

\$3,000,000
TUPELO PUBLIC SCHOOL DISTRICT
TUPELO, MISSISSIPPI
LIMITED-TAX NOTE, SERIES 2011
(QUALIFIED SCHOOL CONSTRUCTION BOND -
FEDERALLY TAXABLE - DIRECT PAYMENT)

CERTIFICATE REGARDING TAX MATTERS

The undersigned Superintendent of the Tupelo Public School District, Tupelo, Mississippi (the "District"), being duly charged with the responsibility for issuing the above-captioned note (the "Note"), hereby certifies, pursuant to Sections 1.148-1 through 1.148-11 of the Treasury Regulations, IRS Notices 2009-35, 2010-17, 2010-28 and 2010-35 and Sections 54A, 54F, 148 and 6431 of the Internal Revenue Code of 1986, as amended (the "Code"), as follows:

1. Authorization and Purpose. (a) The District was allocated a total of \$3,000,000 of the "qualified school construction bond" volume cap of the State of Mississippi (the "State") by the Mississippi Department of Education (the "Department of Education"), which is part of the national "qualified school construction bond" limitation under Section 54F of the Code. The issue price of the Note, and the amount of the Note designated as a "qualified school construction bond" under Section 54F of the Code, is \$3,000,000. Based on the foregoing, the maximum aggregate face amount of obligations designated by the District as "qualified school construction bonds" does not exceed the portion of the State's "qualified school construction bond" volume cap allocated to the District by the Department of Education. The District covenants that it will not designate any obligations issued by or on behalf of the District as "qualified school construction bonds" if the designation of any such obligations would cause the occurrence or creation of an adverse tax event.

(b) The Note is being issued under the authority of the Constitution and statutes of the State of Mississippi, including Sections 37-59-101, *et seq.*, and Section 37-59-301 of the Mississippi Code of 1972, as amended (the "Act") and pursuant to a resolution adopted by the District on March 29, 2011 (the "Resolution"), for the purpose of construction, rehabilitation or repair of public school facilities within the jurisdiction of the District, including equipping of school facilities improved with Note proceeds, all of which are deemed "Qualified Purposes" pursuant to the Code, and paying the costs of issuance thereof, as further described in Exhibit A attached hereto (the "Project"). The District, or any other person or entity acting on its behalf, will not expend more than \$60,000 (2.00%) of the proceeds of the Note to pay costs of issuance.

(c) The Note has been designated as a "qualified school construction bond" as defined in Section 54F of the Code. The District has further made an irrevocable election to treat the Note as a "specified tax credit bond" as defined in Section 6431(f)(3) of the Code, for which the District will receive a direct cash subsidy from the Treasury Department equal to the amount of interest that would have been payable on such interest payment date if the Note bore interest at a rate of ____% (the "Applicable Credit Rate").

(d) The District entered into a binding, written contract for the sale of the Note with _____, _____, Mississippi on _____.

2. Payment of Note. (a) The Resolution provides that the Note is secured by and payable, to the extent other funds of the District are not currently available, from an irrevocable pledge and

dedication of the funds to be derived by the District from the levy and collection of a special, annual ad valorem tax, not to exceed three mills, levied on all taxable property of the District, along with any other funds of the District pledged or used for such purpose (the "Tax"). The District has also pledged certain funds it receives from the State of Mississippi Education Enhancement Fund for buildings and buses to payment of the Note (the "EEF Funds"). In the Resolution, the District irrevocably pledges and dedicates the avails or proceeds of the Tax and the EEF Funds to the payment of the Note as it matures or comes due.

3. Funds and Accounts. (a) Pursuant to the Resolution the District is to maintain the Note Fund in trust, with the Trustee.

(b) The District will make deposits into the Note Fund in such amounts that, when added to the interest earnings thereon, will be sufficient to repay the principal amount of the Note on the date of maturity.

(c) Except for the establishment of the Note Fund, the District has not created or established and does not expect to create or establish any other sinking fund, debt service reserve fund or any other similar fund to be used to pay debt service on the Note. Further, there are no other funds of the District which are reasonably expected to be used to pay debt service on the Note and for which there is a reasonable assurance that amounts on deposit therein or the investment income earned thereon will be available to pay debt service on the Note if the District encounters financial difficulties.

(d) Notwithstanding the above, the District does have a debt service fund in which revenues are collected throughout the year for the payment of all notes issued under the authority of Sections 37-59-101 *et. seq.* of the Act. Until transferred into the Note Fund or part of the trust estate held by the Trustee, any amounts held in the District's note debt service fund may be used to pay debt service on any existing or future notes of the District.

(e) The principal proceeds of the Note will be accounted for in a separate fund or account, herein referred to as the "Construction Fund" which will be held by the District in a bank qualified to serve as a depository in the State of Mississippi separate and apart from all other funds, solely for the purpose of paying costs of the Project and costs of issuance of the Note.

4. Facts, Estimates and Circumstances. On the basis of the facts, estimates and circumstances in existence on the date hereof, we reasonably expect the following with respect to the Note and as to the use of the proceeds thereof:

(a) The total amount of proceeds to be derived by the District from the sale of the Note (the "Note Proceeds") is \$3,000,000.

(b) Approximately \$ _____ of the Note Proceeds deposited into the Construction Fund will be used to pay expenses incurred in connection with the issuance of the Note. The excess of Note Proceeds over the approximate amount used to pay costs of issuance will be approximately \$ _____. Such excess, plus any investment earnings thereon, shall be the available project proceeds of the Note as defined in the Code (the "Available Project Proceeds").

(c) With respect to the expenditure of the Available Project Proceeds for acquisition and construction of the Project, the District reasonably expects the following:

- (1) 100% of the Available Project Proceeds will be spent on the Project by _____, 2011, said date being three (3) years from the date of this Certificate, as more fully set forth in Exhibit 'A';
- (2) Within six (6) months of the date of this Certificate, the District expects to incur a substantial binding commitment with a third party to expend at least 10% of the Available Project Proceeds on the Project; and
- (3) Such expenditures will be of a type that will be properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Section 1.150-2(c) of the Regulations) under general federal income tax principles.

(d) To the extent that less than 100% of the Available Project Proceeds are expended by _____, 2011 on Qualified Purposes, the District shall redeem all of the nonqualified portion of the Note within 90 days after _____, 2011 and in the manner set forth in the Resolution; provided, however, that the District may submit a request prior to _____, 2011 to the Secretary of the United States Treasury (the "Secretary"), who may extend such date if the District establishes that the failure to satisfy the terms of this paragraph is due to reasonable cause and the expenditures for the Project will continue with due diligence. In the event the Secretary grants such an extension, the District shall comply with the requirements of this paragraph upon the expiration of such extension.

(e) The proceeds of the Note and the investment earnings thereon, will be used entirely as described herein. There are no other amounts which constitute original, investment or transferred proceeds of the Note.

(f) The District hereby certifies that it expects and intends to own and operate the Projects financed by the Note at all times during the term of the Note. The District does not know of any reason why such projects will not be so used in the absence of (a) supervening circumstances not now anticipated by it, (b) adverse circumstances beyond its control, or (c) obsolescence of such insubstantial parts or portions thereof as may occur as a result of normal use thereof. The District will not change, nor permit the change of, the use, ownership or nature of any portion of the proceeds of the Note or the projects financed by the Note so long as any portion of the Note is outstanding unless, in the written opinion of Bond Counsel, such change will not result in the creation or occurrence of an event that would cause the Note to no longer qualify as a "qualified school construction bond" or "specified tax credit bond" except that the District may without an opinion sell or otherwise dispose of minor parts or portions of the projects financed with the Note as may be necessary due to normal wear, tear or obsolescence.

5. Investment of Proceeds. The proceeds relating to the Note will be invested as follows:

(a) The portion of Note Proceeds deposited in the Construction Fund representing costs of issuance may be invested without regard to yield restrictions for thirty (30) days from the date of issuance of the Note. The portion of Note Proceeds deposited in the Construction Fund representing Available Project Proceeds may be invested without regard to yield restrictions or arbitrage rebate requirement until _____, 2011.

(b) Moneys in the Note Fund may not be invested at a yield in excess of _____ % without rebating such earnings unless:

- (1) The Note Fund is funded at a rate not more rapid than equal annual installments,
- (2) The Note Fund is funded in a manner reasonably expected to result in an amount not greater than an amount necessary to repay the Note; and
- (3) The yield on the Note Fund is not greater than _____ % (the "permitted sinking fund yield") which rate equals the discount rate determined by the Secretary pursuant to Section 54A of the Code as of the date the District and the Purchaser entered into a binding, written contract for the sale of the Note.

(c) The District will not commingle proceeds of the Note with any other funds in a manner such that the proceeds of the Note cannot be separated from such other funds. The District will account for, reconcile and treat the proceeds of the Note and amounts received from the investment of the proceeds of the Note in a manner that is separate and distinct from the District's accounting for, reconciliation and treatment of proceeds of any other obligations, investments or funds owned, controlled or otherwise held by the District.

6. Yield. For purposes of this Certificate, "yield" means that discount rate which, when used in computing the present value of all unconditionally payable payments of principal and interest on a security produces an amount equal to the aggregate issue price of the security. For purposes of calculating the arbitrage yield on direct pay subsidy bonds such as the Note, the amount of the subsidy is treated as a reduction of interest, and therefore, the arbitrage yield limit is computed net of the interest subsidy received by the District. The yield on the Notes is _____ %.

The yield of any obligations acquired with yield-restricted moneys shall be determined based on such obligation's fair market value. An obligation acquired with yield-restricted moneys need not be revalued after the date on which the obligation is acquired.

7. No Replacement. No portion of the proceeds of the Note will be used as a substitute for other funds that were otherwise to be used as a source of financing for the payment of debt service of the Note or the costs of the Project and that have been or will be used to acquire directly or indirectly securities producing a yield in excess of the yield on the Note.

8. Non-Arbitrage Covenants of the District. The District has covenanted in the Resolution that to the extent permitted by the laws of the State of Mississippi, the District will not take any action or fail to take any action, nor will it permit at any time or times any of the proceeds of the Note or any other funds of the District to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause the Note to be an "arbitrage bond" as defined in the Code, or would result in the Note being deemed as nonqualified bonds under Section 54A or 54F of the Code, including without limitation, the failure to comply with the limitation on investment of the proceeds of the Note or the payment of any required rebate of arbitrage earnings to the United States of America.

9. Arbitrage Rebate. The District expects to issue less than \$15,000,000 in tax exempt debt (including no more than \$5,000,000 in tax exempt debt issued for purposes other than school construction) in calendar year 2011, and therefore, to be exempt from arbitrage rebate as a small issuer. However, if an exemption is not available, the District shall make or cause to be made any calculations with respect to any rebates payable to the United States required by the Code or any successor thereto and shall support such calculations with a letter from independent certified public accountants verifying the accuracy of such calculations. If, pursuant to such calculations, any amount is to be set aside for potential rebate to the United States, the District will establish a Rebate Fund and within said fund a Rebate Income Account and Rebate Principal Account in accordance with the Code or any successor thereto and any income earned on investments of amounts in the Rebate Fund will be deposited immediately upon receipt thereof in the Rebate Income Account.

10. No Adverse Action. The District has not received notice that its arbitrage certificate may not be relied upon with respect to its issues, nor has it been advised that the Commissioner of Internal Revenue has listed or is contemplating listing the District as a governmental unit whose arbitrage certificate may not be relied upon.

11. No Other Issues. There are no other obligations of the District which (i) are issued at substantially the same time as the Note, (ii) are sold pursuant to a common plan of financing, together with the Note, and (iii) will be paid out of substantially the same source of funds or will have substantially the same claim to be paid out of substantially the same source of funds as the Note.

12. No Reimbursement. The District will not use any Available Project Proceeds of the Note to reimburse expenditures previously incurred by the District or any other entity unless such reimbursement is made in compliance with the provisions set forth in Section 54A(d)(2)(D) of the Code, including the following:

(a) The expenditures to be reimbursed (the "Reimbursement Expenditures") are incurred after March 17, 2010, which was the date that the Secretary of the Treasury made an allocation of the national Qualified School Construction Bond limitation with respect to the District;

(b) Prior to the payment of the Reimbursement Expenditures, the District declares its intention to reimburse the Reimbursement Expenditures with Available Project Proceeds;

(c) The Reimbursement Expenditures are allocable to expenditures incurred for a the Project;

(d) Not later than 60 days after payment of the Reimbursement Expenditures, the District adopts an official intent to reimburse the Reimbursement Expenditures with Available Project Proceeds; and

(e) The Reimbursement Expenditures are reimbursed not later than 18 months after the Reimbursement Expenditures are incurred.

The restrictions in this Section shall not apply to the reimbursement of Reimbursement Expenditures incurred for Costs of Issuance.

(f) Record Keeping. The District shall keep records of all payments, requisitions and uses of Available Project Proceeds, Investment Proceeds and costs of issuance.

13. Information Reporting. The District has reviewed the information contained in Form 8038-TC to be filed with the Internal Revenue Service relative to the Note and represents that such information is accurate. The District authorizes the filing of Form 8038-TC by bond counsel.

14. Conflicts of Interest. All applicable State and local laws governing conflicts of interest have and will continue to be satisfied with respect to the Note, and if the United States Department of the Treasury prescribes additional conflicts of interest rules governing the officials of the District or the members of the Board or their spouses, such additional rules will be satisfied with respect to the Note.

15. Davis-Bacon Act. The District has and will comply with the terms of the Davis-Bacon Act, to the extent required by the American Recovery and Reinvestment Act of 2009.

To the best of our knowledge, information and belief, there are no facts, estimates or circumstances other than those expressed herein that materially affect the expectations herein expressed, and, to the best of our knowledge and belief, the above expectations are reasonable.

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IN WITNESS WHEREOF, I have executed this Certificate in my official capacity on _____,
2011.

TUPELO PUBLIC SCHOOL DISTRICT

BY: _____
Superintendent

EXHIBIT 1
to Certificate Regarding Tax Matters

PROJECT DESCRIPTION