



Pinnacle Arbitrage Compliance LLC
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September 24, 2008

Ms. Linda Pannell
Finance Director
Tupelo Public School District
P.O. Box 557
Tupelo, MS 38802

\$29,500,000
Tupelo Public School District
Tupelo, Mississippi
General Obligation Bonds, Series 1999

\$7,305,000
Tupelo Public School District
Tupelo, Mississippi
General Obligation Refunding Bonds, Series 2004

Dear Ms. Pannell:

This letter, together with the attached Exhibit (collectively, this "Agreement"), sets forth the terms and conditions on which Pinnacle Arbitrage Compliance LLC ("we" or "Pinnacle") will perform the services outlined below (the "Services") to the Tupelo Public School District ("you" or "Client") as they relate to arbitrage rebate calculations for the above-captioned bond issues (the "Bonds").

Scope of Services

1. Pinnacle will prepare a computation to determine the arbitrage rebate amount (the "Rebate Amount") for the Bonds as described in §148(f)(2) of the Internal Revenue Code of 1986, as amended (the "Code") and Treasury Regulations Section 1.148 (the "Regulations"). The Rebate Amount is equal to the excess of the amount earned on the investment of all gross proceeds over the amount that would have been earned if such gross proceeds were invested at the bond yield.

A. Preparation of Arbitrage Rebate Calculations. In preparing the rebate calculations, we will evaluate cash flows from investments made with gross proceeds of the Bonds. This evaluation will include an analysis of the relevant funds associated with the Bonds, such as reserve funds, construction funds, capitalized interest funds, debt service funds, etc. The cash flows from includable funds are future valued to the computation date using the bond yield to determine if the issue has accrued a rebate liability. In addition, for bond years with gross proceeds subject to the rebate requirements, a computation credit is included in the calculation of the rebate liability.

In determining the Rebate Amount, a test is performed each year on any "Debt Service Fund" established for the Bonds. If the Debt Service Fund, as defined in the bond documents, meets certain requirements specified in the Regulations, it is deemed a "Bona Fide Debt Service

Fund” and, therefore, is excluded from the rebate calculation. If the Debt Service Fund fails to meet these requirements, the Debt Service Fund must be included in the determination of the Rebate Amount for the Bonds. As described in the Fees and Expenses section of this Agreement, additional fees will be charged for calculations involving a Debt Service Fund that fails to qualify as a Bona Fide Debt Service Fund.

- B. Application of Spending Exceptions.** The Regulations offer a few exceptions to the arbitrage rebate rules if the proceeds of a bond issue are spent within a specific time frame. All or a portion of the proceeds of the Bonds may qualify for certain exceptions to the rebate requirements (the 6-month, 18-month or 2-year spending exceptions). If these proceeds and the earnings on the proceeds are spent in accordance with the requirements specified in the Regulations, these exceptions are available to be applied to the Bonds.

Spending exceptions to the rebate requirement are optional and, as a result, are only beneficial if these proceeds are generating a positive Rebate Amount. Therefore, it is necessary to first determine the Rebate Amount for these funds and then, if appropriate, apply the applicable spending exception. With the exception of the six-month spending exception, we will evaluate application of the spending exceptions after the second anniversary of a bond's issuance to see if an exception would reduce the positive Rebate Amount. If an exception to rebate appears to provide a favorable alternative, we will issue an additional report stating these results. The fees to prepare a report relating to the appropriate spending exception will be separate from the standard rebate calculation fees and will be discussed with you before these opportunities are pursued.

- C. Calculation of the Yield Reduction Payments.** Certain accounts or funds are subject to the yield restriction requirement of the Regulations in addition to the rebate requirement. These accounts are included in the determination of required yield reduction payments after the expiration of certain defined temporary periods established by the Regulations and disclosed in the bond documents.

In preparing the yield restriction analysis, the cash flows for the yield restricted investments must be isolated for the time period after the expiration of the appropriate temporary periods. The cash flows are then future valued to the computation date using a “materially higher bond yield,” as defined in the Regulations, to determine if the issue has violated the yield restriction requirement. Certain violations of the yield restriction requirement can be resolved by the computation and payment of a Yield Reduction Payment. The fees to compute the Yield Reduction Payment will be separate from the standard rebate calculation fees as explained in the Fees and Expenses section of this Agreement.

2. Upon the completion of our work, we will provide either (1) a rebate report for the Bonds, which will contain a signed opinion and detailed supporting schedules indicating the Rebate Amount, computed in accordance with the Code and the Regulations or (2) a Bona Fide Debt Service Exception Letter for the Bonds detailing that the only gross proceeds relating to the Bonds are those moneys which have been deposited to the Debt Service Fund, and since the Debt Service Fund qualifies as a bona fide debt service fund, it is not subject to the rebate requirement. If a remittance is due to the United States Treasury, we will assist you in completing the Internal Revenue Service Form 8038-T and will provide you with filing instructions to make the payment.

Fees and Expenses

3. Our fees to compute the Rebate Amount for the Bonds for the listed computation periods are as follows:

Series 1999 Bonds

November 3, 2004 through November 1, 2008 (A)	\$4,000
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Series 2004 Bonds

August 26, 2004 through December 1, 2008 (A)	\$5,000
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(A) The Regulations require that a rebate payment be made to the United States Treasury every five years and on the date that the Bonds are discharged. The Final Computation Dates for the Series 1999 and Series 2004 Bonds are November 1, 2008 and December 1, 2008, respectively. Any rebate amount owed as of this date will need to be remitted to the United States Treasury within sixty days thereafter, or December 31, 2008 and January 30, 2009, respectively.

4. An additional amount, equal to 10% of our fees will also be charged for administrative expenses. Invoices will be issued at the time the completed reports are sent to you and are payable upon receipt.
5. These fees assume that the accounts that comprise the Debt Service Fund qualify as a Bona Fide Debt Service Fund and therefore can be excluded from the computation of the Rebate Amount. If the Debt Service Fund fails to qualify for this exception and must be included in the computation of the Rebate Amount, an additional fee, as stated below, will be charged to analyze and include in the determination of the Rebate Amount the investment activity in each of the accounts that comprise the Debt Service Fund for the Bonds.
6. The structure and complexity of certain bond issues may require or benefit from additional services for which additional fees will be charged, generally at a rate of \$500 per additional service per Bond Year. Examples of these services include, but are not limited to, the following:

Additional Charges for Special Services Related to:	Fees Per Issue Per Bond Year (*)
Variable Rate Bond Issues	\$500
Inclusion of hedge bond transactions in bond yield calculation	\$1,000
Inclusion Debt Service Fund	\$500 per account
Allocations required for bond proceeds invested in a commingled fund	\$500 per fund
Transferred proceeds transactions due to refundings	\$500
Yield Restriction Analysis and Yield Reduction Payment Computation	\$500

Application of the Universal Cap rules	\$500
Calculation of underpayment interest on a late payment	\$250
(*) A "Bond Year" represents a one-year period from the delivery date of the bonds and each subsequent anniversary date of the delivery of the bonds, or shorter period if selected by the Issuer.	

7. We do not bill for minor routine consultation and advice. To the extent requests for special services may result in additional fees, we will provide you with an estimate of such costs in advance and will only proceed with your approval.
8. The efficiency with which we can complete the rebate calculation is greatly impacted by the number of times we have to request additional information. Our fees detailed above are based on the assumption that you will provide appropriate assistance and information, including sufficient investment records, and that all requested information will be provided on a timely basis. Failure to provide necessary information in a timely manner or the delivery of investment information requiring additional inquiries, such as expenditure of professional time to interpret nonstandard transactions, increases the time necessary to complete the calculation and may result in additional fees being charged.

No Coordination with Private Activity Regulations

9. The purpose of our engagement is to determine the Rebate Amount pursuant to §148(f)(2) of the Code. Sections 141-147 of the Code and the related Treasury Regulations set forth requirements with respect to the amount of bond proceeds that may be used for the benefit of a private person or entity. Treasury Regulations Section 1.141-6(a) requires that allocations of expenditures of bond proceeds for purposes of computing the Rebate Amount must be the same as the allocations of expenditures used to test the private use of projects financed with proceeds of the Bonds.
10. For purposes of calculating the Rebate Amount, our calculations assume that the allocation of the expenditures of Bond proceeds as provided to us are the same for both purposes of Sections 141-147 and Section 148 of the Code. The scope of this engagement does not include procedures to analyze the private use limitations associated with the Bonds.

Term of the Agreement

11. This Agreement will commence on the date hereof and shall terminate upon completion of the Services outlined above, unless earlier terminated as set forth below. Both the Client and Pinnacle may cancel this Agreement with 30 days written notice with or without cause. The Client shall pay for work-in-progress, completed Services and expenses incurred by Pinnacle through the effective date of any termination.

Limitation of Liability

12. The total aggregate liability of Pinnacle under this Agreement shall be limited to any penalty and/or interest imposed on the Client by the United States Internal Revenue Service on any additional Rebate Amount that result from a proven error by Pinnacle in rendering the Services outlined in this Agreement. The Client, and not Pinnacle, shall be responsible for paying the correct Rebate Amount due.
13. Neither of us will, in any event, be liable to the other, for any reason, for any consequential, incidental, special, punitive or indirect damages, including loss of profits, revenue, data, use of money or business opportunities, regardless of whether notice has been given or there is an awareness that such damages have been or may be incurred.

Dispute Resolution

14. Any dispute or claim arising out of or relating to Services covered by this Agreement or hereafter provided by us for the Client or at its request shall be resolved as set forth in Exhibit A to this Agreement. Judgment on any arbitration award may be entered in any court having jurisdiction.

Other Terms

15. The Client will timely notify Pinnacle of any refunding or defeasance transactions involving any bond subject to this Agreement. Such notification is critical as a refunding or defeasance transaction may accelerate the required calculation of the Rebate Amount. Failure to notify Pinnacle of refunding or defeasance transactions could cause a filing with the United States Treasury to be late, which could result in penalties and interest.
16. None of the work that we will perform under this engagement will constitute an attest engagement in accordance with generally accepted auditing standards. The advice and Services provided hereunder are solely for the calculation of the Rebate Amount, and are to be used for no other purpose. We assume no responsibility to keep you apprised of developments in the tax law relative to this engagement after it has been completed. We will not audit the information provided to us and will express no opinion as to the completeness, accuracy, or sufficiency of such information for purposes of calculating the Rebate Amount.
17. Pinnacle shall own all work papers prepared by it to document, in accordance with professional obligations, performance of the Services, and it may retain, in confidence, copies of reports and other documents prepared by it.
18. Except as otherwise provided in this Agreement, without the prior written consent of the other party, neither party shall disclose Confidential Information (as defined below) of the other received in connection with the performance of the Services. Neither party shall have any obligation under this section with respect to any information that (1) is, at the time of disclosure, or thereafter becomes, part of the public domain through a source other than the recipient in violation of this Agreement, or (2) is disclosed pursuant to applicable law, regulation, subpoena, other legal process or professional requirements or in connection with the enforcement of the recipient's rights under this Agreement. For purposes of this section, Confidential Information shall mean (1) this Agreement, (2) its contents, and (3) proprietary information relating to the business, operations, methodologies, technologies, personnel, customers, vendors, financial condition or procedures of a

party that is not generally known to the public and that, under all of the circumstances, ought reasonably to be treated as confidential and/or proprietary.

Agreement

19. This Agreement constitutes the entire agreement between the Client and Pinnacle, and merges all prior and contemporaneous communications, with respect to the Services and the other matters contemplated by this Agreement. This Agreement may not be modified except in writing signed by both parties. If any provision of this Agreement is held to be void, invalid or otherwise unenforceable, in whole or part, the other provisions shall remain in full force and effect.
20. Unless this Agreement is accepted below, the fees for the Services detailed in this Agreement are valid for only ninety days from the date hereof.
21. None of a party's rights, obligations or claims under or with respect to this Agreement or the Services may be assigned, in whole or in part, by such party without the prior written consent of the other party.

If the terms of this Agreement are satisfactory, please sign one copy of this Agreement acknowledging our agreement and return it to Pinnacle.

We very much appreciate the opportunity to serve you. If you have any questions, please contact Caroline Murray at (901) 507-4245 or Samantha Duke at (901) 507-4244.

Very truly yours,

Pinnacle Arbitrage Compliance LLC

Acknowledged:

Tupelo Public School District

Signature

Date

Printed Name

Title

Exhibit A
Dispute Resolution Procedures

Mediation

A party shall submit a dispute to mediation by written notice to the other party or parties. The mediator shall be selected by the parties. If the parties cannot agree on a mediator, the CPR Institute for Dispute Resolution ("CPR") shall designate a mediator at the request of a party. Any mediator must be acceptable to all parties.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The parties shall discuss their differences in good faith and attempt, with the mediator's assistance, to reach an amicable resolution of the dispute. The mediation shall be treated as a settlement discussion and shall therefore be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. The mediation proceedings shall not be recorded or transcribed.

Each party shall bear its own costs in the mediation. The parties shall share equally the fees and expenses of the mediator.

If the parties have not resolved a dispute within 90 days after written notice beginning mediation (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute shall be settled by arbitration. In addition, if a party initiates litigation, arbitration, or other binding dispute resolution process without initiating mediation or before the mediation process has terminated, an opposing party may deem the mediation requirement to have been waived and may proceed with arbitration.

Arbitration

The arbitration will be conducted in accordance with the procedures in this document and the CPR Rules for Non-Administered Arbitration ("Rules") as in effect on the date of the Agreement, or such other rules and procedures as the parties may agree. In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, to be selected in accordance with the screened selection process provided in the Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of any of these procedures, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may be appointed unless he or she has agreed in writing to these procedures.

The arbitration panel shall have no power to award non-monetary or equitable relief of any sort or to make an award or impose a remedy that (i) is inconsistent with the agreement to which these proceedings are attached or any other agreement relevant to the dispute, or (ii) could not be made or imposed by a court deciding the matter in the same jurisdiction.

Discovery shall be permitted in connection with the arbitration only to the extent, if any, expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitration panel may disclose the existence, content or results of the arbitration only in accordance with the Rules or applicable professional standards. Before making any such disclosure, a party shall give written notice to all other parties and shall afford them a reasonable opportunity to protect their interests, except to the extent such disclosure is necessary to comply with applicable law, regulatory requirements or professional standards.

The result of the arbitration shall be binding on the parties, and judgment on the arbitration award may be entered in any court having jurisdiction.