer System Revenue Refunding Bonds, Series 2014, of the City in an aggregate principal amount not to exceed \$4,250,000, to be dated the date of delivery thereof.

"SRF Loans" shall mean the State Revolving Fund Loans, existing on the date of issuance of the Series 2014 Bonds, from the State to the City under Sections 49-17-1 *et seq.*, Mississippi Code of 1972, as amended from time to time, which SRF Loans have a lien on Revenues of the System; however, the debt service for the SRF Loans is collected by the

Mississippi Department of Revenue by diverting sales tax collections prior to remittance of the sales tax to the City and then subsequently reimbursed to the City from the Revenues of the System.

"State" shall mean the State of Mississippi.

"System" shall mean the combined waterworks and sewage system of the City, including any enlargement and extension thereof.

"2006 Bond Resolution" shall mean the resolution adopted by the Governing Body on June 20, 2006, authorizing and directing the issuance of the Series 2006 Bonds.

"2006 Contingent Fund" shall mean the fund by that name provided for in the 2006 Bond Resolution.

"2006 Debt Service Reserve Fund" shall mean the fund by that name provided for in the 2006 Bond Resolution.

"2006 Depreciation Fund" shall mean the fund by that name provided for in the 2006 Bond Resolution.

"2007 Bond Resolution" shall mean the resolution adopted by the Governing Body on June 19, 2007, authorizing and directing the issuance of the Series 2007 Bonds.

"2007 Contingent Fund" shall mean the fund by that name provided for in the 2007 Bond Resolution.

"2007 Debt Service Reserve Fund" shall mean the fund by that name provided for in the 2007 Bond Resolution.

"2007 Depreciation Fund" shall mean the fund by that name provided for in the 2007 Bond Resolution.

"2008 Bond Resolution" shall mean the resolution adopted by the Governing Body on February 19, 2008, authorizing and directing the issuance of the Series 2008 Bonds.

"2011 Bond Resolution" shall mean the resolution adopted by the Governing Body on May 17, 2011, authorizing and directing the issuance of the Series 2011 Bonds.

"2012 Bond Resolution" shall mean the resolution adopted by the Governing Body on October 2, 2012, authorizing and directing the issuance of the Series 2012 Bonds.

"2014 Bond and Interest Fund" shall mean the fund by that name provided for in this Bond Resolution.

"2014 Contingent Fund" shall mean the fund by that name provided for in this Bond Resolution.



"2014 Current Debt Service Account" shall mean the subaccount by that name provided for in this Bond Resolution.

"2014 Debt Service Reserve Fund" shall mean the subaccount by that name provided for in this Bond Resolution. The 2014 Debt Service Reserve Fund shall serve as the debt service reserve fund for the Outstanding Prior Bonds and the Series 2014 Bonds.

"2014 Depreciation Fund" shall mean the fund by that name provided for in this Bond Resolution.

"Utility Act" shall mean Sections 21-27-11 *et seq.*, Mississippi Code of 1972, as amended.

"Water/Sewer Bonds" shall mean the outstanding Series 2006 Bonds which are not being refunded with the proceeds of the Series 2014 Bonds, the outstanding Series 2007 Bonds which are not being refunded with the proceeds of the Series 2014 Bonds, the Series 2008 Bonds, the Series 2011 Bonds and the Series 2012 Bonds.

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.

**SECTION 3.** Proceeding under the authority of the Act and this Bond Resolution, the Series 2014 Bonds be, and are hereby, authorized, ordered and directed to be issued in a principal amount not to exceed Four Million Two Hundred Fifty Thousand Dollars (\$4,250,000) for the purpose of advance refunding and defeasing the Refunded Bonds and paying certain costs incident to the sale and issuance of the Series 2014 Bonds. The principal of and the interest on the Series 2014 Bonds shall be payable in accordance with and as authorized by this Bond Resolution and the Act.

**SECTION 4.** (a) Due to the character of the Series 2014 Bonds, the complexity of structuring the Series 2014 Bonds and prevailing market conditions, the Governing Body has determined that it is in the best interest of the City to sell the Series 2014 Bonds by negotiation rather than a public sale by competitive bid. The Mayor, acting for and on behalf of the City, is hereby authorized and directed to execute either a Bond Purchase Agreement in connection with the sale of the Series 2014 Bonds, or a Private Placement Agreement in connection with the private placement of the Series 2014 Bonds, subject to the following conditions (i) compliance by the City with the provisions of the Act regarding the issuance of the Series 2014 Bonds, (ii) the aggregate principal amount of the Series 2014 Bonds shall not exceed \$4,250,000, (iii) the Series 2014 Bonds will bear interest at the rates to be provided in the Bond Purchase Agreement or the Private Placement Agreement, as applicable, and the net interest cost on the Series 2014 Bonds will not be more than 11% per annum; (iv) the issuance of the Series 2014 Bonds shall result in a present value savings to maturity of not less than two percent (2%) of the Refunded Bonds; and (v) the final maturity of the Series 2014 Bonds shall be no later than June 1, 2027.

(b) The Bond Purchase Agreement and the Private Placement Agreement, in the forms submitted to this meeting and attached hereto as Exhibit B, shall be, and the same hereby are, approved in substantially said forms. Subject to the provisions of this Section 4 and Section 6 hereof, the Mayor is hereby authorized and directed to execute and deliver either the Bond Purchase Agreement or the Private Placement Agreement, as applicable, with such changes, insertions and revisions therein as the Mayor, as representative of the Governing Body, may in his opinion determine to be required, said execution being conclusive evidence of such approval. The Mayor is hereby authorized to make all final determinations necessary to structure the Series 2014 Bonds, including: (i) the method of sale of the Series 2014 Bonds, (ii) the Underwriter or Placement Agent for the Series 2014 Bonds, (iii) the aggregate principal amount of the Series 2014 Bonds, (iv) the redemption provisions of the Series 2014 Bonds, and (c) the interest rates to be borne by the Series 2014 Bonds.

**SECTION 5.** The Series 2014 Bonds shall be secured by a lien on the Net Revenues of the System and shall be payable from such Net Revenues and any other security pledged for the Series 2014 Bonds. The principal of and interest on the Series 2014 Bonds shall be payable solely from gross Revenues, and shall be subject to the prior payment of the reasonable and necessary expense of operating and maintaining the System and debt service on the SRF Loans. The Series 2014 Bonds shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory restriction, limitation or provision, and the taxing power of the City is not pledged to the payment of the Series 2014 Bonds, either as to principal or interest. Pursuant to the provisions of this Bond Resolution, Additional Bonds may be issued on parity with the Series 2014 Bonds. The Series 2014 Bonds are issued on parity with the Water/Sewer Bonds and satisfy the requirements for the issuance of Additional Bonds under the Prior Resolutions.

**SECTION 6.** (a) The Series 2014 Bonds shall be dated the date of their delivery and shall bear interest from said date at the rates per annum to be set forth in the Bond Purchase Agreement or the Private Placement Agreement, as applicable, not to exceed eleven percent (11%) per annum, and shall mature no later than June 1, 2027, in the years and in the principal amounts to be set forth in the Bond Purchase Agreement or the Private Placement Agreement, as applicable.

(b) The Series 2014 Bonds shall be initially issued and held under a book-entry system as fully registered bonds issued in the denominations to be set forth in the Bond Purchase Agreement or the Private Placement Agreement, as applicable, and shall be numbered separately from R-1 upwards without regard to maturity.

(c) The Series 2014 Bonds may be subject to redemption prior to their respective maturities as provided in the Bond Purchase Agreement or the Private Placement Agreement, as applicable, which redemption provisions shall be finalized and agreed to by the Mayor on the date the Bond Purchase Agreement or the Private Placement Agreement, as applicable, is executed by the City and the Underwriter or the Placement Agent, respectively.

**SECTION 7.** (a) Notwithstanding anything to the contrary in this Bond Resolution, so long as the Series 2014 Bonds are being held under a book-entry system, transfers of beneficial

ownership of the Series 2014 Bonds will be affected pursuant to rules and procedures established by the Securities Depository. For the purposes of this Bond Resolution, "Securities Depository" shall mean a recognized securities depository (or its successor or substitute) selected by the City to act as the securities depository maintaining a book-entry transfer system for the Series 2014 Bonds.

(b) As long as a book-entry system is in effect for the Series 2014 Bonds, the Securities Depository Nominee will be recognized as the registered owner of the Series 2014 Bonds for the purposes of (1) paying the principal of or interest on such Series 2014 Bonds, (2) giving any notice permitted or required to be given to registered owners under this Bond Resolution, (3) registering the transfer of such Series 2014 Bonds, and (4) requesting any consent or other action to be taken by the registered owners of such Series 2014 Bonds, and for all other purposes whatsoever, and neither the City nor the Paying Agent shall be affected by any notice to the contrary. For the purposes of this Bond Resolution, "Securities Depository Nominee" shall mean, with respect to the Series 2014 Bonds and as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name the Series 2014 Bonds shall be registered on the registration records of the City maintained by the Paying Agent during the time such Series 2014 Bonds are held under a book-entry system through such Securities Depository.

(c) Neither the City nor the Paying Agent shall have any responsibility or obligation to any participant, any beneficial owner or any other person claiming a beneficial ownership in any Series 2014 Bonds which are registered to a Securities Depository Nominee under or through the Securities Depository with respect to any action taken by the Securities Depository as registered owner of such Series 2014 Bonds.

(d) The Paying Agent shall pay all principal of and interest on the Series 2014 Bonds issued under a book-entry system, only to the Securities Depository, or the Securities Depository Nominee, as the case may be, for such Series 2014 Bonds, and all such payments shall be valid and effectual to fully satisfy and discharge the obligations with respect to the principal of and interest on such Series 2014 Bonds.

(e) In the event that the City determines that it is in the best interest of the City to discontinue the book-entry system of transfer for the Series 2014 Bonds, or that the interests of the beneficial owners of the Series 2014 Bonds may be adversely affected if the book-entry system is continued, then the City shall notify the Securities Depository and the Paying Agent of such determination. In such event, the City shall execute and the Paying Agent shall, pursuant to subsequent resolution of the City, authenticate, register and deliver physical certificates for the Series 2014 Bonds in exchange for the Series 2014 Bonds registered in the name of the Securities Depository Nominee. Such certificates shall be in fully registered form and transferable only upon the registration records of the City maintained by the Paying Agent, by the registered owner thereof or by his attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Paying Agent, duly executed by the registered owner or his duly authorized attorney in accordance with this Bond Resolution.

(f) In the event that the Securities Depository for the Series 2014 Bonds discontinues providing its services, the City shall either engage the services of another Securities Depository or deliver physical certificates in the manner described in subparagraph (e) above.

(g) In connection with any notice or other communication to be provided to the registered owners of the Series 2014 Bonds by the City or by the Paying Agent with respect to any consent or other action to be taken by the registered owners, the City or the Paying Agent, as the case may be, shall establish a record date for such consent or other action and give the Securities Depository Nominee notice of such record date not less than fifteen (15) days in advance of such record date to the extent possible.

(h) The Series 2014 Bonds shall be issued initially under the book-entry system maintained by The Depository Trust Company, New York, New York ("DTC"), and shall be registered in the name of Cede & Co., as the initial Securities Depository Nominee for the Series 2014 Bonds. As long as the Series 2014 Bonds are maintained by DTC under its book-entry system, all payments with respect to the principal of and interest on Series 2014 Bonds and notices shall be made and given, respectively, to DTC.

(i) As long as the book-entry-only system is used for the Series 2014 Bonds, any notice of redemption or any other notices required to be given to registered owners will be given only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Indirect Participant, or of any DTC Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series 2014 Bonds called for redemption or of any other action premised on such notice. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. Beneficial Owners may desire to make arrangements with a DTC Participant or Indirect Participant so that all notices of redemption or other communications to DTC which affect such Beneficial Owners will be forwarded in writing by such DTC Participant or Indirect Participant.

**SECTION 8.** The principal of the Series 2014 Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof as the same shall become due to the Paying Agent. Interest will be payable by check or draft drawn upon the Paying Agent, made payable to the registered owner named in, and mailed to the address of the registered owner as it shall appear on, the registration records of the City maintained by the Paying Agent for the Series 2014 Bonds pursuant to the provisions of Section 14 hereof.

**SECTION 9.** The Preliminary Official Statement, in the form submitted to this meeting and attached hereto as Exhibit C, shall be, and the same hereby is, approved in substantially said form with such changes, omissions, insertions and revisions therein as the Mayor and the Clerk may in their opinion determine to be required. The Governing Body deems the Preliminary Official Statement to be "final" as required by SEC Rule 15c2-12(b)(1). The actions of the Mayor, the Clerk and all other persons in connection with the preparation of the Preliminary

Official Statement are hereby ratified and confirmed. The Governing Body hereby authorizes and directs that the Preliminary Official Statement be distributed to the Purchasers and that a final Official Statement be prepared, delivered and executed in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions from the Preliminary Official Statement as may be approved by the Mayor and the Clerk, said execution being conclusive evidence of such approval.

**SECTION 10.** The Escrow Agreement, in the form submitted to this meeting and attached hereto as Exhibit D, shall be, and the same hereby is, approved in substantially said form. The Mayor is hereby authorized and directed to execute and deliver the Escrow Agreement with such changes, insertions and revisions therein as the Mayor, as representative of the Governing Body, may in his opinion determine to be required, said execution being conclusive evidence of such approval. The Escrow Trustee under the Escrow Agreement shall be appointed under the provisions hereof and shall be a bank, trust company or national banking association having Federal Deposit Insurance Corporation insurance of its accounts, duly authorized to exercise corporate trust powers and subject to examination by and in good standing with the federal and/or state regulatory authorities under the jurisdiction of which it falls. All proceeds of the Series 2014 Bonds held by the Escrow Trustee shall be invested only as provided for by the Escrow Agreement and the Refinancing Act.

**SECTION 11.** The City covenants to comply with each requirement of the Code, necessary to maintain the exclusion of interest on the Series 2014 Bonds from gross income for federal income tax purposes, and in furtherance thereof, to comply with a certificate to be executed and delivered concurrently with the issuance of the Series 2014 Bonds, or such other covenants as may, from time to time, be required to be complied with in order to maintain the exclusion of interest on the Series 2014 Bonds from gross income for federal income tax purposes. The City shall not use or permit the use of any of the proceeds of the Series 2014 Bonds, or any other funds of the City, directly or indirectly, to acquire any securities, bonds or other investment property, and shall not take or permit to be taken any other action or actions, which would cause any Series 2014 Bond to be an "arbitrage bond" as defined in Section 148 of the Code. Notwithstanding any other provisions to the contrary, so long as necessary in order to maintain the exclusion of interest on the Series 2014 Bonds from gross income for federal income tax purposes under the Code, the covenants contained in this section shall survive the payment of the Series 2014 Bonds and the interest thereon, including any payment or defeasance thereof.

**SECTION 12.** Pursuant to the authority granted by the Act and the Registered Bond Act, being Sections 31-21-1 *et seq.*, Mississippi Code of 1972, as amended (the "Registered Bond Act"), the Series 2014 Bonds shall be executed by the manual or facsimile signature of the Mayor and the official seal of the City shall be affixed or lithographed or otherwise reproduced thereon, attested by the Clerk and the Series 2014 Bonds shall be authenticated by the Paying Agent. The Paying Agent shall authenticate each Series 2014 Bond by executing the Paying Agent's Certificate thereon and no Series 2014 Bond shall be valid or become obligatory for any purpose until such certificate shall have been duly executed by the Paying Agent. Such certificate, when duly executed on behalf of the City, shall be conclusive evidence that the Series

2014 Bond so authenticated has been duly authenticated and delivered. The validation certificate, for which provision is hereinafter made, to appear on each Series 2014 Bond, shall be executed by the Clerk and the said certificate may be executed by the manual or facsimile signature of the Clerk. The Series 2014 Bonds shall be delivered to the Purchasers upon payment of the purchase price therefor in accordance with the terms and conditions of this Bond Resolution and the Bond Purchase Agreement or the Private Placement Agreement, as applicable, together with a complete certified transcript of the proceedings had and done in the matter of the authorization, sale, issuance and validation of the Series 2014 Bonds, and the final, unqualified approving opinion of Bond Counsel. Prior to or simultaneously with the delivery by the Paying Agent of any of the Series 2014 Bonds, the City shall file with the Paying Agent: (a) a copy, certified by the Clerk, of the transcript of proceedings of the City in connection with the authorization, sale, issuance and validation of the Series 2014 Bonds; and (b) an authorization to the Paying Agent, signed by the Mayor and the Clerk, to authenticate and deliver the Series 2014 Bonds to the Purchasers. The Paying Agent is authorized and directed to authenticate the Series 2014 Bonds and deliver them to the Purchasers upon payment of the purchase price of the Series 2014 Bonds to the City in accordance with this Bond Resolution and the Bond Purchase Agreement or the Private Placement Agreement, as applicable. Certificates, blank as to denomination, rate of interest, date of maturity and CUSIP number and sufficient in quantity in the judgment of the City to meet the reasonable transfer and reissuance needs of the Series 2014 Bonds, shall be printed and delivered to the Paying Agent, and held by the Paying Agent until needed for transfer or reissuance, whereupon the Paying Agent shall imprint the appropriate information as to denomination, rate of interest, date of maturity and CUSIP number prior to the registration, authentication and delivery thereof to the transferee holder. The Paying Agent is hereby authorized upon the approval of the City to have printed from time to time as necessary additional certificates bearing the manual or facsimile seal of the City and manual or facsimile signatures of the Mayor and the Clerk. When the Series 2014 Bonds shall have been executed as herein provided, they shall be registered as an obligation of the City in a record maintained for that purpose. The Clerk shall cause to be imprinted upon, or attached to, each of the Series 2014 Bonds, over her manual or facsimile signature and manual or facsimile seal, a certificate certifying that the Series 2014 Bonds have been validated which certificate shall be in substantially the form set out in Section 13 hereof.

**SECTION 13.** The form of the Series 2014 Bonds, the certificate to appear thereon and the Paying Agent's Certificate shall be in substantially the following form and the Mayor and the Clerk be, and are hereby, authorized and directed to make such changes, insertions and omissions therein as may in their opinion be required:

[SERIES 2014 BOND FORM]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE PAYING AGENT (AS DEFINED HEREIN) FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

UNITED STATES OF AMERICA

STATE OF MISSISSIPPI

CITY OF OXFORD, MISSISSIPPI  
COMBINED WATER AND SEWER SYSTEM  
REVENUE REFUNDING BOND,  
SERIES 2014

No. R- \_\_\_\_\_

\$ \_\_\_\_\_

		<b>Date of</b>	
<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Original Issue</b>	<b>CUSIP</b>
		_____, 2014	

**Registered Owner:**

**Principal Amount:**

The City of Oxford, 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 \_\_\_\_\_, \_\_\_\_\_, Mississippi, or its successor, as paying and transfer agent (the "Paying Agent") for the Combined Water and Sewer System Revenue Refunding Bonds,

Series 2014, of the City (the "Bonds"), on the maturity date identified above, the principal amount identified above. Payment of the principal amount of this Bond shall be made to the Registered Owner hereof whose name shall appear in the registration records of the City maintained by the Paying Agent, which shall also serve as registrar and transfer agent, as of the 15<sup>th</sup> day of the calendar month preceding the maturity date hereof.

The City further promises to pay interest (calculated on the basis of a year of 360 days and twelve 30-day months) on such principal amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the rate of interest per annum set forth above semiannually on May 1 and November 1 of each year (each an "Interest Payment Date"), commencing May 1, 2015, until said principal sum is paid, to the Registered Owner hereof whose name shall appear in the registration records of the City maintained by the Paying Agent as of the 15<sup>th</sup> day of the calendar month preceding the applicable Interest Payment Date.

Payments of principal of and interest on this Bond shall be made by check or draft mailed on the Interest Payment Date to such Registered Owner at his address as it appears on such registration records. The Registered Owner hereof may change such address by written notice to the Paying Agent by certified mail, return receipt requested, or such other method as may be subsequently prescribed by the Paying Agent, such notice to be received by the Paying Agent not later than the 15<sup>th</sup> day of the calendar month preceding the applicable principal or Interest Payment Date.

This Bond is one of a series of Bonds of like date of original issue, tenor and effect, except as to denomination, number, rate of interest and date of maturity, issued in the aggregate authorized principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) for the purpose of refunding certain outstanding maturities of the \$3,400,000 (original principal amount) City of Oxford, Mississippi Combined Water and Sewer System Revenue Bonds, Series 2006, dated as of June 1, 2006, (the "Series 2006 Bonds"), and the \$2,800,000 (original principal amount) City of Oxford, Mississippi Combined Water and Sewer System Revenue Bonds, Series 2007, dated as of June 1, 2007 (the "Series 2007 Bonds" and together with the Series 2006 Bonds, the "Prior Bonds"), and paying the costs incident to the sale and issuance of the Bonds. The Prior Bonds were issued by the City to raise money for the purpose of financing the acquisition, construction, enlargement, improvement, repair and/or extension of the City's combined waterworks and sewage system (the "System").

This Bond is issued under the authority of the Constitution and statutes of the State of Mississippi, including the provisions of Sections 31-27-1 *et seq.*, Mississippi Code of 1972, as amended, and by the further authority of proceedings duly had by the Mayor and Board of Aldermen of the City, including a resolution adopted on November 4, 2014 (the "Bond Resolution").

The principal of and interest on the Bonds shall be payable solely from the gross revenues derived from the operation of the System, subject to the prior payment of the reasonable and necessary expenses of operating and maintaining the System and debt service on



any outstanding loans to the City from the State's revolving loan fund under Sections 49-17-1 *et seq.*, Mississippi Code of 1972, as amended from time to time (the "Net Revenues"). The Bonds are secured by a lien on Net Revenues of the System. The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory restriction, limitation or provision, and the full faith, credit and taxing power of the City is not pledged to the payment of the Bonds, either as to principal or interest. The Bonds are being issued on parity with the City's outstanding Series 2006 Bonds which are not being refunded with the proceeds of the Series 2014 Bonds, the City's outstanding Series 2007 Bonds which are not being refunded with the proceeds of the Series 2014 Bonds, the City's outstanding \$3,450,000 (original principal amount) Combined Water and Sewer System Revenue Bonds, Series 2008, dated February 1, 2008, the City's outstanding \$8,500,000 (original principal amount) Combined Water and Sewer System Revenue Bonds, Series 2011, dated as of May 1, 2011, and the City's outstanding \$2,360,000 (original principal amount) City of Oxford, Mississippi Combined Water and Sewer System Revenue Refunding Bonds, Series 2012, dated December 20, 2012 (collectively, the "Water/Sewer Bonds").

**THE BOND RESOLUTION PROVIDES THAT UNDER CERTAIN CIRCUMSTANCES, ADDITIONAL BONDS MAY BE ISSUED BY THE CITY ON PARITY WITH THE BONDS AND THE WATER/SEWER BONDS AND SECURED BY A PARITY LIEN ON NET REVENUES OF THE SYSTEM AND PAYABLE RATABLY FROM SUCH NET REVENUES ALONG WITH THE BONDS AND THE WATER/SEWER BONDS.**

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

[REDEMPTION PROVISIONS]

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

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

The City covenants and agrees that it will perform all duties required by law and by the Bond Resolution; that it will apply the proceeds of this Bond to the purposes above set forth; that, as long as this Bond is outstanding, it will operate and maintain the System; that it will fix and maintain rates and make and collect charges for the services of the System, without regard to the user thereof, sufficient to provide for the operation and maintenance of the System in good repair and working order, to provide for the payment of the principal of and interest on this Bond

as same shall mature and accrue, and to provide for a reserve fund, a depreciation fund and a contingent fund, all as set forth in the Bond Resolution; and that such an amount of the gross Revenues of the System remaining after paying the expenses of operating and maintaining the System as will maintain the payment of the principal and interest on this Bond, as the same shall mature and accrue, is hereby irrevocably pledged to said purpose.

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

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

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

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

(SEAL)

**CITY OF OXFORD, MISSISSIPPI**

\_\_\_\_\_  
Mayor

**ATTEST:**

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

**CERTIFICATE OF REGISTRATION AND AUTHENTICATION**

This Bond is one of the Bonds described in the within mentioned Bond Resolution and is one of the Combined Water and Sewer System Revenue Refunding Bonds, Series 2014 of the City of Oxford, Mississippi.

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

By \_\_\_\_\_  
Authorized Officer

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

**REGISTRATION AND VALIDATION CERTIFICATE**

**STATE OF MISSISSIPPI**

**LAFAYETTE COUNTY**

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

(SEAL)

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

**ASSIGNMENT**

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

\_\_\_\_\_  
(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ as registrar and transfer agent to transfer the said Bond on the records kept for registration thereof with full power of substitution in the premises.

Signature guaranteed:

\_\_\_\_\_  
(Bank, Trust Company or Paying Agent)

\_\_\_\_\_  
(Authorized Officer)

Date of Assignment: \_\_\_\_\_

Insert Social Security Number or other Tax  
Identification Number of Assignee

\_\_\_\_\_  
NOTICE: The signature to this Assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without any alteration whatever, and must be guaranteed by a commercial bank or trust company or a member of a national securities exchange who is a member of a Medallion Signature Guarantee Program.

**[END OF SERIES 2014 BOND FORM]**

**SECTION 14.** The Governing Body hereby adopts, pursuant to the authority granted by the Act and the Registered Bond Act, the following conditions (the "Conditions") which are to apply to the transfer, exchange and replacement of the Series 2014 Bonds, and other similar matters.

**CONDITIONS AS TO THE ISSUANCE, TRANSFER,  
EXCHANGE AND REPLACEMENT OF THE SERIES 2014 BONDS**

"Paying Agent" as used in these Conditions means, as to Series 2014 Bonds designated herein, the bank or banks designated by action of the Governing Body as the Paying Agent with respect to the Series 2014 Bonds and whose duties and responsibilities shall be as further limited or set forth in the form of Series 2014 Bonds for such issue of Series 2014 Bonds.

The principal of all Series 2014 Bonds shall be payable at the corporate trust office of the Paying Agent, and payment of the interest on each Series 2014 Bond shall be made by the Paying Agent on each interest payment date to the person appearing on the registration records of the City (hereinafter provided for) as the registered owner thereof as of the close of business on the date which shall be the fifteenth (15th) day (whether or not a Business Day) of the calendar month next preceding such interest payment date, by check or draft mailed to such registered owner at his address as it appears on such registration records. Payment of the principal of all Series 2014 Bonds shall be made upon the presentation and surrender for cancellation of such Series 2014 Bonds as the same shall become due and payable.

Series 2014 Bonds, upon surrender thereof at said corporate trust office of the Paying Agent with a written instrument of transfer satisfactory to such Paying

Agent duly executed by the registered owner or his authorized attorney, may be exchanged for Series 2014 Bonds of like series, maturity and interest rate of any other authorized denominations. Each such Series 2014 Bond shall be dated as of the date six (6) months preceding the interest payment date thereon next following the date of delivery of such Series 2014 Bond in registered form, unless such date of delivery shall be an interest payment date in which case it shall be dated as of such date of delivery, and every such Series 2014 Bond in registered form shall bear interest from its date.

So long as the Series 2014 Bonds shall remain outstanding, the City shall cause the Paying Agent to maintain and keep, at its corporate trust office, registration records for the registration and transfer of Series 2014 Bonds, and, upon presentation thereof for such purpose at such corporate trust office, the City shall cause the Paying Agent to register or cause to be registered thereon, and permit to be transferred thereon, under such reasonable regulations as the Paying Agent may prescribe, any Series 2014 Bond. So long as any of the Series 2014 Bonds remain outstanding, the City shall make all necessary provisions to permit the exchange of Series 2014 Bonds at the corporate trust office of the Paying Agent.

All Series 2014 Bonds shall be transferable only upon the registration records which shall be kept for that purpose at the corporate trust office of the Paying Agent for the City, by the registered owner thereof in person or his authorized attorney, upon surrender thereof, together with a written instrument of transfer satisfactory to the Paying Agent, duly executed by the registered owner or his authorized attorney, and upon such transfer there shall be issued in the name of the transferee a new Series 2014 Bond or Series 2014 Bonds in registered form of the same series in the same aggregate principal amount and of like maturity and interest rate as the Series 2014 Bond or Series 2014 Bonds surrendered. Series 2014 Bonds issued in connection with transfers shall be dated in the same manner provided above for the dating of Series 2014 Bonds issued in connection with exchanges.

Neither the City nor the Paying Agent shall be required (a) to exchange or transfer Series 2014 Bonds for a period of fifteen (15) days next preceding an interest payment date on the Series 2014 Bonds or next preceding any selection of Series 2014 Bonds to be redeemed or thereafter until the first mailing of any notice of redemption, or (b) to transfer or exchange any Series 2014 Bond called for redemption.

All Series 2014 Bonds surrendered in any exchanges or transfers shall forthwith be canceled by the Paying Agent and thereafter transmitted to the City.

Prior to the issuance or delivery of any Series 2014 Bond, whether upon original issuance, transfer, exchange or replacement, the Paying Agent shall manually execute the certificate of authentication provided thereon. No Series 2014 Bond

shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Paying Agent. Such certificate of the Paying Agent upon any Series 2014 Bond executed on behalf of the City shall be conclusive evidence that the Series 2014 Bond so authenticated has been duly authenticated and delivered.

Series 2014 Bonds bearing the facsimile signature of any person who shall have been the Mayor or Clerk at the time such Series 2014 Bonds were originally dated or delivered by the City shall bind the City notwithstanding the fact that he or she may have ceased to be such officer prior to the delivery of such Series 2014 Bonds or was not such officer at the date of such Series 2014 Bonds.

Except as otherwise required by law, if (a) any mutilated Series 2014 Bond is surrendered to the Paying Agent at its corporate trust office, or the Paying Agent receives evidence to its satisfaction of the destruction, loss or theft of any Series 2014 Bond and (b) there is delivered to the Paying Agent such security and/or indemnity as may be required by it to save harmless the City and the Paying Agent, and as otherwise required by law, then, in the absence of notice to the Paying Agent that such Series 2014 Bond has been acquired by a bona fide purchaser as such term is defined in the Uniform Commercial Code as it is then in effect in the State, the Paying Agent shall authenticate and deliver, in exchange for any such mutilated Series 2014 Bond, or in lieu of any such destroyed, lost or stolen Series 2014 Bond, a new Series 2014 Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The Paying Agent shall thereupon cancel any Series 2014 Bond so surrendered.

In case any mutilated, destroyed, lost or stolen Series 2014 Bond has become or is about to become due and payable, the Paying Agent in its discretion may, instead of issuing a new Series 2014 Bond, pay such Series 2014 Bond.

Each new Series 2014 Bond issued pursuant to this Section in lieu of any surrendered, destroyed, lost or stolen Series 2014 Bond shall constitute an additional contractual obligation of the City and shall be entitled to all benefits equally and proportionately with any and all other Series 2014 Bonds duly issued. All Series 2014 Bonds shall be held and owed upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Series 2014 Bonds, and shall preclude (to the extent lawful) all other rights or remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Series 2014 Bonds or securities.

Notwithstanding the foregoing provisions of these Conditions, no Series 2014 Bonds shall be exchanged for other Series 2014 Bonds or be registered or transferred or issued or delivered by or on behalf of the City or the Paying Agent pursuant to this Section at the request of a holder or owner of a Series 2014 Bond, except upon payment to such Paying Agent by or on behalf of such holder or

owner of a charge sufficient to reimburse the City and such Paying Agent for any tax, fee, or other governmental charge required to be paid with respect to the transaction.

The City and the Paying Agent may treat and consider the person in whose name any Series 2014 Bond shall be registered upon the registration records as herein provided as the holder and absolute owner thereof, whether such Series 2014 Bond shall be overdue or not, for the purpose of receiving payment of the principal thereof and interest thereon and for all other purposes whatsoever; provided, however, payment of, or on account of, the principal of and interest on such Series 2014 Bond shall be made only to, or upon the order of, such registered owner, and such payment so made shall be valid and effective to satisfy and discharge the liability upon such Series 2014 Bond to the extent of the sum or sums so paid, and neither the City nor any Paying Agent shall be affected by any notice to the contrary.

**SECTION 15.** (a) So long as any of the Series 2014 Bonds shall remain outstanding, the City shall maintain with the Paying Agent separate records for the registration and transfer of the Series 2014 Bonds. The Paying Agent is hereby appointed registrar for the Series 2014 Bonds, in which the City the Paying Agent shall register in such records and permit to be transferred thereon, under such reasonable regulations as may be prescribed, any Series 2014 Bond entitled to registration or transfer.

(b) The City shall pay or reimburse the Paying 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 Paying Agent. Fees and reimbursements for extraordinary services and expenses, so long as not occasioned by the negligence, misconduct or willful default of the Paying 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.

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

(ii) Upon receiving notice of the resignation of the Paying Agent, the City shall promptly appoint a successor Paying Agent by resolution of the Governing Body. Any appointment of a successor Paying Agent shall become effective upon acceptance of

appointment by the successor Paying Agent. If no successor Paying Agent shall have been so appointed and have accepted appointment within thirty (30) days after the notice of resignation, the resigning Paying Agent may petition any court of competent jurisdiction for the appointment of a successor Paying Agent, which court may thereupon, after such notice as it may deem appropriate, appoint a successor Paying Agent.

(iii) In the event of a change of Paying Agents, the predecessor Paying Agent shall cease to be custodian of any funds held pursuant to this Bond Resolution in connection with its role as such Paying Agent, and the successor Paying 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 Paying Agent shall be fully paid. Every predecessor Paying Agent shall deliver to its successor Paying Agent all records of account, registration records, lists of holders of the Series 2014 Bonds and all other records, documents and instruments relating to its duties as such Paying Agent.

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

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

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

(vii) The City will provide any successor Paying Agent with certified copies of all resolutions, orders and other proceedings adopted by the Governing Body relating to the Series 2014 Bonds.

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

(d) Any corporation or association into which a Paying Agent may be converted or merged, or with which it may be consolidated or to which it may sell or transfer its assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become



successor Paying Agent hereunder and vested with all the powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of either the City or the successor Paying Agent, anything herein to the contrary notwithstanding, provided only that such successor Paying Agent shall be satisfactory to the City and eligible under the provisions of Section 15(c)(iv) hereof.

**SECTION 16.** Only such of the Series 2014 Bonds as shall have endorsed thereon a certificate of registration and authentication in substantially the form hereinabove set forth in Section 13, duly executed by the Paying Agent, shall be entitled to the rights, benefits and security of this Bond Resolution. No such Series 2014 Bond shall be valid or obligatory for any purpose unless and until such certificate of registration and authentication shall have been duly executed by the Paying Agent, which executed certificate shall be conclusive evidence of registration, authentication and delivery under this Bond Resolution. The Paying Agent's certificate of registration and authentication on any such Series 2014 Bond shall be deemed to have been duly executed if signed by an authorized officer of the Paying Agent, but it shall not be necessary that the same officer sign said certificate on all of the Series 2014 Bonds that may be issued hereunder at any one time.

**SECTION 17.** (a) In the event the Series 2014 Bonds are sold to an Underwriter and the Underwriter shall fail to designate the names, addresses and social security or tax identification numbers of the Registered Owners of the Series 2014 Bonds within thirty (30) days of the date of sale, or at such other earlier date as may be designated by the City, one Series 2014 Bond registered in the name of the Underwriter may be issued in the full amount for each maturity. Ownership of the Series 2014 Bonds shall be in the Underwriter until the initial Registered Owner has made timely payment and, upon request of the Underwriter within a reasonable time of the initial delivery of the Series 2014 Bonds, the Paying Agent shall re-register any such Series 2014 Bond upon its records in the name of the Registered Owner to be designated by the Underwriter in the event timely payment has not been made by the initial Registered Owner.

(b) Except as hereinabove provided, the Person in whose name any of the Series 2014 Bonds shall be registered in the records of the City maintained by the Paying Agent may be deemed the absolute owner thereof for all purposes, and payment of or on account of the principal of or interest on any of the Series 2014 Bonds shall be made only to or upon the order of the Registered Owner thereof, or his legal representative, but such registration may be changed as hereinafter provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon any of the Series 2014 Bonds to the extent of the sum or sums so paid.

**SECTION 18.** From and after the issuance and delivery of the Series 2014 Bonds, the System shall be operated on a Fiscal Year basis, commencing on the first day of October, and ending on the last day of September in the following year; provided, however, that the Fiscal Year may be changed upon written notice to the Registered Owners.

**SECTION 19.** All Revenues shall be set aside as collected and shall be deposited into the Revenue Fund, which fund was created pursuant to the 1996 Resolution. Moneys in said fund shall not be subject to lien or attachment by any creditor of the City and shall be set aside for, allocated to and deposited by the Clerk to the extent available in the following order of preference in the following separate and special funds, hereby created, without further direction of or action by the Governing Body or other authority of the City:

(a) On the first business day of each month, commencing in the first month after delivery of the Series 2014 Bonds, there shall be deposited into the Operation and Maintenance Fund, which fund was created pursuant to the 1996 Resolution, an amount which will provide for the payment of the Current Expenses to be paid during such calendar month, and, in the event that the aggregate amounts deposited into such fund pursuant to the Resolution during the preceding months shall have been insufficient to pay all such expenses, an amount sufficient to repay such deficiencies.

(b) There is hereby created the 2014 Bond and Interest Fund and two separate subaccounts therein as follows:

(i) On the first business day of each month, commencing in the first month after the delivery of the Series 2014 Bonds, there shall be deposited into a subaccount in the 2014 Bond and Interest Fund designated as the 2014 Current Debt Service Account, which account is hereby created, an amount which, together with equal subsequent monthly deposits on the first business day of each successive month, will provide a sum equal to the amount necessary to pay interest and principal due and payable through the date on which the next installment of principal on the Series 2014 Bonds is due. Accrued interest, if any, on the Series 2014 Bonds received from the Purchaser shall be deposited into the 2014 Current Debt Service Account of the 2014 Bond and Interest Fund at Closing.

(ii) Provided, that in addition to the moneys hereby required to be paid into the 2014 Current Debt Service Account of the 2014 Bond and Interest Fund, the 2014 Debt Service Reserve Fund which fund is hereby created and shall be maintained as a subaccount in the 2014 Bond and Interest Fund in order to meet any deficiency therein in future years. The 2014 Debt Service Reserve Fund shall be the debt service reserve fund for the Outstanding Prior Bonds and the Series 2014 Bonds and, in the event of a default, the holders of such bonds shall be entitled to the amounts in such 2014 Debt Service Reserve Fund, pro rata. In order to fully fund the 2014 Debt Service Reserve Fund, the Clerk shall immediately upon delivery of the Series 2014 Bonds transfer from the 2006 Debt Service Reserve Fund and the 2007 Debt Service Reserve Fund such amounts which will be equal to the aggregate Debt Service Reserve Fund Requirement for the Series 2014 Bonds and the Outstanding Prior Bonds, at which amount the 2014 Debt Service Reserve Fund shall thereafter be maintained by such future payments as may be necessary for that purpose. Notwithstanding any other provision contained herein, upon the determination of any deficiency in the total amount on deposit in the 2014 Debt Service Reserve Fund, the full amount of such deficiency shall be fully funded within one

(1) year of such determination. The 2014 Debt Service Reserve Fund shall be used only to pay maturing principal and accruing interest, or both, on the Outstanding Prior Bonds or the Series 2014 Bonds and only whenever and to the extent that funds otherwise available in the applicable Current Debt Service Account are insufficient for that purpose. No funds paid into the 2014 Debt Service Reserve Fund shall be used to prepay the principal unless such prepayment is for the entire balance of the principal amount of the Series 2014 Bonds. If the amount on deposit in the 2014 Debt Service Reserve Fund as valued on the last day of any Bond Year is more than the Debt Service Reserve Fund Requirement, the amount of such excess shall be transferred to the 2014 Current Debt Service Account.

(c) There is hereby created the 2014 Depreciation Fund. Upon the payment in full of the Prior Bonds, the Clerk shall transfer any amounts in the 2006 Depreciation Fund and the 2007 Depreciation Fund to the 2014 Depreciation Fund. Notwithstanding any other provision contained herein, after the 2014 Depreciation Fund has been funded, upon the determination that the amount in the 2014 Depreciation Fund is less than Five Thousand Dollars (\$5,000), the full amount of such deficiency shall be fully funded within one (1) year of such determination. The 2014 Depreciation Fund shall be used for the purpose of paying the cost of replacing such parts of the System as may need replacement in order to keep the System operating in an economical and efficient manner upon written certification by the Consulting Engineers to the Governing Body certifying the necessity for such expenditure and concurring in the necessity for such expenditure from the 2014 Depreciation Fund; provided, however, that in the event the funds otherwise established for the payment of the principal of and interest on the Series 2014 Bonds should be insufficient for said purpose, then and in that event, to the extent of any such insufficiency, the amount necessary to pay accruing interest and to provide for the payment of the principal as set forth in subparagraph (b) of this section shall be drawn from the 2014 Depreciation Fund and shall be used, together with funds otherwise available, to pay such accruing interest and to provide for the payment of principal as set forth in subparagraph (b) of this section.

(d) There is hereby created the 2014 Contingent Fund. Upon the payment in full of the Prior Bonds, the Clerk shall transfer any amounts in the 2006 Contingent Fund and the 2007 Contingent Fund to the 2014 Contingent Fund. Notwithstanding any other provision contained herein, after the 2014 Contingent Fund has been funded, upon the determination that the amount in the 2014 Contingent Fund is less than Five Thousand Dollars (\$5,000), the full amount of such deficiency shall be fully funded within one (1) year of such determination. The 2014 Contingent Fund shall be used for the purpose of paying the cost of unforeseen contingencies arising in the operation and maintenance of the System, including the construction of reasonable and proper improvements, betterments, and extensions thereto upon written certification by the Consulting Engineers to the Governing Body certifying the necessity for such expenditure and concurring in the necessity for such expenditure from the 2014 Contingent Fund; provided, however, that in the event the funds otherwise established by the Resolution for the payment of the principal of and interest on the Series 2014 Bonds should be insufficient for said purpose, then and in that event, to the extent of any such insufficiency, the amount necessary to pay accruing interest and to provide for the payment of the principal as set forth in subparagraph (b) of this section shall be

drawn from the 2014 Contingent Fund and shall be used, together with funds otherwise available, to pay such accruing interest and to provide for the payment of principal as set forth in subparagraph (b) of this section.

The moneys in the foregoing funds shall be held separate and apart from all other funds of the City and shall be applied in the manner provided, and, except for moneys in the Operation and Maintenance Fund, pending such application, shall be subject to a lien and charge in favor and for the security of Registered Owners of the Series 2014 Bonds until paid out or transferred as herein provided. Any surplus Revenues remaining after all deposits and transfers required or allowed by the Resolution shall be used solely for purposes pertaining to the System or as otherwise allowed by the Act.

Any Revenues of the System collected prior to the Closing by the City may be used by the City to fund all or a portion of the foregoing funds and accounts.

**SECTION 20.** If Revenues shall be insufficient at any time to make the payments or deposits required by Section 19 hereof, the deficiency shall be made good by additional payments to be made out of the first available Revenues received during any succeeding month or months. Whenever and as long as sums actually on deposit in the 2014 Bond and Interest Fund, including the 2014 Debt Service Reserve Fund therein, shall equal the outstanding principal amount of the Series 2014 Bonds, plus the amount of all interest due thereon until the respective maturity dates of the Series 2014 Bonds, no further deposits need be made into said funds.

**SECTION 21.** All sums in the funds referred to in Section 19 hereof shall be kept on deposit in bank accounts separate from all other bank accounts of the City in a bank or banks having Federal Deposit Insurance Corporation insurance of its accounts and at all times shall be continuously secured as provided by the laws of the State for other funds of the City, or, in the discretion of the Governing Body, may be invested as directed in this Bond Resolution in investments authorized under the laws of the State as may now be or hereafter become applicable. Such investments shall mature or be redeemable prior to the time the funds so invested will be needed for expenditure. Any interest or other income received from investments shall accrue to and be deposited in the fund which generated such income or to which such income is attributable. Provided, however, that the Governing Body shall transfer to the 2014 Current Debt Service Account in the 2014 Bond and Interest Fund any such income in excess of the aggregate amount required by this Bond Resolution to be maintained in any other fund or account.

**SECTION 22.** The City covenants and agrees with the Registered Owners that it will perform, or cause to be performed, all duties with respect to the operation and maintenance of the System and with respect to the fixing, maintaining and collecting of the rates, fees and charges for the services thereof, the establishing of the funds herein referred to, and all other matters and things required by law and by this Bond Resolution, and that it will do or cause to be done, in apt time and season, each and every official act necessary for the payment of the principal of and the interest on the Series 2014 Bonds as the same shall mature and accrue.

**SECTION 23.** The City further covenants with the Registered Owners as follows:

(a) As long as any of the Series 2014 Bonds are outstanding and unpaid, it will operate and maintain the System, or cause the System to be operated and maintained.

(b) As long as any of the Series 2014 Bonds are outstanding and unpaid, it will fix and maintain rates and make and collect charges for the use and service of the System which will at all times be sufficient: (i) to pay the Current Expenses of the System, (ii) to provide one hundred ten per centum (110%) of the amount of the maximum Principal and Interest Requirements for the current Bond Year on account of the Bonds then outstanding and (iii) to fund the 2014 Debt Service Reserve Fund, the 2014 Depreciation Fund and the 2014 Contingent Fund as provided in Section 19 hereof.

(c) The rates, fees and charges for the use and service of the System at the Closing will be sufficient to satisfy the requirements of the preceding paragraph.

(d) If the Revenues in any Fiscal Year as shown by the City's audit are less than the total amount set forth in subsection (b) of this Section, then it shall, as promptly as possible, request the Consulting Engineers to make recommendations as to a revision of such rates, fees and charges or methods of operating the System which will result in producing the required amount in the following Fiscal Year. Upon receipt of such recommendations the City shall, subject to applicable requirements imposed by law, immediately revise such rates, fees and charges and take such other actions respecting the methods of operation of the System as shall in its discretion be deemed necessary.

(e) As long as any of the Series 2014 Bonds shall remain outstanding and unpaid, the City shall carry and maintain all risk insurance upon all the properties forming a part of the System which may be of an insurable nature, such insurance to be of the type and kind and for such amount or amounts as carried and maintained by other municipalities rendering services of a similar character in similar communities. The proceeds of all such insurance shall be used only for the maintenance and restoration of the System, or for the payment of the principal of and the interest on the Series 2014 Bonds. In addition, to the extent required by law, the City shall carry public liability insurance and property damage insurance.

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

(g) The Registered Owner of any of the Series 2014 Bonds shall be permitted, at all reasonable times, to inspect the System and all records, accounts and data relating thereto, and shall be furnished all data and information relating to the System which may be reasonably requested.

(h) Except as provided for in Section 26(b) of this Bond Resolution, the City will not create or permit to be created any charge or lien on Revenues ranking equal or prior to the charge or lien of the Series 2014 Bonds.

**SECTION 24.** Prior to the commencement of each Fiscal Year, the Governing Body shall cause to be prepared a budget setting out the estimated receipts and expenditures of the System for the then ensuing Fiscal Year. This budget shall contain:

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

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

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

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

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

(f) A statement of the amount on deposit in each of the funds referred to in Section 19 of this Bond Resolution.

**SECTION 25.** (a) In order to insure the efficient and economical operation of the System and to insure the proper maintenance thereof in an efficient working order, the City covenants, as a part of the contract to be evidenced by the Series 2014 Bonds, that it will employ, while any of the Series 2014 Bonds are outstanding, independent engineers or engineering firms having a favorable reputation for skill and experience in such work, such engineer or engineering firm to act as Consulting Engineers for the operation and maintenance of the System. The compensation of the Consulting Engineers shall be deemed to be an expense of operating the System and shall be payable from Revenues.

(b) It shall be the duty of the City, with advice from the Consulting Engineers, annually to inspect the System prior to the commencement of each Fiscal Year and to file a report with the Clerk prior to the commencement of each Fiscal Year, setting out the condition of the physical plant of the System and any recommendations which such the Consulting Engineers shall deem to be advisable. Such report shall include the following:

(i) Advice and recommendations concerning the maintenance, repair and operation of the System.

(ii) Advice and recommendations as to renewals or replacements of any part of the System.

(iii) Advice and recommendations as to extensions of the System.

(iv) The estimated cost of any recommended renewals, replacements or extensions to the System.

(v) Advice and recommendations concerning the amount and character of insurance that should be carried on the System.

(vi) Advice and recommendations concerning any revision of the rates to be charged for the services of the System.

(vii) A statement of the judgment of the City with advice from such Consulting Engineers concerning whether the System had been maintained in good repair and operating order, with such suggestions as such Consulting Engineers may deem advisable concerning changes in the methods of operating the System.

(c) The City covenants with the Registered Owners that if the report of the Consulting Engineers shall show that the System has not been maintained in good repair and operating condition, it will, from available Revenues and from the 2014 Depreciation Fund and, to the extent applicable, the 2014 Contingent Fund, promptly restore the System to good repair and operating condition; that all recommendations of said report shall receive impartial consideration by the Governing Body; and that the City and the Governing Body shall endeavor in good faith to carry out the recommendations that may be made by the City with advice from the Consulting Engineers.

**SECTION 26.** (a) Except as hereafter set forth in subparagraph (b) below, from and after the issuance of the Series 2014 Bonds, no Additional Bonds shall be issued or obligations incurred by the City which are payable in whole or in part from or chargeable to Revenues (except obligations incurred in the operation and maintenance of the System), unless such Additional Bonds or obligations are in all respects junior and subordinate to the Series 2014 Bonds.

(b) The City shall have the right to issue one or more series of Additional Bonds to be secured by a parity lien on and ratably payable from Net Revenues and any other security pledged to the Series 2014 Bonds, provided in each instance that:

(i) the Net Revenues available for payments of principal of and interest on the Series 2014 Bonds for a period of 12 consecutive months during the 18 months preceding the month in which such Additional Bonds are issued must be certified by an accountant to have been at least equal to 110% of the highest annual debt service payments in any succeeding Bond Year with respect to the Series 2014 Bonds and the Additional Bonds proposed to be issued; or in lieu of the foregoing formula, if a new schedule of rates, fees and charges for the services, facilities and commodities of the System shall have been adopted, then the Revenues available for debt service payments (taking into account such new rates) must be certified by an accountant to have been at least equal to 125% of the highest annual debt service payments in any succeeding Bond Year with respect to the

Series 2014 Bonds and the Additional Bonds proposed to be issued during the period set forth above;

(ii) the pledge of and lien on the Net Revenues and amounts on deposit from time to time in the 2014 Bond and Interest Fund shall be extended for the benefit of the registered owners of the Additional Bonds; and

(iii) the resolution under which the proposed bonds are being issued shall provide for the funding of an increase in the 2014 Debt Service Reserve Fund resulting from the issuance of such Additional Bonds from the proceeds of such Additional Bonds or as otherwise allowed by Section 19(b)(ii).

(c) The City hereby covenants and agrees that in the event Additional Bonds in one or more series are issued on parity with the Series 2014 Bonds, it shall:

(i) Adjust the deposits into the 2014 Bond and Interest Fund in the following manner: On or before the tenth (10<sup>th</sup>) day of each month, commencing in the first month after the delivery of the Additional Bonds, there shall be deposited into a subaccount in the 2014 Bond and Interest Fund designated 2014 Current Debt Service Account an amount which, after taking into account any amounts already on deposit and equal subsequent monthly deposits on or before the tenth (10<sup>th</sup>) day of each successive month, will provide a sum equal to the amount necessary to pay interest and principal due and payable through the date on which the next installment of principal on the Bonds and the Additional Bonds is due.

(ii) Adjust the amount on deposit in the 2014 Debt Service Reserve Fund to a sum equal to the Debt Service Reserve Fund Requirement as calculated for the Series 2014 Bonds and such Additional Bonds. The additional funds required in the immediate preceding sentence shall be funded from the proceeds of the Additional Bonds or as otherwise allowed by Section 19(b)(ii).

(iii) Adjust the maximum amounts to be deposited annually into the 2014 Depreciation Fund and the 2014 Contingent Fund, taking into account the future replacement cost of the facilities and equipment to be constructed or acquired with the proceeds of such Additional Bonds, by depositing into said funds on the first Business Day of each month, commencing in the first month after the delivery of such Additional Bonds, such amount, if any, of the balance remaining after making the deposits under clauses (i) and (ii) above (or the entire balance if less than the required amount) as is required by the resolution under which such Additional Bonds are issued.

(d) The City shall have the right to call, subject to the call provisions of the respective Bond series, any or all outstanding Bonds which may be called at par prior to calling any Bonds that are callable at a premium. If it is provided in any subsequently issued series of Additional Bonds secured by a parity lien on Net Revenues that excess moneys in the 2014 Bond and Interest Fund shall be used to redeem bonds in advance of scheduled maturity or if the City, at its



option, undertakes to redeem outstanding Bonds in advance of scheduled maturity, it is agreed and understood that:

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

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

(e) The City may issue bonds junior and subordinate to the Series 2014 Bonds and any Additional Bonds at any time, provided that the issuance of such bonds does not violate any covenant of the City concerning any of its then outstanding Series 2014 Bonds.

**SECTION 27.** (a) The provisions of this Bond Resolution shall constitute a contract between the City and the Registered Owners from time to time of the Series 2014 Bonds, and after the issuance of the Series 2014 Bonds no material modification or amendment to this Bond Resolution or of any resolution amendatory hereof or supplemental hereto shall be made in any manner except upon written consent of the Registered Owners of at least sixty-five percent (65%) in principal amount of the Series 2014 Bonds then outstanding.

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

(c) No modifications or alterations to this Bond Resolution shall extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation to pay the principal of or the interest on any of the Series 2014 Bonds at the time and place and at the rate and in the currency as provided herein, without the express consent of the Registered Owner of any of such Series 2014 Bonds, nor reduce the percentage of the Series 2014 Bonds required for the affirmative vote or written consent to a modification or alteration, nor alter or impair the covenants set forth in Sections 22, 23 and 25 hereof.

**SECTION 28.** The Series 2014 Bonds shall be payable equally and ratably, without regard to the date when the Series 2014 Bonds actually shall be delivered and shall enjoy parity of lien, one with the other, upon Net Revenues and with the Water/Sewer Bonds.

**SECTION 29.** Principal proceeds received from the sale of the Series 2014 Bonds and such other amounts, if any, as may be contributed by the City, shall be deposited with the Escrow Trustee in the Escrow Account and the Cost of Issuance Account (as such terms are defined in the Escrow Agreement) created pursuant to the Escrow Agreement. A portion of the proceeds of the Series 2014 Bonds shall be deposited in the Cost of Issuance Account and used by the Escrow Trustee to pay all fees and expenses including those of Bond Counsel, City Counsel, Financial Advisor, Paying Agent and Escrow Trustee fees and expenses, premiums, commissions and all other fees and expenses incurred by the City in connection with the authorization, issuance, sale, validation and delivery of the Series 2014 Bonds. Said costs of issuance expenses as approved by the Mayor are hereby authorized to be paid at Closing without further

authorization or approval of the Governing Body. The balance of the proceeds of the Series 2014 Bonds shall be deposited in the Escrow Account and used by the Escrow Trustee for the payment of the principal and interest on the Refunded Bonds as such becomes due and payable and, upon redemption or maturity thereof, the principal of, premium, if any, and interest on the Refunded Bonds. The Clerk is hereby directed to transfer from the funds and accounts for the Prior Bonds to the Escrow Account or the appropriate funds and accounts for the Series 2014 Bonds, such amounts as Bond Counsel and the Financial Advisor shall deem lawful and appropriate.

**SECTION 30.** Contingent upon the issuance of the Series 2014 Bonds, the City hereby directs that the Refunded Bonds shall be paid and redeemed on the Redemption Date and at the Redemption Price as more particularly set forth in Exhibit A hereto and in the Bond Purchase Agreement or the Private Placement Agreement, as applicable. The Clerk is hereby authorized and directed to give notice of such redemption to the applicable Prior Paying Agent, and such Prior Paying Agent is hereby authorized and directed to provide notice of the redemption of the Refunded Bonds to the holders of such Refunded Bonds.

**SECTION 31.** (a) The Registered Owner of any of the Series 2014 Bonds may, by suit, action, mandamus or other proceedings at law or in equity, enforce and compel performance by the appropriate official or officials of the City of any or all acts and duties to be performed by the City under the provisions of the Act and of this Bond Resolution.

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

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

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

(iii) failure by the City to perform or observe any other covenant, agreement or condition on its part contained in this Bond Resolution or in the Series 2014 Bonds, and the continuance thereof for a period of sixty (60) days after written notice thereof to the City by the Registered Owners of not less than ten percent (10%) in principal amount of the then outstanding Bonds; or

(iv) filing by the City of a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable federal or state law.

(c) If there be any default in the payment of the principal of and interest on the Series 2014 Bonds, any court having jurisdiction in the proper action may, upon petition of the Registered Owners of a majority in principal amount of the Series 2014 Bonds then outstanding, appoint a receiver to administer and operate the System with power to fix rates and collect charges sufficient to provide for the payment of the Series 2014 Bonds and to pay the expense of operating and maintaining the System in conformity with the provisions of the Act and of this Bond Resolution.

**SECTION 32.** At least five (5) days prior to the due date thereof, the Clerk shall remit to the Paying Agent the sum or sums then becoming due as interest, or principal and interest, on the Series 2014 Bonds, plus the sum then due as the charges of the Paying Agent for its services and responsibilities under the terms of this Bond Resolution, which charges shall be expenses of operation and shall be charged to and payable from the Operation and Maintenance Fund referred to in Section 19 of this Bond Resolution.

**SECTION 33.** As authorized by the Act, the Series 2014 Bonds shall be submitted to validation in the Chancery Court of Lafayette County, Mississippi, in the manner and with the force and effect provided by Sections 31-13-1 *et seq.*, Mississippi Code of 1972, as amended, and to that end a certified transcript of all proceedings and other documents relating to the sale and issuance of the Series 2014 Bonds forthwith shall be prepared and forwarded to the State's Bond Attorney by Bond Counsel and the Clerk.

**SECTION 34.** (a) If the City shall pay or cause to be paid to the Registered Owners of the Series 2014 Bonds the principal of, premium, if any, and interest to become due with respect thereto at the times and in the manner stipulated therein and herein, and if the City shall keep, perform and observe all and singular the covenants and promises in the Series 2014 Bonds and in this Bond Resolution expressed as to be kept, performed and observed by it or on its part and shall pay or cause to be paid to the Paying Agent all sums of money due or to become due according to the provisions hereof, then the rights of the Registered Owners under the Resolution shall cease, determine and be void, and thereupon the lien of this Bond Resolution on Net Revenues shall be defeased, cancelled and discharged.

(b) All Series 2014 Bonds for the payment or redemption of which sufficient monies, or, to the extent permitted by the laws of the State, (a) direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations"), or (b) certificates of deposit or other securities fully secured by Government Obligations, or (c) evidences of ownership of proportionate interests in future interest or principal payments on Government Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the Government Obligations and which Government Obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated, or (d) municipal obligations, the payment of the principal of, interest and premium, if any, on which are irrevocably secured by Government Obligations and which Government Obligations are not subject to redemption prior to the date on which the proceeds attributable to the principal of such obligations are to be used and have been deposited in an escrow account which is irrevocably pledged to the payment of the principal of and interest and on such municipal obligations (all of which collectively, with Government Obligations, are hereinafter called "Defeasance Securities"), shall have been deposited with an escrow agent appointed for the purpose in trust for the owners thereof, which may be the Paying and Transfer Agent, (whether upon or prior to the maturity or the redemption date of such Series 2014 Bonds) shall be deemed to have been paid within the meaning of this Section, shall cease to be entitled to any lien, benefit or security under this Bond Resolution and shall no longer be deemed to be

outstanding hereunder and the registered owners shall have no rights in respect thereof except to receive payment of principal of and interest on such Series 2014 Bonds from the funds held for that purpose; provided, however, that if such Series 2014 Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given as provided herein or arrangements shall have been made for the giving thereof. Defeasance Securities will be considered sufficient if said investments, with interest, mature and bear interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest and to pay principal when due on the Series 2014 Bonds. For the purpose of this Section, Defeasance Securities shall mean and include only (a) such Defeasance Securities which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or (b) Defeasance Securities which, if subject to redemption shall, nevertheless, in all events, regardless of when redeemed, provide sufficient and timely funds for payment of the principal of and interest on the Series 2014 Bonds to be paid thereby.

**SECTION 35.** The City shall not hereafter construct, acquire or operate, or permit, or, to the extent permitted by law, consent to the construction , acquisition or operation of, any plants, structures, facilities or properties which may compete or tend to compete with the System; except that nothing in this Bond Resolution contained shall prevent the City from giving its permission or consent to the construction, acquisition or preparation in the area serviced by the System by a Person or facilities for the provision of electric 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 (a) without any cost to or payment by the City, or (b) upon payment of such amount or cost as the City shall determine to be proper in the circumstances.

**SECTION 36.** The City covenants that it will (a) diligently enforce and collect all fees, rental or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the laws of the State, and (b) to the full extent permitted by law, under reasonable rules and regulations, shut off and discontinue the supplying of the services and facilities of the System for the non-payment of fees, rentals or other charges for said water services, and will not restore said water services until all delinquent charges, together with interest and reasonable penalties, have been paid in full.

**SECTION 37.** The Governing Body hereby designates the Series 2014 Bonds as "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code. The City (including any subordinate entity or entities issuing tax exempt obligations on behalf of the City within the meaning of Section 265(b)(3) of the Code) has not issued, and does not reasonably expect to issue, tax exempt obligations within calendar year 2014 which, together with the Series 2014 Bonds, will exceed \$10,000,000.

**SECTION 38.** Pursuant to SEC Rule 15c2-12(b)(5), the City covenants and agrees to provide to the Purchasers, if required, a continuing disclosure agreement, dated the date of

issuance and delivery of the Series 2014 Bonds, setting forth the City's agreement with regard to continuing disclosure (the "Continuing Disclosure Agreement"), and to comply with the covenants set forth therein and carry out all of the provisions of the Continuing Disclosure Agreement. In the event the City fails to comply with the provisions of the Continuing Disclosure Agreement, any Registered Owner may take such actions as may be necessary and appropriate, including mandamus or specific performance by court order, to cause the City to comply with its obligations set forth in the Continuing Disclosure Agreement and this Section 38.

**SECTION 39.** The City covenants that it will not provide free service to any user of the System unless permitted by State statute.

**SECTION 40.** Baker, Donelson, Bearman, Caldwell & Berkowitz, PC, Jackson, Mississippi, is hereby selected to serve as Bond Counsel to the City in connection with the sale and issuance of the Series 2014 Bonds.

**SECTION 41.** Government Consultants, Inc., Jackson, Mississippi, is hereby selected to serve as Independent Registered Municipal Advisor to the City in connection with the sale and issuance of the Series 2014 Bonds.

**SECTION 42.** Mayo Mallette PLLC, Oxford, Mississippi, is hereby selected to serve as counsel to the City in connection with the sale and issuance of the Series 2014 Bonds.

**SECTION 43.** Bond Counsel, the Financial Advisor and City Counsel are hereby further authorized and directed to provide such advice and assistance as shall be requested by the Mayor and the Clerk in fulfilling their duties under this resolution.

**SECTION 44.** The Mayor, the Clerk and the proper officers and members of the Governing Body are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of this Bond Resolution, and are further authorized to take any and all further actions and execute and deliver any and all other documents and certificates as may be necessary or desirable in connection with the issuance of the Series 2014 Bonds, the Bond Purchase Agreement, the Private Placement Agreement, the Escrow Agreement, the Preliminary Official Statement, a final Official Statement, in substantially the form of the Preliminary Official Statement, or other documents necessary to conclude the sale and issuance of the Series 2014 Bonds, and to document the City's compliance with the Act and the Code. ~~The Mayor is also hereby authorized and directed to name the Escrow Trustee, the Paying Agent and the Underwriter or the Placement Agent for the Series 2014 Bonds.~~ Notwithstanding any other provision herein or in any attachments hereto, the Governing Body further authorizes any necessary changes to the name or title or series designation of the Series 2014 Bonds and corresponding changes to any of the related documents approved hereby if it is determined, after consultation with the Financial Advisor, that it is in the best interest of the City for the Series 2014 Bonds to be issued at a later date or in one or more tax-exempt series, as municipal bond market conditions may dictate.

**SECTION 45.** ~~The Mayor, with the advice of the Financial Advisor, is hereby authorized and directed to appoint a verification agent (the "Verification Agent") in connection with the Series 2014 Bonds and the Refunded Bonds. The Verification Agent will verify the arithmetical accuracy of certain computations prepared by the Underwriter or Placement Agent, as applicable, which show the present value difference between the debt service on the Series 2014 Bonds and the debt service on the Refunded Bonds. The Mayor, with the advice of the Financial Advisor, is also hereby authorized and directed to name the Escrow Trustee, the Paying Agent and the Underwriter or the Placement Agent for the Series 2014 Bonds.~~

**SECTION 46.** ~~**SECTION 45.**~~ All acts and doings of the officers and members of the Governing Body which are in conformity with the purposes and intents of this Bond Resolution and in furtherance of the sale and issuance of the Series 2014 Bonds, from time to time, and the execution, delivery and performance of the Bond Purchase Agreement or the Private Placement Agreement, as applicable, the Escrow Agreement, the Preliminary Official Statement and the Official Statement, shall be, and the same hereby are, in all respects approved and confirmed.

**SECTION 47.** ~~**SECTION 46.**~~ If any one or more of the provisions of this Bond Resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any of the other provisions of this Bond Resolution, but this Bond Resolution shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained herein.

**SECTION 48.** ~~**SECTION 47.**~~ All resolutions or parts thereof in conflict with this Bond Resolution, to the extent of such conflict only, are hereby repealed.

**SECTION 49.** ~~**SECTION 48.**~~ The preparation of the Series 2014 Bonds for sale and delivery being now immediately necessary, this Bond Resolution shall become effective immediately upon the adoption hereof.

Alderman \_\_\_\_\_ seconded the motion to adopt the foregoing Bond Resolution, and the question being put to a roll call vote, the result was as follows:

Alderman Jay Hughes voted:	_____
Alderman Robyn Tannehill voted:	_____
Alderwoman Janice Antonow voted:	_____
Alderman Ulysses Howell voted:	_____
Alderman Preston E. Taylor voted:	_____
Alderman Jason Bailey voted:	_____
Alderman John Morgan voted:	_____

The motion having received the affirmative vote of a majority of the members of the Governing Body present, being a quorum of said Governing Body, the Mayor declared the motion carried and the resolution adopted this 4<sup>th</sup> day of November, 2014.

2902914.8

**EXHIBIT A**  
**REFUNDED BONDS**



**\$3,400,000**  
**(ORIGINAL PRINCIPAL AMOUNT)**  
**CITY OF OXFORD, MISSISSIPPI**  
**COMBINED WATER AND SEWER SYSTEM**  
**REVENUE BONDS, SERIES 2006**  
**DATED JUNE 1, 2006**

**Paying Agent: First National Bank of Clarksdale in Clarksdale, Mississippi**  
**Payment Dates: June 1 and December 1**  
**Redemption Date: June 1, 2016**

<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Principal Amount</b>	<b>Redemption Price</b>
6/1/2017	4.000%	\$165,000	100%
6/1/2018	4.000	175,000	100
6/1/2019	4.000	185,000	100
6/1/2020	4.000	195,000	100
6/1/2021	4.000	205,000	100
6/1/2022	4.000	215,000	100
6/1/2023	4.000	225,000	100
6/1/2024	4.000	235,000	100
6/1/2025	4.000	245,000	100
6/1/2026	4.000	260,000	100

**\$2,800,000**  
**(ORIGINAL PRINCIPAL AMOUNT)**  
**CITY OF OXFORD, MISSISSIPPI**  
**COMBINED WATER AND SEWER SYSTEM**  
**REVENUE BONDS SERIES 2007**  
**DATED JUNE 1, 2007**

**Paying Agent: Hancock Bank, Gulfport, Mississippi**  
**Payment Dates: June 1 and December 1**  
**Redemption Date: June 1, 2027**

<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Principal Amount</b>	<b>Redemption Price</b>
6/1/2018	4.750%	\$ 140,000	100%
6/1/2019	5.000	145,000	100
6/1/2020	5.000	150,000	100
6/1/2021	4.800	160,000	100
6/1/2022	4.875	165,000	100
6/1/2023	4.875	175,000	100
6/1/2024	5.000	185,000	100
6/1/2025	5.000	190,000	100
6/1/2026	5.000	200,000	100
6/1/2027	5.000	210,000	100

**EXHIBIT B**

**BOND PURCHASE AGREEMENT AND  
PRIVATE PLACEMENT AGREEMENT**

**EXHIBIT C**

**PRELIMINARY OFFICIAL STATEMENT**

**EXHIBIT D**  
**ESCROW AGREEMENT**