

**RECESSED MEETING OF THE MAYOR AND BOARD OF ALDERMEN
TUESDAY, NOVEMBER 21, 1995 - 7 P.M.
MUNICIPAL COURTROOM - 305 MONROE STREET**

The Mayor and Board of Aldermen of the City of Clinton met in Recessed Meeting at 7 P.M., at the Municipal Courtroom, 305 Monroe Street, pursuant to a Recess Order adopted by said Mayor and Board of Aldermen at their Regular Meeting of November 7, 1995, as found on Page 210 of this Minute Book X.

WELCOME AND CALL TO ORDER - Mayor Rosemary Aultman

INVOCATION AND PLEDGE OF ALLEGIANCE TO THE FLAG

The Invocation was led by Alderman Brabham followed by the Pledge of Allegiance to the Flag led by Alderman Ferrell.

ROLL CALL - City Clerk Nelson Byrd

Present - Jehu Brabham - Alderman-at-Large
O. C. George Ferrell - Alderman Ward 1
Rodney DePriest - Alderman Ward 2
Ben Todd - Alderman Ward 3
Phil Fisher - Alderman Ward 4
Herb Touchton - Alderman Ward 5
Sharbert Lott - Alderman Ward 6
Mayor Rosemary Aultman - Presiding

City Attorney Ken Dreher
City Clerk Nelson Byrd

AGENDA CHANGES

Mayor Aultman announced that the necessary ordinance enacting the tourism/economic development tax which was passed in the November 7, 1995, referendum, would be added to the agenda for adoption.

APPROVAL OF CONSENT AGENDA ITEMS A-S:

MOTION made by Alderman Ferrell and **SECONDED** by Alderman Fisher to approve Consent Agenda Items A-S as listed on page 287 of this Minute Book X, noting that Consent Agenda Item B, will serve to advertise favorably the opportunities, possibilities, and resources of the City of Clinton. Quotes listed in items G, J, K, L, M, O, & Q are on file in the Office of the City Clerk. **MOTION CARRIED 6-0** with Alderman Lott not entering into discussion or action due to a possible conflict of interest.

PUBLIC HEARING ON CLOSING RAILROAD CROSSINGS AT VERNON ROAD AND EAST MAIN STREET

As shown by the proof of publication found on page 289 of this Minute Book X that a public hearing would be held for the purpose of receiving public comment on the proposed permanent closing of two at-grade railroad crossings, Vernon Road and East Main Street, Mayor Aultman called said public hearing to order at 7:07 p.m. Following comments by the City Engineer and MDOT representative Newt McCormick, the floor was opened for public comment/questions. A listing of all persons speaking to the issue may be found on page 290 of this Minute Book X. Said public hearing was closed at 8:14 p.m. and Mayor Aultman called for a brief recess. **NO BOARD ACTION** was necessary.

PUBLIC HEARING ON UNKEPT LOTS - 8:27 P.M.

Public Works Director Alderman stated that (1) real estate parcel 2860-415 owned by Ole South Homes & Realty in Cherry Park Subdivision still had not been cleaned although proper notice had been received by said owner; and (2) parcel 2862-68-14, 712

Franklin Drive had been brought into compliance. **MOTION** made by Alderman Brabham and **SECONDED** by Alderman Todd to adopt the appropriate resolution as found on page 291-293 of this Minute Book X to proceed with clean-up of parcel 2860-415 above. **MOTION CARRIED UNANIMOUSLY.**

ADOPTION OF REFUNDING BOND RESOLUTION FOR 1988 SEWER BONDS

MOTION made by Alderman DePriest and **SECONDED** by Alderman Ferrell to adopt the refunding bond series resolution found on pages 294-322 of this Minute Book X. Said bond and related documents found on pages 323-399 of this Minute Book X refund the 1988 sewer bonds with a 1995 series. Closure on said bonds is anticipated for December 19, 1995. **MOTION CARRIED UNANIMOUSLY.**

ADOPTION OF ZONING ORDINANCE AMENDMENT FOR LAKESIDE PARK SUBDIVISION

MOTION made by Alderman Touchton and **SECONDED** by Alderman Fisher adopting that zoning ordinance amendment found on pages 400-401 of this Minute Book X and on pages 617-618 of the City of Clinton Ordinance Book II, rezoning Lot 1, Block A, of Lakeside Park Subdivision from R-1 to C-1. **MOTION CARRIED 4-2** with Aldermen Ferrell and Lott casting the nay votes. Alderman Todd did not participate in discussion or action. Proofs of publication may be found on pages 402 and 619 respectively of Minute Book X and the City of Clinton Ordinance Book II.

ADOPTION OF AMENDED CONTRACT WITH STES FOR MANAGEMENT, OPERATION AND MAINTENANCE OF WWTF AND DRINKING WATER PURIFICATION SYSTEM

MOTION made by Alderman DePriest and **SECONDED** by Alderman Fisher to approve the amended contract with STES as found on pages 403-453 of this Minute Book X for the management, operation, and maintenance of the wastewater treatment facilities and drinking water purification system effective December 1, 1995. **MOTION CARRIED 6-1** with Alderman Ferrell casting the "nay" vote.

BUILDING INSPECTION DEPARTMENT TO SEEK COMPUTER SOFTWARE/HARDWARE

Building Inspector Lowther is to begin looking for computer software/hardware for the Building Inspection Department. **NO BOARD ACTION** necessary. Information will be brought back to the Board for action after software packages have been perused.

ADOPTION OF ORDINANCE ENACTING CLINTON TOURISM AND ECONOMIC DEVELOPMENT TAX

MOTION made by Alderman Brabham and **SECONDED** by Alderman Ferrell to approve that ordinance found on pages 454-457 of this Minute Book X and on pages 620-623 of the City of Clinton Ordinance Book II enacting a Clinton tourism and economic development tax. **MOTION CARRIED UNANIMOUSLY.** Proofs of publication may be found on page 458 and 624 respectively of Minute Book X and the City of Clinton Ordinance Book II.

ANNOUNCEMENTS

Mayor Aultman announced that there is a lot of construction going on in Downtown Clinton with (1) the United Artist project land purchase having been closed, the City will now take bids on December 28, 1995, to do the City's part of road construction for said project; (2) Mississippi College has broken ground for the new dorm; (3) Holy Resurrection Orthodox Church has begun construction on a new building; (4) Obie's Chevron has new construction underway; (5) and Taco Bell will be ready in early 1996.

Other announcements included the December 2, 1995, Christmas Parade; the December 5, 1995, Chamber Open House and Christmas Tree Lighting.

ADJOURNMENT - 9 P.M.

There being no further business to discuss, MOTION made by Alderman Todd and SECONDED by Alderman Fisher to adjourn. MOTION CARRIED UNANIMOUSLY.

Copy of Agenda may be found on Pages 287-288 of this Minute Book X.

APPROVED: Rosemary Aultman November 29, 1995
Rosemary Aultman, Mayor Date

ATTEST: Nelson Byrd November 29, 1995
Nelson Byrd, City Clerk Date

SEAL

7

Public Hearing - Closure of RR
Crossings at Vernon and E. Main
Nov. 21, 1995, 7 PM

(SPEAKERS)

	<u>Name</u>	<u>Address</u>
1.	Perry Egan	413 Oakwood
2.	Mrs. Roberts	605 Oakwood
3.	Jacqueline Ashley	308 E. Main
4.	Tommy Smith	108 Lake Circle
5.	Janice Simmons	311 Vernon Rd
6.	June Hulitt	630 Vernon Rd.
7.	Willie Chapel	101 Warrenton Rd
8.	MODER LANDRUM	114 Hillcrest Dr.
9.	Gloria Hodge	105 Owens Rd.
10.	Ralph Wheeler	102 Vernon Rd.
11.	NOIS HARPE	280 Short Warrenton R
12.	Lis Lola Harris	303 Vernon

RESOLUTION

There came on for public hearing before the Mayor and Board of Aldermen of the City of Clinton, Mississippi, the matter of unclean property located at PARCEL 2860-415 CHERRY PARK SUBDIVISION, Clinton, Mississippi, and after full consideration of the matter, Alderman BRABHAM offered the following Resolution:

RESOLUTION OF THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF CLINTON, MISSISSIPPI, DETERMINING THE NECESSITY FOR THE CLEANING OF PRIVATE PROPERTY LOCATED AT PARCEL 2860-415 CHERRY PARK SUBDIVISION, CLINTON, MISSISSIPPI, UNDER THE AUTHORITY GRANTED TO MUNICIPALITIES BY §21-19-11, MISSISSIPPI CODE OF 1972, AS AMENDED, AND OTHER APPLICABLE STATUTES AND ORDINANCES.

WHEREAS, it has come to the attention of the Mayor and Board of Aldermen that the property located at PARCEL 2860-415 CHERRY PARK SUBDIVISION, Clinton, Mississippi, may constitute a menace to the public health and safety of the community because of its present condition and state of uncleanness; and

WHEREAS, notice was give to the owner of said property as required by §21-19-11 of the Miss. Code of 1972, as amended, of a public hearing on this matter; and

WHEREAS, a public hearing was held at 7:00 p.m., August 15, 1995, at the Municipal Room of the Public Safety Complex, 305 Monroe Street, Clinton, Mississippi; and

WHEREAS, said public hearing was conducted; and

WHEREAS, based upon the information and evidence provided at said public hearing, the Mayor and Board of Aldermen of the City of Clinton, Mississippi, has determined that this property in its present condition and state of uncleanness constitutes a menace to the public health and safety of the community and does adjudicate said property in its present condition to be a menace to the public health and safety of the community. The Director of the Public Works Department is directed to take such action as appropriate under §21-19-11 of the Miss. Code of 1972, as amended, and other applicable statutes and ordinances, to use municipal employees or, by contract, clean the property by cutting weeds, removing rubbish and dilapidated buildings and other debris.

NOW BE IT RESOLVED, by the Mayor and Board of Aldermen of the City of Clinton, Mississippi, as follows:

1. It is hereby adjudicated that the property located at PARCEL 2860-415
CHERRY PARK SUBDIVISION, Clinton, Mississippi, in its present condition constitutes a menace to the public health and safety of the community.
2. The Director of Public Works is hereby directed to take such action as appropriate under §21-19-11, Miss. Code of 1972, as amended, and other applicable statutes and ordinances, to clean the property by cutting weeds, removing rubbish and dilapidated buildings and debris.
3. The Director of Public Works is hereby directed that upon completion of this cleaning that he advise the Mayor and Board of Aldermen of the City of Clinton, Mississippi, of the actual costs incurred in cleaning the property so that the Mayor and Board of Aldermen for the City of Clinton, Mississippi, may adjudicate the costs of such action and impose such penalty as it adjudicates, all as provided by under §21-19-11, Miss. Code of 1972, as amended, and other applicable statutes and ordinances.

Alderman TODD seconded the motion to adopt the foregoing

and the roll call vote was as follows:

Alderman Jehu W. Brabham	voted: <u>AYE</u>
Alderman O. C. George Ferrell	voted: <u>AYE</u>
Alderman Rodney W. DePriest	voted: <u>AYE</u>
Alderman Ben L. Todd	voted: <u>AYE</u>
Alderman Phil Fisher	voted: <u>AYE</u>
Alderman Herb Touchton	voted: <u>AYE</u>
Alderman Sharbert K. Lott	voted: <u>AYE</u>

The motion having received the affirmative vote of the majority of all of the members of the Board present, the Mayor declared the motion carried and the Resolution adopted on this the 21ST day of NOVEMBER, 1995.

THE MAYOR AND ALDERMEN OF THE
CITY OF CLINTON, MISSISSIPPI

By: Rosemary Aultman
MAYOR ROSEMARY AULTMAN

By: _____
ALDERMAN JEHU W. BRABHAM

By: _____
ALDERMAN O. C. GEORGE FERRELL

By: _____
ALDERMAN RODNEY W. DePRIEST

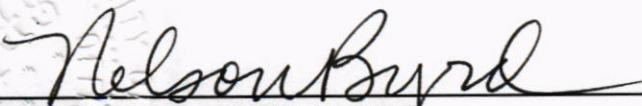
By: _____
ALDERMAN BEN L. TODD

By: _____
ALDERMAN PHIL FISHER

By: _____
ALDERMAN HERB TOUCHTON

By: _____
ALDERMAN SHARBERT K. LOTT

ATTEST:



NELSON BYRD, CITY CLERK

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REFUNDING BOND SERIES RESOLUTION

\$1,440,000
CITY OF CLINTON, MISSISSIPPI
SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 1995
DATED DECEMBER 1, 1995

Adopted:

November 21, 1995

294-322

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EXHIBITS

EXHIBIT "A"	SCHEDULE OF REFUNDED BONDS
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There came on for consideration by the Mayor and Board of Aldermen of the City of Clinton, Mississippi (the "City") the matter of the issuance of sewer system revenue refunding bonds, Series 1995, of the City, in the aggregate principal amount of \$1,440,000. After a discussion of the subject, Alderman _____ offered and moved the adoption of the following resolution:

A SERIES RESOLUTION OF THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF CLINTON, MISSISSIPPI, PROVIDING FOR THE ISSUANCE OF CITY OF CLINTON SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 1995, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,440,000; PROVIDING FOR THE SALE AND DELIVERY THEREOF; CALLING FOR THE REDEMPTION PRIOR TO MATURITY OF CERTAIN CURRENTLY OUTSTANDING OBLIGATIONS OF THE CITY; AND ENACTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED by the Board of Aldermen (the "Board") of the City of Clinton, Mississippi (hereinafter referred to as "City"), that pursuant to the Waterworks and Sanitary Sewer System Revenue Bonds General Bond Resolution adopted heretofore on September 20, 1988 (the "General Resolution") and the 1988 Series A Resolution (the "1988 Series A Resolution"), this 1995 Refunding Bond Series Resolution (the "1995 Series Resolution") is adopted as set forth below. The General Resolution and the 1988 Series A Resolution are referred to herein collectively as the "1988 Resolutions" and the 1988 Resolutions and this 1995 Series Resolution are referred to herein collectively as the "Resolutions."

ARTICLE I

DEFINITIONS

Section 1.01. Definitions

(a) All the terms which are defined in the 1988 Resolutions shall have the same meanings, respectively, in this 1995 Series Resolution as such terms are given in the 1988 Resolutions, unless otherwise defined herein.

(b) In addition, as used in this 1995 Series Resolution, unless otherwise expressly provided or unless the context clearly requires otherwise in this Resolution, the following terms shall have the meanings specified below:

"Beneficial Owner" means the person in whose name a Refunding Bond is recorded as beneficial owner of such Refunding Bond by the Securities Depository or a Participant or an Indirect Participant on the records of such Securities Depository, Participant or Indirect Participant, as the case may be, or such person's subrogee.

"Bond Counsel" means Brunini, Grantham, Grower & Hewes, PLLC, Jackson, Mississippi.

"Bond Date" means the date designated as the date of the Refunding Bonds by Section 3.02.A. of this Resolution.

"Refunding Bonds" means the City of Clinton, Mississippi, Sewer System Revenue Refunding Bonds, Series 1995, issued in the principal amount of \$1,440,000, the proceeds of which shall be used to refund the Sewer System Revenue Bonds, 1988 Series A, issued by the City (the "Refunded Bonds").

"Book-Entry Arrangements" means the Letter of Representations.

"Book-Entry Bond" means any Refunding Bond that is administered under the Book Entry System.

"Book-Entry System" means a book-entry system established and operated for the recordation of Beneficial Owners of the Refunding Bonds as described in Section 3.04 herein.

"Closing Date" means the date of the initial delivery of and payment for the Refunding Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions.

"Direct Participant or Participant" means securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations which participate in the Securities Depository with respect to the Refunding Bonds.

"Escrow Agent" means Deposit Guaranty National Bank, Jackson, Mississippi, or any successor Escrow Agent appointed by the Board.

"Escrow Agreement" means the escrow agreement approved by the Board herein.

"Escrow Fund" means the fund established by the Escrow Agreement to hold cash and securities for the payment of principal and interest on the Refunded Bonds.

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

"Interest Payment Date" means the date or dates on which interest on the Refunding Bonds is scheduled to be paid until their respective dates of maturity, such dates being October 1 and April 1, commencing April 1, 1996.

"Letter of Representations" means the representation letter(s), agreement(s), and/or other document(s) entered into by (or on behalf of) the City and the Paying Agent with a Security

Depository providing for the administration of the Refunding Bonds under the Book-Entry System.

"1995 Series Resolution" means this Resolution authorizing the issuance of the Refunding Bonds.

"Owner" means the person who is the registered owner of a Bond as shown in the Register.

"Paying Agent/Registrar" means Deposit Guaranty National Bank, Jackson, Mississippi, or any successor thereto as provided in this Resolution.

"Prior Obligations" means existing prior obligations for which the waterworks or sewer system revenues of the City are pledged.

"Record Date" means the 15th day of the calendar month preceding a month in which an Interest Payment is due.

"Refinancing Act" means the Mississippi Bond Refinancing Act, Sections 31-27-1 through 31-27-25, Mississippi Code of 1972, as amended.

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

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

"System" means the City's waterworks and sewage system as defined in the General Resolution.

"Trustee" means Deposit Guaranty National Bank, Jackson, Mississippi, acting as Trustee pursuant to the Resolutions.

Section 1.02. Specific Findings

In addition to other findings contained herein, the Board does hereby specifically find, determine and adjudicate as follows:

A. In accordance with the Constitution and laws of the State of Mississippi, specifically, Section 21-27-23, Mississippi Code of 1972, and the provisions of the 1988

Resolutions, the City previously issued the Refunded Bonds, said bonds being payable solely from and secured by the Revenues of the System specifically pledged therefor; and

B. The pledge and lien on the Revenues of the System granted and conveyed under the Resolutions, and all other covenants and agreements to be performed by the City as provided thereunder are for the equal and ratable benefit, protection and security of the holders of any and all bonds issued thereunder, regardless of the time of their issue or maturity thereby making all bonds issued in a Series pursuant to the General Resolution of equal rank and ratably secured by the lien and pledge on the Revenues of the System and other funds, all as pledged, granted and conveyed by the General Resolution.

C. No Event of Default, as defined in the 1988 Resolutions, has occurred or is continuing; that the City has otherwise fully complied with the terms and provisions of the 1988 Resolutions; and that this 1995 Series Resolution fully complies with the requirements of Section 2.03 of the General Resolution.

D. The Refunding Bonds are not private activity bonds as such term is defined in Section 141 of the Code and that the Board does not reasonably anticipate that the District, or any other subordinate entities thereof will issue more than \$10,000,000 of qualified tax-exempt obligations (other than private activity bonds) in calendar year 1995. It is necessary and in the best interest of the District to designate the Refunding Bonds as qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

E. The Code provides that noncompliance with the provisions thereof may cause interest on obligations to become taxable retroactive to the initial date of issuance, and provides that the exclusion from gross income for federal income tax purposes of interest on commitments such as the Refunding Bonds is contingent on a number of future actions by the City; therefore, it is necessary and in the best interest of the City to make certain covenants pertaining to the exemption of the interest on the Refunding Bonds from federal income taxes since such exemption may depend, in part, upon continuing compliance by the City with certain requirements of the Code.

F. The Board considers it in the best interest of the City and deems it appropriate at this time to authorize the preparation, execution, issuance, sale and delivery of the Refunding Bonds to refund the Refunded Bonds. The Refunding Bonds shall be issued and the outstanding balance of the Refunded Bonds in the principal amount of \$1,280,000 and maturing in the years 1999 through 2013 shall be refunded pursuant to the authority contained in the Refinancing Act and the Resolutions.

Section 1.03. Table of Contents, Titles and Headings

The table of contents, titles and headings of the articles and sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never

be considered or given any effect in construing this Resolution or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04. Interpretation

A. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Resolution and all terms and provisions hereof shall be liberally construed to effect the purposes set forth herein.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF CLINTON that:

ARTICLE II

SECURITY FOR THE BONDS; DEBT SERVICE FUND

Section 2.01. Security

The Refunding Bonds are special obligations of the City secured by and payable solely from the Revenues derived by the City from the operation and ownership of the System (which, as defined in the General Resolution includes both the City's waterworks system and sanitary sewer system). Such Revenues include all fees, tolls, rents, charges and other tangible income derived or to be derived by or for the account of the City from or for the ownership, operation, use or services of the System, all income or earnings on, or increment to, monies held in any Fund under the General Resolution, and any other amounts paid into and credited pursuant to the General Resolution to the Revenue and Operation and Maintenance Fund or the Waterworks and Sanitary Sewer System Bond and Interest Fund, but excludes grants, loans and contributions received from the United States, the State, or from any other source in aid of or with respect to the construction, acquisition, improvements, extension, renewal or development of the System or the financing of such activities and further excludes amounts received with respect to facilities financed pursuant to the Metropolitan Area Waste Disposal Act of 1975, codified as Sections 21-27-161 through 21-27-191 of the Mississippi Code, except as provided in Section 6.12 of the General Resolution. The lien on the Revenues securing the Refunding Bonds is and shall be on a parity with the lien securing all other Bonds issued pursuant to the General Resolution and secured by the System Revenues. The Refunding Bonds shall neither be nor constitute an indebtedness of the City within the meaning of any constitutional, statutory, or charter limitations of indebtedness, but shall be payable solely from the Revenues and other funds pledged thereto as provided in the Resolutions. No holder(s) of any of the Refunding Bonds shall ever have the right to compel the exercise of the ad valorem taxing power of the City, or taxation in any form of any real property therein, to pay the Refunding Bonds or the interest thereon.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization

The Refunding Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Mississippi, including particularly the Refinancing Act, and pursuant to the terms of the Resolutions. The Refunding Bonds shall be issued in the aggregate principal amount of \$1,440,000 for the purpose of restructuring the City's debt evidenced by the Refunded Bonds, thereby reducing the debt service requirements thereof and resulting in an overall net present value savings of not less than two percent (2.0%) of the Refunded Bonds, and to pay the costs of issuing the Refunding Bonds.

Section 3.02. Date, Denomination, Maturities and Interest

A. The Refunding Bonds shall be dated December 1, 1995. The Refunding Bonds shall be in fully registered form, without coupons, in the denomination of \$5,000.00 or any integral multiple thereof up to the amount of a single maturity, and shall be numbered separately from one upward, in the order of issuance. The Refunding Bonds shall mature serially in each year on October 1 in the principal amounts and at the rates set forth in the following schedule:

MATURITY SCHEDULE

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
1996	\$ 5,000.00	3.800%	2005	\$ 85,000.00	5.050%
1997	15,000.00	4.100	2006	90,000.00	5.200
1998	15,000.00	4.200	2007	95,000.00	5.300
1999	60,000.00	4.350	2008	100,000.00	5.400
2000	65,000.00	4.500	2009	105,000.00	5.500
2001	70,000.00	4.650	2010	115,000.00	5.600
2002	75,000.00	4.750	2011	120,000.00	5.650
2003	80,000.00	4.850	2012	125,000.00	5.700
2004	85,000.00	4.950	2013	135,000.00	5.750

C. Interest shall accrue and be paid on each Refunding Bond, respectively, until payment upon maturity or otherwise, from the later of the Bond Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rate per annum for each respective maturity set forth above. Such interest shall be payable semi-annually on October 1 and April 1 of each year, commencing April 1, 1996.

The Refunding Bonds shall be executed on behalf of the City by the Mayor and countersigned by the City Clerk, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon, all in the manner prescribed in Section 2.06 of the General Resolution and subject to the additional terms thereof. Such facsimile signatures on the Refunding Bonds shall have the same effect as if each of the Refunding Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Refunding Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Refunding Bonds.

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

B. So long as a Book-Entry System is being used, one Refunding Bond in the aggregate principal amount of the Refunding Bonds and registered in the name of the Securities Depository Nominee will be issued and deposited with the Securities Depository to be held in its custody. The Book-Entry System will be maintained by the Securities Depository and the Participants and Indirect Participants and will evidence beneficial ownership of the bonds in authorized denominations, with transfers of ownership effected on the records of the Securities Depository, the Participants and the Indirect Participants pursuant to rules and procedures established by the Securities Depository, the Participants and the Indirect Participants. The principal of and any premium on each Refunding Bond shall be payable to the Securities Depository Nominee or any other person appearing on the Registration Books as the registered Owner of such Refunding Bond or his registered assigns or legal representative at the principal office of the Paying Agent. So long as the Book-Entry System is in effect, the Securities Depository will be recognized as the Owner of the Refunding Bonds for all purposes. Transfer of principal, interest and any premium payments or notices to Participants and Indirect Participants will be the responsibility of the Securities Depository and transfer of principal, interest and any premium payments or notices to Beneficial Owners will be the responsibility of the Participants and Indirect Participants. No other party will be responsible or liable for such transfers of payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the Participants or the Indirect Participants. While the Securities Depository Nominee or the Securities Depository, as the case may be, is the registered Owner of the Refunding Bonds, notwithstanding any other provisions set forth herein, payments of principal of, redemption premium, if any, and interest on the Refunding Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire

transfer in immediately available funds to the account of such Owner. Without notice to or the consent of the Beneficial Owners, the Paying Agent, with the consent of the City, and the Securities Depository may agree in writing to make payments of principal, redemption price or purchase price and interest in a manner different from that set out herein. In such event, the Paying Agent shall make payments with respect to the Refunding Bonds in such manner as if set forth herein.

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

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

E. In the event that Refunding Bonds are to be issued to the Beneficial Owners of the Refunding Bonds, or their designees, the City shall promptly have prepared, at its expense, Refunding Bonds, in certificated form registered in the names of the Beneficial Owners of Refunding Bonds shown on the records of the Participants provided to the Paying Agent, as of the date set forth in the notice described above. Refunding Bonds issued to the Beneficial Owners, or their designees, shall be in fully registered form substantially in the form set forth in Section 6.02 hereof.

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

G. Each Securities Depository and the Participants, the Indirect Participants and the Beneficial Owners of the Refunding Bonds, by their acceptance of the Refunding Bonds, agree that the City and the Paying Agent shall have no liability for the failure of any Securities Depository to perform its obligation to any Participant, any Indirect Participant or any Beneficial Owner of any Refunding Bonds, nor shall the City or the Paying Agent be liable for the failure of any Participant, Indirect Participant or other nominee of any Beneficial Owner of any

Refunding Bonds to perform any obligation that such Participant, Indirect Participant or other nominee may incur to any Beneficial Owner of the Refunding Bonds.

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

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

J. So long as any Refunding Bonds remain outstanding, the City shall cause the Paying Agent/Registrar to keep at its principal corporate trust office a Register (the "Register") for the Refunding Bonds in which, subject to reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Refunding Bonds in the appropriate manner in accordance with this Resolution.

K. Subject to Section 3.04. A. through I. hereof, the ownership of an Refunding Bond may be transferred, and the Refunding Bonds shall be exchangeable only as set forth in the General Resolution.

L. Each exchange Refunding Bond delivered by the Paying Agent/Registrar in accordance with this section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Refunding Bonds in lieu of which such exchange Refunding Bond is delivered.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Optional Redemption

The Refunding Bonds maturing on and after October 1, 2007, are subject to redemption prior to maturity at the option of the City on and after October 1, 2006, in whole at any time, or in part on any Bond Payment Date, at the redemption prices (expressed as percentages of principal amount) set forth in the following table plus accrued interest to the redemption date:

<u>Redemption Period</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Prices</u>
October 1, 2006, to September 30, 2007	102%
October 1, 2007, to September 30, 2008	101%
October 1, 2008, and thereafter	100%

If less than all of the Refunding Bonds are to be so redeemed, the Trustee/Paying Agent may select the maturity or maturities to be redeemed. If less than all of the Refunding Bonds of any maturity are to be redeemed, the particular Refunding Bonds or portions thereof of such maturity to be redeemed shall be selected by lot or other random method to be determined by the Trustee/Paying Agent in integral multiples of \$5,000. In selecting for redemption portions of Refunding Bonds in denominations larger than \$5,000, each such Refunding Bond will be treated as representing that number of Refunding Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Refunding Bond by \$5,000.

Section 4.02. Notice of Redemption

Notice of any redemption, identifying the numbers of the Refunding Bonds or portions thereof to be redeemed, shall be given by notice mailed by first class mail to the Registered Owners at their last address appearing upon the Registration Books not less than 30 days nor more than 60 days prior to the date fixed for redemption. Such notice by mail shall be sufficient, and publication of the notice of redemption shall not be required.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar

The Board hereby appoints the Trustee as the Paying Agent for the Refunding Bonds. The places and manner of payment of the principal or Redemption Price of and interest on the Refunding Bonds shall be as provided in Section 2.04 of the General Resolution. The responsibilities of and the procedures for removal, resignation, and replacement of the Paying Agent shall be as set forth in Article VIII of the General Resolution.

Section 5.02. Agreement to Perform Duties and Functions

A. By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Resolution and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby.

B. The Paying Agent/Registrar shall authenticate the Refunding Bonds and deliver them to the initial purchaser upon payment of the purchase price of the Refunding Bonds to the City.

C. If the Book-Entry System authorized herein is discontinued, the City shall, at its expense, cause 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 Refunding Bonds, to be printed and delivered to the Paying Agent/Registrar in generally accepted format, and held by the Paying Agent/Registrar until needed for transfer or reissuance, whereupon the Paying Agent/Registrar 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/Registrar is hereby authorized upon the approval of and payment by the City to have printed from time to time, as necessary, additional certificates bearing the facsimile seal of the City and facsimile signatures of the persons who were the officials of the City as of the date of original issue of the Refunding Bonds.

Section 5.03. Authorization to Execute Documents

The Paying Agent/Registrar is hereby authorized to complete and execute on behalf of the City any documents necessary to apply for any government obligations or securities in which the amounts in the Debt Service Fund are to be invested. The Paying Agent/Registrar is also authorized and directed to execute the documents necessary to establish the Book-Entry System.

ARTICLE VI

FORM OF THE BONDS

Section 6.01. Form Generally

A. The Refunding Bonds, including the Registration and Validation Certificate, the Registration and Authentication Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Refunding Bonds, (1) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Resolution, and (2) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Refunding Bonds, as evidenced by their execution thereof.

B. Any portion of the text of any Refunding Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Refunding Bonds.

C. The definitive Refunding Bonds shall be printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, or may be in book-entry form, all as determined by the officers executing such Refunding Bonds, as evidenced by their execution thereof.

Section 6.02. Form of the Bonds

The form of the Refunding Bonds, including the form of the Registration and Validation Certificate, the Registration and Authentication Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Refunding Bonds, shall be substantially as follows with any revisions thereto necessary or desirable to issue the Refunding Bonds in book-entry form:

A. Form of Refunding Bonds

REGISTERED

Denomination

No.

\$_____

**CITY OF CLINTON, MISSISSIPPI
SEWER SYSTEM REVENUE REFUNDING BOND
SERIES 1995**

INTEREST RATE MATURITY DATE BOND DATE CUSIP NUMBER

_____%

December 1, 1995

REGISTERED OWNER: _____

PRINCIPAL SUM: _____

The City of Clinton, Mississippi, for value received, hereby promises to pay to the Registered Owner named above, or registered assigns, on the maturity date specified above, the sum specified above, and to pay interest on such principal amount from the later of the Bond Date specified above or the most recent Interest Payment Date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, such interest to be paid semi-annually on October 1 and April 1 of each year, commencing April 1, 1996. Interest on this Bond shall accrue on the basis of a 360-day year of twelve 30-day months.

The principal of this Refunding Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Refunding Bond at the principal corporate trust office of Deposit Guaranty National Bank, Jackson, Mississippi, or its successor as Trustee/Paying Agent/Registrar. Interest on this Refunding Bond is payable by check dated as of the Interest Payment Date, mailed by the Paying Agent/Registrar to the registered Owner at the address shown on the registration books kept by the Paying Agent/Registrar, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such customary banking arrangements. For the purpose of the payment of interest on this Refunding Bond, the Registered Owner shall be the person in whose name this Refunding Bond is registered at the close of business on the "Record Date," which shall be the 15th day of the calendar month preceding the month in which an Interest Payment is due.

If the date for the payment of the principal of or interest on this Refunding Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Paying Agent/Registrar is located are required or authorized by law or executive order to close,

the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Refunding Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$1,440,000 (the "Bonds") issued pursuant to a certain resolution of the City dated November 21, 1995 (the "Refunding Bonds Series Resolution") for the purpose of refunding certain outstanding obligations of the City. The Refunding Bonds constitute a Series of Bonds issued pursuant and subject to the authority and terms of the Waterworks and Sanitary Sewer System Revenue Bonds General Bond Resolution adopted on September 20, 1988 (the "General Resolution") and the 1988 Series A Resolution (the "1988 Series A Resolution"). The lien on the Revenues securing this Bond is subordinate to the lien securing the Prior Obligations (as defined in the Refunding Bonds Series Resolution) and is on a parity with the lien securing any outstanding or subsequently issued Bonds issued pursuant to the General Resolution.

This Refunding Bond is payable solely from and secured by a lien upon and pledge of the Revenues derived from the operation of the System, all in the manner provided in the 1988 Resolutions and the Refunding Bonds Series Resolution. Neither the full faith and credit nor the taxing power of the City is pledged for the payment of this Refunding Bond, either as to principal or interest, and this Refunding Bond does not constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter limitation. By the acceptance of this Refunding Bond, it is expressly agreed by the holder of this Refunding Bond that such holder shall never have the right to require or compel the exercise of the ad valorem taxing power of the City for the payment of the principal of and interest on this Refunding Bond or the making of any sinking fund, reserve, or other payments provided for in the 1988 Resolutions and the Refunding Bond Series Resolution.

It is further agreed between the City and the holder of this Refunding Bond that this Refunding Bond and the obligation evidenced thereby shall not constitute a lien upon the properties of the System, or any part thereof, or on any other property of or in the City, but shall constitute a lien only on the Revenues derived from the operation of the System, all in the manner provided in the 1988 Resolutions and the Refunding Bonds Series Resolution.

Reference is hereby made to the 1988 Resolutions and the Refunding Bonds Series Resolution as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the City and the Trustee and the holders of the Refunding Bonds. Certified copies of the Resolutions are on file in the corporate trust office of the Trustee and in the office of the City Clerk.

The Refunding Bonds maturing on October 1, 2007 and thereafter are subject to redemption prior to maturity, at the option of the City, on and after October 1, 2006, in whole at any time or in part on any interest payment date, in inverse order of their maturity, at the

respective redemption prices set forth below expressed as percentages of the principal amounts of such Refunding Bonds or portions thereof to be so redeemed, together with accrued interest to the date fixed for redemption.

<u>Redemption Period</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Prices</u>
October 1, 2006, to September 30, 2007	102%
October 1, 2007, to September 30, 2008	101%
October 1, 2008, and thereafter	100%

If less than all of the Refunding Bonds of like maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Trustee at random in such manner as the Trustee in its discretion may deem fair and appropriate. Fully registered Refunding Bonds in a denomination of more than \$5,000 may be redeemed in part from time to time in one or more units of \$5,000 in the manner provided in the General Resolution.

In the event that any Refunding Bond is to be called for redemption as aforesaid, notice of such redemption, setting forth the place or places of payment, shall be given by mailing a copy of the redemption notice by first class mail not less than 30 days nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Refunding Bond to be redeemed at the address shown on the Registration Books. Such notice by mail shall be sufficient and published notice of the call for redemption need not be given.

On the specified redemption date, all Refunding Bonds so called for redemption shall cease to bear interest and shall no longer be secured by the 1988 Resolutions and the Refunding Bonds Series Resolution, provided monies for their redemption are on deposit at the place of payment at that time.

The holder of this Bond shall have no right to enforce the provisions of the 1988 Resolutions or the Refunding Bond Series Resolution, or to institute any action to enforce the covenants therein, or to take any action with respect to any event of default under said Resolutions, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as otherwise expressly provided in the said Resolutions. In addition, the right of the holder of this Refunding Bond to institute or prosecute a suit for the enforcement of payment hereof or to enter a judgment in any such suit is limited to the extent that such action would result in the surrender, impairment, waiver or loss of the security provided under the 1988 Resolutions for the equal and ratable benefit of all holders of Bonds issued thereunder.

As provided in the General Resolution, additional Bonds may be issued from time to time pursuant to Series Resolutions in one or more series and in various principal amounts, which may mature at different times, may bear interest at different rates and may otherwise vary as provided in the General Resolution or any resolution amendatory thereof or supplemental thereto. The aggregate principal amount of Bonds which may be issued under the General Resolution is not limited except as provided therein and in the Mississippi Code, and all Bonds to be issued thereunder will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the General Resolution.

To the extent and in the manner permitted by the terms thereof, the General Resolution and any resolution amendatory thereof or supplemental thereto may be modified or amended; provided, however, that no such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentage or otherwise affect the series of Bonds the consent of the holders of which is required to effect any such modification or amendment without the consent of the holders or registered owners of all Bonds then outstanding.

This Refunding Bond is transferable, as provided in the General Resolution, only upon the books of the City kept for that purpose at the corporate trust office of the Trustee by the registered owner in person or by his duly authorized attorney, (i) upon surrender of this bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney and (ii) upon payment of the charges prescribed in the General Resolution. Thereupon a new fully registered Refunding Bond or Refunding Bonds of the same aggregate principal amount, series and maturity shall be issued to the transferee in exchange therefor as provided in the General Resolution. The Trustee is not required to transfer any Refunding Bond selected or called for redemption. The City and Trustee may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or redemption price hereof and interest due hereon and for all other purposes and neither the City nor the Trustee shall be affected by any notice to the contrary.

The Bonds are issuable only in the form of registered bonds, without coupons, in the denomination of \$5,000 each or any integral multiple thereof up to the amount of a single maturity. As provided in the Refunding Bonds Series Resolution, and subject to certain limitations therein set forth, this Refunding Bond is transferable upon surrender of this Refunding Bond for transfer at the principal corporate trust office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Refunding Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Refunding Bond is registered as the Owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Refunding Bond is registered on the "Record Date") and for all other purposes, whether or not this Refunding Bond be overdue, and neither the City nor the Paying Agent/Registrar shall be affected by any notice to the contrary.

This Refunding Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Refunding Bond Series Resolution unless or until the Certificate of Registration and Authentication hereon has been duly executed by the Paying Agent/Registrar by the manual execution of an officer or duly authorized representative thereof.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Refunding Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Refunding Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; that this Refunding Bond, together with all other outstanding indebtedness of the City, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City has caused this Bond to be executed by the manual or facsimile signature of the Mayor and countersigned by the manual or facsimile signature of the City Clerk of the City and the official seal of the City has been duly impressed or placed in facsimile on this Bond.

CITY OF CLINTON

By: Rosemary D. Auctman
Mayor

COUNTERSIGNED:

Nelson Byrd
City Clerk

[SEAL]

B. Form of Certificate of Registration and Authentication; Registration and Validation Certificate and Assignment on Each Bond

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

CERTIFICATE OF REGISTRATION AND AUTHENTICATION

This bond is one of the Bonds described in the within mentioned Resolution and is one of the Sewer System Refunding Bonds, Series 1995, of the City of Clinton, Mississippi.

Paying Agent/Registrar

By: _____
Authorized Signatory

Date of Registration and Authentication: _____

There shall be printed on the reverse of the Bonds a Registration and Validation Certificate and form for assignment in substantially the following form:

REGISTRATION AND VALIDATION CERTIFICATE

STATE OF MISSISSIPPI

COUNTY OF HINDS

I, the undersigned City Clerk of the City of Clinton, Mississippi, do hereby certify that the within Bond has been duly registered by me as an obligation of the City of Clinton pursuant to law in a book kept in my office for that purpose, and has been validated and confirmed by a Decree of the Chancery Court of Hinds County, Mississippi, rendered on the ____ day of _____, 1995.

(facsimile) _____

City Clerk, City of Clinton, Mississippi

(facsimile seal)

ASSIGNMENT

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

_____ (print or type name, address and zip code of transferee) (Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature on this Assignment must correspond with the name of the registered Owner as it appears on the face of the within Bond in every particular and must be guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers.

Authorized Signatory

Section 6.03. CUSIP Registration

The City may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect in regard to the legality thereof and neither the City, the Paying Agent/Registrar, nor Bond Counsel to the City are to be held responsible for CUSIP numbers incorrectly printed on the Refunding Bonds.

Section 6.04. Legal Opinion

The approving legal opinion of Brunini, Grantham, Grower & Hewes, PLLC, may be printed on the reverse side of each Bond over the certification of the City Clerk of the City which may be executed in facsimile.

ARTICLE VII

SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 7.01. Sale of Refunding Bonds

A. The Board hereby sells the Refunding Bonds to the Purchaser, Howard, Weil, Labouisse, Friedrichs, Inc. in accordance with the terms and provisions hereof and in the Bond Purchase Agreement.

Section 7.02. Deposit of Proceeds/Transfer of Funds

A. All amounts received on the Closing Date as accrued interest on the Refunding Bonds from the Bond Date to the Closing Date shall be deposited to the Waterworks and Sanitary Sewer System Bond and Interest Fund and applied to the payment of interest on the Refunding Bonds on the first Interest Payment Date.

B. Bond Proceeds in the amount of \$1,380,127.05 shall be deposited into the Escrow Fund and invested and administered under the terms of the Escrow Agreement.

C. Bond proceeds in the amount of \$27,400 shall be deposited into the Waterworks and Sanitary Sewer Construction Fund to pay the Costs of Issuance of the Refunding Bonds. Bond Proceeds in the amount of \$3,650.25 shall be deposited into the aforesaid Construction Fund to pay any contingent or miscellaneous expenses incurred in connection with the issuance of the Refunding Bonds. The Trustee is authorized to pay all Costs of Issuance and contingent expenses from the aforesaid amounts deposited into the Waterworks and Sanitary Sewer System Construction Fund. All amounts remaining in the aforesaid Construction Fund after the payment of all Costs of Issuance and contingent expenses shall be disbursed to the Waterworks and Sanitary Sewer System Bond and Interest Fund, or as otherwise directed by the Mayor.

D. The Trustee is instructed to transfer the amount of \$8,492.50 from the Debt Service Reserve Account maintained in the Waterworks and Sanitary Sewer System Bond and Interest Fund into the Escrow Fund for investment and administration pursuant to the Escrow Agreement. The balance of funds in the Debt Service Reserve Account is to be the Debt Service Reserve Requirement, as defined in the General Resolution.

E. The Trustee is instructed to transfer the amount of \$24,975 from the Waterworks and Sanitary Sewer System Bond and Interest Fund to the Escrow Fund for investment and administration pursuant to the Escrow Agreement. The Board finds that the aforesaid amount constitutes funds paid to the Bond and Interest Fund for the payment of the principal of and interest on the Refunded Bonds.

F. The amounts in all other Funds established under the General Resolution shall remain as set forth in the 1988 Series Resolution.

G. The specific sources and uses of the Refunding Bond proceeds shall be as set forth in the Official Statement presented to the Board and approved this Resolution. Furthermore, the Mayor is authorized to revise the amounts of the foregoing transfers, if necessary.

Section 7.03. Approval of Preliminary Official Statement; Authorization to Distribute Final Official Statement

The Preliminary Official Statement prepared in connection with the sale of the Refunding Bonds and attached hereto is hereby approved and deemed to be "final" as described in SEC Rule 15c2-12(b)(1) for the purpose of such rule, and the distribution of the Preliminary Official Statement is hereby approved. The Official Statement is hereby approved in substantially the form of the Preliminary Official Statement with such changes as shall be necessary to make the statements made therein correct as of the date thereof, which changes shall be approved by the Mayor and with such additions as are required by Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934; the distribution of said Official Statement is hereby authorized, and the Mayor is hereby authorized to execute the same in connection with the delivery of the Refunding Bonds.

ARTICLE VIII

INVESTMENTS; TRANSFER OF FUNDS

Section 8.01. Investments

A. Money in the Bond and Interest Fund and other Funds created by the General Resolution shall be invested as permitted under the General Resolution. Money in the Escrow Fund shall be invested and applied solely in accordance with the provisions of applicable law and the Escrow Agreement.

Section 8.02. Approval of Escrow Agreement

The Board hereby appoints Deposit Guaranty National Bank, Jackson, Mississippi, as the Escrow Agent for the proceeds of the Refunding Bonds. The Mayor is hereby authorized to execute and deliver an Escrow Agreement between the City and the Escrow Agent, in substantially the form and substance of the Escrow Agreement attached hereto, with any revisions consented to by the Mayor, which consent shall be evidenced by his signature.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Refunding Bonds

On or before each Interest Payment Date for the Refunding Bonds and while any of the Refunding Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Waterworks and Sanitary Sewer System Bond and Interest Fund, money sufficient to pay such interest on and principal of the Refunding Bonds as will accrue or mature on the applicable Interest Payment Date.

Section 9.02. Other Representations and Covenants

A. The City will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution; the City will promptly pay or cause to be paid the principal of and interest on Bonds on the dates, at the places, and in the manner prescribed in the Refunding Bonds; and the City will, at the times and in the manner prescribed by this Resolution, deposit or cause to be deposited the amounts of money specified by this Resolution.

B. The City is duly authorized under the laws of the State of Mississippi to issue the Refunding Bonds; all action on its part for the creation and issuance of the Refunding Bonds has been duly and effectively taken; and the Refunding Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the City in accordance with their terms, following validation as provided hereinafter.

C. The City hereby represents that the proceeds of the Refunding Bonds are needed at this time to refund the Refunded Bonds and to pay the costs of issuing the Refunding Bonds; and that, except for the Waterworks and Sanitary Sewer System Bond and Interest Fund, no other funds or accounts have been established or pledged to the payment of the Refunding Bonds.

D. The Board covenants for the benefit of the Owners of the Refunding Bonds that it will neither take any action nor omit to take any action nor make any investment or use of the proceeds from the issue and sale of the Refunding Bonds, including amounts treated as proceeds, if any, which will cause the Refunding Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Refunding Bonds at the time of such action, investment or use, and that it will comply with the requirements of such section and applicable regulations throughout the term of the Refunding Bonds.

E. The City covenants that it will make such use of the proceeds of the Refunding Bonds, regulate investments of proceeds thereof and take such other and further actions within its power as may be required by the Code, as amended, and all applicable temporary, proposed and final regulations and procedures promulgated thereunder to the extent applicable to the Refunding Bonds, necessary to assure that interest on the Refunding Bonds is excludable from gross income for federal income tax purposes.

F. Proper officers of the City charged with the responsibility of issuing the Refunding Bonds are hereby directed to make, execute and deliver certifications as to facts, estimates and circumstances in existence as of the Closing Date and stating whether there are any facts, estimates or circumstances that would materially change the City's current expectations.

G. The City will comply with the provisions of Section 148(f) of the Code (relating to paying certain excess earnings of investment of proceeds of the Refunding Bonds to the United States of America), and the regulations promulgated thereunder.

H. The covenants and representations made or required by this Section are for the benefit of the Owners and may be relied upon by the Owners and Bond Counsel for the City.

ARTICLE X

REDEMPTION OF CERTAIN OUTSTANDING BONDS

Section 10.01. Redemption of Certain Outstanding Bonds

The City hereby calls for redemption, subject to the execution of the Bond Purchase Agreement, on their respective maturities or redemption dates, as applicable, the Refunded Bonds, as set forth in the Schedule of Refunded Bonds attached hereto as Exhibit "A", at the appropriate Redemption Price.

Section 10.02. Authorization to Give Notice of Redemption

Upon the adoption of this Resolution, the City Clerk of the City is hereby authorized and directed to cause a notice of redemption to be filed with the Paying Agent for the Refunded Bonds as required by the 1988 Resolutions, and to assist in publishing or distributing the redemption notice in the manner specified in the 1988 Resolutions.

Section 10.03. Source of Funds for Redemption

The source of funds for payment of the principal of and interest on the Refunded Bonds called for redemption by this Resolution shall be from the funds escrowed with the Escrow Agent pursuant to the Escrow Agreement authorized in Section 8.02 of this Resolution.

ARTICLE XI

VALIDATION

Section 11.01. Validation

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

ARTICLE XII

REPEALING CLAUSE; TIME OF EFFECT

Section 12.01. Repealing Clause

All prior orders, resolutions or proceedings of the Board, in conflict with the provisions of this Bond Resolution shall be, and the same are hereby repealed, rescinded and set aside, but only to the extent of such conflict.

Section 12.02. Time of Effect

For cause this Bond Resolution shall become effective immediately upon the adoption hereof.

Following the reading of the foregoing resolution, upon motion of Alderman DePriest, seconded by Alderman FISHER, a vote was called for, with the following results:

Alderman O.C. George Ferrell
Alderman Rodney W. DePriest
Alderman Ben L. Todd
Alderman Phil Fisher
Alderman Herb Touchton
Alderman Sharbert K. Lott
Alderman-at-Large Jehu Brabham

Voted: Aye
Voted: Aye
Voted: Aye
Voted: Aye
Voted: Aye
Voted: Aye
Voted: Aye

The motion having received the affirmative vote of a majority of the members present,
the Mayor declared the motion carried and the resolution adopted, on this the 21st day of
Nov. 1995.

CITY OF CLINTON, MISSISSIPPI

Rosemary G. Aultman
Mayor

ATTEST:

Nelson Byrd
City Clerk

EXHIBIT A

City of Clinton, Mississippi Sewer System Revenue Bonds Refunding of Series 1988 A

Refunded Debt - Series 1988						
Date	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Debt Service To Escrow
12/19/95						
4/1/96			49,950.00	49,950.00		49,950.00
10/1/96			49,950.00	49,950.00	99,900.00	49,950.00
4/1/97			49,950.00	49,950.00		49,950.00
10/1/97			49,950.00	49,950.00	99,900.00	49,950.00
4/1/98			49,950.00	49,950.00		49,950.00
10/1/98			49,950.00	49,950.00	99,900.00	1,368,350.00
4/1/99			49,950.00	49,950.00		
10/1/99	45,000.00	7.250%	49,950.00	94,950.00	144,900.00	
4/1/00			48,318.75	48,318.75		
10/1/00	50,000.00	7.300%	48,318.75	98,318.75	146,637.50	
4/1/01			46,493.75	46,493.75		
10/1/01	55,000.00	7.400%	46,493.75	101,493.75	147,987.50	
4/1/02			44,458.75	44,458.75		
10/1/02	60,000.00	7.500%	44,458.75	104,458.75	148,917.50	
4/1/03			42,208.75	42,208.75		
10/1/03	65,000.00	7.600%	42,208.75	107,208.75	149,417.50	
4/1/04			39,738.75	39,738.75		
10/1/04	70,000.00	7.700%	39,738.75	109,738.75	149,477.50	
4/1/05			37,043.75	37,043.75		
10/1/05	75,000.00	7.750%	37,043.75	112,043.75	149,087.50	
4/1/06			34,137.50	34,137.50		
10/1/06	80,000.00	7.800%	34,137.50	114,137.50	148,275.00	
4/1/07			31,017.50	31,017.50		
10/1/07	85,000.00	7.800%	31,017.50	116,017.50	147,035.00	
4/1/08			27,702.50	27,702.50		
10/1/08	95,000.00	7.900%	27,702.50	122,702.50	150,405.00	
4/1/09			23,950.00	23,950.00		
10/1/09	100,000.00	7.900%	23,950.00	123,950.00	147,900.00	
4/1/10			20,000.00	20,000.00		
10/1/10	110,000.00	8.000%	20,000.00	130,000.00	150,000.00	
4/1/11			15,600.00	15,600.00		
10/1/11	120,000.00	8.000%	15,600.00	135,600.00	151,200.00	
4/1/12			10,800.00	10,800.00		
10/1/12	130,000.00	8.000%	10,800.00	140,800.00	151,600.00	
4/1/13			5,600.00	5,600.00		
10/1/13	140,000.00	8.000%	5,600.00	145,600.00	151,200.00	
Totals	1,280,000.00		1,253,740.00	2,533,740.00	2,533,740.00	1,618,100.00

The interest on the \$1,280,000 Refunded Bonds is to be paid as it comes due from the Escrow Fund commencing April 1, 1996. The outstanding principal balance of the Refunded Bonds, plus accrued and unpaid interest thereon is to be paid from the Escrow Fund on October 1, 1998.

In the opinion of Bond Counsel, under existing laws, applicable regulations, published rulings and court decisions, (a) the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and taxpayers other than corporations, (b) the Bonds are not "private activity bonds" within the meaning of the Internal Revenue Code of 1986 (the "Code"), (c) the Bonds are "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code and (d) interest on the Bonds is exempt from Mississippi income taxes. Under certain other provisions of the Code, the receipt of interest on the Bonds may give rise to collateral federal income tax consequences to certain holders thereof. See the section entitled "Tax Exemption," herein.

\$1,440,000
CITY OF CLINTON, MISSISSIPPI
Sewer System Revenue Refunding Bonds
Series 1995

DATED: December 1, 1995

DUE: October 1 as shown below

The \$1,440,000 City of Clinton, Mississippi Sewer System Revenue Refunding Bonds, Series 1995 (the "Bonds") are special obligations of the City of Clinton, Mississippi (the "City"), payable as to principal and interest solely from and secured by a lien on and a pledge of the Revenues to be derived from the operation of the City's waterworks and sewage system (the "System"). The Bonds are being issued for the purpose of refunding in advance of maturity a portion of the City's Sewer System Revenue Bonds, 1988 Series A, maturing in years 1999 through 2013, and to pay the costs of issuance. The lien on the Revenues securing the Bonds is subordinate to the lien on the Revenues securing certain Prior Obligations and is on a parity with the lien on the Revenues securing the non-refunded portion of the 1988 Series A Bonds. See "SECURITY FOR THE BONDS - Pledges of Revenues." The Bonds do not constitute an indebtedness or general obligation of the City and are not payable from funds raised or to be raised by taxation.

The Bonds are issuable as fully registered instruments, in denominations of \$5,000 or any multiple thereof, and will be initially issued only in book-entry form, under a book-entry system (described herein) in which the Depository Trust Company ("DTC") is the security depository for the Bonds, to the nominee of DTC (Cede & Co.), with no physical delivery of Bonds to the purchasers thereof. Principal and interest payments under the Bonds will be paid to the DTC nominee, which will distribute such payments to the participating members of DTC for subsequent remittance to the owners of the beneficial interests in the Bonds. Such beneficial owners will be permitted to exercise the rights of holders of Bonds only indirectly through DTC and its participating members.

Interest on the Bonds is payable from the date thereof, commencing April 1, 1996, and semiannually thereafter on October 1 and April 1 of each year until the payment of principal. Subject to the book-entry arrangement described in the preceding paragraph, principal of the Bonds will be payable at the principal corporate trust office of Deposit Guaranty National Bank, Jackson, Mississippi, the Trustee/Paying Agent and interest on the Bonds will be payable by check dated as of the interest payment date and mailed by the Trustee/Paying Agent to Registered Owners. Registered Owners are those shown on the records of the Trustee/Paying Agent at the close of business on the 15th calendar day of the month next preceding each interest payment date.

The Bonds will mature, subject to redemption prior to maturity, as set forth herein, in the years and the principal amounts shown below:

MATURITY SCHEDULE

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
1996	\$ 5,000.00	3.800%	2005	\$ 85,000.00	5.050%
1997	15,000.00	4.100	2006	90,000.00	5.200
1998	15,000.00	4.200	2007	95,000.00	5.300
1999	60,000.00	4.350	2008	100,000.00	5.400
2000	65,000.00	4.500	2009	105,000.00	5.500
2001	70,000.00	4.650	2010	115,000.00	5.600
2002	75,000.00	4.750	2011	120,000.00	5.650
2003	80,000.00	4.850	2012	125,000.00	5.700
2004	85,000.00	4.950	2013	135,000.00	5.750

The Bonds maturing on October 1, 2007, and thereafter shall be subject to redemption prior to their maturity at the option of the City on and after October 1, 2006, upon not less than thirty (30) days notice, in whole at any time, or in part on any interest payment date, in inverse order of maturity on terms more particularly described in the section of this Official Statement entitled, "The Bonds - Optional Redemption."

The Bonds are being offered for delivery when, as and if issued and received by the Purchaser, subject to the final approval of the legality thereof by Brunini, Grantham, Grower & Hewes, PLLC, Jackson, Mississippi, Bond Counsel. It is expected that the Bonds will be available for delivery on or about December 19, 1995.

HOWARD, WEIL, LABOUISSIE, FRIEDRICHS, INC.

Dated: November 16, 1995.

NO DEALER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED BY THE CITY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN, IN CONNECTION WITH THE OFFERING OF THE BONDS, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CITY. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF ANY OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. CERTAIN INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT HAS BEEN FURNISHED BY THE CITY AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY BOND COUNSEL. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE DATE HEREOF.

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OFFICIAL STATEMENT

\$1,440,000

CITY OF CLINTON, MISSISSIPPI SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 1995

The purpose of this Official Statement is to set forth certain information in connection with the sale of the Sewer System Revenue Refunding Bonds, Series 1995, dated December 1, 1995 (the "Bonds"), of the City of Clinton, Mississippi (the "City"). The City is a local political subdivision incorporated under the laws of the State of Mississippi.

Reference is made to the Constitution and Laws of the State of Mississippi, including Sections 31-27-1 through 31-27-25 of the Mississippi Code of 1972, (the "Act"), the City of Clinton, Mississippi Waterworks and Sanitary Sewer System Revenue Bonds General Resolution adopted by the Mayor and the Board of Aldermen (the "Board of Aldermen") on September 20, 1988 (the "General Resolution"), the Series Resolution authorizing the issuance of \$1,600,000 City of Clinton, Mississippi, Sewer System Revenue Bonds, 1988 Series A, adopted on September 20, 1988 (the "Series Resolution"), and the Bond Resolution adopted by the Board of Aldermen on November 7, 1995, as supplemented by a resolution adopted on November 21, 1995, and any and all modifications and amendments thereof for a description of the authority of the City to issue the Bonds, the nature and extent of the security of, the principal of and interest on the Bonds, and the terms and conditions under which the Bonds are issued. Hereinafter, the General Resolution and the Series Resolution are sometimes referred to collectively as the "1988 Resolutions". Certain terms not defined in the Official Statement are defined in the 1988 Resolutions. The 1988 Resolutions and the Bond Resolution are sometimes referred to herein collectively as the "Resolutions."

THE BONDS

Purposes and Authorization

The Bonds are being issued to provide funds for the purpose of refunding in advance of maturity the City's Sewer System Revenue Bonds, 1988 Series A, maturing in years 1999 through 2013, in the current outstanding principal balance of \$1,280,000 (the "Refunded Bonds"), and to pay the costs of issuance. The refunding of the Refunded Bonds will result in an overall net present value savings of not less than two percent (2%) of the Refunded Bonds, as required by the Act. A schedule of the debt service on the Bonds is contained in Appendix F.

Description

All references herein to the Bonds are subject to the specific provisions of the Bond Resolution. The Bonds will be dated December 1, 1995, bear interest from that date, payable semi-annually on April 1 and October 1, commencing April 1, 1996, and shall mature on October 1 in the years and in the principal amounts set forth on the front cover of this Official Statement. The Bonds are being issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Interest on the Bonds is payable by check mailed by the Trustee/Paying Agent on or before the Interest Payment Date to the Registered Owners of record as of the 15th day of the month next preceding the interest payment date. The principal and Redemption Price of the Bonds shall be payable at the Corporate Trust Office of the Trustee/Paying Agent.

Sources and Uses of Funds

Sources:

Bond Proceeds	\$ 1,440,000.00
Less Original Issue iscount	(14,422.70)
Accrued Interest	3,758.27
Contribution by City from Other Funds	<u>33,467.50</u>
 TOTAL SOURCES	 \$ <u>1,429,335.57</u>

Uses:

Unrestricted Escrow Securities	\$ 33,467.50
Restricted Escrow Securities	1,380,127.05
Cash Deposit to Escrow	0
Underwriter's Discount	14,400.00
Cost of Issuance	27,400.00
Contingency	3,650.00
Accrued Interest	<u>3,758.27</u>
 TOTAL USES	 \$ <u>1,429,335.57</u>

Plan of Refunding

The Bonds are being issued to refund in advance of maturity the Refunded Bonds in the current outstanding principal amount of \$1,280,000. The proceeds of the Bonds will be used to pay certain costs and expenses incurred in connection with the issuance of the Bonds and to purchase a portfolio of government obligations that will be deposited in escrow, the maturing principal of and interest on which will be sufficient to pay when due, the principal, Redemption Price and interest on the Refunded Bonds. The refunding of the Refunded Bonds will result in the reduction of the District's debt service payments and will result in an overall net present value savings to maturity to the District of at least two percent (2%) of the Refunded Bonds, as required by the Act.

Status of Refunded Bonds

The Refunded Bonds, and the interest due thereon, are to be paid on the scheduled interest payment, redemption and/or maturity dates for such Refunded Bonds. The Refunded Bonds will be redeemed prior to maturity on October 1, 1998 in whole at the Redemption Price of 103% (expressed as a percentage of the principal amount of such Refunded Bonds).

By making escrow deposits required by the 1988 Resolutions, firm banking arrangements will have been made for the discharge and final payment of the Refunded Bonds and therefore, the Refunded Bonds will be deemed to be fully paid and no longer outstanding, and the lien on and pledge of Revenues of the System securing the Refunded Bonds will have been defeased.

Optional Redemption

The Bonds maturing on and after October 1, 2007, are subject to redemption prior to maturity at the option of the City on and after October 1, 2006, in whole at any time, or in part on any Bond Payment Date, at the redemption prices (expressed as percentages of principal amount) set forth in the following table plus accrued interest to the redemption date:

Redemption Period (<u>Dates Inclusive</u>)	Redemption <u>Prices</u>
October 1, 2006, to September 30, 2007	102%
October 1, 2007, to September 30, 2008	101%
October 1, 2008, and thereafter	100%

If less than all of the Bonds are to be so redeemed, the Trustee/Paying Agent may select the maturity or maturities to be redeemed. If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds or portions thereof of such maturity to be redeemed shall be selected by lot or other random method to be determined by the Trustee/Paying Agent in integral multiples of \$5,000. In selecting for redemption portions of Bonds in denominations larger than \$5,000, each such Bond will be treated as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000.

Notice of Redemption

Notice of any redemption, identifying the numbers of the Bonds or portions thereof to be redeemed, shall be given by notice mailed by first class mail to the Registered Owners at their last address appearing upon the Registration Books not less than 30 days nor more than 60 days prior to the date fixed for redemption. Such notice by mail shall be sufficient, and publication of the notice of redemption shall not be required.

Ownership of the Bonds

The City, the Trustee/Paying Agent and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof, for the further purpose of making and receiving payment of the interest thereon, (except in the case of payment of interest, the City, the Trustee/Paying Agent and any other person may treat the Owner on the Record Date as the absolute owner for the purpose of making such payments), and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Trustee/Paying Agent shall be bound by any notice or knowledge to the contrary.

All payments made to the Owner of a Bond shall be valid and effectual and shall discharge the liability of the City and the Trustee/Paying Agent upon such Bond to the extent of the sum paid.

Transfers and Exchanges

The Bonds will be issued in registered book-entry form. Transfers of ownership interests in the Bonds will be accomplished by book entries made by the securities depository for the Bonds. The Depository Trust Company ("DTC"), New York, New York, will act as the securities depository for the Bonds. For more detailed and complete information, see "BOOK-ENTRY SYSTEM" herein.

So long as any Bonds remain outstanding, the City shall maintain and keep, at the Corporate Trust Office of the Trustee/Paying Agent, books for the registration and transfer of the Bonds under such reasonable regulations as it or the Trustee/Paying Agent may prescribe. The Trustee/Paying Agent shall not be obligated to (i) issue, exchange or transfer any Bond during the 15 days next preceding any Interest Payment Date of such Bonds, (ii) issue, exchange or transfer any Bond during a period beginning at the opening of business 15 days next preceding any selection of any portion of any Bonds to be redeemed and ending at the close of business on the date of the first publication of notice (or the mailing thereof if there is no publication) of such redemption, (iii) transfer or exchange any portion of any Bond called or being called for redemption in whole or in part.

Subject to the book-entry arrangements described in the following section of this Official Statement, each Bond shall be transferable only upon the presentation and surrender thereof, accompanied by an assignment duly executed by the Owner or his authorized representative in form satisfactory to the Trustee/Paying Agent. The Trustee/Paying Agent shall authenticate and deliver, in the name of the transferee, one or more Bonds of the same aggregate principal amount and Series and maturity and rate of interest as the surrendered Bond. No transfer of any Bond shall be effective until entered in the Register.

All Bonds shall be exchangeable for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination, in aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange in accordance with the Bond Resolution. Any Bond issued on transfer or in exchange shall be entitled to the benefits and security of the Bond Resolution to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

For every such exchange or transfer of Bonds, the City or the Trustee/Paying Agent shall make a charge sufficient to reimburse it or them for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. In addition, the cost, if any, of preparing each new Bond upon such exchange or transfer and any other expenses of the City or the Trustee/Paying Agent incurred in connection therewith shall be paid by the Owner requesting such exchange

or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond certificate will be issued for each Bond maturity, as shown on the cover page hereof, in the principal amount of each maturity, and will be deposited with DTC.

DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transaction, such as transfers and pledges, in deposited securities eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchase of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effects no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures DTC mails an Omnibus Proxy to the Trustee/Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee/Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City or the Trustee/Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee/Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates and Note certificates are required to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

No assurance can be given by the City that DTC, Direct Participants and Indirect Participants will promptly transfer payments or notices received with respect

to the Bonds. The City assumes no liability for the failure of DTC, Direct Participants or Indirect Participants to transfer to the Beneficial Owner payments or notices received with respect to the Bonds.

Similarly, no assurance can be given by the City that DTC will abide by its procedures or that such procedures will not be changed from time to time. In the event that a successor securities depository is designated, it may establish different procedures.

SECURITY FOR THE BONDS

Pledge of Revenues

The Bonds are special obligations of the City secured by and payable solely from the Revenues derived by the City from the operation and ownership of the System (which, as defined in the General Resolution includes both the City's waterworks system and sanitary sewer system). Such Revenues include all fees, tolls, rents, charges and other tangible income derived or to be derived by or for the account of the City from or for the ownership, operation, use or services of the System, all income or earnings on, or increment to, monies held in any Fund under the General Resolution, and any other amounts paid into and credited pursuant to the General Resolution to the Revenue and Operation and Maintenance Fund or the Waterworks and Sanitary Sewer System Bond and Interest Fund, but excludes grants, loans and contributions received from the United States, the State, or from any other source in aid of or with respect to the construction, acquisition, improvements, extension, renewal or development of the System or the financing of such activities and further excludes amounts received with respect to facilities financed pursuant to the Metropolitan Area Waste Disposal Act of 1975, codified as Sections 21-27-161 through 21-27-191 of the Mississippi Code, except as provided in Section 6.12 of the General Resolution. The Bonds shall neither be nor constitute an indebtedness of the City within the meaning of any constitutional, statutory, or charter limitations of indebtedness, but shall be payable solely from the Revenues and other funds pledged thereto as provided in the Resolutions. No holder(s) of any of the Bonds shall ever have the right to compel the exercise of the ad valorem taxing power of the City, or taxation in any form of any real property therein, to pay the Bonds or the interest thereon.

Parity Obligations

The non-refunded portion of the 1988 Series A Bonds, in the total outstanding principal amount of \$125,000 and maturing in various amounts on October 1 in years 1996 through 1998 (the "Remaining 1988 Bonds") remain secured by and payable from a lien on the System Revenues on a parity with the lien securing the Bonds.

Furthermore, the City has reserved the right under the Resolutions to issue additional Series of Bonds on a parity with the Bonds if certain conditions are met. See "Additional Series of Bonds" herein.

Prior Obligations

Until fiscal year 1984, the City operated its waterworks and sewage and sewerage disposal systems as separate enterprise funds. Since fiscal year 1984, when the two systems were merged into a single fund, the revenues and expenses of each system have not been segregated or otherwise separately accounted for. Further, since the merger of the two systems, the rates for the provision of water and sewer services are established taking into account the costs, expenses, and other payment obligations, including debt service obligations, of the combined funds. The following bonds and other obligations represent existing prior obligations for which the waterworks or sewer system revenues are pledged (such prior obligations are referred to herein collectively as the "Prior Obligations").

In 1985, the City issued general obligation bonds in the original principal amount of \$2,300,000 (the "1985 Bonds"). The unpaid principal balance of the 1985 Bonds is \$970,000.00, with principal amounts ranging from \$100,000 to \$200,000 maturing annually on December 1 in each of the years 1995 through 2000. These bonds are general obligation bonds secured by the full faith, credit and resources of the City. However, in the resolution authorizing the issuance of the 1985 Bonds, the City covenanted that the revenues derived from the waterworks system will be sufficient to pay the principal of and the interest on the Series 1985 Bonds and that the City would credit a sufficient amount of such revenues to the General Obligation Bond and Interest Fund, Series 1985. These obligations represent a first lien on the waterworks distribution system revenues. However, since the City has combined its waterworks and sewage systems into a single enterprise fund, as a practical matter, the entire Revenues of the System, in effect, secure the 1985 Bonds. Therefore, the Bonds are subordinate to the Series 1985 Bonds, and purchasers of the Bonds should be aware that in the event of a default by the City in its payments of the Series 1985 Bonds, the holders of the Series 1985 Bonds may be allowed to satisfy the Series 1985 Bonds out of the Revenues of the System.

In 1987, the City entered into a Municipal Lease and Option Agreement with the Clinton Industrial Park Corporation under which the City has leased and secured the right to purchase all of the water and sewer systems of the Clinton Industrial Park Corporation (the "Lease-Purchase Agreement"). The Lease Purchase Agreement calls for equal annual payments of principal in the amount of \$66,666 on June 1 in each of the years 1988 through 2001, and a final payment of \$66,676 on June 1, 2002. The lease obligation bears interest payable semi-annually at the rate of six and one-half percent (6-1/2%) on the unpaid balance. The lease obligations are secured by a pledge of the gross revenues derived from the waterworks and sewer systems leased

under the Lease Purchase Agreement. This pledge of the revenues from that portion of the System acquired by the City under the Lease Purchase Agreement will be superior to the lien created in favor of the Bondholders on such revenues by the Resolutions.

Rate Covenant

The City has covenanted in the Bond Resolution that so long as any of the Bonds remain issued and outstanding, the schedule of rates, charges, fees and tolls for services furnished by the System will not be reduced unless:

- (a) The amount then on deposit in the Waterworks and Sanitary Sewer System Bond and Interest Fund to the credit of the Debt Service Reserve Account shall not be less than the Debt Service Reserve Fund Requirement; and
- (b) The Revenues for the preceding Fiscal Year shall have been not less than the sum of the Operating Expenses and the payments required under the Prior Obligations for the current Fiscal Year as shown by the Annual Budget and 115% of the aggregate of all Debt Service Payments and the payments required to be made (i) to the credit of the Debt Service Reserve Account of the Waterworks and Sanitary Sewer System Bond and Interest Fund; (ii) to the Waterworks and Sanitary Sewer System Contingent Fund; and (iii) to the Waterworks and Sanitary Sewer System Depreciation Fund for the current Fiscal Year.

The City has also covenanted, at least once each year and no later than the last day of each Fiscal Year and as often as it shall appear necessary from time to time, to review the rates, charges, fees, and tolls established for the System and to adjust the same whenever it shall be necessary or proper to do so in order that the Revenues in each Fiscal Year will be not less than the amount expected to be required for the payment of Operating Expenses and the Prior Obligations plus 115% of the Debt Service Payments and the payments required to be made (i) to the credit of the Debt Service Reserve Account of the Waterworks and Sanitary Sewer System Bond and Interest Fund; (ii) to the Waterworks and Sanitary Sewer System Contingent Fund; and (iii) to the Waterworks and Sanitary Sewer System Depreciation Fund for such Fiscal Year.

The City has also covenanted that it will not grant or permit free services to be rendered by the System (all users receiving services therefrom being required to pay there for at the established rates); provided, however, that free services may be rendered to the City for fire protection, street flushing, municipal buildings and other customary municipal uses and purposes.

Funds

The Series 1988 Resolutions provide for the creation and establishment of the following five special trust funds (the "Funds"):

Waterworks and Sanitary Sewer System Construction Fund (the "Construction Fund")

Waterworks and Sanitary Sewer System Revenue and Operation and Maintenance Fund (the "Revenue and Operation and Maintenance Fund")

Waterworks and Sanitary Sewer System Bond and Interest Fund, including the Debt Service Reserve Account required to be maintained therein

Waterworks and Sanitary Sewer System Depreciation Fund

Waterworks and Sanitary Sewer System Contingent Fund

Under the Resolutions, the Trustee is required to hold all such Funds, except the Revenue and Operation and Maintenance Fund, which Fund shall be held by the City. Monies in the Revenue and Operation and Maintenance Fund shall be deposited with one or more Depositories in accordance with applicable law. All monies or securities deposited with the Trustee or any Depository or received by the City pursuant to the Resolutions shall be held in trust and applied only in accordance with the provisions of the Resolutions and shall be considered trust funds for the purposes of the Resolutions. The Trustee shall, at the request of the City, establish within any Fund such accounts as shall be designated in the written instructions of an Authorized Officer and shall in like manner establish within any account such subaccounts for the purposes of such accounts as shall be so designated.

Construction Fund

There shall be deposited into the Construction Fund any amounts required to be so deposited by each Series Resolution, as well as, at the option of the City, any other monies of the City available for such purpose. Except as otherwise provided in the Resolutions, amounts in the Construction Fund shall be applied only to pay the costs of Improvements, or Costs of Issuance or to provide for the payment of notes previously issued by the City for such purpose.

To the extent that the amounts in any other Fund are insufficient or unavailable therefor, amounts on deposit in the Construction Fund may be applied to pay the Bonds when due, but only in the event that there shall have been filed with the Trustee (a) a Certificate of an Authorized Officer in form and substance satisfactory to the Trustee stating (i) that the Revenues expected to be received thereafter together with such other specified amounts as are expected to be made available

therefor by the City will be sufficient to pay in full all outstanding Bonds when and as the same shall become due in accordance with their terms, (ii) that such payment will not result in a violation of tax covenants made by the City in the General Resolution, and (iii) in reasonable detail, the basis for such certification, and (b) an opinion of counsel satisfactory to the Trustee that such payment will not result in a violation of any existing law.

At any time, the City may direct the Trustee in writing to apply amounts in the Construction Fund to the redemption, purchase or retirement of Bonds in accordance with their terms and the provisions of the Resolutions, but only to the extent that such amounts are not required to be retained therein for the purpose of meeting any existing obligations of the City as evidenced by the Certificate of an Authorized Officer.

Revenue and Operation and Maintenance Funds

All Revenues received by the City from its operation of the System must be deposited with a Depository to the credit of the Revenue and Operation and Maintenance Fund. There may also be deposited in the Revenue and operation and Maintenance Fund, at the option of the City, any other monies of the City available for such purpose. Each month, the City shall maintain in the Revenue and Operation and Maintenance Fund amounts sufficient to pay the estimated operation and maintenance costs of the System during such month and the prorated principal and interest payments of the Prior Obligations accruing during such month. The City shall then pay, on the first business day of each month, to each Fund held by the Trustee the amounts required to be deposited therein by the Resolutions. Any amounts remaining in the Revenue and Operation and Maintenance Fund after all of the foregoing payments and deposits have been made may be used by the City for any lawful purpose.

Waterworks and Sanitary Sewer System Bond and Interest Fund; Debt Service Reserve Account

During each month, the City will deposit with the Trustee, to the credit of the Waterworks and Sanitary Sewer System Bond and Interest Fund, an amount equal to one-sixth (1/6th) of the interest due on the outstanding Bonds and the Remaining 1988 Bonds on the next succeeding interest payment date and one-twelfth (1/12th) of the principal installment on the Bonds and the Remaining 1988 Bonds payable on the next succeeding principal payment date.

The Trustee will pay out of the Waterworks and Sanitary Sewer System Bond and Interest Fund to the respective Paying Agents for any outstanding Bonds or for the Remaining 1988 Bonds, on or before each Bond Payment Date, the amounts required for the payment of the principal of or interest on the Bonds and the Remaining 1988

Bonds due on such date. The Trustee will also pay out of the Waterworks and Sanitary Sewer System Bond and Interest Fund, the amounts required for the payment of the purchase or Redemption Price of, plus accrued interest on, Bonds and Remaining 1988 Bonds being redeemed or purchased for retirement. In each case, such amount will be applied by the Paying Agent only to such payments.

There will be established within the Waterworks and Sanitary Sewer System Bond and Interest Fund, as a separate account, the Debt Service Reserve Account in which amounts required to be deposited therein pursuant to any Series Resolution shall be deposited. If, on any Bond Payment Date, the amount in the Waterworks and Sanitary Sewer System Bond and Interest Fund, not taking into account any amounts on deposit in the Debt Service Reserve Account maintained therein, is not sufficient to make the required principal and interest payments on the Bonds, the Trustee will apply amounts in the Debt Service Reserve Account first to pay interest on and then principal of the Bonds to the extent necessary to make up the deficiency.

Waterworks and Sanitary Sewer System Depreciation Fund

Amounts deposited in the Waterworks and Sanitary Sewer System Depreciation Fund will be used for the purpose of paying the cost of renewing or replacing such parts of the System as may from time to time be required to keep the System operating in an economical and efficient manner. In the event the Funds otherwise established in the Resolutions are insufficient to pay the principal of or interest on the Bonds, then amounts may be withdrawn from the Waterworks and Sanitary Sewer System Depreciation Fund to meet such deficiency. Any amount so withdrawn must be restored to the Waterworks and Sanitary Sewer System Depreciation Fund by subsequent deposits to such Fund.

Waterworks and Sanitary Sewer System Contingent Fund

Amounts deposited in the Waterworks and Sanitary Sewer System Contingent Fund will 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 thereto. In the event the Funds otherwise established in the Resolution are insufficient to pay the principal of or interest on the Bonds, then amounts may be withdrawn from the Waterworks and Sanitary Sewer System Contingent Fund to meet such deficiency. Any amount so withdrawn must be restored to the Waterworks and Sanitary Sewer System Contingent Fund by subsequent deposits to such Fund.

Additional Series of Bonds

Pursuant to the Resolutions, the City has reserved the right to issue one or more additional Series of Bonds on a parity with the Bonds for any lawful purpose, including refunding any previously issued Series of Bonds or any other bonds or obligations of the City issued in connection with the System or payable from Revenues. Among other things, prior to such issuance, the City must deliver to the Trustee the amount, if any, necessary for deposit in the Debt Service Reserve Fund so that the monies on deposit in such Fund shall at least equal the Debt Service Reserve Fund Requirement, calculated immediately after the delivery of such Series of Bonds. Such additional Series of Bonds must mature on October 1, and interest thereon must be payable only on April 1 and October 1. No additional Series of Bonds may be issued unless:

- (a) No Event of Default shall have occurred and be continuing;
- (b) The Revenues for any 12 consecutive months of the 18 months immediately preceding the month in which such additional Series of Bonds are delivered have been in an amount at least equal to the Operating Expenses incurred and debt service payments made on the Prior Obligations in such period, plus (1) the amount paid as Debt Service Payments during such twelve-month period, (2) the amounts required to be deposited in the Funds pursuant to the General Resolution and any outstanding Series Resolution during such twelve month period, and (3) the average annual amount payable as Debt Service Payments on the additional Series of Bonds to be issued, plus any amounts required to be deposited into any Funds pursuant to the Series Resolution authorizing the additional Series of Bonds; provided that in calculating Revenues, the City may include 80% of the additional Revenues which would have been received if any increase in rates in effect on the date of delivery of any such additional Series of Bonds had been in effect during the entire twelve-month period; and
- (c) The Revenues which, as evidenced by the Certificate of a Consulting Engineer, are estimated to be received in each of the first five full Fiscal Years following the estimated completion of the acquisition or construction of the facilities, extensions or improvements to be financed from the proceeds of such additional Series of Bonds will be sufficient to provide an amount equal to the estimated Operating Expenses in each such Fiscal Year plus 120% of the Debt Service Payments for such Fiscal Year.

Revenues Available for Debt Service

See the schedule set forth in Appendix E for information regarding the Revenues available for debt service payments on the Bonds.

THE SYSTEM GENERAL

Description of Sewer System

The City of Clinton is served by a collection and transportation wastewater system consisting of approximately 55 miles of gravity flow sewer lines, 30 pump stations, and approximately 6 miles of force mains. Existing wastewater treatment system and collection systems consist of four (4) active sludge systems and two (2) lagoons and sand filter systems with a 2.7 million gallons per day capacity with an average daily usage of 2 million gallons with peak capacity of 2.6 million gallons.

Description of the Waterworks System

Clinton presently has 1.90 million gallons of usable elevated storage. A 250,000 gallon tank is located on Highway 80 and a 1,000,000 gallon tank is located adjacent to Clinton High School and the Fire Station on Old Vicksburg Road. A 500,000 gallon tank and a 150,000 gallon tank are located at the industrial park.

The City presently operates nine wells which pump water directly into the distribution system. Seven of the wells draw groundwater from the Sparta Sand aquifer. Two wells at the industrial plant draw from the Cockfield aquifer. This provides the City with a total capacity of approximately 5,500 gallons per minute.

Clinton has approximately 130 miles of water distribution lines in its municipal water system. The lines are cast iron, ductile iron, and PVC, and range in size from 3/4-inch to 14 inches. Fire hydrants are located approximately 300 to 600 feet apart in the central business district and dense residential areas and a maximum of 1000 feet in areas not fully developed.

Management of the System

The sewer system is operated and managed by STE Environmental Services under an annual review contract. This contract covers all aspects of the sewer system. All activities of STE Environmental Services are reviewed and approved by the Director of Public Works, City Engineer and Mayor. The water system is operated by the City's Public Works Department under the administrative control of the Mayor. The City Clerk, as the financial officer of the City, maintains the books of accounts,

prepares financial statements and collects all revenues for both water and sewer systems.

Establishment of Rates

The Mayor and the Board of Aldermen of the City are vested under applicable statutes with the exclusive power and authority to set rates on the System and, in setting such rates, shall not be subject to supervision or regulation by any state bureau, board, commission, or other agency and likewise, requires no special franchise or certificate of authority in order to operate its System. However, the State Supreme Court has placed an interpretation on certain other statutes which would require that the rates charged for sewer service to any users between one and five miles outside the corporate limits of the City be subject to the approval of the Mississippi Public Service Commission. The City of Clinton does not provide sewer service with its System to any person or entity more than one mile outside the corporate boundaries and has no plans to extend its System more than one mile outside the corporate boundaries. Neither is the City required or mandated to provide service more than one mile outside its corporate boundaries.

Current Rates

The General Resolution requires the City to engage Consulting Engineers to examine the rate structure on an annual basis, and if necessary, revise the rates so as to provide revenues after operating expenses at least equal to 115% of the debt service for that year. Under the City's presently adopted sewer rate ordinance which became effective May 5, 1988, each user of the System is charged for sewer services in accordance with the following schedule of graduated rates.

<u>Usage</u> <u>(In Cubic Feet)</u>	<u>Flat Rate</u>	<u>Rate Per Cubic Foot</u>
0 300	\$4.80	\$0.0000
301 2000	4.80	.006
2001 10000	15.00	.0066
10001 & greater	67.80	.0072

The rates charged to users of the System outside the corporate limits of the City are the same as the rates hereinabove set forth. Under the City's presently adopted water rate ordinance, each user of the System is charged for water services in accordance with the following schedule of graduated rates.

<u>Usage</u> <u>(In Cubic Feet)</u>	<u>Flat Rate</u>	<u>Rate Per Cubic Foot</u>
0 300	\$6.48	\$0.0000
301 2000	6.48	.013
2001 10000	28.92	.012
10001 & greater	124.92	.011

The rates charged for water service to users, of the System outside the corporate limits of the City are as follows:

<u>Usage</u> <u>(In Cubic Feet)</u>	<u>Flat Rate</u>	<u>Rate Per Cubic Foot</u>
0 300	\$9.72	\$0.0000
301 2000	9.72	.0198
2001 10000	43.38	.018
10001 & greater	187.38	.0162

Billings and Collections

Residential customers pay a \$45.00 deposit for System service, while the deposit for commercial customers is graduated, depending upon the size of the customer's meter. Combined water and sewer billings are included on monthly statements sent to users on or about the 26th day of each month based on metered water consumption. The total amounts of all charges billed is payable on or before the 10th day of the following month. In the event payment is not made by the 10th day of the following month, a second notice is mailed allowing the user an additional nine days in which to make payment before his water service is terminated. If a statement still remains unpaid on the 20th day of the month, a field representative is dispatched to disconnect the user's service for which the user is charged a \$16.05 disconnect/reconnect fee in order to restore service. If the customer pays his bill on the 20th day of the month prior to the termination of service, the customer is charged a \$10.00 late fee.

Ten Largest Customers of the System (Combined Water and Sewer)

The following table presents information concerning the ten largest customers of the System. The total gross charges to such customers represent approximately 16% of the total System gross charges for the fiscal year 1994-95.*

<u>Customers'</u> <u>Names</u>	<u>Water and</u> <u>Sewer Charges</u>
Packard Electric	\$151,675.44
Gulf States Cannery	91,530.56
AKZO	46,289.15
Clinton Public Schools	36,079.10
Windsor Village Apartments	32,986.81
Hunter Oaks Apartments	32,640.31
Mississippi College	26,020.42
National Heritage, inc.	17,435.69
Miss. State Federation Housing	<u>12,515.39</u>
 TOTAL	 \$447,172.87

*Indicated figures are totals from October 1994 - June 1995.

Anticipated Federal Grants

The utilization of federal grants to provide funding for a portion of the costs of the Initial Improvements is not anticipated.

Federal and State Regulations of the System

The System's operations are regulated by the Clean Water Act and Mississippi Air and Water Pollution Control Law. All discharges of pollutants into the nation's navigable waters must comply with the Clean Water Act. The Clean Water Act allows municipal wastewater treatment plants to discharge treated effluent to the extent allowed in permits issued by the EPA pursuant to the National Pollutant Discharge Elimination System (the "NPDES") program, a national program established by the Clean Water Act for issuing, revoking, monitoring, and enforcing wastewater discharge permits. The Clean Water Act authorizes the EPA to delegate the EPA's NPDES permit responsibilities to state or interstate agencies after certain prerequisites have been met by the relevant agencies. The EPA has delegated its NPDES authority to the Mississippi Department of Natural Resources, Bureau of Pollution Control.

NPDES permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The Clean Water Act requires municipal wastewater treatment plants to meet secondary treatment effluent limitations (as defined in EPA regulations) and failure to timely meet those limitations may result in certain statutory penalties. The Clean Water Act also requires that municipal plants meet any effluent limitations established by state or federal laws or regulations which are more stringent than secondary treatment. Under the Clean Water Act, states must identify any bodies of water for which more stringent effluent standards are needed to achieve water quality standards. For each such body of water, the state is to establish the maximum allowable daily load of certain pollutants identified by the EPA. The Clean Water Act allows municipalities to apply for extensions of applicable deadlines for secondary or additional treatment.

The Bureau of Pollution Control Permit Board issues state wastewater discharge permits or orders which establish effluent limitations which may be different from the effluent limitations contained in NPDES permits for the same facilities.

On September 15, 1986, the Bureau of Pollution Control of the Mississippi Commission on Natural Resources issued its Order No. 1089-86 requiring the City to attain compliance with NPDES Permits by October 1, 1989, establishing a schedule for such compliance, and setting interim effluent limitations for its wastewater facilities until such time as construction to attain compliance with the NPDES Permits is completed.

The City has met the compliance orders of the Department of Environmental Quality issued on September 15, 1986. With the City continuing to grow, the City is facing additional compliance requirements and is meeting those requirements as they are identified.

Litigation and Claims Affecting the System and the City

System Litigation. There are currently no pending or threatened lawsuits, claims or other proceedings (private, governmental or otherwise) against the System.

Other Litigation. The City is a defendant in several lawsuits in which personal injuries, property damage, wrongful deaths and violations of civil rights laws are alleged. Alleged damages in such lawsuits are approximately \$30 Million. The City has not established a reserve fund from which it could pay any judgments rendered against it in these cases. The City has a liability insurance policy; however, the amount for which the City is insured under such policy is significantly less than the total amount of damages alleged against the City in the pending suits. The City intends to defend itself vigorously in these lawsuits; however, no prediction of the final outcome of these suits can be made at this time .

Annexation. The City currently has no plans to annex any areas presently outside of the City's boundaries.

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

The General Resolution contains various covenants and security provisions, some of which are summarized below. For convenience of reference, the number of the relevant section of the General Resolution appears following the respective captions in this summary. Wherever particular provisions of the General Resolution are referred to, such provisions are incorporated by reference as part of the statements made, and the statements made are qualified in their entirety by such reference. Reference is made to the General Resolution for a full and complete statement of its provisions.

Resolution Constitutes Contract (Section 1.03)

The provisions of the General Resolution constitute a contract among the City, the Trustee and the holders of all Outstanding Bonds, and the covenants and agreements to be performed by or on behalf of the City are for the equal benefit, protection and security of the holders of all Outstanding Series of Bonds, including the Bonds.

Conditions Precedent to Delivery of a Series of Bonds (Section 2.15)

Each Series of Bonds other than Refunding Bonds, may be authenticated by the Trustee and delivered to or upon the order of the City only upon delivery to the Trustee of:

- (a) Certified copies of the General Resolution and the Series Resolution authorizing such Series of Bonds;
- (b) A written order of the City as to the delivery of such Series of Bonds;
- (c) The amount, if any, necessary for deposit in the Waterworks and Sanitary Sewer System Bond and Interest Fund to the credit of the Debt Service Reserve Account to ensure that the amounts in such Fund equal the Debt Service Reserve Requirement;
- (d) Except in the case of the initial Series of Bonds, certificates of the City and the Accountant satisfying the requirements contained in Section 6.14 of the General Resolution;

- (e) A certificate to the effect that no Event of Default under the General Resolution nor an event which with notice or the passage of time would become an Event of Default has occurred and is continuing; and
- (f) An opinion of bond counsel of recognized national standing in the field of municipal law selected by the City to the effect that, among other things, such Series of Bonds are valid and binding special obligations of the City, enforceable in accordance with their terms and the terms of the General Resolution.

Issuance of Refunding Bonds (Section 2.16)

One or more Series of Bonds may be issued to refund one or more outstanding Series of Bonds. A Series of Refunding Bonds must be authenticated by the Trustee and delivered to the City or upon its order, only upon receipt by the Trustee of the documents referred to in subsections (a), (b), (d), (e) and (f) of the preceding paragraph and irrevocable instructions to the Trustee to pay when due or to redeem all the Series of Bonds to be refunded on the date or dates specified in such instructions. In addition, there must be deposited with the Trustee either (a) monies in an amount sufficient to pay the principal or Redemption Price of the Series of Bonds to be refunded, together with accrued interest thereon to the redemption date or maturity date, which monies shall be held by the Trustee or by one or more Paying Agents in a separate account irrevocably in trust for the holders of the Series of Bonds being refunded, or (b) Government Obligations, the principal of and interest on which, together with any monies deposited with the Trustee or Paying Agents, will be sufficient to pay the principal or Redemption Price of the Series of Bonds to be refunded, together with accrued interest. Government Obligations include direct obligations of or obligations guaranteed by the United States; public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contribution contract or contracts with the United States; and temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by a requisition or payment obligations, bonds and notes which are not subject to redemption by the issuer thereof prior to their maturity.

Application of Bond Proceeds and Other Monies (Sections 4.01 and 4.02)

Under the General Resolution, the proceeds of the sale of a Series of Bonds are to be applied as follows:

- (a) The amount, if any, received upon the delivery of such Series of Bonds as accrued interest will be deposited in the Waterworks and Sanitary Sewer System Bond and Interest Fund; and
- (b) The amount, if any, to be deposited in each Fund pursuant to the Series Resolution authorizing such Series of Bonds will be deposited in each such Fund.

The amount, if any, received as a premium above the aggregate principal amount of the Series of Bonds or as the proceeds attributable to Refunding Bonds will be applied as provided in the Series Resolution authorizing the issuance of such Series of Bonds.

Funds Established by the General Bond Resolution (Sections 5.01 - 5.07)

The General Resolution establishes the various Funds previously described herein. (See "SECURITY FOR THE BONDS FUNDS" and following subsections).

Investment of Monies Held by the Trustee (Section 5.09)

All monies held by the Trustee in Funds under the General Resolution are to be invested by the Trustee upon written direction of the City in the Investment Securities referred to below. The maturity dates of such Investment Securities or the dates on which such Investment Securities may be redeemed at the option of the holder thereof are to coincide as nearly as practicable with (but in no event later than) the times at which monies in said Funds will be required for the purposes provided in the General Resolution. The income or interest earned by, or increment to, all Funds will be retained, transferred or paid as follows:

- (a) Earnings in the Construction Fund shall be retained therein and applied to the purposes of such Fund.
- (b) Earnings of the Revenue and Operation and Maintenance Fund will be applied as necessary to the payments and allocations required to be made out of such Fund.
- (c) Earnings of the Waterworks and Sanitary Sewer System Bond and Interest Fund, other than earnings attributable to the Debt Service Reserve Account, shall be retained therein and applied toward the purposes of such Fund.
- (d) Earnings of the Debt Service Reserve Account, the Sewer System Depreciation Fund and the Waterworks and Sanitary Sewer System Contingent Fund shall be retained therein until the balances in such

Account or Funds are equal to the amounts required to be maintained therein under all applicable Series Resolutions. Thereafter, the earnings of the Debt Service Reserve Account shall be applied toward the purposes of the Waterworks and Sanitary Sewer System Bond and Interest Fund, and the earnings of the Waterworks and Sanitary Sewer System Depreciation Fund and the Waterworks and Sanitary Sewer System Fund Contingent Fund will be paid over to the City and used for any lawful purpose.

Investment Securities held in any Fund are valued at par if Purchased at par, or if Purchased at other than par, at their Amortized Value.

Investment Securities include direct obligations of or obligations guaranteed by the United States; bonds, debentures, notes or other evidences of indebtedness issued by any of the following: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Banks; Export-Import Bank of the United States; Federal Land Banks; Federal National Mortgage Association; Government National Mortgage Association; Federal Financing Bank or the Small Business Administration; public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States; temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case, fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States; and interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangement which, if not fully insured by the FDIC or the FSLIC, are secured by obligations which would otherwise constitute Investment Securities.

Payment of Bonds (Section 6.01)

The City covenants that it will duly and punctually pay or cause to be paid (but solely from the sources provided in the General Resolution) the principal or Redemption Price, if any, of every Series of Bonds, including the Bonds, and the interest thereon, at the dates and places and in the manner stated in the Series of Bonds, including the Bonds, according to the true intent and meaning thereof.

Powers as to Bonds and Pledge (Section 6.04)

The City covenants that it is duly authorized pursuant to law to authorize and issue series of Bonds and to adopt the General Resolution and to pledge the Funds and Revenues purported to be pledged by the General Resolution in the manner and to the extent provided therein.

Operation, Maintenance and Insurance (Section 6.05)

The City shall at all times operate, or cause to be operated, the System properly and in a sound and economical manner and shall ensure that the System is properly maintained. However, the City is not required to construct, operate, maintain, preserve, repair, replace, renew or reconstruct a part of the System if there shall have been filed with the Trustee a certificate stating that in the opinion of the City abandonment of operation of such part is economically justified and is not prejudicial to the interest of the City or the Bondholders, and a certificate of a Consulting Engineer concurring with said opinion.

The City shall pay all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the System, or upon any part thereof or upon any revenue therefrom, when the same shall become due, and shall not create or suffer to be created any lien or charge upon the System or any part thereof or, except for the Prior Obligations, upon the Revenues therefrom, except the pledge and lien created by the Resolutions for the payment of the Bonds and except as provided in Section 6.11 of the General Resolution (described below).

The City shall employ a Consulting Engineer, whose duties shall be to make any certificates and perform any other acts required or permitted of the Consulting Engineer under the Resolutions and to supervise the construction and operation of the System, to make an inspection of the System at least once a year, and, not more than sixty or less than forty-five days before the end of each Fiscal Year, to submit to the City advice and recommendations as to the proper maintenance, repair and operation of the System during the ensuing Fiscal Year and an estimate of the amount of money necessary for such purposes.

The City is required to maintain all insurance customarily maintained with respect to utility systems of like character against loss of or damage to the System and against loss of Revenues and public and other liability to the extent reasonably necessary to protect the interests of the City and the Bondholders. If any useful part of the System is damaged or destroyed, the City must proceed to repair or replace the damaged property. The proceeds of any insurance are to be applied to the necessary costs involved in such repair and replacement and, to the extent not so applied, are to be deposited in the Waterworks and Sanitary Sewer System Depreciation Fund. In the event that the costs of such repair and replacement of the damaged property exceed the proceeds of such insurance available for payment of the same, monies in the Repair and Replacement Fund must be used to the extent necessary for such purposes.

Annual Budget (Section 6.06)

Not less than 45 days before the beginning of each Fiscal Year, the City must prepare and file with the Trustee a preliminary budget showing for the ensuing Fiscal Year estimated Revenues, Operating Expenses and debt service payments on all Outstanding Series of Bonds. On or before the first day of each Fiscal Year, the City must adopt an Annual Budget, which is not effective until filed with the Trustee.

If for any reason the City has not finally adopted an Annual Budget for any Fiscal Year, the preliminary budget for such year, or otherwise the budget for the preceding Fiscal Year, will be deemed to be in effect until the Annual Budget for the Fiscal Year in question has been adopted.

The City may at any time adopt an amended Annual Budget for the then current Fiscal Year, which will be effective upon filing with the Trustee.

Limitations on Operating Expenses (Section 6.07)

The City covenants not to incur Operating Expenses in any year in excess of the reasonable and necessary amount thereof and not to expend any amount or incur any indebtedness for maintenance, repair and operation in excess of the amounts provided for Operating Expenses in the Annual Budget, if any, then in effect; provided that the City may in any year expend amounts in excess of the Annual Budget for Operating Expenses to the extent such amounts are received by the City from some source other than the Revenues and provided the City does not make or receive any reimbursement therefor out of Revenues.

Rate Covenant (Section 6.08)

The City covenants that the rates and charges established for the System will be reviewed whenever necessary but at least once each year and will be adjusted so that the Revenues from the System will be at least equal in each Fiscal Year to the amount expected to be required for the payment of Operating Expenses and payments required under the Prior Obligations for the current Fiscal Year plus 115% of the Debt Service Payments and the payments required to be made to the Funds for such Fiscal Year. In addition, such rates and charges may not be reduced unless (i) the amount on deposit in the Waterworks and Sanitary Sewer System Bond and Interest Fund to the credit of the Debt Service Reserve Account established with the Trustee pursuant to the General Resolution equals or exceeds the Debt Service Reserve Fund Requirement and (ii) the Revenues for the preceding Fiscal Year equalled or exceeded the sum of the Operating Expenses and payments required to be made under the Prior Obligations for the current Fiscal Year as shown by the Annual Budget plus 115% of the Debt Service Payments and the payments required to be made to the Funds for the current Fiscal Year. No free services may be rendered by the System, except to

the City, other governmental units, or the National Guard for municipal, other governmental, or National Guard purposes.

Accounts and Reports (Section 6.09)

The City must keep proper books of record and account in which complete and correct entries are to be made of its transactions relating to the System or under the General Resolution and which, together with all other books and papers of the City, including insurance policies, are subject to the inspection of the Trustee or the holders of not less than 5% in principal amount of all of the Outstanding Series of Bonds or their duly authorized attorneys.

Annually, within 180 days after the close of each Fiscal Year, the City must file with the Trustee an annual report for such Fiscal Year, accompanied by a certificate of an independent certified public accountant as to the examination of the financial statements therein (describing such statements as fairly presenting the information therein in conformity with generally accepted accounting principles and the provisions of the General Resolution), relating to the System and including statements in reasonable detail of: (i) the financial condition as of the end of said Fiscal Year and income and expenses for said Fiscal Year, (ii) number of users of the System, revenues collected in each classification of service, and the service charges and annual charges collected for said Fiscal Year, (iii) Operating Expenses and the rates of service charges for said Fiscal Year and (iv) with respect to each Fund created by the General Resolution, the receipts therein and disbursements therefrom during said Fiscal Year and the amounts held therein at the end of said Fiscal Year.

Sale or Encumbrance (Section 6.10)

The City covenants that no part of the System will be sold, leased, mortgaged, pledged, encumbered or otherwise disposed of, except that the City may sell, exchange or lease any property or facilities constituting part of the System and not useful or necessary in the construction, reconstruction or operation thereof or the costs of which have been paid from sources other than all of the Outstanding Series of Bonds, but any proceeds of any such sale or exchange received and not used to replace the property so sold or exchanged shall be paid to the Trustee and deposited in the Waterworks and Sanitary Sewer System Depreciation Fund, and any proceeds of any such lease shall be deposited as Revenues.

Creation of Liens (Section 6.11)

Under the General Resolution, the City covenants that it will not issue any evidences of indebtedness, other than Series of Bonds, secured by a pledge of the Revenues or of the monies, securities, rights or interests pledged or held or set aside under the General Resolution or create or cause to be created any lien or charge upon

the Revenues or such monies, securities, rights or interests, except that the City may issue evidences of indebtedness secured by a pledge of the Revenues to be derived after the pledge of the General Resolution has been discharged and satisfied.

The City has reserved the right to issue evidences of indebtedness other than Series of Bonds payable out of or secured by amounts remaining in the Waterworks and Sanitary Sewer System Bond and Interest Fund on the first day of each Bond Year after making all payments and deposits required from the Waterworks and Sanitary Sewer System Revenue and operation and maintenance Fund, so long as the same are subordinate to the provisions of, and the lien and pledge created by, the General Resolution.

Contracts for Services with Other Systems (Section 6.12)

The City may contract with any public agency or other person to provide water or sewer services, provided that the City shall require such contracting party or parties to reimburse the City at least annually for the costs attributable to operation and maintenance of those portions of the System used for the provision of such water or sewer services and an allocable portion of the debt service on all of the Outstanding Series of Bonds issued to finance the cost of the facilities so used. Such amounts shall be deemed Revenues when deposited in the Revenue and operation and Maintenance Fund.

Competitive Facilities (Section 6.13)

The City covenants not to construct, acquire or operate, or permit the construction, acquisition or operation of any facilities which may compete with the System. The City may, however, consent to the construction, acquisition or operation of competing facilities which carry out the purposes of the System and which will become part of the System upon notice by the City to the operator thereof.

Connections with System (Section 6.16)

The City will, to the full extent permitted by law, require the owners or occupants of all lands, buildings and structures within the City which can use the System to connect with the System and to cease all other methods for obtaining water or for the collection, treatment and disposal of sewage.

Tax Covenants (Section 6.17)

The City covenants not to use or direct or permit the use of proceeds of the sale of any Series of Bonds or any other monies in its possession or control in any

LEGAL INVESTMENTS

The Bonds are legal and authorized investments for trustees and other fiduciaries, and for savings banks, trust companies and insurance companies organized under the laws of the State of Mississippi. The City has made no investigation of any laws, rules, regulations or investment criteria that might affect the suitability of the Bonds for any of the above purposes or limit the authority of any of the above persons or entities to purchase or invest in the Bonds.

REMEDIES

The Resolutions obligate the City to fix, charge and collect rates sufficient to produce Revenues to meet its obligations thereunder, including the obligation to pay principal, premium, if any, and interest when due on all Outstanding Series of Bonds, including the Bonds, as more fully described above.

Although an owner could presumably obtain a judgment against the City if a default occurred in the payment of principal of or interest on any Outstanding Series of Bonds, including the Bonds, such judgment could not be satisfied by foreclosure on the System or by execution against any property of the City. The owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the Board and other officials of the City to collect sufficient revenues and to apply such revenues as required by the Resolutions. Under those circumstances, the owner could be required to enforce such remedy on a periodic basis because no provision exists for acceleration of maturity on any of the Outstanding Series of Bonds, including the Bonds.

Enforcement of a claim for payment of principal of or interest on any of the Outstanding Series of Bonds, including the Bonds, including the remedy of mandamus, and the validity of the pledge of and lien on the Revenues would be subject to the applicable provisions of the federal bankruptcy laws and to any similar laws affecting rights of creditors or political subdivisions generally.

TAX EXEMPTION

Exclusion from Gross Income

In the opinion of the Bond Counsel, under existing law, applicable regulations, published rulings and court decisions, (a) the interest on the Bonds is excludable from gross income and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on corporations and taxpayers other than corporations, (b) the Bonds are not "private activity bonds" within the meaning of the

Internal Revenue Code of 1986 (the "Code"), (c) interest on the Bonds is exempt from Mississippi income taxes, and (d) the Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Certain Other Provisions of the Code Affecting Obligation Owners; Other Federal Tax Consequences of Interest on the Bonds

Under certain other provisions of the Code, the receipt of interest on the Bonds may give rise to collateral federal income tax consequences to certain holders thereof. Exclusion of the interest on the Bonds from gross income for federal income tax purposes is dependent upon continuing compliance by the City with certain requirements of the Code throughout the term of the Bonds. Under the Code, failure to comply with such requirements may cause the interest on the Bonds to be included in gross income retroactively to their date of issuance. The City has covenanted to comply with such requirements of the Code.

Bond Counsel will express no opinion regarding federal tax consequences arising with respect to the Bonds except as stated above. Prospective purchasers of the Bonds should be aware that the ownership of Bonds may result in collateral federal income tax consequences, including, but not limited to, (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Bonds or, in the case of a financial institution, that portion of the owner's interest expense allocable to interest on an Obligation, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by 15 percent of certain items, including interest on Bonds, (iii) the inclusion of interest on the Bonds in "Adjusted Current Earnings" for purposes of the alternative minimum tax, (iv) before 1996, the inclusion of interest on Bonds in "modified alternative minimum taxable income" for purposes of the environmental tax imposed on corporations, (v) the inclusion of interest on Bonds in the effectively connected earnings and profits (with adjustments) of United States branches of foreign corporations doing business in the United States for purposes of a branch profits tax, (vi) the inclusion of interest on Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (vii) the inclusion in gross income of interest on Bonds by recipients of certain Social Security and Railroad Retirement benefits. Prospective purchasers of the Bonds should consult their own tax advisors as to the applicability of collateral tax consequences.

Original Issue Discount

The initial public offering price of maturities ____ of the Bonds (the "Discounted Maturities") is less than the principal amount payable at maturity. The difference between the Issue Price (defined below) of each Discounted Maturity and the amount payable at maturity is original issue discount. The issue price (the "Issue Price") for

each Bond maturity is the price at which a substantial amount of such Bond maturity is first sold to the public. The Issue Price of each maturity of the Bonds is expected to be the amount set forth on the cover page hereof, but is subject to change based on actual sales.

For an investor who purchases a Bond in the initial public offering at the Issue Price for a Discounted Maturity and who holds such Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed under "TAX EXEMPTION" above, (a) the full amount of original issue discount with respect to such Bond constitutes interest which is not includable in the gross income of the owner thereof for federal income tax purposes and (b) such owner will not realize taxable capital gain or market discount upon payment of such Bond at its stated maturity, such interest is not included as an item of tax preference in computing an adjustment used in determining the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year.

If an Bond issued with original issue discount is purchased at any time for a price that is less than the Bond's Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased such Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimus* rule applies). Such treatment would apply to any purchaser who purchases such Bond for a price that is less than its Revised Issue Price.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors. Owners of Bonds issued with original issue discount should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such Bonds.

ARBITRAGE COVENANT

The Board, acting for and on behalf of the City, has covenanted and certified to and for the benefit of the purchasers of the Bonds that it will neither take any action nor omit to take any action nor make any investment or use of the proceeds from the issue and sale of the Bonds, including amounts treated as proceeds, if any, which will cause the Bonds to be classified as arbitrage bonds within the meaning of Section 148 of the Code, as amended, supplemented or superseded, and any

regulations as such may be applicable to the Bonds, at the time of such action, investment or use.

UNDERWRITING

The Bonds are being purchased by the Purchaser at a purchase price of \$1,414,935.57 (representing the principal amount of the Bonds less Underwriter's discount of \$14,400, less original issue discount of \$14,422, plus accrued interest to the date of delivery). The Bond Purchase Agreement between the City and the Purchaser provides, with respect to the issue of the Bonds, that all of the Bonds will be purchased by the Purchaser if any of the Bonds are purchased.

The Bonds will be offered at the initial public offering price shown on the cover page of this Official Statement. The Purchaser may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page hereof. The initial public offering prices may be changed from time to time by the Purchaser in its discretion.

VALIDATION

The Bonds will be validated and confirmed by a final decree of the Chancery Court of the First Judicial District of Hinds County as a condition of and prior to delivery of the Bonds to the initial purchasers) thereof.

LEGAL OPINIONS

The delivery of the Bonds is subject to the legal opinion of Brunini, Grantham, Grower & Hewes, PLLC, Bond Counsel for the City, as to the validity of the issuance of the Bonds under the Constitution and laws of the State. The opinion of Bond Counsel will be based upon an examination of a transcript of certain certified proceedings taken by the City incident to the issuance and authorization of the Bonds. A copy of the opinion of Bond Counsel to be delivered in connection with the Bonds is attached to this Official Statement as Appendix D and will be printed on the Bonds.

FINANCIAL ADVISOR

The City has retained the firm of Holley, Grubbs, Mitcham & Phillips, Jackson, Mississippi, as independent financial advisor (the "Financial Advisor") to the City in connection with the issuance of the Bonds. In such capacity the Financial Advisor has provided recommendations and other financial guidance to the City with

respect to the preparation of documents, the preparation for the sale of the Bonds and of the time of the sale, tax-exempt bond market conditions and other factors related to the sale of said Bonds.

Although the Financial Advisor performed an active role in drafting of the Official Statement, it has not independently verified any of the information set forth herein. The information contained in this Official Statement has been obtained primarily from municipal records and from other sources which are believed to be reliable, including financial records of the City and other entities which may be subject to interpretation. No guarantee is made as to the accuracy or completeness of any information obtained from sources other than the City. Any summaries or excerpts of statutes, ordinances, resolutions or other documents do not purport to be complete statements of same and reference is made to such original sources in all respects.

ACCOUNTANTS

The City's financial statements for the year ended September 30, 1994, included in Appendix C to this Official Statement, have been examined by Tann, Brown & Russ Co., Ltd., independent certified public accountants, to the extent indicated in their report thereon (which report is qualified as therein set forth) which appears in Appendix C. Such accountants have authorized the use of their report in this Official Statement.

ENGINEERING PROJECTION

At the request of the City, Richard Boorme of Clinton, Mississippi, engineer, has prepared a projection of the expected revenues and operating expenses of the System through fiscal year 2000, which projection is attached hereto as Appendix E. Assuming the accuracy of these projections and the assumptions on which they are based, Revenues received from the System are expected to enable the City to meet all its requirements under the General Resolution during the years for which projections have been made. While the City believes that the assumptions on which the projections are based are reasonable, there can be no assurance that the projected results will be achieved. Richard Boorme, P.A., has authorized the use of its report in this Official Statement.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by Howard, Weil, Labouisse, Friedrichs, Inc. on behalf of the City relating to (a) computation of the adequacy of the cash and the maturing principal of, and

interest on, the United States Treasury investments deposited in the Escrow Fund to pay, when due, called principal of, interest on and related call premium requirements of the Refunded Bonds; and (b) computation of the yields on the Bonds and the United States Treasury Investments was examined by KPMG Peat Marwick LLP, certified public accountants. Such computations were based solely upon assumptions and information supplied by Howard, Weil, Labouisse, Friedrichs, Inc. on behalf of the City. KPMG Peat Marwick LLP has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of future events.

OFFICIAL STATEMENT CERTIFICATE

At the time of the delivery of the Bonds, the representative of the initial purchaser of the Bonds from the City (the "Initial Purchaser") will receive a certificate signed on behalf of the City by an appropriate City official acting solely in an official capacity, substantially to the effect that to the best of such officials knowledge and belief, as of the date of the delivery of the Bonds to the Initial Purchaser, the Official Statement, excluding the Appendices, as then supplemented or amended, does not contain an untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein in the light of the circumstances under which they were made, not misleading. In rendering such certificate, the official executing the certificate may rely completely or in part on an examination of the records of the City relating to matters within such officials own area of responsibility, and discussions with, or certificates or correspondence signed by certain other officials, employees, consultants and representatives of the City.

NO-LITIGATION CERTIFICATE

The City Attorney will execute and deliver to the Initial Purchaser a certificate dated as of the date of delivery that no litigation has been filed or is then pending to restrain or enjoin the issuance or delivery of the Bonds, or which would affect the provisions made for payment of the principal of and interest on the Bonds or in any manner questioning the validity of the Bonds.

GENERAL INFORMATION

All of the summaries of the statutes, ordinances, resolutions and other related reports set forth herein are made subject to all of the provisions thereof. The descriptions of the Bonds and the Resolutions herein do not purport to be complete, and all

such descriptions or references thereto contained in this Official Statement are qualified in their entirety by reference to the complete forms of the Bonds and of the Resolutions. Statements made herein involving estimates or projections, whether or not expressly identified as such, should not be construed to be statements of facts or as representations that such estimates or projections will ever be attained or will even approximate actual results.

Copies of the City of Clinton, Mississippi, Annual Financial Report for the Year Ended September 30, 1994, prepared by the City, are available upon written request addressed to the City Clerk, City of Clinton, 300 Jefferson Street, Clinton, Mississippi 39056. However, the Bonds are payable solely from Revenues of the System and certain revenues established pursuant to the Resolutions, and no implication is made that any other reserves or money of the City are to be available for the payment of the principal of or interest on the Bonds.

This document was approved by the Board as of the date shown on the cover page and is not to be construed as a contract with the Holders of the Bonds.

CITY OF CLINTON, MISSISSIPPI

/s/Rosemary Aultman

Mayor, Clinton, Mississippi

ESCROW AGREEMENT

between

CITY OF CLINTON, MISSISSIPPI

and

**DEPOSIT GUARANTY NATIONAL BANK
Jackson, Mississippi**

Pertaining to

**\$1,440,000
City of Clinton, Mississippi
Sewer System Revenue Refunding Bonds
Series 1995**

Dated as of December 1, 1995

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\$1,440,000
CITY OF CLINTON, MISSISSIPPI
SEWER SYSTEM REVENUE REFUNDING BONDS
SERIES 1995

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of the 1st day of December, 1995 (herein together with any amendments or supplements hereto, called the "Agreement"), entered into by and between the **City of Clinton, Mississippi** (the "City"), and **Deposit Guaranty National Bank**, Jackson, Mississippi, as escrow agent (herein together with any successor in such capacity, called the "Escrow Agent").

W I T N E S S E T H :

WHEREAS, the City has heretofore issued and there presently remain outstanding the bonds of the City listed and described on Exhibit "A" (the "Refunded Bonds"), attached hereto; and

WHEREAS, the Refunded Bonds are scheduled to mature in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in Exhibit "A"; and

WHEREAS, the Mississippi Bond Refinancing Act, Sections 31-27-1 through 31-27-25 of the Mississippi Code of 1972, as amended (the "Act"), authorizes the City to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, in escrow to be held until such time as the Refunded Bonds become available for payment by maturity, call for redemption in whole or in part or otherwise; and

WHEREAS, the Act further authorizes the City to enter into an escrow agreement with an escrow agent qualified under the terms of the Act to serve as such with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the City and such escrow agent may agree, provided that such deposits may be invested only in direct noncallable obligations of the United States of America, or any of its agencies or in obligations fully guaranteed or insured by the United States which bear interest at such rates (which rates may include zero rates of interest) as to provide funds which, together with any uninvested money placed in such escrow, will be sufficient to pay when due or called for redemption the bonds so refunded, together with interest accrued and to accrue thereon and redemption premiums, if any, and the expenses relating to such escrow; and

WHEREAS, this Agreement constitutes an escrow agreement of the kind authorized and required by the Act; and

WHEREAS, the issuance, sale and delivery of the City of Clinton Sewer Revenue Refunding Bonds, Series 1995 (the "Bonds") have been duly authorized for the purpose, among others, of obtaining the funds required to provide for the payment of the principal of the Refunded Bonds at their respective maturity or redemption dates and the interest thereon to such maturity or redemption dates; and

WHEREAS, the City desires that, concurrently with the delivery of the Bonds to the purchasers thereof, certain proceeds of the Bonds, together with certain other available funds of the City, shall be applied to purchase certain obligations of the United States of America hereinafter defined as the "Escrowed Securities" for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Refunded Bonds as it accrues and becomes payable and the principal of the Refunded Bonds on their maturity dates or redemption dates thereof; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the City desires to establish the Escrow Fund at the principal corporate trust office of the Escrow Agent; and

WHEREAS, the Escrow Agent is a party to this Agreement and hereby acknowledges its acceptance of the terms and provisions hereof;

NOW, THEREFORE, in consideration of the mutual understandings, promises and agreements herein contained, the sufficiency of which are hereby acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Bonds, the City and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

ARTICLE 1.

DEFINITIONS AND INTERPRETATIONS

Section 1.1. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions thereunder.

"Escrow Fund" means the fund created in Section 3.1 of this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Escrowed Securities" means the permitted investments described in Exhibit "B" attached to this Agreement, or cash or other permitted investments substituted therefor pursuant to Section 4.2 of this Agreement.

Section 1.2. Other Definitions. The terms "Agreement", "City", "Escrow Agent", "Refunded Bonds", and "Bonds", when they are used in this Agreement, shall have the meanings assigned to them in the preamble of this Agreement.

Section 1.3. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with applicable law.

ARTICLE 2.

DEPOSIT OF FUNDS AND ESCROWED SECURITIES

Section 2.1. Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Bonds, the City shall deposit or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the Escrowed Securities described in Exhibit "B" attached hereto. The Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the City in writing.

ARTICLE 3.

CREATION AND OPERATION OF ESCROW FUND

Section 3.1. Escrow Fund. The Escrow Agent hereby creates on its books a special trust and irrevocable escrow fund to be known as the City of Clinton Sewer System Revenue Refunded Bonds Escrow Fund (the "Escrow Fund") for the purpose of paying the principal of and interest on the Refunded Bonds in the amounts and at the times shown in Exhibit "A" prior to the call date of the Refunded Bonds, and on the Refunded Bond's call date, to redeem the balance of the Refunded Bonds. The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund the Escrowed Securities described in Exhibit "B" attached hereto. Such deposit, all proceeds therefrom, (and all cash balances from time to time on deposit therein) (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.2 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Bonds, any balance then remaining in the Escrow Fund shall be transferred to the City, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.2. Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer, from the cash balances from time to time on deposit in the Escrow Fund, to the other places of payment (paying agents), if any, for the Refunded Bonds the amounts required to pay the principal of the Refunded Bonds at their respective maturity dates or prior redemption, and interest thereon to such maturity dates or prior redemption, in the amounts and at the times shown in Exhibit "A" attached hereto.

As of the date of the execution of this Agreement, the Escrow Agent is the Paying Agent on the Refunded Bonds.

Section 3.3. Sufficiency of Escrow Fund. The City represents that the successive receipts of the principal of and interest on the Escrowed Securities, all as more fully set forth in Exhibit "C" hereto, will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to each place of payment (paying agent) for the Refunded Bonds, at the times and in the amounts required to make the payments set forth in Section 3.2 hereof. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by each place of payment (paying agent) for the Refunded Bonds to make the payments set forth in Section 3.2 hereof, the City shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional moneys in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any

insufficiency of funds in the Escrow Fund or the City's failure to make additional deposits thereto.

Section 3.4. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Bonds, and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Bonds shall be entitled to a preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the City or, except to the extent expressly herein provided, by a place of payment (paying agent) for the Refunded Bonds.

Section 3.5. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

ARTICLE 4.

LIMITATION ON INVESTMENTS

Section 4.1. In General. Except for the initial investment of the proceeds of the Bonds in the Escrowed Securities, and except as provided in Section 4.2 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

Section 4.2. Reinvestment of Certain Cash Balances in Escrow by Escrow Agent. In addition to the Escrowed Securities listed in Exhibit "B" hereto, the Escrow Agent shall reinvest cash balances, if any, shown in Exhibit "B" attached hereto in zero (0) interest rate United States Treasury Bonds - State and Local Government Series to the extent such bonds are available from the Department of the Treasury. Provided, however, that if in the Escrow Agent's discretion, such cash balance is such an amount that it would not be feasible to invest in zero (0) interest rate United States Treasury Bonds - State and Local Government Series, then the Escrow Agent may hold such amounts in cash uninvested. In the event that such zero (0) interest rate United States Treasury Bonds - State and Local Government Series are not available for such reinvestment, such cash balances may be held in cash uninvested until such time as such zero

(0) interest rate bonds are available. All such reinvestments shall be made only from the portion of cash balances derived from the maturing principal of and interest on Escrowed Securities. All such reinvestments shall be acquired on and shall mature on the dates shown on Exhibit "C" attached hereto.

Section 4.3. Arbitrage. The City hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Bonds or Refunded Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code.

ARTICLE 5.

APPLICATION OF CASH BALANCES

Section 5.1. In General. Except as provided in Sections 3.2 and 4.2 hereof, no withdrawals, transfers or reinvestment shall be made of cash balances in the Escrow Fund.

ARTICLE 6.

RECORDS AND REPORTS

Section 6.1. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the City.

Section 6.2. Reports. While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the City a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Bonds or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

ARTICLE 7.

CONCERNING THE PAYING AGENTS AND ESCROW AGENT

Section 7.1. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.2. Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor any place of payment (paying agent) for the Refunded Bonds shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the City promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Bonds shall be taken as the statements of the City and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Bonds or the Refunded bonds and is not responsible for nor bound by any of the provisions thereof (except as a place of payment (paying agent) or a paying agent/registrar/trustee therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the City thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters. It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the City with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to

dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the City or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the City at any time.

Section 7.3. Compensation. The City shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement an acceptance fee of \$300 and an annual fee of \$500. In the event that the Escrow Agent is requested or required to perform any extraordinary services hereunder, the City hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services. The Escrow Agent hereby agrees to look only to the City for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

Section 7.4. Resignation of Escrow Agent. The Escrow Agent may resign and thereby become discharged from the duties and obligations hereby created, by notice in writing given to the City. Such resignation shall not take effect until the appointment of a new Escrow Agent hereunder and if no such appointment shall be made within ninety (90) days of such written notice, the Escrow Agent may petition the Chancery Court of Hinds County, Mississippi, or any other court of competent jurisdiction, to make such appointment.

Section 7.5. Removal of Escrow Agent.

- 7.5.1. The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, executed by the holders or owners of not less than fifty-one percent (51%) in aggregate principal amount of the Refunded Bonds then outstanding, such instruments to be filed with the City. A copy of any instrument filed with the City under the provisions of this paragraph shall be delivered by the City to the Escrow Agent.
- 7.5.2. The Escrow Agent may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with, any provisions of this Agreement with respect to the duties and obligations of the Escrow Agent by any court of competent jurisdiction upon the application of the City or the holders or

owners of not less than five percent (5%) in aggregate principal amount of the Refunded Bonds then outstanding.

Section 7.6. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should resign, be removed, or otherwise become unable, through operation of law or otherwise, to act as Escrow Agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the City, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the City within sixty (60) days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Bonds then outstanding by an instrument or instruments in writing filed with the City, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three (3) months after a vacancy shall have occurred, the owner of any of Refunded Bonds may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or the State of Mississippi, authorized under such laws to exercise corporate trust powers, having its principal office and place of business in the State of Mississippi, having a combined capital and surplus of at least \$50,000,000 and subject to the supervision or examination by Federal or State authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the City and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trust of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

ARTICLE 8.

MISCELLANEOUS

Section 8.1. Notice. Any notice, authorization, request or demand required or permitted to be given hereunder, shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid, addressed as follows:

To the Escrow Agent: Deposit Guaranty National Bank
 Attention: Corporate Trust Department
 Post Office Box 1200
 Jackson, MS 39205

To the City: City of Clinton
 Attention: Mayor
 Post Office Box 156
 Clinton, MS 39060

The United States Post Office registered or certified mail showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Either party hereto may change the address to which notices are to be delivered by giving to the other party not less than ten (10) days prior notice thereof.

Section 8.2. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the City, the owners of the Refunded Bonds or to any other person or persons in connection with this Agreement.

Section 8.3. Binding Agreement. This Agreement shall be binding upon the City and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Bonds, the City, the Escrow Agent and their respective successors and legal representatives.

Section 8.4. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

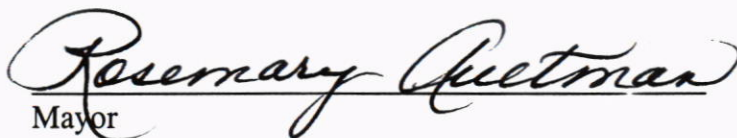
Section 8.5. Mississippi Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Mississippi.

Section 8.6. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

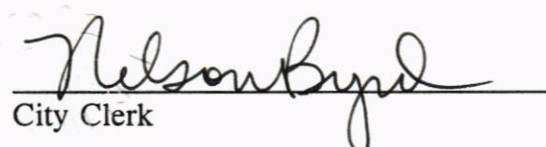
Section 8.7. Effective Date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the Escrowed Securities described in Exhibit "B" attached hereto, together with the specific sums stated in Section 7.3 for Escrow Agent and paying agency fees, expenses and services.

IN WITNESS WHEREOF, this Escrow Agreement has been executed in multiple counterparts, each one of which shall constitute one and the same original Agreement, as of the date and year appearing on the first page of this Agreement.

CITY OF CLINTON


Mayor

ATTEST:


City Clerk

DEPOSIT GUARANTY NATIONAL BANK

By: _____

Its: _____

EXHIBIT "A"

**City of Clinton
Sewer System Revenue Refunding Bonds
Series 1995**

MATURITY SCHEDULE OF REFUNDED BONDS

EXHIBIT A

City of Clinton, Mississippi Sewer System Revenue Bonds Refunding of Series 1988 A

Refunded Debt - Series 1988

Date	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Debt Service To Escrow
12/19/95						
4/1/96			49,950.00	49,950.00		49,950.00
10/1/96			49,950.00	49,950.00	99,900.00	49,950.00
4/1/97			49,950.00	49,950.00		49,950.00
10/1/97			49,950.00	49,950.00	99,900.00	49,950.00
4/1/98			49,950.00	49,950.00		49,950.00
10/1/98			49,950.00	49,950.00	99,900.00	49,950.00
4/1/99			49,950.00	49,950.00		1,368,350.00
10/1/99	45,000.00	7.250%	49,950.00	94,950.00	144,900.00	
4/1/00			48,318.75	48,318.75		
10/1/00	50,000.00	7.300%	48,318.75	98,318.75	146,637.50	
4/1/01			46,493.75	46,493.75		
10/1/01	55,000.00	7.400%	46,493.75	101,493.75	147,987.50	
4/1/02			44,458.75	44,458.75		
10/1/02	60,000.00	7.500%	44,458.75	104,458.75	148,917.50	
4/1/03			42,208.75	42,208.75		
10/1/03	65,000.00	7.600%	42,208.75	107,208.75	149,417.50	
4/1/04			39,738.75	39,738.75		
10/1/04	70,000.00	7.700%	39,738.75	109,738.75	149,477.50	
4/1/05			37,043.75	37,043.75		
10/1/05	75,000.00	7.750%	37,043.75	112,043.75	149,087.50	
4/1/06			34,137.50	34,137.50		
10/1/06	80,000.00	7.800%	34,137.50	114,137.50	148,275.00	
4/1/07			31,017.50	31,017.50		
10/1/07	85,000.00	7.800%	31,017.50	116,017.50	147,035.00	
4/1/08			27,702.50	27,702.50		
10/1/08	95,000.00	7.900%	27,702.50	122,702.50	150,405.00	
4/1/09			23,950.00	23,950.00		
10/1/09	100,000.00	7.900%	23,950.00	123,950.00	147,900.00	
4/1/10			20,000.00	20,000.00		
10/1/10	110,000.00	8.000%	20,000.00	130,000.00	150,000.00	
4/1/11			15,600.00	15,600.00		
10/1/11	120,000.00	8.000%	15,600.00	135,600.00	151,200.00	
4/1/12			10,800.00	10,800.00		
10/1/12	130,000.00	8.000%	10,800.00	140,800.00	151,600.00	
4/1/13			5,600.00	5,600.00		
10/1/13	140,000.00	8.000%	5,600.00	145,600.00	151,200.00	
Totals	<u>1,280,000.00</u>		<u>1,253,740.00</u>	<u>2,533,740.00</u>	<u>2,533,740.00</u>	<u>1,618,100.00</u>

The interest on the \$1,280,000 Refunded Bonds is to be paid as it comes due from the Escrow Fund commencing April 1, 1996. The outstanding principal balance of the Refunded Bonds, plus accrued and unpaid interest thereon is to be paid from the Escrow Fund on October 1, 1998.

EXHIBIT "B"

**City of Clinton
Sewer System Revenue Refunding Bonds
Series 1995**

ESCROWED SECURITIES

EXHIBIT B

City of Clinton, Mississippi
Sewer System Revenue Bonds
Refunding of Series 1988 A

Escrow Securities Purchased

Yield Unrestricted Securities Purchased With Issuer Funds

Security	Maturity	Coupon	Par Amount	Price	Dollar Price	Accrued	Subtotals
TSY Strip	2/15/96	0.000%	19,000.00	99.2410	18,855.790	-	
TSY Strip	8/15/96	0.000%	15,080.41	96.8920	14,611.710	-	
			34,080.41		33,467.500		33,467.500

Yield Restricted Securities Purchased With Bond Proceeds

Security	Maturity	Coupon	Par Amount	Price	Dollar Price	Accrued	Subtotals
T Note	9/30/98	4.750%	1,337,000.00	98.250000	1,313,602.500	13,881.42	
TSY Strip	2/15/96	0.000%	-	99.2410	-	-	
TSY Strip	8/15/96	0.000%	2,919.59	96.8920	2,828.850	-	
TSY Strip	2/15/97	0.000%	18,000.00	94.5820	17,024.760	-	
TSY Strip	8/15/97	0.000%	18,000.00	92.2150	16,598.700	-	
TSY Strip	2/15/98	0.000%	18,000.00	89.9490	16,190.820	-	
			1,393,919.59		1,366,245.63	13,881.42	1,380,127.05

Cash

Total Cost of Defeasance Escrow	1,428,000.00	1,399,713.13	13,881.42	1,413,594.55
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Settlement Date on the Open Market Securities

19-Dec-95

EXHIBIT "C"

**City of Clinton
Sewer System Revenue Refunding Bonds
Series 1995**

ESCROW FUND CASH FLOW

EXHIBIT C

City of Clinton, Mississippi Sewer System Revenue Bonds Refunding of Series 1988 A

Escrow Cash Flow

Date	Beginning Balance	Restricted U.S. Treasury Note & Bond Receipts	Restricted TSY Strip Receipts	Unrestricted U.S. Treasury TSY Strip Receipts	Defeasance Requirements	Ending Balance
19-Dec-95	-					-
2/15/96	-			19,000.00		19,000.00
3/31/96	19,000.00	31,753.75				50,753.75
4/1/96	50,753.75				(49,950.00)	803.75
8/15/96	803.75		2,919.59	15,080.41		18,803.75
9/30/96	18,803.75	31,753.75				50,557.50
10/1/96	50,557.50				(49,950.00)	607.50
2/15/97	607.50		18,000.00			18,607.50
3/31/97	18,607.50	31,753.75				50,361.25
4/1/97	50,361.25				(49,950.00)	411.25
8/15/97	411.25		18,000.00			18,411.25
9/30/97	18,411.25	31,753.75				50,165.00
10/1/97	50,165.00				(49,950.00)	215.00
2/15/98	215.00		18,000.00			18,215.00
3/31/98	18,215.00	31,753.75				49,968.75
4/1/98	49,968.75				(49,950.00)	18.75
8/15/98	18.75					18.75
9/30/98	18.75	1,368,753.75				1,368,772.50
10/1/98	1,368,772.50				(1,368,350.00)	422.50
Totals		1,527,522.50	56,919.59	34,080.41	(1,618,100.00)	

\$1,440,000
CITY OF CLINTON, MISSISSIPPI
SEWER SYSTEM REVENUE
REFUNDING BONDS, SERIES 1995

Dated November 16, 1995

BOND PURCHASE AGREEMENT

Mayor and Board of Aldermen
City of Clinton
Clinton, Mississippi

Howard, Weil, Labouisse, Friedrichs, Inc. (the "Underwriter"), offers to enter into this Bond Purchase Agreement (this "Agreement") with the City of Clinton, Mississippi (the "City") which, upon the acceptance of the City, will be binding upon the City and the Underwriter. This offer is made subject to acceptance by the City at or prior to 11:59 p.m. Central Daylight Time on November 16, 1995, and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the City by the Underwriter at any time prior to acceptance by the City.

1. BACKGROUND

a. The City will issue and sell its \$1,440,000 principal amount of Sewer System Revenue Refunding Bonds, Series 1995 (the "Bonds"). The Bonds are being issued to provide funds for the purpose of refunding in advance of maturity the City's Sewer System Revenue Bonds, 1988 Series A, which mature in the years 1999 through 2013 in the current outstanding principal balance of \$1,280,000 (the "Refunded Bonds") and to pay the costs of issuance of the Bonds. The refunding of the Refunded Bonds will result in an overall net present value savings of not less than two percent (2%) of the Refunded Bonds as required by Sections 31-27-1, et seq., Mississippi Code of 1972, as amended (the "Act").

The Bonds are payable as to principal and interest solely from and secured by a lien on and a pledge of the Revenues to be derived from the operation of the City's waterworks and sewage system (the "System"). The Bonds do not constitute an indebtedness or general obligation of the City and are not payable from funds raised or to be raised by taxation.

b. The Bonds will be issued under the authority of the Constitution and statutes of the State of Mississippi, including the Act, by the further authority of proceedings duly held by the Mayor and Board of Aldermen (the "Board") of the City, and pursuant to a resolution of the Board to be adopted on November 7, 1995, as supplemented by a resolution to be adopted by the Board on or before November 21, 1995 (collectively, the "Bond Resolution"). For purposes

of refunding the Refunded Bonds, the Bond Resolution provides for the deposit into an escrow fund of certain moneys and securities pursuant to an Escrow Agreement (the "Escrow Agreement") between the City and the Escrow Agent.

c. The Bonds will contain the terms and provisions described in the Bond Resolution and will bear interest at the rates and mature on the dates all as more fully described in the Official Statement.

d. The terms and provisions of the Bonds have been approved by the City which enters into this Agreement in order to induce the Underwriter to purchase the Bonds at the price set forth herein.

e. The Preliminary Official Statement (including the Appendices thereto) dated November 13, 1995 (the "Preliminary Official Statement") has been distributed in connection with the sale of the Bonds and an Official Statement (including the Appendices thereto) (the "Official Statement") will be delivered subsequent to the date hereof.

f. In reliance upon the opinion of bond counsel, interest on the Bonds will be excluded from gross income for Federal income tax purposes under existing statutes regulations, rulings and court decisions.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CITY

The City makes the following representations, all of which will survive the purchase and offering of the Bonds:

a. The City is a local political subdivision incorporated under the laws of the State of Mississippi with full right, power and authority to: (i) execute, deliver and perform this Agreement; (ii) execute and deliver each of the Bond Documents (as defined below) to which it is a party; (iii) approve the issuance, sale and delivery of the Bonds to the Underwriters as provided herein; and (iv) carry out and consummate the transactions contemplated by the Bond Documents and the Official Statement.

b. The City is authorized by the provisions of the Act and the Bond Resolution to issue the Bonds payable solely out of payments derived from the operation of the City's waterworks and sewage system. Reference is made to the City of Clinton, Mississippi, Waterworks and Sanitary Sewer System Revenue Bonds General Resolution adopted by the Mayor and Board of Aldermen (the "Board of Aldermen") on September 20, 1988 (the "General Resolution"), and the Series Resolution authorizing the issuance of the Refunded Bonds adopted by the Mayor and Board of Aldermen on September 20, 1988 (the "Series Resolution").

c. The City has complied with and on the Closing Date shall be in compliance with all provisions of the Constitution, the laws of the State of Mississippi pertaining to the issuance and sale of the Bonds, including the Act, and the Bond Documents, the General Resolution and

the Series Resolution, and has full power and authority to authorize and thereafter consummate all transactions contemplated by this Agreement, the Bonds, the Bond Resolution, the Escrow Agreement (collectively, the "Bond Documents") and all other agreements relating thereto.

d. The City has duly adopted the necessary resolutions and has duly authorized the execution of this Agreement and the issuance and sale of the Bonds, and has taken all actions and obtained all approvals necessary and appropriate to carry out the same.

e. The information relating to the City contained in the Preliminary Official Statement does not contain any untrue or misleading statement of a material fact as of the date hereof, and does not omit to state any material fact that should be included therein for the purpose for which the Preliminary Official Statement is being used or that is necessary to make such information, in light of the circumstances under which such information was given, not misleading.

f. The information relating to the City to be contained in the Official Statement and any amendment or supplement that may be authorized by the City for use with respect to the Bonds as of the Closing Date (as defined herein) will be true and correct and will not contain any untrue or misleading statement of a material fact and will not omit to state any material fact that should be stated therein or is necessary to make such information in such Official Statement, in light of the circumstances under which such information is given, not misleading. Executed counterparts of the Official Statement will be delivered to the Underwriter by the City on the Closing Date.

g. The City has duly authorized all necessary actions to be taken by the City for (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Bond Resolution, (ii) the use of the Official Statement and the execution of the Official Statement by the City (iii) the execution, delivery, receipt and due performance of the Bond Documents, and any and all other agreements and documents as may be required to be executed, delivered and received by the City in order to consummate the transactions contemplated thereby, and (iv) the consummation of the transactions contemplated by the Bond Documents.

h. The City is not in breach of or default under any applicable law or administrative regulation of the State of Mississippi or the United States or any applicable judgment or decree or any loan agreement, note, resolution, agreement or other instrument to which it is a party or to which it or any of its property is otherwise subject (including, without limitation, the General Resolution, the Series Resolution, and the other documents executed in connection with the issuance of the Refunded Bonds); and the execution and delivery of this Agreement and the Bond Documents, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, note, resolution, agreement or other instrument to which the City is a party or to which it or any of its property is otherwise subject (including, without limitation, the General Resolution, the Series Resolution and the other documents executed in connection with the issuance of the Refunded Bonds).

i. Except as may be required under the securities or "blue sky" laws of any state, all approvals, consents, authorizations and orders of, filings with or certifications by any governmental authority, board, agency or commission having jurisdiction over the City which would constitute conditions precedent to the performance by the City of its obligations hereunder and under the Bond Documents have been obtained.

j. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the City's knowledge, threatened against the City or others (a) affecting the existence of the City or the titles of its officers to their respective offices (b) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the refunding of the Refunded Bonds, (c) in any way contesting or affecting the validity or enforceability of any of the Bond Documents, (d) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or (e) contesting the powers or authority of the City for the issuance of the Bonds, the refunding of the Refunded Bonds or the execution and delivery of any of the Bond Documents.

k. The financial statements of the City which have heretofore been delivered to the Underwriter present fairly the financial position of the City at the dates of such financial statements, and the results of its operations and the changes in financial position for the years then ended. Any other statements and data submitted in writing by the City to the Underwriter in connection with this Agreement are true and correct in all material aspects as of their respective dates. Since the date of such financial statements, there have been no material adverse changes in the assets, liabilities or financial condition of the City. The City has no knowledge of any liabilities, contingent or otherwise, of the City, and the City has not entered into any material commitments or contracts which have not been previously disclosed in writing to the Underwriter, other than in the ordinary and normal course of its business, which may have a materially adverse effect upon its financial condition, operations or business as now conducted.

l. The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose arbitrage certifications may not be relied upon.

m. Any certificate signed by any of the City's authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

n. The City shall refrain from taking or permitting to be taken any action, with regard to which the City may exercise control, that results in the loss of the tax exempt status of the interest on the Bonds.

o. The City shall reasonably cooperate in qualifying the Bonds for offer and sale under the securities laws of the states designated by the Underwriter; provided that the City shall not be required to qualify to do business or consent to service of process in any state or jurisdiction in which it is not now so qualified or subject.

p. Whether or not the sale of the Bonds by the City to the Underwriter is consummated, the City agrees that the Underwriter shall have no obligation to pay any costs or expenses incident to the performance of the obligations of the City under this Agreement. All costs and expenses to effect the preparation, printing, execution and delivery of the Preliminary Official Statement and the Official Statement (together with any amendments thereto and supplements thereto) and the Bond Documents, any rating agency fees, the fees and expenses of Bond Counsel, the fees and expenses of counsel to the City and the expenses incurred in qualifying the Bonds for sale under the securities laws of various jurisdictions and in preparing "Blue Sky" and any legal investment memoranda, shall be paid by the City unless the Bonds are not sold by the City to the Underwriter by reason of a default by the Underwriter under this Agreement.

3. PURCHASE, SALE AND DELIVERY OF THE BONDS

a. On the basis of the representations, warranties and covenants contained herein and in the other agreements referred to herein, and subject to the terms and conditions herein set forth, on the Closing Date the Underwriter agrees to purchase from the City and the City agrees to sell to the Underwriter all, but not less than all, of the Bonds for a purchase price of \$1,440,000 plus accrued interest, less original issue discount.

b. The City will deliver the Bonds to or for the account of the Underwriter against payment of the purchase price therefor by wire transfer of immediately available funds to the Escrow Agent, or as otherwise directed by the City, at or prior to 1:00 p.m. Central Time on December 19, 1995, or such other place, time or date as shall be mutually agreed upon by the City and the Underwriter (the "Closing Date"). The Bonds will be delivered in fully registered form in such denominations and registered to such persons as the Underwriter shall request at least three (3) days prior to the Closing Date. The Bonds may be in printed, engraved, typewritten or photocopied form, and each such form shall constitute definitive form.

c. The Bonds shall be in registered form; shall be dated December 1, 1995; shall be of the denomination of \$5,000 each or integral multiples thereof up to the amount of a single maturity; shall be numbered from one, (1) upward in order of issuance; shall be payable, both as to principal and interest, in lawful money of the United States of America at the principal corporate trust office of Deposit Guaranty National Bank in Jackson, Mississippi, said bank to act as paying agent, registrar and transfer agent for said bonds; shall bear interest from the date thereof at the rates hereinafter set forth, payable semiannually on October 1 and April 1 of each year, commencing April 1, 1996; and shall mature and become due and payable serially, with option of prior payment as provided in the Bond Resolution, on October 1, in the years and principal amounts and at the rates as follows:

MATURITY SCHEDULE

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>	<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
1996	\$ 5,000.00	3.800%	2005	\$ 85,000.00	5.050%
1997	15,000.00	4.100	2006	90,000.00	5.200
1998	15,000.00	4.200	2007	95,000.00	5.300
1999	60,000.00	4.350	2008	100,000.00	5.400
2000	65,000.00	4.500	2009	105,000.00	5.500
2001	70,000.00	4.650	2010	115,000.00	5.600
2002	75,000.00	4.750	2011	120,000.00	5.650
2003	80,000.00	4.850	2012	125,000.00	5.700
2004	85,000.00	4.950	2013	135,000.00	5.750

d. In connection with the purchase, sale and delivery of the Bonds, the Underwriter represents and warrants to the City the following:

i. the Bonds will be sold at par through a private sale or a bona fide public offering;

ii. the Underwriter is registered under the Securities Exchange Act of 1934 as a municipal securities dealer; and

iii. no Bonds will be sold except pursuant to offering materials duly approved by the City and in compliance with all applicable State and Federal securities laws.

4. BOND DOCUMENTS

On or prior to the Closing Date, the Underwriter shall have received the following:

a. the final Official Statement of the City relating to the Bonds, as amended and supplemented, duly executed on behalf of the City;

b. the approving opinion of Bond counsel, dated the Closing Date, in substantially the form attached as Appendix D to the Official Statement;

c. an executed counterpart of this Agreement;

d. an executed counterpart of the Escrow Agreement;

e. a copy of a tax compliance certificate of the City relating to matters affecting the excludability from gross income for federal income tax purposes of interest on the Bonds, in form and substance satisfactory to Bond Counsel;

f. transcript of all proceedings relating to the authorization and issuance of the

Bonds;

- g. a specimen Bond;
- h. a report from KPMG Peat Marwick LLP, Certified Public Accountants, verifying the accuracy of the mathematical computations of the adequacy of the maturing principal amounts of and interest on the securities to be purchased from the proceeds of sale of the Bonds, to pay all principal and redemptions price of and interest on the Refunded Bonds to the maturity and redemption dates thereof;
- i. a certificate of the Bond Counsel (in its capacity as the Bond Counsel with regard to the Refunded Bonds) stating that the Refunded Bonds have been economically defeased in accordance with the applicable laws of the State of Mississippi;
- j. a copy of the executed Information Return for Tax-Exempt Governmental Obligations, Form 8038-G, relating to the Bonds, and evidence of the filing thereof;
- k. certificates of the City and any other evidence reasonably requested by the Underwriter that all conditions and requirements of the General Resolution and the Series Resolution precedent to issuing the Bonds have been satisfied;
- l. Any "Blue Sky" or investment memorandum required by the Underwriter; and
- m. such additional legal opinions, certificates, instruments and other documents as Bond Counsel or counsel to the Underwriter may reasonably request.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter, and the Underwriter shall have the right to waive any condition set forth in this Section.

The City hereby authorizes the Underwriter to use the Official Statement in connection with the offer, sale and distribution of the Bonds.

5. CONDITIONS TO OBLIGATION OF THE UNDERWRITER

The obligation of the Underwriter to purchase and pay for the Bonds and the obligation of the City to sell the Bonds to the Underwriter shall be subject to the following conditions precedent:

- a. The City shall have performed all of its obligations hereunder and the statements made on behalf of the City hereunder shall be true and correct on the date hereof and on the Closing Date, as if made on the Closing Date, and the City shall deliver a certificate to such effect. The Official Statement (as the same may be amended or supplemented with the written

approval of the Underwriter) on the date thereof and on the Closing Date shall be true, correct and complete in all material respects and shall not contain any untrue statement of a material fact, omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

b. Except as may have been agreed to by the Underwriter, as of the Closing Date, each of the Bond Documents and all other official actions of the City relating thereto shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been amended or supplemented without the written approval of the Underwriter.

c. The City shall have received the approving opinion of Brunini, Grantham, Grower & Hewes, PLLC, Bond Counsel, in form and substance acceptable to the Underwriter.

d. No default or event of default (as defined in any of the Bond Documents) shall have occurred and be continuing, and no event shall have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute such a default or event of default.

e. No material adverse change shall have occurred, nor shall any development involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects or properties (including the System) of the City have occurred, between the date hereof and the Closing Date.

f. On or prior to the Closing Date, all actions required to be taken as of the Closing Date in connection with the Bonds and the Bond Documents by the City shall have been taken, and the City shall have performed and complied with all agreements, covenants and conditions required to be performed or complied with by this Agreement, the Bonds and the Bond Documents, and the City shall deliver a certificate to such effect insofar as the foregoing actions, agreements, covenants and conditions apply, and each of such agreements shall be in full force and effect and shall not have been amended, modified or supplemented, except as has been agreed to in writing by the Underwriter.

g. Each of the Bond Documents shall have been executed and delivered by each of the respective parties thereto, all such documents shall be in forms exhibited to the Underwriter on the date hereof with only such changes as the Underwriter may approve in writing, and each of the Bond Documents shall be in full force and effect.

h. None of the events referred to in Section 7, *infra*, of this Agreement shall have occurred.

i. The Underwriter shall have received a certificate, dated the Closing Date and signed on behalf of the City to the effect that:

i. except as disclosed in the Official Statement, the City has not received notice of any pending, nor to the City's knowledge is there any threatened, action, suit, proceeding, inquiry or investigation against the City, at law or in equity, by or before any court, public board or body, nor to the City's knowledge is there any basis therefor, affecting the existence of the City or the titles of its officers to their respective offices, or seeking to prohibit restrain or enjoin the sale, issuance or delivery of the Bonds or the pledge of revenues or assets of the City pledged or to be pledged to pay the principal of, premium, if any, and interest on the Bonds, or in any way materially adversely affecting or questioning (A) the existence and powers of the City, (B) the use of the Official Statement, (C) the use of the proceeds of the Bonds to be applied in a manner other than as provided in or permitted by the Bond Resolution and the Escrow Agreement, (D) the validity or enforceability of the Bonds, any proceedings of the City taken with respect to the Bonds, or any of the Bond Documents to which it is a party, (E) the exclusion of interest on the Bonds from gross income for purposes of Federal income taxation or the accuracy or completeness of the Official Statement, (F) the execution and delivery of this Agreement or the Bonds, or (G) the power of the City to carry out the transactions contemplated by this Agreement, the Official Statement, the Bonds or any of the Bond Documents to which the City is a party;

ii. the Official Statement does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements describing the City contained therein, in light of the circumstances under which they were made, not misleading; and

iii. the City has complied with all the covenants and satisfied all of the conditions on its part to be performed or satisfied at or prior to the Closing Date, and the representations and warranties of the City contained herein and in each of the Bond Documents to which it is a party are true and correct as of the Closing Date.

j. The Underwriter shall have received verification satisfactory to the Underwriter of the use of the proceeds of the Bonds

k. Evidence, satisfactory in form and substance to the Underwriter and Bond Counsel, of a satisfactory and favorable conclusion to a bond validation proceeding under the laws of the State of Mississippi with respect to the Bonds shall have been received.

l. Such additional certificates, opinions and other documents as the Underwriter, its counsel or, Bond Counsel may reasonably request to evidence performance of or compliance with the provisions of this Agreement and the transactions contemplated hereby and by the Official Statement, all such certificates and other documents to be satisfactory in form and substance to the Underwriter and its counsel, shall have been received.

m. If any conditions to the obligations of the Underwriter or the City contained in this Agreement are not satisfied and the satisfaction of such conditions shall not be waived by the Underwriter and the City then, in the opinion of the Underwriter and the City (1) the Closing

Date shall be postponed for such period as may be necessary for such conditions to be satisfied or (2) without limiting the generality of Section 12 of this Agreement, the obligations of the Underwriter and the City under this Agreement shall terminate, and neither the Underwriter nor the City shall have any further obligations or liabilities hereunder.

n. All of the legal opinions, certificates, proceedings, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter and the City.

6. TERMINATION

The Underwriter may terminate its obligations hereunder by written notice to the City if, at any time subsequent to the date hereof and on or prior to the Closing Date:

a. i. Legislation shall have been enacted by the Congress, or recommended to the Congress for passage by the President of the United States or the Department of the Treasury of the United States or the Internal Revenue Service or any member of the United States Congress or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or

ii. A decision shall have been rendered by a court established under Article III of the Constitution of the United States or the United States Tax Court, or

iii. An order, ruling, regulation or communication (including a press release) shall have been issued by the Department of the Treasury of the United States or the Internal Revenue Service, in each case referred to in clauses i., ii., and iii., with the purpose or effect, and reasonable likelihood, directly or indirectly, of imposing Federal income taxation upon interest to be received by any owners of the Bonds.

b. Legislation shall have been enacted or a decision by a court of the United States shall be rendered or any action taken by the securities and Exchange Commission which, in the opinion of counsel to the Underwriter, has the effect of requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933, as amended, or any event shall have occurred that, in the judgment of the Underwriter, makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or that, in the judgment of the Underwriter, should be reflected therein in order to make the statements contained therein not misleading in any material respect.

c. i. In the judgment of the Underwriter, the market price of the Bonds is adversely affected because (A) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (B) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar

obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of underwriters, (C) a general banking moratorium shall have been established by Federal, New York or Mississippi authorities, or (D) a war involving the United States of America shall have been declared, or any other national or international calamity shall have occurred, or any conflict involving the armed forces of the United States of America shall have escalated to such a magnitude, in any such case so as to materially affect the ability of the Underwriter to market the Bonds, or

ii. any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds or the refunding of the Refunded Bonds or in any way contesting or affecting any authority or security for or the validity of the Bonds, or the existence or powers of the City.

d. There shall have occurred any change that, in the reasonable judgment of the Underwriter, makes unreasonable or unreliable any of the assumptions upon which (1) yield on the Bonds for purposes of compliance with the Code, (2) payment of debt service on the Bonds, or (3) the basis for the exclusion from gross income for Federal income tax purposes of interest on the Bonds, is predicated.

e. There shall have occurred any material change in the business or affairs of the City which, in the reasonable judgment of the Underwriter, materially adversely affects the investment quality of the Bonds.

f. Any legislation, ordinance, rule or regulations shall be enacted or be actively considered for enactment by any governmental body, department or agency of the State of Mississippi, or a decision by any court of competent jurisdiction within the State of Mississippi shall be rendered, which, in the reasonable opinion of the Underwriter, materially or adversely affects the market price of the Bonds.

g. A stop order, ruling, regulation or official statement by or on behalf of the office of Secretary of State of the State of Mississippi shall be issued or made to the effect that the issuance, offering or sale of the Bonds, or of obligations of the general character of the Bonds as contemplated hereby, is a violation of any provisions of the Blue Sky Laws of the State of Mississippi.

h. Any condition to the Underwriter's obligations hereunder is not satisfied or because of any refusal, inability or failure on the part of the City to comply with any of the terms or to fulfill any of the conditions provided for or contemplated by this Agreement, or if for any reason the City shall be unable to perform all of their obligations or satisfy conditions, respectively, provided for or contemplated in this Agreement.

i. Additional material restrictions not in force as of the date hereof, shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange.

j. There shall have occurred any outbreak or material escalation of hostilities or other calamity or crisis, the effect of which on the financial markets of the United States is such as to make it, in the reasonable opinion of the Underwriter, impractical to market the Bonds or to enforce commitments for the purchase of the Bonds.

7. EXPENSES

Except as otherwise provided herein, the City shall cause to be paid from proceeds of the sale of the Bonds or from other funds available to the City, the costs of issuing the Bonds, including, but not limited to, the fees and expenses described in Section 3 of this Agreement, whether or not the sale of the Bonds by the City to the underwriter is consummated.

8. RULE 15c2-12

In order for the Underwriter to comply with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), the City hereby:

a. represents and warrants that the Official Statement delivered to the Underwriter within seven (7) business days of the execution and delivery hereof is deemed final by the City as of the date hereof;

b. covenants and agrees to cause to be made available to the Underwriter such reasonable quantities of the resolutions of the City as the Underwriter may request for use in connection with the offering and sale of the Bonds and to cause **seventy-five (75)** copies of the Official Statement to be delivered to the Underwriter, without charge, within seven (7) business days of the date hereof and, in the event the Closing Date is less than seven (7) business days after the date hereof, upon request of the Underwriter, in sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter;

c. represents and warrants that if after the date of this Bond Purchase Agreement and until twenty-five (25) days after the end of the underwriting period, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances when the official Statement is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, to notify the Underwriter (and for the purposes of this clause c. to provide the Underwriter with such information as they may from time to time request), and to forthwith prepare and furnish, at its own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not, in light

of the circumstances when the Official Statement is delivered to a purchaser, be misleading or so that the Official Statement will comply with law,

d. represents and warrants that, at the time of the City's acceptance hereof and (unless an event occurs in the nature described in paragraph c. of this Section 8 at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the end of the underwriting period, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and

e. represents and warrants that, if the Official Statement is supplemented or amended pursuant to paragraph (c) of this Section 8, at the time of such supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the end of the underwriting period, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

Unless otherwise notified in writing by the Underwriter by the Closing Date, the City can assume that the end of the underwriting period for purposes of Rule 15c2-12 shall be the Closing Date. In the event such notice is so given in writing by the Underwriter, the Underwriter agrees to notify the City in writing following the occurrence of the end of the underwriting period as defined in Rule 15c2-12. The end of the underwriting period as used in this Bond Purchase Agreement shall mean the Closing Date or such later date as to which notice is given by the Underwriter in accordance with the preceding sentence.

9. CONDITION OF THE CITY'S OBLIGATIONS

The City's obligations hereunder are subject to the Underwriter's performance of its obligations hereunder.

10. NOTICES

Any notice or other communication to be given to the City and the Underwriter under this Agreement may be given by delivering the same in writing as follows:

City: City of Clinton
Post Office Box 156
Clinton, Mississippi 39060

Underwriter: Howard, Weil, Labouisse, Friedrichs, Inc.
1100 Poydras Street, Suite 900
New Orleans, Louisiana 70163-0900

11. SUCCESSORS

This Agreement is made solely for the benefit of the City and the Underwriter (including their successors or assigns), and no other person shall acquire or have any right hereunder or by virtue hereof (other than pursuant to Section 3 hereof).

12. SURVIVAL OF CERTAIN REPRESENTATIONS AND WARRANTIES

All agreements, covenants, representations and warranties and all other statements of the City set forth in or made pursuant to this Agreement shall remain in full force and effect, regardless of any investigation, or statement as to the results thereof made by or on behalf of the Underwriter or the City and shall survive the Closing Date and the delivery of and payment for the Bonds.

13. GOVERNING LAW

This Agreement shall be governed by the laws of the State of Mississippi.

14. MISCELLANEOUS

This Agreement constitutes the only agreement among the parties hereto relating to the subject matter hereof and it supersedes and cancels any and all previous contracts, agreements or understandings with respect thereto. This Agreement may not be amended or modified except in writing executed by all parties hereto. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Bond Resolution.

15. COUNTERPARTS

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Very truly yours,

HOWARD, WEIL, LABOUISSSE, FRIEDRICHS, INC.

By: William Burns
Title: Vice President - Public Finance

Accepted on November 16, 1995:

CITY OF CLINTON, MISSISSIPPI

By: Quincy D. Quetman
Title: Mayor

AN ORDINANCE AMENDING THE ZONING MAP
OF THE CITY OF CLINTON, MISSISSIPPI

WHEREAS, by Majority vote of the City of Clinton Planning and Zoning Board, said Board recommended to rezone the property described as Lot 1, Block A, Lakeside Park Subdivision from R-1 Residential to C-1 Commercial.

WHEREAS, said recommendation was approved by the Board of Aldermen at the regular meeting on October 3, 1995, upon the Motion of Alderman Fisher, seconded by Alderman DePriest, by a 4-2 vote with Aldermen Brabham, DePriest, Fisher and Touchton voting "Aye" and Aldermen Ferrell and Lott voting "Nay". (Alderman Todd was not present for this vote.)

WHEREAS, the Zoning Ordinances of the City of Clinton require such zoning changes to be effected by the passing of an ordinance.

THEREFORE BE IT ORDAINED that Lot 1, Block A, Lakeside Subdivision is hereby rezoned from R-1 Residential to C-1 Commercial and the Zoning Map of the City of Clinton is amended to reflect said rezoning.

Alderman TOUCHTON moved that the foregoing Resolution be adopted. Alderman FISHER seconded.

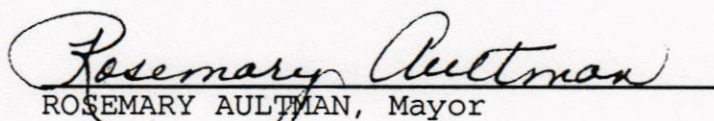
The vote was as follows:

Alderman Brabham voted:	<u>Aye</u>
Alderman Ferrell voted:	<u>NO</u>
Alderman DePriest voted:	<u>Aye</u>
Alderman Fisher voted:	<u>Aye</u>
Alderman Touchton voted:	<u>Aye</u>

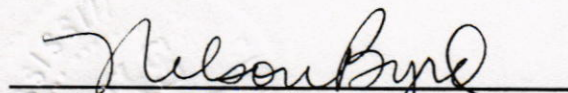
Alderman Lott voted: NO

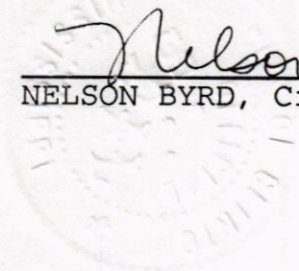
Alderman Todd voted: ABSENT

Approved on the 21ST day of November, 1995.


ROSEMARY AULTMAN, Mayor

ATTEST:


NELSON BYRD, City Clerk



18
101

PASTE AD HERE

Clinton News
Legals

499

AN ORDINANCE
AMENDING THE ZONING
MAP OF THE CITY OF
CLINTON, MISSISSIPPI
WHEREAS, by Majority
vote of the City of Clinton
Planning and Zoning Board,
said Board recommended to
rezone the property de-
scribed as Lot 1, Block A,
Lakeside Park Subdivision
from R-1 Residential to C-1
Commercial.
WHEREAS, said recom-
mendation was approved by
the Board of Aldermen at the
regular meeting on October
3, 1995, upon the Motion of
Alderman Fisher, seconded
by Alderman DePriest, by a
4-2 vote with Aldermen
Brabham, DePriest, Fisher
and Touchton voting "Aye",
and Aldermen Ferrell and
Lott voting "Nay". (Alder-
man Todd was not present
for this vote.)
WHEREAS, the Zoning Or-
dinances of the City of Clin-
ton require such zoning
changes to be effected by the
passing of an ordinance.
THEREFORE BE IT OR-
DAINED that Lot 1, Block A,
Lakeside Subdivision is here-
by rezoned from R-1 Resi-
dential to C-1 Commercial
and the Zoning Map of the
City of Clinton is amended to
reflect said rezoning.
Alderman Touchton moved
that the foregoing Resolution
be adopted. Alderman Fisher
seconded. The vote was as
follows:
Alderman Brabham voted:
Aye
Alderman Ferrell voted: No
Alderman DePriest voted:
Aye
Alderman Fisher voted: Aye
Alderman Touchton voted:
Aye
Alderman Lott voted: No
Alderman Todd voted: Ab-
sent
Approved on the 21st day
of November, 1995.
/s/ Rosemary Aultman
ROSEMARY AULTMAN,
Mayor
ATTEST:
/s/ Nelson Byrd
NELSON BYRD, City Clerk
December 7, 1995

PROOF OF PUBLICATION
THE STATE OF MISSISSIPPI
HINDS COUNTY

PERSONALLY appeared before me, the undersigned notary
public for Hinds County, Mississippi,

Shirley Waits

an authorized clerk of THE CLINTON NEWS, a weekly
newspaper as defined and prescribed in Sections 13-3-31 and
13-3-32, of Mississippi Code of 1972, as amended, who, being
duly sworn, states that the notice, a true copy of which is
hereto attached, appeared in the issues of said newspaper as
follows:

Date December 7, 19 95

Date, 19

Date, 19

Date, 19

Date, 19

Number of Lines 65/236

Published 1 Times

Total \$ 20.88

Signed Shirley Waits
Authorized Clerk
of The Clinton News

Sworn to and subscribed before me the 7 day of
December 19 95.

Marie Mills
Notary Public

My Commission Expires:
NOTARY PUBLIC STATE OF MISSISSIPPI AT LARGE.
MY COMMISSION EXPIRES: Nov. 8, 1996.
BONDED THRU NOTARY PUBLIC UNDERWRITERS.

(Seal)

STENNETT, WILKINSON & PEDEN

A PROFESSIONAL ASSOCIATION

ATTORNEYS AND COUNSELORS AT LAW

GENE A. WILKINSON
JAMES A. PEDEN, JR.
DERRYL W. PEDEN
JAMES C. MARTIN*
RICHARD C. BRADLEY III

*MEMBER TEXAS BAR ALSO

E. W. STENNETT (1899-1979)
HORACE STEELE (1907-1980)
J. C. STENNETT (1903-1987)

TELEPHONE: (601) 948-3000
TELEFAX: (601) 948-3019

100 CONGRESS STREET SOUTH
POST OFFICE BOX 22627
JACKSON, MISSISSIPPI 39225-2627

RECEIVED

CITY OF CLINTON
ENGINEER DEPARTMENT

November 14, 1995

VIA HAND DELIVERY

Mr. Richard Broome
City Engineer

Kenneth R. Dreher, Esq.
City Attorney

Re: Amended and Restated Clinton Contract

Dear Richard and Ken:

Enclosed is a revised draft of the Amended and Restated Agreement with the City of Clinton. These modifications to the October 25 draft were made as a result of our meeting on November 8th.

To assist in your review of this revised draft, noted below are the changes made from the October 25 draft.

The date is changed on the cover page to make the effective date December 1, 1995.

Some page numbers were revised in the table of contents as a result of the other changes.

The first sentence of the Agreement is changed to provide a blank for the Agreement date and December 1 for the effective date.

In Section 2.02, the numbers in the last two columns opposite South Central Lagoon (Jostens) and Southeast Lagoon have been modified to reflect what the loading levels should be.

In Section 2.13, the last sentence is revised and Distribution System is capitalized.

In Section 2.26, the last four sentences are new.

VOID →

403-453
457

In Section 2.27, the next to the last sentence is new.

In Section 2.29, Distribution System is capitalized twice.

In Section 2.30, the second sentence is new.

In Section 2.42, the second sentence is revised by adding a new last clause.

In Section 2.51, the term Distribution System is capitalized in the sixth asterisk.

In Section 2.53, the next to the last sentence is new and the last sentence is revised by adding a new last clause.

In Section 2.58, the second sentence is revised.

In Section 3.09, the number of leased vehicles is changed from three to two.

In Section 3.15, the second sentence is changed to be consistent with the revisions to Section 2.58.

In Section 3.19, Distribution System is capitalized three times.

In Section 4.01, the commencement date is changed to December 1.

In Section 5.01A, the effective date is changed to December 1.

In Section 5.02, the first permissible CPI increase is changed from 1995 to 1996.

In Section 5.03, a clause is added to the end of the sentence.

In Section 5.05, 1994 is changed to 1995 and 1995 is changed to 1996 in several places.

In Section 7.09, the Board of Aldermen meeting is changed to November 21.

The last sentence above the signature lines changes the effective date to December 1.

On Attachment "A", a definition for "Distribution System" is added, effluent requirements BOD5 are revised for the Southwest and Briars (Biolac), the comma is removed in the TSS Flow for the Southwest Plant, "N/A" is added in two places to the NH3-N, a revision to South Central Lagoon fecal col., the footnote is deleted, and Distribution System is capitalized in the definition of Purification System.

Mr. Richard Broome
Mr. Kenneth R. Dreher, Esq.
-3- November 14, 1995

On Attachment "B", the asterisks are removed for the South Central and the Southeast Plant.

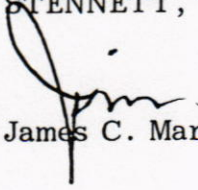
A new Attachment "E" is included to provide the average water consumption figures for the previous five years.

On Exhibit "1", the third vehicle is removed.

Please review these modifications and call David Canizaro, Tom Nabors, Jeep or me with any comments, questions or suggested revisions or additions.

Sincerely yours,

STENNETT, WILKINSON & PEDEN



James C. Martin

JCM:ab
Enclosure
cc Mr. Tom Nabors
Mr. David Canizaro

11.
RECEIVED

11/14/95
CITY OF CLINTON
ENGINEER DEPARTMENT

CITY OF CLINTON
ENGINEER DEPARTMENT

AMENDED AND RESTATED
AGREEMENT
FOR MANAGEMENT,
OPERATION, AND MAINTENANCE
OF
CLINTON WASTEWATER TREATMENT FACILITIES
AND
DRINKING WATER PURIFICATION SYSTEM
BETWEEN
ST ENVIRONMENTAL SERVICES, INC. (I)
AND
CITY OF CLINTON, MISSISSIPPI
EFFECTIVE DECEMBER 1, 1995 ✓

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AMENDED AND RESTATED
AGREEMENT FOR MANAGEMENT,
OPERATION, AND MAINTENANCE
OF CLINTON
WASTEWATER TREATMENT FACILITIES
AND
DRINKING WATER PURIFICATION SYSTEM

THIS AMENDED AND RESTATED AGREEMENT, made and entered into this _____ day of November, 1995, to be effective December 1, 1995, by and between:

THE CITY of CLINTON, MISSISSIPPI, a municipal corporation located in the County of Hinds, State of Mississippi, whose address is City Hall, Post Office Box 156, Clinton, Mississippi 39060 (hereinafter, the "OWNER"), acting through its Mayor and Board of Aldermen, and ST ENVIRONMENTAL SERVICES, INC. (I), a Texas corporation qualified to do business in Mississippi, whose principal place of business is at 805 South Church Street, 15 Jefferson Square, Murfreesboro, Tennessee 37130, and whose mailing address is Post Office Box 399, Murfreesboro, Tennessee 37133-0399 (hereinafter the "OPERATOR").

WHEREAS, the OWNER owns the wastewater treatment facilities (hereafter, the "Treatment Facilities") as more particularly defined in Attachment A and more specifically described in Exhibit One;

WHEREAS, the OWNER owns the water wells, pumping systems, storage facilities and purification systems (hereinafter, the "Purification System") as more particularly defined in Attachment A and more specifically described in Exhibit Two;

WHEREAS, the OWNER has the authority under the laws of the State of Mississippi (the "State") to enter into this Agreement and desires to enter into this Agreement for the management, operation, and maintenance of the Treatment Facilities and Purification System;

WHEREAS, the OPERATOR is experienced in and capable of supplying professional operation and maintenance services to the Treatment Facilities and Purification System;

WHEREAS, the OWNER desires to engage the OPERATOR to act as its independent contractor in managing, operating, and maintaining the Treatment Facilities and Purification System; and

WHEREAS, the OWNER and the OPERATOR entered into an Agreement For Management, Operation and Maintenance of Clinton Wastewater Treatment Facilities effective October 1, 1994, and the parties desire to Amend and Restate the Agreement to add services and agreements concerning the Purification System and to make other modifications;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and subject to the terms and conditions herein stated, the parties agree as follows:

ARTICLE I.

PURPOSE

- 1.01 During the term of this Agreement, the OWNER agrees to engage the OPERATOR as an independent contractor to manage, operate, and maintain the Treatment Facilities and Purification System, which are owned and controlled by the OWNER. Each party hereto agrees that it will cooperate in good faith with the other, its agents, employees, and subcontractors to facilitate the performance of the mutual obligations set forth in this Agreement.

ARTICLE II.

SCOPE OF SERVICE

- 2.01 The scope of service to be provided by the OPERATOR under this Agreement will include the management, operation, maintenance, and repair of the Treatment Facilities and Purification System to the extent specifically set forth in this Article II (hereinafter the "Scope of Service"):

TREATMENT FACILITIES

Process Control and Effluent Standards

- 2.02 The objective of the OPERATOR is to operate the Treatment Facilities to meet all the Effluent Requirements, as defined in Attachment A, of the existing National Pollutant Discharge Elimination System ("NPDES") permits, as well as any other

applicable federal, state, and local requirements. The OPERATOR shall operate the Treatment Facilities using reasonable efforts to provide this level of treatment; provided, however, that at all times influent flows for the respective Treatment Facilities shall not exceed the following characteristics:

<u>Treatment Facility</u>	<u>Permit Number</u>	<u>Average Over 30-Day Period (Gallons Per Day)</u>
Lovett	MS0023230	276,000
Southwest	MS0045896	600,000
Northeast	MS0021164	300,000
Briars (Biolac)	MS0047619	630,000
South Central Lagoon (Jostens)	MS0021199	519,000
Southeast Lagoon	MS0021172	400,000

Provided, further, however, that at all times loading for the respective Treatment Facilities shall not exceed the following levels:

<u>Treatment Facility</u>	<u>Permit Number</u>	<u>BOD5 lbs/day</u>	<u>TSS lbs/day</u>
Lovett	MS0023230	461	461
Southwest	MS0045896	1001	1001
Northeast	MS0021164	500	500
Briars (Biolac)	MS0047619	1051	1051
South Central Lagoon (Jostens)	MS0021199	866	866
Southeast Lagoon	MS0021172	667	667

- 2.03 In the event that influent flows or loadings exceed any of the respective preceding levels, the OPERATOR shall provide the best treatment reasonably possible within the constraints of the Treatment Facilities design, physical limitations, and existing loadings.
- 2.04 In the event that Abnormal or Biologically Toxic Material, as defined in Attachment A, is received at the Treatment Facilities, the OPERATOR shall promptly notify the OWNER and use its best reasonable efforts to assist OWNER to remove and/or reduce such material using the processes and equipment provided at the Treatment Facilities. If such Abnormal or Biological Toxic Material cannot be treated or removed using the processes and equipment provided at the Treatment Facilities, the OPERATOR shall not be responsible for compliance with the NPDES permits, the Federal Water Pollution Control Act (the "Clean Water Act"), the Resource Conservation Recovery Act, as amended ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act as amended ("CERCLA"), or any other applicable federal, state or local law or requirement, or for any other consequence of the receipt by the Treatment Facilities of such Abnormal or Biologically Toxic Material including, without limitation, any fines, penalties, or damages resulting therefrom.
- 2.05 In the event that Abnormal or Biologically Toxic Material is not received at the Treatment Facilities, and in the event that Discharge Violations, as defined in Attachment A, occur on any date starting 30 or more days after the beginning of wastewater treatment services by the OPERATOR, the OPERATOR shall be responsible, to the extent set forth below, for fines, penalties, or damages for Discharge Violations that may be imposed by the federal, state, or local environmental agencies, or that may result from private actions, if and to the extent such violations were within the reasonable control of the OPERATOR and are the result of the failure of the OPERATOR to operate the Treatment Facilities in accordance with the terms of this Agreement and such failure is a direct and substantial cause of such Discharge Violation. Prior to payment of any such fines, penalties, or damages, the OPERATOR reserves the right to contest government or private actions, suits, or proceedings for Discharge Violations through administrative procedures or otherwise. The OPERATOR's liability in any contract year for any fines, penalties, or damages shall be limited to ten percent (10%) of the Base Compensation for that contract year.

Disposal of Process Residue

- 2.06 As the agent for the OWNER, the OPERATOR shall arrange for disposal of screenings, grit, and wastewater sludges ("Process Residue") at the sludge holding lagoons designated by the OWNER. Title and ownership of Process Residue shall remain with the OWNER notwithstanding such services by the OPERATOR. The parties acknowledge that sludge is currently being pumped into

sludge holding lagoons, where it is held for a period of time until it is removed and disposed of. Removal and disposal are the responsibility of the OWNER and are not within the Scope of Services provided by the OPERATOR under this Agreement. The compensation to be paid to the OPERATOR pursuant to Article V reflects current sludge disposal and handling methods and current disposal site costs. If current methods or disposal sites are changed for any reason, including, but not limited to, the adoption of new regulations or increases in tipping fees, each such event shall constitute a change in the Scope of Services and entitle the OPERATOR to an increase in compensation for such disposal as provided in Article V. Should the OWNER desire for the OPERATOR to remove and dispose of sludge, the parties shall negotiate the terms of the removal and disposal activities, including the fee to be paid to the OPERATOR.

Testing and Laboratory Analysis

- 2.07 The OPERATOR shall perform the sampling and laboratory analysis required by the OWNER's NPDES permits as well as that necessary for process control. Laboratory procedures and analysis shall conform to the then current edition of Standard Methods for the Examination of Water and Wastewater or be in accordance with testing requirements of the NPDES permits. The OPERATOR shall prepare the data for all NPDES permit monitoring and operating reports and shall deliver and certify such results to the OWNER and assist the OWNER in submitting such results to all regulatory agencies requiring the reporting of such results.

Industrial Pretreatment

- 2.08 The OPERATOR shall, upon written request of the OWNER, assist the OWNER by providing technical and analytical services in connection with OWNER's pretreatment program, as established by the OWNER's Sewer Use Ordinance. The OPERATOR shall not be responsible for any enforcement activities relating to such pretreatment program. The OWNER shall pay all necessary costs incurred by the OPERATOR in connection with OWNER's pretreatment program at a multiplier of 1.15. These costs shall be paid in addition to the compensation provided in Article V.

Management Information Systems

- 2.09 The OPERATOR shall install necessary computer hardware and software to provide a comprehensive preventative maintenance management system and a computerized process control system. The computer hardware and software shall be the property of the OPERATOR. Upon termination of this Agreement, the OPERATOR shall remove the computer hardware and software unless the OWNER purchases the computer hardware and software at a price to be agreed

upon by the parties and subject to the provisions of any applicable software use agreement.

Reports

- 2.10 The OPERATOR shall maintain records of operations, maintenance, repair, and improvement activities at the Treatment Facilities and shall prepare and submit to the OWNER a monthly report including a narrative summary of operations and all data required for monthly discharge reporting to local, state, and federal agencies.
- 2.11 No later than December 1 of each year that this Agreement is in effect, the OPERATOR shall prepare and submit an annual report that records significant events of the past fiscal year (October 1 - September 30), describes the status of operations at the Treatment Facilities, and compares the status to planned activities.

PURIFICATION SYSTEM

A. PUBLIC WATER SUPPLY SYSTEM

Objectives

- 2.12 The objectives of the OPERATOR are to operate the OWNER's Purification System to provide citizens of Clinton with potable water supply. The Purification System includes the water wells, pumping systems, storage facilities and purification systems itemized on Exhibit Two attached hereto. Services will include withdrawal of the required samples for Bacteriological Testing and all other samples withdrawals for various EPA and State of Mississippi DEQ testing procedures. Services provided will also include the reading of the water meters.

Water Wells and Pumping Systems

- 2.13 The OPERATOR shall operate and maintain the OWNER's water well production which includes the chlorination/fluoridation storage facilities, booster pump station and emergency generation power units (where applicable). Maintenance shall be provided from the base plate of motors to and including above-ground check valves at the pump site on the distribution line. OWNER shall maintain the Distribution System. The OPERATOR assumes no liability for the operation and maintenance of the Distribution System.
- 2.14 The most current water well yield production rates are set forth on Attachment D. The OPERATOR shall operate and maintain the water wells within present parameters. The OPERATOR is not responsible for modification of present wells

or adding new wells and is not liable for damages, fines or penalties in the event that water demand exceeds safe operating parameters.

Storage Facilities

- 2.15 The OPERATOR shall monitor the level control system used in maintaining static and hydraulic pressures within the four operating elevated storage tanks. In the event of malfunctions within the elevated storage tanks level control system or the Auto-Con System, the OPERATOR will notify the OWNER's Engineer, or his designee, of such conditions and assist in coordinating the appropriate corrective activity with the OWNER. The OPERATOR and its personnel will not climb elevated storage tanks or enter the tanks. The OPERATOR assumes no liability with the maintenance and structural integrity of the elevated storage tanks.

Repairs

- 2.16 The OPERATOR shall repair to good operating condition or replace existing equipment, storage buildings, and grounds with funds from the Maintenance Allowance. A prioritized list of repairs shall be compiled and presented to the City Engineer for approval. Such repair or replacement shall not include the elevated storage tanks.

Tools

- 2.17 The OPERATOR shall provide basic tools for maintenance of wells, pump stations and buildings.

Chemicals

- 2.18 The OPERATOR shall provide chlorine and fluoride as required for chemical treatment of the water. The OPERATOR may, at its option, procure ton mounted chlorinators and ton chlorine cylinders.
- 2.19 The OWNER has informed the OPERATOR that OWNER anticipates equipping the well production sites with chlorine detection units with an appropriate alarm system tied in by telephone line to the OWNER's Police Department. At such time, the OPERATOR shall operate, maintain and test these units.

Sample Testing

- 2.20 The OPERATOR shall provide laboratory testing as required for process control in compliance with existing permit reporting requirements. Testing includes chlorine residual, fluoride residual and pH testing of the nine well taps five days

per week, or as required. Dead-end sampling for chlorine residuals shall be performed as required.

- 2.21 The OPERATOR shall collect and deliver water samples as set forth in the current Sample Site Identification Plan and Materials Survey for Lead/Copper Monitoring Program as required by the Safe Drinking Water Act and administered by the Mississippi State Department of Health ("MSDOH"). Currently sampling frequencies and quantities are established as follows:

<u>Sample Type</u>	<u>Quantity</u>	<u>Frequency</u>
Bacteriological	25	Monthly
Flouride	9	Monthly
Nitrite/Nitrate	9	Annually
Lead/Copper	30	*To be determined by State
Trihalomethane (TTHM)	1	Quarterly
Radiological	1	One per three years
Inorganics	9	One per three years
Cyanides	9	One per three years

* Number of samples was 60 and has been reduced to 30. Fourth round of sampling was performed in June 1995.

Chlorine Residual analysis will be performed in conjunction with the Bacteriological Sample Site Plan as required by regulatory agencies.

- 2.22 The OPERATOR shall provide data and generate reports required by federal and state regulatory agencies. The OPERATOR shall submit these reports to the OWNER-designated representative who in turn shall submit the reports to the MSDOH.

Records

- 2.23 The OPERATOR shall provide a work order, cost accounting, complaint tracking and inventory control system. The OPERATOR shall create daily monitoring report forms and complete such forms with the required data.
- 2.24 The OPERATOR shall maintain records of daily water usage from the well production sites and assist in computing unaccounted for water.
- 2.25 No later than December 1 each year that this Agreement is in effect, the OPERATOR shall prepare and submit an annual report that compares projected costs with actual incurred costs with explanations of significant deviations from projections. The report shall include operations from October 1 through September 30.

B. WATER METER READINGS

General Services

- 2.26 The OPERATOR shall conduct water meter readings of all water meters identified on the City of Clinton Water Distribution System. Currently OWNER has approximately 7,000 accounts. This service shall include the accurate reading of all meters, re-reading as required, turn-offs and turn-ons as required. Readings shall be made within the timeframes as currently used for readings and billings and within the system capabilities of the billing system utilized by the OWNER. Within sixty (60) days of the effective date of this Agreement, OPERATOR shall make an accurate count of the water meter accounts. OPERATOR shall provide such count figure to OWNER. OWNER shall have sixty (60) days to challenge such count. The parties agree to work in good faith to resolve any challenge. A 15% increase or decrease in the original number of water meter accounts shall constitute a change in the Scope of Services.
- 2.27 The OPERATOR shall conduct all water meter reads, re-reads, turn-on and turn-off activities coordinated with appropriate OWNER personnel. Turn-on and turn-off activities shall be in accordance with OWNER policy as set forth in its ordinances. Turn-off activities shall be provided during normal working hours by closing the valve and locking the meter box (when available) or pulling the water meter, if necessary. Restoration of service shall be performed during normal working hours upon notification by OWNER's Water Billing Department. The parties agree to work in good faith to modify such policies and/or ordinances in the event modification can improve operating efficiency. The OWNER shall be responsible for setting water meters on new services.

Service Complaints

- 2.28 The OWNER's Water Billing Department shall continue to receive customer questions and complaints. The OWNER shall contact the OPERATOR concerning meritorious questions and complaints to which the OPERATOR shall investigate and respond.

Water Leaks

- 2.29 The Distribution System is the responsibility of the OWNER. However, should the OPERATOR notice obvious water leaks within the Distribution System, it shall report such water leaks to the OWNER. In the event such water leak requires interruption of service, the OPERATOR shall report the leak to the customer. Should the customer not be at home, the OPERATOR shall leave a note at the home providing the reason the water service was interrupted and who is responsible for repairing the leak.

Vehicles

- 2.30 The OPERATOR shall provide the vehicles for the meter reading service. Upon termination of this Agreement, OWNER shall have the option to purchase one or more of such vehicles for a price equal to the OPERATOR's book value of the vehicle(s) based on OPERATOR's customary depreciation schedule.
- 2.31 The OPERATOR shall purchase and equip the meter reading vehicles with two way communications with funds from the Maintenance Allowance.

Service Coordination

- 2.32 The OPERATOR shall coordinate with the OWNER's Water Billing Department in receiving and delivering up-loaded and down-loaded and hand-held meter readers.
- 2.33 The OPERATOR shall advise the OWNER in seeking technical assistance toward maximizing the efficiency of the OWNER's present billing system. Additional hardware, software programming and/or interfacing of the current billing system and other computer billing systems as an alternative to the current program will be reviewed and recommendations offered. Any such additions or alternatives are solely within the OWNER's discretion and at OWNER's expense.

TREATMENT FACILITIES AND PURIFICATION SYSTEM

Construction

- 2.34 During the construction or other modification of any of the Treatment Facilities or Purification System, the OWNER and the OPERATOR shall work together to maintain access and minimize disruption and outages to the existing equipment and components. The OPERATOR shall not be responsible in any way for Discharge Violations or Safe Drinking Water Act violations caused in whole or in part by the construction or modification activity, unless such Discharge Violations result from the negligence of the OPERATOR.

Maintenance

- 2.35 The OPERATOR shall perform routine maintenance, consisting of preventative maintenance tracking, corrective maintenance scheduling, spare parts inventory control, cleaning and lubrication of service equipment, equipment inspections and adjustments, and building and grounds janitorial services for the Treatment Facilities and Purification System and to all equipment, vehicles, and instrumentation provided to the OPERATOR by the OWNER pursuant to this Agreement in accordance with standard industry practice; subject, however, to the provisions for a maintenance allowance set forth in Article V and for the OWNER's responsibilities set forth in Article III. The OPERATOR shall keep the Treatment Facilities and Purification System in a neat and orderly condition. Such maintenance shall include maintaining the locks and entrance gates at the Treatment Facilities and shall include maintaining the locks, entrance gates and fencing surrounding the wastewater pumping stations, water well stations and elevated storage tanks.

- 2.36 The OPERATOR shall be responsible for grass cutting in the following areas:

Wastewater Treatment Facilities: Areas within the facilities that are not accessible to bushhog and slope mower equipment. This includes areas surrounding air headers, mooring posts, chain assembly cables, above ground electrical conduit and cables, above ground influent structures, splitter boxes, valves and valve boxes, sidewalks, and areas surrounding ultra-violet disinfection systems.

Wastewater Pump Stations: Areas within the fences surrounding the pump stations and a two foot wide area around the perimeter of the fences and areas in close proximity of a curb, street or drainage ditch.

Water Well Stations and Elevated Storage Tanks: Areas that are not accessible to bushhog and slope mower equipment. This includes immediate areas around chlorination buildings, pumps and piping structures of the water well stations, the immediate area within and around elevated storage tank leg foundations, a two-foot wide area around the perimeter of the station, and areas in close proximity of a curb, street or drainage ditch.

Technical Support

- 2.37 The OPERATOR's technical support group, which shall include persons not regularly employed at the Treatment Facilities and Purification System, shall provide backup advice in process control, management, maintenance, and plant repair as necessary to assist the Treatment Facilities and Purification System staff and ensure performance of the OPERATOR's obligations under this Agreement.

Staffing

- 2.38 The OPERATOR shall provide a properly certified plant manager with skills and experience necessary for the management, operation, maintenance, and repair of the Treatment Facilities and Purification System.
- 2.39 Employees of the OPERATOR experienced in operating wastewater systems and public water supply systems shall staff the Treatment Facilities and Purification System and shall have the operator certifications required by state regulations. The staffing plan shall be consistent with the proper and efficient operation of the Treatment Facilities and Purification System. At the request of the OWNER, the OPERATOR will offer employment to qualified current OWNER employees at a combination of salary and benefits comparable to those currently received by current employees.
- 2.40 The OPERATOR shall staff the facilities with operations and maintenance personnel five days per week, eight hours per day. Personnel shall also be on call 24 hours per day, seven days per week. The OPERATOR shall respond to call-outs within one hour.

Training

- 2.41 The OPERATOR shall implement a training program with both classroom and field training for all staff associated with the operation and maintenance of the Treatment Facilities and Purification System. The training may include, but not be limited to, equipment operation, process control, energy and chemical conservation, plant management, maintenance and repair, first aid, safety,

emergency response, hazardous material handling, and right-to-know laws. Representatives of the OWNER may attend training sessions.

Security

- 2.42 The OPERATOR shall use reasonable efforts to secure the Treatment Facilities and Purification System within the limits of existing security devices. Any losses or other liabilities resulting from the theft, damage, or unauthorized use of OWNER property properly secured within the limits of the existing security devices shall be borne by the OWNER, unless such loss or liability is a result of OPERATOR's negligence.

Odor and Noise Control

- 2.43 The OPERATOR shall operate the facilities within the limits and capabilities of the Treatment Facilities and Purification System to minimize odor and noise.

Electricity

- 2.44 The OWNER shall continue to pay all electricity charges for the Treatment Facilities and Purification System and shall provide the OPERATOR with copies of all payment invoices. The OPERATOR shall monitor electrical costs and usages at the various facility locations and present this information monthly to the OWNER.

Communications

- 2.45 The OPERATOR shall keep the OWNER informed about the operation and maintenance of the Treatment Facilities and Purification System.
- 2.46 The OPERATOR shall attend OWNER meetings, meetings with contractors, meetings with the OWNER's Engineer, meetings with the OWNER's consulting engineers working on projects at facilities and meetings with regulatory agencies as requested and needed.

Recommendations on Capital Improvements and Budgets

- 2.47 The OPERATOR shall, upon written request from OWNER, prepare and submit recommendations for capital repairs, replacements, and expenditures for Capital Improvements and Repairs.
- 2.48 The OPERATOR shall, upon written request from OWNER, prepare and submit recommendations for OWNER's budget planning and review. The recommendations may include, but not be limited to, projecting present operations

and suggesting operation revisions based upon anticipated or actual changes in applicable processes, regulations and codes.

Inventory

- 2.49 The OWNER shall provide to the OPERATOR the existing inventory of equipment, tools, materials, supplies, and spare parts located at the Treatment Facilities and Purification System on the effective date of this Agreement. Within sixty (60) calendar days after the effective date of this Agreement, the OPERATOR shall prepare a written listing of the quantity and condition of all equipment, tools, materials, supplies, and spare parts found at the Treatment Facilities and Purification System. The OWNER shall have thirty (30) calendar days to verify and accept the list of the OPERATOR. The OPERATOR shall maintain an up-to-date inventory list and will project a reasonable number of spare parts in stock (including standard lubricants, long-lead-time replacement items, and similar items) in accordance with recommendations by manufacturer.
- 2.50 The OPERATOR shall prepare a list of critical spare parts required for uninterrupted water service. Such spare parts shall be kept as on-hand inventory and will be procured from the Maintenance Allowance.

Repairs and Other Costs and Expenses

- 2.51 The OPERATOR shall pay expenses required for the normal and routine operation, maintenance, and repair of the Treatment Facilities and Purification System, including the following: personnel costs, fuels, and expendable supplies. Unless otherwise agreed in writing by the parties, the OPERATOR shall not be required to pay the following:
- * Expenses resulting from a change in Scope of Services
 - * Expenses resulting from a change in the OWNER's NPDES permits, law, or regulations by any federal, state, or local agency or authority
 - * Any damages which result from force majeure, as specified in Article VII hereof
 - * Water or sewage use fees
 - * Expenditures for Capital Improvements and Repairs, as defined in Attachment A

- * Expenses arising from emergency sewer repair or replacement of sewer lines, or from emergency repair or replacement of the water Distribution System or elevated tanks, or from emergency use of chemicals
 - * Expenses related to municipal or private surveillance and alarm monitoring by third party vendors
 - * * Fire protection
 - * Industrial sampling/monitoring, including pretreatment sampling/monitoring
 - * Pretreatment studies
 - * Professional engineering fees
 - * Repair and maintenance of high voltage sub stations
- 2.52 If expenditures are made by the OPERATOR on OWNER's behalf for items specified above, OWNER agrees to reimburse the OPERATOR, within thirty (30) days, for such expenditures upon submission of reasonable documentation verifying such expenditures.

Emergency Situations

- 2.53 In the event of sudden damage or destruction of the Treatment Facilities or Purification System or an emergency which in the reasonable judgment of the OPERATOR is likely to result in material loss or damage to the Treatment Facilities or Purification System or constitute a threat to human health or safety, the OPERATOR may suspend operations of the Treatment Facilities or Purification System and may make such emergency repairs, without the consent of the OWNER, as are necessary to mitigate or reduce such loss, damage, or threat. The OPERATOR shall provide prompt notice to the OWNER of any such damage, destruction, or threat and of any emergency repairs which have or will be taken. The OWNER shall provide prompt notice to the OPERATOR of any alarm(s) or other notices of emergency conditions at the Treatment Facilities or Purification System. OWNER and the OPERATOR shall cooperate in good faith in pursuing reasonable measures to mitigate any threats to human health or safety and in preparing and implementing an emergency operations plan.
- 2.54 OWNER shall be responsible for the direct payment or reimbursement to the OPERATOR of all reasonable costs incurred by the OPERATOR in responding to such emergency situation, including emergency repairs. Such OPERATOR costs may include direct labor charges at standard OPERATOR rates for services exceeding those required pursuant to this Agreement.

Litigation Support

- 2.55 At the request of the OWNER, the OPERATOR shall provide or arrange for, at OWNER's expense, legal, regulatory or technical assistance in connection with the OWNER's defense or prosecution of any actions, claims, suits, or administrative or arbitration proceedings or investigations, whether pending, threatened, or newly initiated, relating to the Treatment Facilities or Purification System. For such services the OWNER shall pay the OPERATOR its total costs incurred in its performance of such services multiplied by 1.15.

Accounting Records

- 2.56 The OPERATOR shall maintain up-to-date financial records as they apply to the services rendered by the OPERATOR under the terms of this Agreement. All records will be kept in accordance with the OPERATOR's standard accounting practices.

Disclosure of Information

- 2.57 The OPERATOR represents and warrants that it has disclosed, and will in the future disclose, any and all information that it now has, or may in the future have, relating to the Treatment Facilities or Purification System that may be relevant to the OWNER in performing its duties and obligations.

Law Changes

- 2.58 The OPERATOR shall notify the OWNER of any information received concerning new or proposed laws, regulations, standards or other requirements concerning the operation of the Treatment Facilities or Purification System. In the event such law changes result in increased efforts or costs, the OWNER and the OPERATOR shall cooperate to determine the amount of such increased efforts or costs. The OPERATOR and the OWNER agree to negotiate in good faith concerning compensation for any such effort or cost increases resulting from new laws, regulations, standards or other such requirements.

ARTICLE III.

RESPONSIBILITIES OF THE OWNER

TREATMENT FACILITIES AND PURIFICATION SYSTEM

OWNER's Representative

- 3.01 On or before the effective date of this Agreement, the OWNER shall designate an authorized representative (the "Authorized Representative") to administer this Agreement. OWNER may change its Authorized Representative by written notice as provided in this Agreement.

Permits

- 3.02 The OWNER shall be responsible for obtaining and maintaining all necessary permits and licenses and for the payment of all fees required for ownership and operation of the Treatment Facilities and Purification System and the equipment owned by the OWNER and used in connection with the Treatment Facilities and Purification System.

Pretreatment Program

- 3.03 If enforcement of pretreatment standards for industrial user discharge is required by federal, state, or other applicable law, the OWNER shall enact, maintain, and enforce an industrial pretreatment program that complies with state and local standards, all relevant permits, and with the Clean Water Act.

Compliance With Laws

- 3.04 Except to the extent responsibility for complying with the same is specifically delegated to the OPERATOR in this Agreement, the OWNER shall comply with all applicable local, state, and federal laws, codes, ordinances, and regulations as they pertain to the Treatment Facilities and Purification System.
- 3.05 The OPERATOR shall assist the OWNER in complying with all such laws, codes, ordinances, and regulations known to the OPERATOR as they pertain to OPERATOR services.
- 3.06 Subject to the provisions of Section 2.05, the OWNER shall be responsible for any fines or penalties arising out of noncompliance by OWNER with all such laws, codes, ordinances, and regulations.

Taxes

- 3.07 The OWNER shall be responsible for all real and personal property ad valorem taxes, utility taxes, and excise taxes applicable to the Treatment Facilities and Purification System or the services provided for under this Agreement.
- 3.08 In the event that the State of Mississippi or any local governing authority should enact a professional service tax requiring the OPERATOR to pay any sales tax or use taxes on the value of the services provided by the OPERATOR hereunder or the services provided by any subcontractor of the OPERATOR, such payments shall be reimbursed by the OWNER unless the OWNER furnishes a valid and properly executed exemption certificate relieving the OWNER and the OPERATOR of the obligation for such taxes. In the event the OWNER furnishes an exemption certificate which is invalid or not applicable to services by the OPERATOR, the OWNER shall, within thirty (30) days, indemnify and reimburse the OPERATOR for any taxes, interest, penalties, and incremental costs, expenses, or fees which the OPERATOR may incur as a result of the OPERATOR's reliance on such certificate.

Support

- 3.09 The OWNER shall permit use by the OPERATOR, without charge, of all facilities and equipment under its ownership as described in Exhibit One and Exhibit Two or as specified in future equipment or construction specifications. For and in consideration of the sum of One Dollar (\$1.00) per year, the OWNER shall lease to the OPERATOR, for use at or in connection with the said facilities, the two road-worthy vehicles listed in Exhibit One or such appropriate replacement vehicles as the OWNER may from time to time provide. The OPERATOR shall pay the cost of gasoline, maintenance, and liability insurance for the leased vehicles. The OWNER shall make available to the OPERATOR all information in its possession necessary to operate and maintain the Treatment Facilities and Purification System.

Expenditures for Capital Improvements and Repairs

- 3.10 The OWNER is responsible for undertaking and paying for Expenditures for Capital Improvements and Repairs, as defined in Attachment A, which become necessary under this Agreement. Within ninety (90) days after the effective date of this Agreement, the OPERATOR shall provide the OWNER with a list of necessary Capital Improvements and Repairs. The OPERATOR's obligations under this Agreement are predicated upon the OWNER's completing necessary Expenditures for Capital Improvements and Repairs at the Treatment Facilities and Purification System in a timely manner. If the OWNER fails to make the necessary Expenditures for Capital Improvements and Repairs, the OPERATOR

shall not be liable for any penalties, fines, costs, or damages arising from such failure.

Storm Water Discharge

- 3.11 The OWNER shall be responsible for complying with applicable storm water discharge regulations under local, state, and federal laws.

Notice of Litigation

- 3.12 In the event that the OWNER or the OPERATOR receives notice of, or undertakes the defense or the prosecution of, any actions, claims, suits, or administrative or arbitration proceedings or investigations in connection with the Treatment Facilities or Purification System, the party receiving such notice or undertaking such prosecution shall give the other party timely notice of such proceedings and shall inform the other party in advance of all hearings regarding such proceedings.

Disclosure of Information

- 3.13 The OWNER represents and warrants that it has disclosed, and will in the future disclose, any and all information it now has, or may in the future have, relating to the Treatment Facilities and Purification System that may be relevant to the OPERATOR in performing its duties and obligations.

Electricity

- 3.14 The OWNER shall continue to pay all electricity charges for the Treatment Facilities and Purification System and shall provide the OPERATOR with copies of all payment invoices. The OPERATOR shall monitor electrical costs and usages at the various facility locations and present this information monthly to the OWNER.

Law Changes

- 3.15 The OWNER shall notify the OPERATOR of any information received concerning new or proposed laws, regulations, standards or other requirements concerning the operation of the Treatment Facilities or Purification System. In the event such law changes result in increased efforts or costs, the OPERATOR and the OWNER shall cooperate to determine the amount of such increased efforts or costs. The OWNER and the OPERATOR agree to negotiate in good faith concerning compensation for any such effort or cost increases resulting from new laws, regulations, standards or other such requirements.

General Authority

- 3.16 The OWNER shall perform all duties and discharge all responsibilities and obligations relating to its wastewater treatment system, public water supply system and the operation and maintenance of the Treatment Facilities and Purification System not expressly assumed by the OPERATOR pursuant to the terms of this Agreement.

Maintenance

- 3.17 The OWNER shall be responsible for maintaining the fencing around all Treatment Facilities. The OWNER is responsible for grass cutting the following areas:

Wastewater Treatment Facilities: Outside slopes and inner berms of lagoons, waste sludge lagoons and aeration basins, inside berms of sand filters and access roads.

Water Well Stations and Elevated Storage Tanks: Areas within the water well sites and elevated storage tank sites that can be maintained with bushhogs and slope mowers.

PURIFICATION SYSTEM

New Services

- 3.18 The OWNER shall be responsible for setting water meters involving new services.

Distribution System

- 3.19 The OWNER shall continue operation and maintenance of the entire Distribution System. The OWNER shall continue flushing those areas within the Distribution System where water usage is minimal, or the Distribution System dead-ends, to assure that an adequate free chlorine residual is present in the water supply.
- 3.20 The OWNER shall notify the OPERATOR of all water distribution breaks or repairs which may cause contamination of the water supply. The OPERATOR shall not be responsible for non-compliance because of such events.

Elevated Storage Tanks

- 3.21 The OWNER shall be responsible for repairs and maintenance of the elevated storage tanks and of the water level control devices associated with the elevated storage tanks.

- 3.22 The OWNER shall be responsible for repair or replacement of any coating system, including the coating system of all elevated storage tanks.

Inventory

- 3.23 The OWNER shall provide and maintain an adequate inventory of valve boxes and water meters.

Prior Obligations

- 3.24 The OWNER shall be responsible for obligations and liabilities incurred prior to the commencement date of the OPERATOR providing services pursuant to this Agreement.

Breathing Apparatus

- 3.25 The OWNER shall provide the OPERATOR with two Self-Contained Breathing Apparatus ("SCBA") for chlorine safety measures. The SCBA units will be refilled and pressure tested by the OWNER's Fire Department at no charge to the OPERATOR. The OPERATOR shall keep the SCBA units in their possession and maintain the units in accordance with OSHA requirements and the OPERATOR's Respirator Protection Program ("RPP").

ARTICLE IV.

TERM AND TERMINATION

Term

- 4.01 Services by the OPERATOR under this Amended Agreement shall commence on December 1, 1995, and end approximately five (5) years later on September 30, 2000 (the "Scheduled Termination Date"), unless the Agreement is renewed or terminated as provided herein.

Renewal

- 4.02 If the OPERATOR desires to renew this Agreement for an additional term of five (5) years, or until September 30, 2005, the OPERATOR shall so notify the OWNER in writing no later than June 1, 2000. Unless the OWNER then notifies the OPERATOR in writing no later than July 1, 2000, that the OWNER does not desire to renew this Agreement for an additional term of five (5) years, then on October 1, 2000, this Agreement will automatically renew for an additional term of five (5) years, or until September 30, 2005.

Termination

- 4.03 This Agreement may be terminated for breach or default (collectively, "breach"), but only if (i) the breach is a material one; (ii) the party claimed to have committed the breach has received written notice from the other party of such breach given in accordance with the notice provisions of Article VII of this Agreement, which notice shall state with reasonable specificity the breach complained of and which shall state that the claimed breach is of such a nature that it, in the opinion of the non-breaching party, would give the non-breaching party a right to terminate this Agreement unless the default is cured as set forth below; and (iii) the party claimed to have breached shall have neither cured the breach within a reasonable time, but in any event within not less than ten (10) nor more than thirty (30) days from the date of its receipt of written notice of breach or, with respect to a breach which cannot be cured within said period, shall have failed to take and continue within said period reasonable steps to cure such breach. Where a party is taking and continuing reasonable steps to cure such breach, the failure to complete the cure within the said period of thirty (30) days shall not constitute cause for the termination of this Agreement. It is expressly understood and agreed that the notice required and the right to cure afforded by this provision shall apply to each and every obligation of the parties under this Agreement, whether the obligation is a general or specific one.
- 4.04 In the event the Agreement is terminated by the OWNER, the OWNER may, at its option, request the OPERATOR to continue to provide the Scope of Services as provided in this Agreement for ninety (90) days beyond the date of termination, in which event the OPERATOR shall receive as compensation for such services its cost plus overhead, multiplied by 1.15. Notice of the intent to terminate shall be given in writing by personal service or by certified mail, return receipt requested, addressed to the person identified as the recipient of the notices pursuant to ARTICLE VII.
- 4.05 In the event that the Treatment Facilities shall be damaged or destroyed by natural disaster or otherwise, so that they are incapable of processing waste and/or the Purification System shall be damaged or destroyed by natural disaster or otherwise, so that they are incapable of pumping and purifying drinking water, and the OWNER, after consultation with the OPERATOR, determines to shut down the Treatment Facilities and/or Purification System, the OWNER and the OPERATOR shall each have the right, upon ninety (90) days prior notice to the other party, to terminate this Agreement. In the event the OWNER determines to re-open the Treatment Facilities and/or Purification System after such shutdown, the OPERATOR shall be entitled to provide services with respect to the Treatment Facilities and/or Purification System upon the terms and conditions contained in this Agreement, as the same may be modified by the parties hereto

based on good faith negotiations taking into account such changes as may have taken place with respect to the Treatment Facilities and/or Purification System.

ARTICLE V.

COMPENSATION

Base Compensation

- 5.01 During the OWNER's fiscal year, October 1, 1995 - September 30, 1996, the OWNER shall pay the OPERATOR as compensation ("Base Compensation") for services performed on the Treatment Facilities pursuant to this Agreement, Three Hundred Sixty-Four Thousand Two Hundred Dollars (\$364,200.00), subject to the adjustments hereinafter set forth. The Base Compensation shall be paid in twelve equal monthly installments of Thirty Thousand Three Hundred Fifty Dollars (\$30,350.00).
- 5.01A During the remaining portion of the OWNER's fiscal year that this Agreement first includes services on the Purification System, being December 1, 1995 - September 30, 1996, the OWNER shall pay the OPERATOR as compensation ("Base Compensation") for services performed on the Purification System pursuant to this Agreement, Twelve Thousand Nine Hundred Sixty Dollars (\$12,960.00) per month. Such monthly figure is based on an annual Base Compensation amount of One Hundred Fifty-Five Thousand Five Hundred Twenty-Seven Dollars (\$155,527.00), subject to the adjustments hereinafter set forth. The adjustments shall be made as hereinafter set forth, beginning October 1, 1996, and each October 1 thereafter while this Agreement is in effect, based initially on the annualized Base Compensation of One Hundred Fifty-Five Thousand Five Hundred Twenty-Seven Dollars (\$155,527.00). The Base Compensation shall be paid in twelve equal monthly installments of the annual Base Compensation.

Annual Adjustment

- 5.02 From commencement until expiration or termination of this Agreement, Base Compensation shall be adjusted annually, beginning on October 1, 1996, and continuing on October 1 of each year, according to the changes in the U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) All Items, 1982-84 = 100. The percentage change in CPI-U shall be calculated on the basis of the twelve-month period ending in April before the compensation is adjusted on October 1. Provided, however, that the percentage change in CPI-U from one contract year to the next contract year shall never exceed seven percent (7%).

Existing Combined Wastewater Flow Characteristics

- 5.03 The Base Compensation stated above is for the operation and maintenance of the Treatment Facilities at the existing combined wastewater flow characteristics at the commencement of this Agreement as designated in Attachment C and for the operation and maintenance of the Purification System at the levels existing at the commencement of the Purification System services portion of this Agreement as designated in Section 2.26 and Attachment E.

Electricity Allowance

- 5.04 [Deleted]

Maintenance Allowance

- 5.05 In addition to the Base Compensation stated above, the OWNER shall pay the OPERATOR a maintenance allowance for repair parts, maintenance materials, and maintenance services necessary during the term of this Agreement. During the first year of this Agreement, being the period October 1, 1995 - September 30, 1996, the maintenance allowance shall be Sixty Thousand Dollars (\$60,000.00), subject to the adjustments hereinafter set forth. The maintenance allowance shall be paid in twelve equal monthly installments of Five Thousand Dollars (\$5,000.00). Provided, however, that if the OPERATOR should actually expend less than Sixty Thousand Dollars (\$60,000.00) for the cost of repair parts, maintenance, maintenance materials, and maintenance services during the period October 1, 1995 - September 30, 1996, then the OPERATOR shall, as soon as reasonably possible after September 30, 1996, reimburse the OWNER for the difference between Sixty Thousand Dollars (\$60,000.00) and the actual expenditures for the said purpose. Provided, further, that if the OPERATOR should actually expend more than Sixty Thousand Dollars (\$60,000.00) for the cost of repair parts, maintenance materials, and maintenance services during the period October 1, 1995 - September 30, 1996, then the OWNER shall, as soon as reasonably possible after September 30, 1996, reimburse the OPERATOR for the difference between the actual expenditures for the said purpose and Sixty Thousand Dollars (\$60,000.00). From commencement until expiration of this Agreement, the maintenance allowance shall be adjusted annually, beginning on October 1 of each year, in the manner hereinafter specified. On or before June 1, 1996, or June 1 of each subsequent year, the OPERATOR shall present in writing to the OWNER the amount which it estimates will be needed as a maintenance allowance for the year beginning on October 1, 1996, or on October 1 of each subsequent year, as the case may be. The OPERATOR shall base its estimate on previous experience, anticipated future demands, and other appropriate factors. The said estimate shall thereupon become the maintenance allowance for the year beginning on October 1, 1996, or on October 1 of each subsequent

year, as the case may be, unless the OWNER, no later than August 1, 1996, or August 1 of each subsequent year, as the case may be, shall have presented to the OPERATOR in writing a statement that the OWNER disagrees with the said estimate. In such case, the OWNER and the OPERATOR shall negotiate in good faith to determine the maintenance allowance for the year beginning on October 1, 1996, or October 1 of each subsequent year, as the case may be. Should the OWNER and the OPERATOR fail to agree upon the maintenance allowance for the year beginning on October 1, 1996, or October 1 of each subsequent year, as the case may be, then the maintenance allowance in effect for the preceding year shall remain in effect for the year for which the OWNER and the OPERATOR failed to reach agreement. For each year after the first year that this Agreement is in effect, being the period October 1, 1995 - September 30, 1996, the OWNER shall pay the appropriate maintenance allowance for that year in twelve equal monthly installments, with an appropriate reimbursement to be made at the end of the year, in the manner and according to the procedures set forth above for the first year that this Agreement is in effect, if the actual cost of repair parts, maintenance materials, and necessary supplies is less than, or greater than, the maintenance allowance established for that year. Provided, however, that if, during the course of any year for which this Agreement is in effect, the OWNER and the OPERATOR determine that the actual cost of repair parts, maintenance materials, and necessary supplies for that year will probably be substantially different from the maintenance allowance established for that year, the OWNER and the OPERATOR may, by mutual written agreement, adjust the amount of the maintenance allowance monthly installment payment, thereby avoiding the necessity of a substantial reimbursement payment by one party at the end of that year. Except in case of emergency, the OPERATOR shall not make a single expenditure of maintenance allowance funds in excess of Two Thousand Dollars (\$2,000.00) without giving the OWNER written notification of that expenditure and obtaining the written authorization of the OWNER for that expenditure. The maintenance allowance is not to be used for repairs necessitated by storms, floods, other Acts of God, or other events of force majeure. Materials and supplies ordered by the OWNER prior to the effective date of this Agreement shall be paid for by the OWNER.

Invoices and Payments

- 5.06 For each month that this Agreement is in effect, the OPERATOR shall present an invoice to the OWNER for the services which have been rendered, or which will be rendered, during that month. Each invoice shall include the monthly installment for Base Compensation, the monthly installment for the maintenance allowance, and any other sums that may be owed by the OWNER to the OPERATOR. The OPERATOR shall present the invoice for each month as early as reasonably possible on or after the fifteenth day of that month, but in no event later than the last Tuesday of that month, so that the invoice may be approved for

payment by the OWNER's Mayor and Board of Aldermen at the regular monthly meeting to be held on the first Tuesday of the next month. Upon presentation of the invoice for each month, in the time and manner specified above, the OWNER shall make the payment for that month to the OPERATOR. Each payment for a particular month shall be made by the OWNER to the OPERATOR on the first Wednesday of the next month. For any payment for a particular month which is not paid by the OWNER by the forty-fifth day after submission of the invoice for that payment, the OWNER shall pay interest to the OPERATOR at one and one-half percent per month on the unpaid balance from the said forty-fifth day after submission of the invoice until the date of payment, as provided by Section 31-7-305 of the Mississippi Code of 1972, as amended. The OWNER shall further reimburse the OPERATOR for its costs of collection, including reasonable attorney's fees, in the event the OPERATOR commences legal action to collect any sum past due.

Expenditures for Capital Improvements and Repairs.

- 5.07 The OPERATOR shall not be responsible for Expenditures for Capital Improvements and Repairs, as defined in Attachment A. Except as provided in Article II under the heading "Emergency Situations", prior to proceeding with repairs or replacements, the OPERATOR shall submit to the OWNER for approval all proposed Expenditures for Capital Improvements and Repairs. Each request for approval will identify the Expenditures for Capital Improvements and Repairs needed, the cause, the estimated costs, and the degree of urgency. If the OWNER fails to approve the request, the OPERATOR shall not be liable for any penalties, fines, costs, or damages arising from the failure to make such Expenditures for Capital Improvements and Repairs. The OPERATOR shall submit no later than June 1 of each year for which this Agreement is in effect, for approval by the OWNER, an estimated budget for the following year (being the period October 1 - September 30) for proposed Expenditures for Capital Improvements and Repairs, if any, to be provided by the OWNER. If the OWNER fails to approve such budget, the OPERATOR shall not be liable for any penalties, fines, costs, or damages arising from the failure to make any proposed Expenditures for Capital Improvements and Repairs set forth in the OPERATOR's estimated budget.

Changes in Scope of Services

- 5.08 Except in case of emergency, the OPERATOR shall not perform additional services or work where such services or work exceeds or changes the Scope of Services contemplated under Article II of this Agreement, without obtaining the prior written approval of the OWNER. The OPERATOR shall be entitled to additional compensation for such additional services or work. Such additional compensation shall include, but not be limited to, the OPERATOR's costs,

including overhead, multiplied by 1.15. Such additional compensation will be retroactive to the time of such changes. Within ninety (90) calendar days from the date of notice of such additional work or services, the parties shall mutually agree upon an equitable sum for additional compensation.

- 5.09 Changes in the Scope of Service include, but are not limited to, requests for additional services by the OWNER, additional costs incurred in treating Abnormal or Biologically Toxic Material, disposing of sludge, meeting new or changed governmental regulations, testing regulations, or reporting requirements, including changed effluent standards, which increase the cost of operating the Treatment Facilities and/or Purification System, or arising from construction of additions to, or modification of, the Treatment Facilities and/or Purification System.

- 5.10 [Deleted]

Estimated Budget

- 5.11 No later than June 1 of each year for which this Agreement is in effect, the OPERATOR shall submit, for approval by the OWNER, an estimated budget for the following year (being the period October 1 - September 30). The estimated budget shall include sums for Base Compensation (with adjustment for change in CPI-U), maintenance allowance, Expenditures for Capital Improvements and Repairs, increase in Scope of Services, and any other appropriate items. The OWNER shall utilize this estimated budget in developing the OWNER's municipal budget.

ARTICLE VI.

RISK MANAGEMENT

Indemnification

Claims by OWNER

- 6.01 With respect to any and all claims by OWNER, the OPERATOR agrees to indemnify and save harmless the OWNER and each of its elected or appointed officers, employees, and agents from and against any claims, demands, suits, liabilities, losses, and expenses incurred by the OWNER which are caused solely by the negligent acts or omissions of the OPERATOR in the performance of its services under this Agreement; provided, however, that in the event that both OWNER and OPERATOR are determined by a finder of fact to be negligent and the negligence of both is a proximate cause of such claim for damage, then in such event, OWNER and OPERATOR shall each be responsible for the portion

of the liability equal to its comparative share of the total negligence; provided further, however, that with respect to any loss, damage, injury, or other claims made by OWNER as a result of or based upon the presence, removal, handling, storage, release, discharge, escape, or other disposition of any hazardous substances, waste, pollutants, or contaminant, the OPERATOR's obligations to OWNER for indemnity or otherwise shall not apply (i) if such removal, handling, storage, release, discharge, or other disposition is required by, or executed in accordance with, local, state or federal law, rule, or regulation; or (ii) unless such loss, damage, injury, or claim results from the gross negligence or willful misconduct of the OPERATOR. As used in this section, the word "solely" refers to acts or omissions of the OPERATOR wherein there is no negligence by the OWNER.

- 6.02 The OPERATOR shall not be liable, as a result of performance or nonperformance of its obligations under this Agreement, for indirect or consequential damages including, but not limited to, loss of profits or revenue or loss of the use of the Treatment Facilities or Purification System, based upon contract negligence or any other cause of action, even if advised of the possibility of such damages. Provided, however, that this provision does not affect direct or actual damages for which the OPERATOR may have liability to the OWNER.

Claims by Third Parties

- 6.03 OWNER acknowledges that, in seeking the services of the OPERATOR under this Agreement, OWNER is requesting the OPERATOR to undertake uninsurable environmental and other operational obligations for OWNER's benefit. Therefore, OWNER agrees that, with the exception of such liability as may arise solely out of the negligent acts or omissions of the OPERATOR in performing services under this Agreement, OWNER shall indemnify, defend, and hold harmless the OPERATOR, its directors, officers, employees, and agents from and against any and all claims by third parties, including private entities and governmental agencies, arising from alleged violations of local, state, or federal laws including, but not limited to, the Clean Water Act, CERCLA, or RCRA; provided, however, that with respect to loss, damage, injury, or other claim directly or indirectly connected with the presence, discharge, release, disposal, or escape of hazardous substances, waste, pollutants, or contaminants of any kind, the OWNER agrees that, with the exception of such liability as may arise solely out of the gross negligence or willful misconduct of the OPERATOR in performing services under this Agreement, OWNER shall indemnify, defend, and hold harmless the OPERATOR, its directors, officers, employees, and agents from and against any and all claims by third parties, including private entities and governmental agencies, arising from alleged violations of local, state, or federal laws, including, but not limited to, the Clean Water Act, CERCLA, or RCRA. The provisions of this section shall apply to actions of the OPERATOR at the

OWNER's Treatment Facilities or Purification System or at any other location, as long as such actions are in the performance of services under this Agreement or are for the benefit of the OWNER. As used in this section, the word "solely" refers to acts or omissions of the OPERATOR wherein there is no negligence by the OWNER.

OPERATOR Insurance

6.04 The OPERATOR shall maintain the following insurance during the term of this Agreement:

1. General Liability Insurance in the amount of not less than One Million Dollars (\$1,000,000.00) combined single limit for personal injury, bodily injury, and property damage.
2. Excess Liability Insurance (umbrella coverage) in the aggregate amount of Twenty Million Dollars (\$20,000,000.00).
3. Worker's Compensation Insurance for all OPERATOR employees employed at the Treatment Facilities and Purification System in accordance with the requirements of Mississippi law.
4. Automobile Liability Insurance for motor vehicles owned by the OPERATOR or leased by the OWNER to the OPERATOR in the amount of Five Hundred Thousand Dollars (\$500,000.00) for collision, comprehensive, bodily injury, and property damage coverage.

6.05 The OWNER shall be included as an additional insured according to its interest during the term of this Agreement.

6.06 Within thirty (30) calendar days of the date hereof, the OPERATOR shall furnish the OWNER with a certification of such insurance coverage and the fact that the OWNER has been designated as an additional insured. These policies will be in effect at the time the OPERATOR commences services hereunder at the Treatment Facilities and Purification System.

OWNER Insurance

6.07 The OWNER shall purchase and maintain General Liability Insurance in regard to the Treatment Facilities and Purification System. The OWNER shall be a self-insurer in regard to damage or loss of property at the Treatment Facilities and Purification System; provided, however, that the OWNER shall have the right, in its discretion, to purchase property insurance in regard to the Treatment Facilities

and Purification System. The OPERATOR shall be named as an additional insured according to its interest under this Agreement during the term of this Agreement.

- 6.08 Within thirty (30) calendar days of the date hereof, OWNER shall furnish the OPERATOR with a certification of such insurance coverage and the fact that the OPERATOR has been designated as an additional insured.

ARTICLE VII.

MISCELLANEOUS

Relationship

- 7.01 The relationship of the OPERATOR to the OWNER is that of independent contractor and not one of employment. None of the employees or agents of the OPERATOR shall be considered employees of the OWNER. For the purposes of all state, local, and federal laws and regulations, the OWNER shall exercise primary management and operational and financial decision-making authority.

Nondiscrimination

- 7.02 The OPERATOR shall refrain from unlawful discrimination in employment in employing personnel under this Agreement.

Entire Agreement; Amendments

- 7.03 This Agreement contains the entire agreement between the OWNER and the OPERATOR and supersedes all prior or contemporaneous communications, representations, understandings, or agreements. This Agreement may be modified only by a written amendment signed by both parties.

Headings, Attachments and Exhibits

- 7.04 The headings contained in this Agreement are for reference only and shall not in any way affect the meaning or interpretation of this Agreement. The Attachments and Exhibits to this Agreement shall be construed as an integral part of this Agreement.

Waiver

- 7.05 The failure on the part of either party to enforce its rights as to any provision of this Agreement shall not be construed as a waiver or its rights to enforce such provisions in the future.

Assignment

- 7.06 This Agreement may not be assigned by either party without the prior written consent of the other; provided, however, that the OPERATOR may assign its rights and obligations under this Agreement to one of its affiliates without the prior written consent of the OWNER.

Access and Inspection by OWNER

- 7.07 The OWNER shall have the right to inspect the Treatment Facilities and Purification System during normal business hours. An OPERATOR representative shall be notified prior to, and shall be permitted to observe, the inspection. The OPERATOR shall provide the OWNER with access, during normal business hours and upon reasonable prior notice, to the OPERATOR'S financial and operating records related to the Treatment Facilities and Purification System for the purpose of auditing costs or verifying the OPERATOR'S performance under this Agreement.

Force Majeure

- 7.08 A party's performance of any obligation under this Agreement, other than an obligation to pay money, shall be excused if, and to the extent that, the party is unable to perform because of events of force majeure, which shall include, but shall not be limited to, storms, floods, and other Acts of God, the acts of civil or military authority, quarantine restrictions, riots, strikes, lockouts, or other labor disputes, commercial impossibility, epidemics, fires, explosions, bombings, the inability to obtain or delays in obtaining permits or other private or governmental approvals, or because of any other cause or causes beyond the reasonable control of the party seeking to be excused from performance. In any such event, the party unable to perform shall be required to resume performance of its obligations under this Agreement upon the termination of the event or cause which excused performance hereunder. A party invoking this force majeure provision shall immediately give written notice to the other party.

- 7.08A The OWNER shall be responsible for maintenance and repair costs resulting from Force Majeure.

Authority to Contract

- 7.09 Each party warrants and represents that it has full power and authority to enter into this Agreement and to perform its obligations, including any payment obligations, under this Agreement. The Mayor and Board of Aldermen of the OWNER authorized the OWNER to enter into the original Agreement by a resolution adopted at a meeting held on September 22, 1994, and this Amended and Restated Agreement by a resolution adopted at a meeting held on November 21, 1995.

Governing Law

- 7.10 The Agreement shall be governed by and construed in accordance with the laws of the State of Mississippi.

Notices

- 7.11 All notices will be in writing and will be delivered in person or transmitted by certified mail, return receipt requested. Notices required to be given to the OPERATOR will be addressed to:

ST Environmental Services, Inc. (I)
ATTN: William T. Nabors
Post Office Box 399
Murfreesboro, Tennessee 37133-0399

With Copy To: Stennett, Wilkinson & Peden
Attorneys and Counselors at Law
Post Office Box 22627
Jackson, Mississippi 39225-2627

Notices required to be given to the OWNER will be addressed to:

City of Clinton
Post Office Box 156
Clinton, Mississippi 39060

With Copy To: Pyle, Dreher, Mills & Dye
Attorneys at Law
Post Office Box 23004
Jackson, Mississippi 39225-3004

Severability

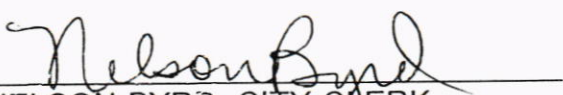
7.12 Should any part of this Agreement for any reason be declared invalid or void, such declaration will not affect the remaining parts of this Agreement, which will remain in full force and effect as if the Agreement had been executed with the invalid portion eliminated.

IN WITNESS WHEREOF, the parties have duly executed this Amended and Restated Agreement effective as of December 1, 1995.

CITY OF CLINTON, MISSISSIPPI,
OWNER

BY: 
ROSEMARY AULTMAN, MAYOR

ATTEST:


NELSON BYRD, CITY CLERK

ST ENVIRONMENTAL SERVICES,
INC. (I), OPERATOR

BY: 
WILLIAM T. NABORS,
SENIOR VICE PRESIDENT

Attachment A

Definitions

"Abnormal or Biologically Toxic Material" is defined as any substance or combination of substances contained in the plant influent in sufficient concentrations so as to (i) interfere with chemical constituents of the wastewater or cause a failure to meet the discharge requirements of the OWNER's NPDES permits or (ii) create effluent, sludges, or other material classified as a hazardous waste under RCRA. Abnormal or Biologically Toxic Materials include, but are not limited to, heavy metals, phenols, cyanides, pesticides, herbicides, priority pollutants as listed by the United States Environmental Protection Agency (USEPA), or any substance that violates the local or USEPA industrial pretreatment standards, the Sewer Use Ordinance of the OWNER, or any other applicable sewer use ordinance.

"Adequate Nutrients" are defined as plant influent nitrogen, phosphorus, and iron contents proportional to BOD5 in the ratio of five (5) parts nitrogen, one (1) part phosphorous, and one half (0.5) part iron for each one hundred (100) parts BOD5.

"Baseline Conditions" is defined as the existing flow and loading conditions specified in Attachment C.

"Discharge Violation" is defined as any violation of the Effluent Requirements as defined herein.

"Distribution System" is defined as all items between the check valve on the well heads and the individual water meters. Such items include the pipes, valves and fire hydrants.

"Effluent Requirements" is defined as the following:

Effluent Requirements BOD5

PLANT	FLOW gpd	BOD5 mg/l monthly avg.	BOD5 mg/l max. wk avg	BOD5 lbs. monthly avg.	BOD5 lbs. max. wkly avg.
Lovett	276000	15	22.5	35	52
Southwest	600000	10	15	79	119
Northeast	300000	10	15	25	38
Briars (Biolac)	630000	10	15	53	79
South Central Lagoon	519000	10	15	43	64
Southeast Lagoon - Sand Filter	400000	10	15	33	49

Effluent Requirements TSS

PLANT	FLOW gpd	TSS mg/l monthly avg.	TSS mg/l max. wk avg	TSS lbs. monthly avg.	TSS lbs. max. wkly avg.
Lovett	276000	30	45	69	104
Southwest	600000	30	45	238	357
Northeast	300000	30	45	75	113
Briars (Biolac)	630000	30	45	158	237
South Central Lagoon	519000	30	45	130	195
Southeast Lagoon - Sand Filter	400000	30	45	100	150

Effluent Requirements NH₃-N and Fecal

PLANT	NH ₃ -N	fecal col./100mls monthly avg. May-Oct.	fecal col./100mls max. wk avg May-Oct.	fecal col./100mls monthly avg. Nov.-April	fecal col./100mls max. wk avg. Nov.-April
Lovett	2/3	200	400	200	400
Southwest	2/3	200	400	200	400
Northeast	2/3	200	400	2000	4000
Briars (Biolac)	2/3	200	400	2000	4000
South Central Lagoon	N/A	200	400	2000	4000
Southeast Lagoon - Sand Filter	N/A	200	400	2000	4000

"Expenditures for Capital Improvements and Repairs" is defined as any expenditure for equipment, major repair or replacement, or structure that significantly extends service life, represents a non-routine type of purchase, and costs \$2,000 or more.

"Purification System" is defined as the facilities and equipment as described in Exhibit Two. "Purification System" shall not include the water Distribution System.

"Treatment Facilities" is defined as all facilities (including wastewater treatment facilities and pump station/collection systems), equipment, and vehicles as described in Exhibit One, together with the grounds, sewers, structures, pipes, and pumps at the sites of the said facilities. "Treatment Facilities" shall not include any sewers, pipes or other equipment located off the sites of the said facilities.

Attachment B

Monthly Average Permit Concentrations

Effluent Characteristics

PLANT	Summer FECAL Weekly/Monthly	Winter FECAL Weekly/Monthly
Lovett	200/400	200/400
Southwest	200/400	200/400
Northeast	200/400	2000/4000
Briars (Biolac)	200/400	2000/4000
South Central	200/400	2000/4000
Southeast	200/400	2000/4000

[For purposes of this Agreement, the summer monthly average will encompass the months of May to October, and the winter monthly average will encompass the months of November to April.]

Attachment C

Existing Flow and Loading Conditions

The OWNER represents that the following are the flow and loading conditions at the Treatment Facilities on October 1, 1994 (the "Baseline Conditions") and that the existing flow and loading conditions meet all the standards or requirements set forth in the OWNER's sewer-use ordinance, meet all the standards or requirements of the Clean Water Act, as amended, and contain Adequate Nutrients, as defined in Attachment A:

Average Annual Flow and Loadings

PLANT	FLOW (MGD)	BOD ₅ (mg/l)	TSS(mg/l)
Lovett	0.13	167	118
Southwest	0.59	148	165
Northeast	0.24	108	92
Briars (Biolac)	0.3	165	195
South Central	0.447	148	139
Southeast	0.553	250	206

The foregoing Average Annual Flow and Loadings for each plant, when considered together, constitute the existing combined wastewater flow characteristics.

Attachment D

Purification SystemWater Well Yield Production Rates

<u>Well</u>	<u>Test Date(s)</u>	<u>Gallons Per Minute</u>	<u>Feet of Draw Down</u>	<u>Yield (Gals. Per Ft.)</u>
Tanglewood Dr. (NE)	08-11-93	466	18	25.9
	10-24-72	524	29	18.0
Parker Dr.	11-10-93	600	12	50
	___-___-86	___	___	10-13
Northside Dr.	11-08-93	394	13	30.3
Pinehurst Dr. (Old Vicksburg Rd.)	09-18-95	305	12	25.4
Cascades	11-10-93	1,044	___	___
	03-___-77	___	___	33-34
Cynthia Dr.	11-10-93	1,125	32.0	35.2
Armory	06-15-93	1,242	36.1	34.4
Packard Elec.	09-15-93	413	37.8	10.9
Manville	12-07-93	190	14.9	12.7

622 11-14-93 A/ST

Not in Contract NB

Attachment E

Purification System
Water Consumption for Previous Four Years

CUBIC FEET OF WATER SOLD

MONTH	1991	1992	1993	1994	1995	5 YEAR AVG
JAN	11,303,577	10,575,749 *	9,782,472	8,754,623	12,462,324	10,575,749
FEB	10,004,580	8,766,220 *	9,242,828	7,211,195	8,606,238	8,766,210
MAR	8,724,296	9,379,071 *	9,079,044	10,876,677	8,836,268	9,379,071
APR	10,358,592	10,343,966	10,940,296	9,876,879	9,310,958	10,166,136
MAY	10,606,634	11,252,582	11,502,025	10,182,625	11,146,782	10,936,630
JUN	10,881,198	12,933,369	11,111,384	12,986,179	11,317,177	11,847,861
JUL	10,947,190	11,290,499	12,503,543	11,363,949	13,496,461	11,920,328
AUG	12,229,580	10,031,497	11,004,144	10,254,228	11,713,257	11,048,537
SEP	11,909,066	10,004,423	13,396,430	12,899,875 *	16,289,560	12,899,875
OCT	10,797,657 *	8,981,355	11,474,565	11,729,876	11,004,830	10,797,657
NOV	13,053,491 *	9,993,130	10,008,726	19,158,617	13,053,491 *	13,053,491
DEC	9,977,116 *	9,133,402	10,301,513	10,496,432	9,977,116 *	9,877,116
YR TOTAL	130,804,976	122,685,253	130,346,970	135,791,155	137,214,462	131,366,583
MO AVG	10,900,415	10,223,771	10,862,248	11,315,930	11,434,638	10,947,380
DAILY AVG	368,649	336,202	357,130	372,028	375,813	359,964

GALLONS OF WATER SOLD

* available information - Estimated

YR TOTAL	978,421,214	917,885,694	974,995,336	1,015,717,838	1,026,364,173	982,636,851
MO AVG	81,535,101	78,473,608	81,249,611	64,649,153	85,530,348	81,888,404
DAILY AVG	2,882,892	2,514,788	2,671,335	2,782,771	2,611,078	2,892,533

Attachment E

Purification System

Average Water Well Production for Previous Two Years

OWNER has supplied OPERATOR with available water well production information. The accuracy of such information is not known. OPERATOR shall keep records of water well production data during the term of this Agreement. During the first year of this Agreement, the water well production data shall be submitted to OWNER for review and concurrence. Such data figures shall be considered the existing water well production characteristics. A 15% increase or decrease in the water production characteristics shall constitute a change in the Scope of Services.

Exhibit One

Treatment Facilities

(1) Facilities:

Wastewater Treatment Facilities located at:

Permit No.

1.	Lovett	MS0023230
2.	Southwest	MS0045896
3.	Northeast	MS0021164
4.	Briars Biolac	MS0047619
5.	South Central Lagoon (Jostens)	MS0021199
6.	Southeast Lagoon	MS0021172

Pump Station/Collection Systems located at:

1. Kelly Drive
2. Susie Lane
3. Rosa Lane
4. Manyfield Drive
5. Lovett Drive
6. Clinton Heights
7. Industrial Park
8. Woodmoor
9. Sleephollow
10. Garaywa Road
11. Royal Oak
12. Olde Vineyard #2
13. Willowbrook
14. Trailwood
15. 4-Cells
16. Country Meadow
17. Olde Vineyard #1
18. Banks Road
19. Hunter Oaks
20. Parker Drive
21. Northside
22. Briars TRT Plant
23. Northeast
24. Shady Springs
25. Jostens
26. Cotten Acres
27. Wickstead Road

28. Hunters Ridge
29. Clinton-Raymond Road (Truck Stop)
30. Trace Ridge Pump Station
31. 100 Cotton Acres
32. 104 Lauren Lane
33. 106 Lauren Lane
34. West Street (adjacent to City Barn)
35. 301 Capitol Street (adjacent to No. 1 Fire Station)
36. 1659 W. Northside Drive (next to No. 3 Fire Station)
37. Soccer Row (next to Parks and Recreation Center)
38. Baseball Alley (next to Field No. 6)
39. Soccer Row (Between Fields 7 & 8)
40. Baseball Field No. 3
41. 604 Clinton Blvd.

(2) Equipment:

1. Auger, Vermeer, Model No. AB12, Serial No. 1VRF06125M1000167
2. Dissolved Oxygen Meter, Hach, Model No. 16046, (Serial No. obliterated due to placement)
3. pH Meter, Fischer Scientific, Model No. 1001, Serial No. 102386
4. pH Meter, Fischer Scientific, Model No. 1003, Serial No. 301109
5. Scales, Denver Instrument Co., Model No. 100A, Serial No. 0055841
6. Furnace, Barnstead/Thermolyne, Model No. FB1315M, Serial No. 745930800477
7. Oven, Fischer Scientific, Isotemp 500 Series, Serial No. 21000268
8. Vacuum Pump, Fischer Scientific, Model No. SA55JXGTD-4144, Serial No. 0792
9. 8-Foot Utility Trailer, Vehicle Identification No. 46UFU0818N1025877

(3) Vehicles:

1. 1993 Ford Pick-up, Vehicle Identification No. 1FTDF15YOPNB22097
2. 1987 GMC Pick-up, Vehicle Identification No. 1GTDR14H8HS509458

Exhibit Two

Purification System Facilities

(1) Water Wells and Pumping Systems:

LOCATION	WELL ID NUMBER	WATER PRODUCTION (GPD)
TANGLEWOOD DR (NE)	250003-01	754,560
PARKER DR	250003-02	1,008,000
NORTHSIDE DR	250003-02	599,040
PINEHURST DR (OLD V'BURG RD)	250003-04	535,680
CITY BARN	250003-05	NOT IN USE
CASCADES	250003-06	1,656,000
CYNTHIA DR.	250003-07	1,692,000
ARMORY	250003-08	1,728,000
PACKARD ELEC	250003-09	648,000
MANVILLE	250003-10	296,640
COLLEGE HILLS BOOSTER STA		3,000

(2) Elevated Tanks:

CONS. CANNERS	150,000 GALS
CITY BARN	NOT IN USE
PACKARD ELEC	500,000 GALS
FIRE STATION	1,000,000 GALS
HWY 80	250,000 GALS

13.

**AN ORDINANCE ENACTING A CLINTON
TOURISM AND ECONOMIC DEVELOPMENT TAX**

WHEREAS, the Mississippi Legislature with the governor concurring did, by the adoption of House Bill 1716 at the 1995 Regular Session of the Mississippi Legislature, authorize the governing authorities of the City of Clinton, Mississippi, to impose a tourism tax of up to two percent to be levied on the gross income of hotels and motels within the City, and to expend the proceeds of the tax to promote tourism and economic development; and

WHEREAS, as required by Section 3 of House Bill 1716, a majority of the qualified electors of the City of Clinton voting on November 7, 1995, at a general election as specified by the governing authorities of the City of Clinton, did authorize the imposition of the tax by a vote of 4207 For the Tax and 1219 Against the Tax; and

WHEREAS the governing authorities of the City of Clinton find that it is reasonable and necessary to levy, as authorized by House Bill 1995, a tax of two percent on the gross income of hotels and motels within the City of Clinton for the purpose of providing funds for the purpose of promoting and advertising the attributes of the City of Clinton, Mississippi, as they relate to tourism and economic development, and for promoting tourism and economic development events and activities in the City of Clinton;

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF CLINTON, MISSISSIPPI:

SECTION 1.

As used in this resolution, the following words shall have the meanings ascribed to them in this section unless otherwise clearly indicated by the context in which they are used:

- (a) "Hotel" or "motel" means any establishment engaged in the business of furnishing or providing rooms intended or designed for lodging or sleeping purposes for transient guests, which establishment consists of five (5) or more guest rooms and does not encompass any hospital, convalescent or nursing home, or sanitarium, or any hotel-like facility operated by or in connection with a hospital or medical clinic providing rooms exclusively for patients and their families.
- (b) "City" means the City of Clinton, Mississippi.

SECTION 2.

- (a) For the purpose of providing funds for the purpose of promoting and advertising the attributes of the City of Clinton, Mississippi, as they relate to tourism and

economic development, and for promoting tourism and economic development events and activities in the City, the governing authorities of the City of Clinton, Mississippi, do hereby levy, assess and collect from every person, firm and corporation operating a hotel or motel in the city, a tax [hereinafter the "Tax"] which Tax shall be in addition to all other taxes and assessments imposed by the City, as provided in this resolution.

- (b) The Tax shall be two percent (2%) of the gross income from hotels and motels in the City, excluding charges for telephone, laundry and similar services. The Tax shall not be levied upon or collected from gross proceeds of nontaxable rooms, room rentals for day meetings that do not serve as overnight sleeping accommodations or room rentals to residential guests of a hotel or motel.
- (c) Persons liable for the Tax imposed pursuant to this resolution shall add the amount of tax to the gross proceeds from room rentals and shall collect, insofar as practicable, the amount of the tax due by him from the person receiving the services at the time of payment for the services.
- (d) The Tax shall be collected by and paid to the State Tax Commission on a form prescribed by the State Tax Commission, in the same manner that state sales taxes are computed, collected and paid; and the full enforcement provisions and all other provisions of Chapter 65, Title 27, Mississippi Code of 1972, shall apply as necessary to the implementation and administration of this resolution.
- (e) The proceeds of the Tax, less three percent (3%) to be retained by the State Tax Commission to defray the costs of collection, shall be paid to the governing authorities of the City on or before the fifteenth day of the month following the month in which they were collected.
- (f) The proceeds of the Tax shall not be considered by the City as general fund revenues but shall be dedicated solely for the purposes set forth in subsection (a) of this section, as determined by the governing authorities of the city, which are designed to promote tourism and economic development in the City.

SECTION 3.

Before the expenditure of the proceeds of the Tax, a budget reflecting the anticipated receipts and expenditures shall be approved by the governing authorities of the City. The first budget of receipts and expenditures shall cover the period beginning with the effective date of the Tax and ending with the end of the City's fiscal year, and thereafter, the budget shall be on the same fiscal basis as the budget of the City.

SECTION 4

Accounting for receipts and expenditures of the funds derived from the proceeds of the Tax shall be made separately from the accounting of receipts and expenditures of the general fund and any other funds of the City. The records reflecting the receipts and expenditures of these funds shall be audited annually by an independent certified public accountant and the accountant shall make a written report of his audit to the governing authorities of the City. The audit shall be made and completed as soon as practicable after the close of the City's fiscal year, and copies of the report of the audit shall be filed with the Clerk of the City. The expenses of this audit may be paid from the funds derived pursuant to Section 2 of this act.

SECTION 5.

The Tax shall take effect on December 22, 1995, or on the earliest date thereafter permitted by law.

SECTION 6

The Tax may be cited as the "Clinton Tourism and Economic Development Tax".

Alderman Brabham moved that the foregoing Resolution be adopted. Alderman Ferrell seconded. The vote was as follows:

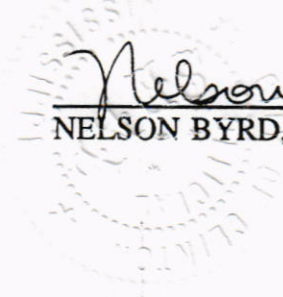
Alderman Brabham voted:	<u>Aye</u>
Alderman Ferrell voted:	<u>Aye</u>
Alderman DePriest voted:	<u>Aye</u>
Alderman Fisher voted:	<u>Aye</u>
Alderman Touchton voted:	<u>Aye</u>
Alderman Lott voted:	<u>Aye</u>
Alderman Todd voted:	<u>Aye</u>

Approved on the 21 day of November, 1995.


ROSEMARY AULTMAN, Mayor

ATTEST:


NELSON BYRD, City Clerk



PASTE AD HERE

PROOF OF PUBLICATION THE STATE OF MISSISSIPPI HINDS COUNTY

AN ORDINANCE ENACTING A CLINTON TOURISM AND ECONOMIC DEVELOPMENT TAX. WHEREAS, the Mississippi Legislature with the governor concurring did, by the adoption of House Bill 1716 at the 1995 Regular Session of the Mississippi Legislature, authorize the governing authorities of the City of Clinton, Mississippi, to impose a tourism tax of up to two percent to be levied on the gross income of hotels and motels within the City, and to expend the proceeds of the tax to promote tourism and economic development; and WHEREAS, as required by Section 3 of House Bill 1716, a majority of the qualified electors of the City of Clinton voting on November 7, 1995, at a general election as specified by the governing authorities of the City of Clinton, did authorize the imposition of the tax by a vote of 4207 For the Tax and 1219 Against the Tax; and WHEREAS the governing authorities of the City of Clinton find that it is reasonable and necessary to levy, as authorized by House Bill 1716, a tax of two percent on the gross income of hotels and motels within the City of Clinton for the purpose of providing funds for the purpose of promoting and advertising the attributes of the City of Clinton, Mississippi, as they relate to tourism and economic development, and for promoting tourism and economic development events

and activities in the City of Clinton;

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND BOARD OF ALDERMEN OF THE CITY OF CLINTON, MISSISSIPPI:

SECTION 1. As used in this resolution, the following words shall have the meanings ascribed to them in this section unless otherwise clearly indicated by the context in which they are used:

(a) "Hotel" or "motel" means any establishment engaged in the business of furnishing or providing rooms intended or designed for lodging or sleeping purposes for transient guests, which establishment consists of five (5) or more guest rooms and does not encompass any hospital, convalescent or nursing home, or sanitarium, or any hotel-like facility operated by or in connection with a hospital or medical clinic providing rooms exclusively for patients and their families.

(b) "City" means the City of Clinton, Mississippi.

SECTION 2. (a) For the purpose of providing funds for the purpose of promoting and advertising the attributes of the City of Clinton, Mississippi, as they relate to tourism and economic development, and for promoting tourism and economic development events and activities in the City, the governing authorities of the City of Clinton, Mississippi, do hereby levy, assess and collect from every person, firm and corporation operating a hotel or motel in the City, a tax (hereinafter the "Tax") which Tax shall be in addition to all other taxes and assessments imposed by the City, as provided in this resolution.

(b) The Tax shall be two percent (2%) of the gross income from hotels and motels in the City, excluding charges for telephone, laundry and similar services. The Tax shall not be levied upon or collected from gross proceeds of non-taxable rooms, room rentals for day meetings that do not serve as overnight sleeping accommodations or room rentals to residential guests of a hotel or motel.

(c) Persons liable for the Tax imposed pursuant to this resolution shall add the amount of tax to the gross proceeds from room rentals and shall collect, insofar as practicable, the amount of the tax due by him from the person receiving the services at the time of payment for the services.

(d) The Tax shall be collected by and paid to the State Tax Commission on a form prescribed by the State Tax Commission in the same manner that state sales taxes are computed, collected and paid; and the full enforcement provisions and all other provisions of Chapter 65, Title 27, Mississippi Code of 1972, shall apply as necessary to the implementation and administration of this resolution.

(e) The proceeds of the Tax, less three percent (3%) to be retained by the State Tax Commission to defray the costs of collection, shall be paid to the governing authorities of the City on or before the fifteenth day of the month following the month in which they were collected.

(f) The proceeds of the Tax shall not be considered by the City as general fund revenues but shall be dedicated solely for the purposes set forth in subsection (a) of this section, as determined by the governing authorities of the city, which are designed to promote tourism and economic development in the City.

SECTION 3. Before the expenditure of the proceeds of the Tax, a budget reflecting the anticipated receipts and expenditures shall be approved by the governing authorities of the City. The first budget of receipts and expenditures shall cover the period beginning with the effective date of the Tax and ending with the end of the City's fiscal year, and thereafter, the budget shall be on the same fiscal basis as the budget of the City.

SECTION 4. Accounting for receipts and expenditures of the funds derived from the proceeds of the Tax shall be made separately from the accounting of receipts and expenditures of the general fund and any other funds of the City. The records reflecting the receipts and expenditures of these funds shall be audited annually by an independent certified public accountant and the accountant shall make a written report of his audit to the governing authorities of the City. The audit shall be made and completed as soon as practicable after the close of the City's fiscal year, and copies of the report of the audit shall be filed with the Clerk of the City. The expenses of this audit may be paid from the funds derived pursuant to Section 2 of this act.

SECTION 5. The Tax shall take effect on December 22, 1995, or on the earliest date thereafter permitted by law.

SECTION 6. The Tax may be cited as the "Clinton Tourism and Economic Development Tax". Alderman Brabham moved that the foregoing Resolution be adopted. Alderman Ferrell seconded. The vote was as follows: Alderman Brabham voted: Aye Alderman Ferrell voted: Aye Alderman DePriest voted: Aye Alderman Fisher voted: Aye Alderman Touchton voted: Aye Alderman Loft voted: Aye Alderman Todd voted: Aye Approved on the 21 day of November, 1995. /s/ Rosemary G. Aultman ROSEMARY AULTMAN, Mayor

ATTEST: /s/ Nelson Byrd NELSON BYRD, City Clerk December 7, 1995

PERSONALLY appeared before me, the undersigned notary public for Hinds County, Mississippi,

Shirley Waits

an authorized clerk of THE CLINTON NEWS, a weekly newspaper as defined and prescribed in Sections 13-3-31 and 13-3-32, of Mississippi Code of 1972, as amended, who, being duly sworn, states that the notice, a true copy of which is hereto attached, appeared in the issues of said newspaper as follows:

Date December 7, 19 95

Date, 19

Date, 19

Date, 19

Date, 19

Number of Lines 246/1065

Published 1 Times

Total \$ 87.20

Signed Shirley Waits
Authorized Clerk
of The Clinton News

Sworn to and subscribed before me the 7 day of
December 19 95.

Marie Mills
Notary Public

My Commission Expires:
NOTARY PUBLIC STATE OF MISSISSIPPI AT LARGE.
MY COMMISSION EXPIRES: Nov. 8, 1996.
BONDED THRU NOTARY PUBLIC UNDERWRITERS.

(Seal)