

**MISSISSIPPI DEVELOPMENT BANK  
BOND ISSUANCE POLICIES AND PROCEDURES**

1. **Mississippi Development Bank Board Meetings.** The Mississippi Development Bank (“MDB”) Board (the “Board”) meets on the second Wednesday of each month immediately following the adjournment of the Mississippi Business Finance Corporation Board meeting unless another date is announced by the President of the Board at the prior month’s meeting.

2. **Local Governmental Unit Request/Preliminary Approval.** Any local government unit, as defined in Section 31-25, Mississippi Code of 1972, as amended, may request the Mississippi Development Bank to consider assisting such governmental unit through the issuance of Mississippi Development Bank Bonds as authorized by the Mississippi Development Bank Act. An Application Fact Sheet (Exhibit “A”) must be submitted for consideration of the request to MDB no later than 3:00 P.M. Central Time the Friday immediately before the Board Meeting. Such approval shall be deemed preliminary in nature and subject to all other approvals required by these Policies and Procedures.

3. **Representative of Local Governmental Unit.** Absent a written waiver from the Executive Director, a representative of the Local Governmental Unit in addition to bond counsel and/or the financial advisor shall attend at least one Board meeting at which their request is being considered.

4. **Borrower Selects Professionals.** With the exception of the Mississippi Development Bank’s counsel, the local government shall select Bond Counsel, its Financial Advisor and all other professionals. The Mississippi Development Bank maintains an open policy with regard to the hiring of professionals and does not recommend professionals. The local governmental unit shall hire a Financial Advisor for every MDB transaction.

5. **Required Notice.** Proof of publication of notice of the proposed borrowing by the local governmental unit shall be submitted as set forth below:

1. When the Mississippi Development Bank agrees to purchase local governmental unit securities pursuant to Section 31-25-27, Mississippi Code of 1972, as amended, the local governmental unit shall submit to the Mississippi Development Bank proof of publication of any notices that may be required pursuant to the statute authorizing such local governmental unit to issue such securities and, if applicable, proof of adjudication by such local governmental unit of no protest, or as the case may be, insufficient protest against the issuance of said securities. There shall be no requirement to submit such notice unless it is required by the authorizing statute.
2. When the Mississippi Development Bank agrees, pursuant to Section 31-25-20, Mississippi Code of 1972, as amended, to loan money to a local governmental unit, the notice procedure requirements of Section 31-25-28(b) must be satisfied and proof of satisfaction of such requirements must be submitted to the Mississippi Development Bank. Such notice provision shall not apply to loans made to local governmental units for the purpose of

purchasing equipment with a useful life of less than ten (10) years or to loans made to accomplish a refinancing under Section 31-27-1, et seq. or Section 31-1-1, et seq., Mississippi Code of 1972, as amended. Loans for such equipment or for such refinancing as authorized by said Section 31-27-1 et seq. and 31-15-1 et seq. may be made without proof of notice.

Absent prior written approval by the Executive Director, any required notice shall be submitted prior to any Board action on the Local Governmental Unit's request for approval of sale and documents (See #9 below).

**6. Credit Committee.** Prior to any Approval of Sale and Adoption of Documents (see #8 below) the Financial Advisor shall submit a Credit Committee Package to the Mississippi Development Bank for approval by the Credit Committee. The deadline for submission is 12:00 Noon Central Time the Thursday immediately preceding the Board Meeting. The Credit Committee Package shall be in the form proscribed by the Mississippi Development Bank (Uniform Credit Committee Package attached as Exhibit "B"). The Credit Committee of the Board will review the request and the proposed project and will communicate to the full Board the Committee's recommendation regarding approval of the request. The Credit Committee meets as needed to review projects. A local governmental unit's Financial Advisor and/or Bond Counsel shall attend the Credit Committee meeting and present any request.

**7. Legislative Oversight Committee.** The six (6) member Legislative Oversight Committee shall also review the request and the proposed project prior to the request being submitted to the Board. The Legislative Oversight Committee's review may occur prior or subsequent to the Credit Committee's review.

**8. Documents.** Mississippi Development Bank's Executive Director, Secretary and Legal Counsel must be placed on each distribution list and must receive drafts of all financing documents. When documents are distributed electronically, please identify the project in the subject line.

**9. Approval of Sale and Documents.** When the financing documents are in substantially final form they shall be submitted to the Board along with a Bond Sale Fact Sheet (Exhibit "C"). A proposed form of resolution approving the form of the documents shall accompany the documents. Bond Counsel shall be responsible for submitting the proposed form of resolution and presenting such resolution to the Board. If the local government's resolution or order confirming the absence of any protest to the local government's borrowing funds from Mississippi Development Bank has not previously been submitted to Mississippi Development Bank, the resolution or order should accompany the package of documents submitted for approval by the Board. All documents shall be submitted to the Mississippi Development Bank no later than 3:00 p.m. central time the Friday immediately before the Board Meeting. One copy of each proposed financing document should be provided with this submission. Absent prior written approval by the Executive Director, document approval shall take place at a subsequent meeting to the initial approval.

**10. Validation.** All bonds issued by Mississippi Development Bank shall be submitted for validation in accordance with the provisions of Section 31-13-1, Mississippi Code of 1972.

When the Mississippi Development Bank agrees to purchase local governmental securities pursuant to Section 31-25-27, Mississippi Code of 1972, as amended, those securities shall also be submitted for validation in accordance with the provisions of Section 31-13-1, Mississippi Code of 1972.

**11. Bond Closing.** No later than ten (10) days prior to closing, Bond Counsel shall submit a memo to the Executive Director notifying of the closing date and location, arranging for signatures and notifying the Executive Director of any closing ceremony. It is the responsibility of Bond Counsel to arrange for documents to be signed on behalf of the Mississippi Development Bank. The Financial Advisor or Bond Counsel shall submit to the Mississippi Development Bank within ten (10) days from pricing, a cost of issuance memo or list setting forth all costs of issuance, including, but not limited to: Mississippi Development Bank's fees (Exhibit "D"), issuer's counsel fees, financial advisor fees, bond counsel fees and expenses, underwriter's fees and expenses, printing, rating agency fees, etc., together with the name and addresses of each person or entity receiving fees and /or expenses associated with the issuance of a bond.

**12. Financial Advisor Fees Capped at One Percent (1%) of Bond Proceeds -** No more than one percent (1%) of the proceeds of a bond issue may be used to pay a financial advisor's fee.

**13. Section 31-25-105; "Moral Obligation" Debt Limitation.** The amount of all debt issued by the Mississippi Development Bank on behalf of Local Government Units that establishes a debt service reserve fund pursuant to Mississippi Code Annotated Section 31-25-105 shall be limited in any Mississippi Development Bank fiscal year to 85% of the principal reduction of all such outstanding debt for the prior Mississippi Development Bank fiscal year. This policy shall be exclusive of any Mississippi Development Bank bonds used to refund outstanding bonds issued pursuant to 31-25-105.

**14. Derivatives Policy.** All projects which involve derivative transactions (as defined in the Mississippi Development Bank Derivatives Policy) shall comply with the Mississippi Development Bank Derivatives Policy (Exhibit "E").

**15. Continuing Disclosure Policy.** All local governmental units shall comply with the Mississippi Development Bank's Continuing Disclosure Policy (Exhibit "F").

**16. Post-Issuance Compliance Policy.** All tax exempt bond issuances shall comply with the Post-Issuance Compliance Policy (Exhibit "G").

**17. Transcripts.** A book bound closing transcript must be submitted to Mississippi Development Bank, its Legal Counsel and its Financial Advisor, if applicable, no later than 90 days after closing.

**18. Policy Regarding Unencumbered Funds.** All funds which are held by the Mississippi Business Finance Corporation and the Mississippi Development Bank which are not subject to a specific budget line item shall be restricted. No expenditure, pledge or transfer of those funds shall be allowed without prior consent of the Board of Directors. Notwithstanding the foregoing, unencumbered funds shall be available to replenish a Debt Service Reserve Fund as

allowed in Section 31-25-105 of the Mississippi Code Annotated, or in support of the Loan Guaranty Program authorized in Section 57-10-17(e) of the Mississippi Code Annotated.

**19. Additional Mississippi Development Bank Policies:**

- a) Investment Policy. (Exhibit “H”); and
- b) Public Records Policy. (Exhibit “I”).

**EXHIBIT A**

<b>MISSISSIPPI DEVELOPMENT BANK APPLICATION FACT SHEET</b>	
<b>GOVERNMENT INFORMATION</b>	
<b>NAME AND ADDRESS OF GOVERNMENT UNIT:</b>	<b>COUNTY LOCATION:</b>
	<b>CONTACT:</b>
	<b>PHONE NUMBER:</b>
	<b>FAX NUMBER:</b>
<b>BOND AND PROJECT INFORMATION</b>	
<b>DESCRIPTION OF PROJECT(S):</b>	
<b>AMOUNT OF REQUEST: \$</b>	
<b>TYPE OF FINANCING:</b> <b>TAX EXEMPT: \$</b> _____ <b>TAXABLE: \$</b> _____	<b>TERM:</b> <b>EXPECTED SALE DATE:</b>
<b>PRIMARY SOURCE OF REPAYMENT:</b>	<b>MORAL OBLIGATION:</b> <input type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> <b>TYPE OF INTERCEPT:</b>
<b>UNDERWRITERS:</b> Contact:  Name & Address:  Phone Number:	<b>BOND COUNSEL:</b> Contact:  Name & Address:  Phone Number:
1. 2. <b>FINANCIAL ADVISOR</b> Contact:  Name & Address:  Phone Number:	<b>OTHER:</b>   3. <b>DATE OF BOARD MEETING:</b>

**EXHIBIT B**

**Uniform Credit Committee Package**

---

**CREDIT REVIEW PACKAGE**

---

**MISSISSIPPI DEVELOPMENT BANK**

**for**

**[Borrower Name]**

**[Date]**

**NAME OF FINANCIAL ADVISOR**

**NAME OF BOND COUNSEL**

# MISSISSIPPI DEVELOPMENT BANK

## CREDIT REVIEW SUMMARY

### Governmental Unit

[INSERT NAME, ADDRESS & PHONE NUMBER]

### Contact Person

[INSERT NAME, PHONE NUMBER & EMAIL ADDRESS]

### Firm Completing Credit Package

[INSERT NAME, CONTACT, ADDRESS, EMAIL ADDRESS & PHONE NUMBER]

### Size of Bond Issue/Loan:

[INSERT NOT TO EXCEED AMOUNT]

TAXABLE \_\_\_\_\_ TAX EXEMPT \_\_\_\_\_

### Purpose:

[INSERT A SUMMARY OF THE REQUEST]

**MISSISSIPPI DEVELOPMENT BANK**

**CREDIT REVIEW**

**1. Government Unit:**

**A. Brief description of governmental unit**

**B. Population trends**

**C. Key industries**

**D. Governing board**

**2. Request:**

**Amount not to exceed \$ \_\_\_\_\_**

**Is the borrower requesting the moral obligation of the State of Mississippi?**

**YES \_\_\_\_\_**

**NO \_\_\_\_\_**

**3. Description of the Project Being Financed:**

**[Insert detailed description of project]**



**4. Financial Status:**

**[Insert summary information on general fund balances, assessed valuations, sales tax collections, state and/or federal funding through appropriations, etc.]**

**If the borrower is rated, indicate the rating and agency.**

**5. Repayment:**

**The Mississippi Development Bank loan will be amortized over a period not to exceed \_\_\_\_\_ years.**

**Interest rate: \_\_\_\_\_ Fixed or variable: \_\_\_\_\_**

**Annual Debt Service: \$ \_\_\_\_\_**

**Debt Service Coverage Ratio: \_\_\_\_\_**

**Sources of Repayment:**

**[Insert source(s) of repayment, any tax-intercept, pledge, etc.]**

**Provide the breakdown of revenue sources used in calculating debt coverage ratio:**

## **6. Derivative Transactions:**

**Does this transaction involve a swap or any other derivative?**

**YES\_\_\_\_\_ NO\_\_\_\_\_ (if yes, please provide the following, referring to the Mississippi Development Bank Derivatives Policy for guidance)**

**A. Provide a description of the transaction.**

**B. Provide the following information:**

**1.) Objectives of the derivatives contract**

**2.) Risks involved**

**3.) Associated costs**

**4.) Interest rate exposure and basis risk**

**5.) Mitigating strategies in connection with basis risk**

**6.) Credit rating of any counterparty**

**C. Include letter from the local governmental unit as provided for in the MDB Derivatives Policy.**

## **REQUIRED ATTACHMENTS**

- 1) Audited income statements for the 3 most recent years showing general fund balances with a breakdown of revenues & expenditures.**
- 2) Comparative economic & demographic data for the most recent 5 year period, as applicable:**
  - Population**
  - Per Capita Income**
  - Employment Statistics**
  - Unemployment statistics**
  - Sales tax collections**
  - Assessed valuations**
  - Tax levies**
  - Ad valorem tax collections**
  - List of major employers and taxpayers**
- 3) Debt information:**
  - Schedules of outstanding debt including the name of the issue, date of issue, original amount, and balance outstanding (include Aggregate Bond Balance – G.O. Debt Limit)**
  - Legal debt limit statement**
  - General obligation debt ratios**
  - Five year annual debt service requirements**
- 4) Other significant information relevant to the borrower**
- 5) Mississippi Development Bank Bond Sale Fact Sheet**

EXHIBIT C

**MISSISSIPPI DEVELOPMENT BANK**  
**BOND SALE FACT SHEET**

**GOVERNMENT INFORMATION**

**NAME AND ADDRESS OF GOVERNMENT UNIT:**

**COUNTY LOCATION:**  
**CITY LOCATION:**

**NAME & SERIES OF BOND ISSUE:**

**BOND AND PROJECT INFORMATION**

**DESCRIPTION OF PROJECT(S) AND SOURCE OF REPAYMENT:**

**MAXIMUM AMOUNT TO BE ISSUED: \$**

**TYPE OF FINANCING:**

**TAX EXEMPT** \_\_\_\_\_  
**TAXABLE** \_\_\_\_\_

**TERM:**

**RATE:**

**EXPECTED SALE DATE:**

**PUBLIC NOTICE OF INTENT:**

**YES** \_\_\_\_\_ **NO** \_\_\_\_\_

**If Yes, date approved:** \_\_\_\_\_

**MORAL OBLIGATION:** \_\_\_\_ **YES** \_\_\_\_ **NO**  
**TYPE OF INTERCEPT:**

**UNDERWRITERS:**

Contact:  
Name & Address:

Phone Number:

**BOND COUNSEL:**

Contact:  
Name & Address:

Phone Number:

**FINANCIAL ADVISOR:**

Contact:  
Name & Address:

Phone Number:

**TRUSTEE:**

Contact:  
Name & Address:

Phone Number:

DATE OF INDUCEMENT: \_\_\_\_\_ DATE OF BOARD MEETING: \_\_\_\_\_

**EXHIBIT D**

**Mississippi Development Bank**

**Issuer's Fee Schedule**

<b><u>Amount of Issue</u></b>	<b><u>New Money Fee</u></b>	<b><u>Refunding Fee</u></b>
Under \$2 Million	\$2,500	\$2,500
\$2 Million to \$7,499,999	\$5,000	\$5,000
\$7.5 Million to \$9,999,999	\$10,000	\$10,000
\$10 Million to \$14,999,999	\$15,000	\$10,000
\$15 Million to \$19,999,999	\$20,000	7 basis points of issue
\$20 Million and over	10 basis points of issue <i>(max fee of \$70,000)</i>	7 basis points of issue <i>(max fee of \$35,000)</i>

## **EXHIBIT E**

### **DERIVATIVES POLICY**

#### **Introduction**

The Derivatives Policy for the Mississippi Development Bank (“MDB”) has been developed to provide guidance in the use of interest rate derivatives (i.e., swaps, caps, floors, swaptions, forward swap agreements and other interest rate hedge agreements) in conjunction with the current and future issuance of debt obligations by MDB as conduit issuer for certain local governmental units (as that term is defined in Section 31-25-5 of the Mississippi Code of 1972, as amended). Any such derivative agreement to which MDB is a party or is otherwise deemed to be an obligor or conduit obligor, shall constitute special obligations of MDB payable solely from a local governmental unit, and any language herein which indicates the execution of any derivative contract by MDB is stated with such assumption.

#### **Scope and Authority**

This Derivatives Policy shall govern the use of derivatives by the MDB as a conduit issuer for certain local governmental units. Specifically, this Derivatives Policy will outline the objectives and standards of implementing and executing a derivative transaction through MDB.

The Derivatives Policy shall be reviewed at least annually and, if updated, any such update, supplement or amendment shall be presented to the Board of Directors of the Mississippi Development Bank (“MDB Board”) for approval. The Credit Committee of MDB (the “Credit Committee”) and the Executive Director of MDB (the “Executive Director”) are the designated administrators of the Derivatives Policy. The Executive Director shall have the day-to-day responsibility and authority for structuring, implementing, and managing derivative instruments on behalf of MDB.

The MDB shall have the authority to enter into derivative contracts only with qualified counterparties as set forth in this Derivatives Policy. The MDB Board shall have authority to approve counterparties, so long as the criteria set forth in the Derivatives Policy is met or exceeded.

Prior to consideration of any Derivative Contract (defined below) by the MDB Board on behalf of a local governmental unit, such Derivative Contract, counterparty and other necessary matters must have been approved at a duly called meeting of the local governmental unit, or the execution of such Derivative Contract by MDB must be contingent upon evidence satisfactory to the Executive Director that the local governmental unit has duly approved the Derivative Contract and such other necessary matters. In addition, the highest elected official of the local governmental unit shall provide a letter addressed to the Executive Director as described herein.

#### **Permitted Instruments**

The following instruments may be utilized on a either current or forward basis (each, a “Derivative Contract”).

- 1.** Interest rate swaps – including fixed/floating and basis swaps.

2. Interest rate caps, floors and collars.
3. Options associated with interest rate swaps (swaptions), caps, floors, collars.

### **Form of Agreement**

Any Derivative Contract that is executed by MDB shall contain the terms and conditions set forth in the International Swap and Derivative Association, Inc. (ISDA) Master Agreement, including the Schedule to the Master Agreement, any ISDA Credit Support Annex and any Confirmations executed in connection therewith (together, the “ISDA Agreement”). In addition to complying with the terms and conditions of the ISDA Agreement, any Derivative Contract shall be in compliance with this Derivative Policy. No interest rate exchange or similar Derivative Contract shall have a maturity exceeding the maturity of any debt to which such agreement notionally relates.

In connection with the execution and delivery of any Derivative Contract, MDB must receive opinions acceptable to it from (1) nationally recognized bond counsel firm stating that the Derivative Contract is a legal, valid and binding obligation of MDB and entering into the Derivative Contract complies with applicable state and federal laws, including federal income tax requirements, and (2) counsel (whether domestic, foreign or both, as applicable) to the counterparty, which counsel shall be acceptable to MDB and the local governmental unit, stating that the Derivative Contract is a legal, valid and binding obligation of MDB and entering into the Derivative Contract complies with applicable state and federal laws.

### **Evaluation and Management of Risks**

In evaluating a derivative transaction or proposed Derivative Contract, the local governmental unit shall be required to review long-term implications associated with entering into derivatives, including, without limitation, the following:

Amortization Risk – defined as the mismatch of maturity between the underlying debt obligation and the Derivative Contract. This risk is particularly applicable to debt issues that have refunding options embedded in their structure. This risk can be mitigated by limiting the maturity of the Derivative Contract to the final maturity date of any potential refunding issue.

Basis Risk – defined as the mismatch between indices used to calculate debt service payments and the payments due under a Derivative Contract. This risk is eliminated by using the same index to calculate both debt service and Derivative Contract payments.

Credit Risk – refers to the potential for an event to occur that may alter the credit rating of the counterparty in connection with a Derivative Contract. This risk is mitigated somewhat by established credit standards in this Derivative Policy, but this is a risk that cannot be completely eliminated.

Counterparty Risk – refers to the risk that a counterparty in a Derivative Contract will be unable to make its required payments under such Derivative Contract. This risk is mitigated by the credit and financial standards set forth in this Derivative Policy and can be further reduced by ensuring proper diversification in counterparty exposure as set forth in this Derivative Policy.

Rollover Risk – refers to the future need to renew or replace the original Derivative Contract if the maturity on the Derivative Contract does not extend to the maturity on the underlying debt obligation. This risk can be mitigated by structuring the overall strategy without the need to execute future Derivative Contracts.

Tax Events Risk – refers to the risk of potential changes to the Federal and/or State income tax laws, regulations, etc. affecting the interest payments made on certain local governmental unit debt obligations.

Termination Risk – refers to the risk that the Derivative Contract will be terminated prior to the agreed upon maturity thereof, possibly due to a default by the counterparty. The early termination of the Derivative Contract could potentially result in a large payment due from the local governmental unit to the counterparty. This risk can be mitigated by employing counterparties with strong creditworthiness and requiring over-collateralization of the Derivative Contract in the event of credit deterioration. The contract could also include a provision to allow the assignment of the Derivative Contract to a creditworthy entity in lieu of termination.

Ratings Risk – refers to the risk that the execution of a Derivative Contract would have adverse effects on the local governmental unit’s credit rating or, in certain instances, MDB’s credit rating. It is anticipated that the credit rating agencies will look favorable upon the types of Derivative Contract mentioned in this Derivatives Policy, as the objective is the reduction of interest rate risk and the cost of borrowing.

Accounting Risk – refers to the risk that a Derivative Contract could create accounting issues for the local governmental units that would have a detrimental effect on the local governmental unit’s financial statements. In addition, accounting rules governing the treatment of derivatives are stringent with regard to what is considered a “perfect hedge” and consequently, what items flow through the income statement and/or the balance sheet. Careful attention should be paid to the relationship between the Derivative Contract and the underlying debt obligation to ensure compliance with accounting rules.

Speculation - Derivative Contracts shall not be used for speculative purposes outside of prudent risks that are appropriate for the local governmental unit to take.

All Derivative Contracts and any related transactions must be presented to the Credit Committee prior to any MDB Board action. Prior to the Credit Committee making any recommendation for approval of any Derivative Contract or other derivative transaction, the local governmental unit shall demonstrate that it has reviewed the risks inherent in the proposed transaction and that such risks have been evaluated by the local governmental unit. The local governmental unit shall be required to further demonstrate various components of the Derivative Contract in a letter to the Executive Director outlining the following: (1) the objectives of the Derivative Contract, (2) an understanding of the risks involved, (3) all costs associated with the Derivative Contract, (4) expected interest rate exposures and basis risk, (5) mitigating strategies in connection with basis risk, and (6) the credit ratings of any counterparty. This letter shall be approved by the Executive Director and the Credit Committee prior to any recommendation to the MDB Board. The Credit Committee may request other information regarding the Derivative



Contract or the circumstances surrounding the execution and delivery thereof prior to granting any recommendation in connection therewith to the MDB Board.

In addition, in connection with a leveraged basis swap or similar derivative transaction, the Credit Committee reserves the right to require a suitability opinion from counsel of the counterparty acceptable to MDB prior to providing the MDB Board with any recommendation in connection therewith.

### **Solicitation and Procurement of Derivative Contracts**

Competitive bidding or a negotiated process, as determined by the local governmental unit, may be used in selecting the counterparty and pricing a derivative transaction.

Regardless of the method of procurement, the Derivative Contract may be, but is not required to be, subject to a review by the MDB Credit Committee that its terms and conditions reflect a fair market value of such an agreement as of the date of execution. If required, such fair market value shall be clearly demonstrated by the local governmental unit in writing addressed to the Credit Committee.

### **Swap Advisor**

MDB shall select and retain a consultant (the “Swap Advisor”) to provide guidance with respect to swap transactions and to act as MDB’s “Qualified Independent Representative,” as defined in the regulations of the U.S. Commodities Futures Trading Commission promulgated under the Dodd-Frank Wall Street Reform and Consumer Protection Act. The local governmental unit may also engage a Swap Advisor.

#### *Section Criteria*

To be eligible to serve as the Swap Advisor, an entity or person must:

- have substantial experience advising state and local governments with respect to swaps;
- be independent from any counterparty or proposed counterparty to any swap transaction, and not be recommended to MDB by any such counterparty;
- not be subject to statutory disqualification under the Commodities Exchange Act or the Securities Act of 1933,
- disclose any material conflicts of interest that could affect its judgment with respect to its duties as MDB’s Swap Advisor, and
- comply with all applicable state and federal laws with respect to political contributions to public officials.

The MDB Board will review the performance of the Swap Advisor annually to ensure compliance with this Derivatives Policy and the service provided by the Swap Advisor. In

connection with this annual review, the Swap Advisor will represent, in writing, that it meets the above criteria and that it will at all times act in the best interests of MDB.

MDB will consult the Swap Advisor with respect to all proposed swap transactions, including any modifications, cancellations and options. The Swap Advisor will provide MDB with its evaluation of such swap transaction, including:

- **Suitability:** whether the swap transaction meets MDB's stated objectives, financial limitations and complies with this Derivatives Policy.
- **Fair Pricing:** the Swap Advisor is not required to provide pricing or price quotations, but will evaluate the price being offered and obtain quotations from other dealers as necessary.
- **Risks:** the Swap Advisor's evaluation of the risks of the swap transaction in accordance with this Derivatives Policy

The Swap Advisor shall also consult with MDB with respect to the management of MDB's swaps outside of specific swap transactions including such matters as recordkeeping and legal compliance issues (but will not provide legal, accounting or tax advice to MDB).

## **Qualification of Counterparties**

### *Credit Standards*

In any derivative transaction, regardless of the security or credit rating of the underlying transaction, a qualified counterparty shall have and maintain credit ratings from at least one nationally recognized statistical rating agency that is within the two (2) highest investment grade categories, and any ratings which are obtained from any other nationally recognized statistical rating agencies shall also be within the three (3) highest investment grade categories.

### *Collateralization Requirement*

The obligations of a counterparty shall be fully and continually collateralized by direct obligations of, or obligations the principal and interest on which are guaranteed by the United States of America with a net market value of at least 102 percent of the net market value of the Derivative Contract if the rating of the counterparty or guaranteeing entity falls below the required ratings.

### *Net Worth Requirement*

The counterparty must either have a net worth of at least \$100 million or the counterparty's obligation under the Derivative Contract must be guaranteed by a person or entity having a net worth of at least \$100 million.

### *Diversification*

In selecting counterparties for derivative transactions by a single local governmental unit, an effort should be made to diversify exposure to single-entity counterparties. In addition to

monitoring the notional amount exposure to counterparties, the termination exposure should also be monitored to ensure that if a termination event occurs, MDB's outstanding Derivative Contracts, the termination payments, if any, would not be overly burdensome on any local governmental unit.

### **Termination Provisions**

#### *Optional Termination*

Any Derivative Contract procured on behalf of the local governmental unit should include an Optional Early Termination Provision, which will permit the local governmental unit to unilaterally terminate any Derivative Contract.

#### *Mandatory Termination*

In the event that a Derivative Contract is terminated due to a termination event, the local governmental unit with approval of MDB will determine if it is feasible or beneficial for the local governmental unit to attempt to find a replacement counterparty or if the better option would be to make or receive a termination payment.

In determining the structure of a Derivative Contract, the local governmental unit, in conjunction with MDB, should evaluate the costs and benefits of incorporating a provision that would allow for termination payments by the local governmental unit to be made over time as an alternative to lump-sum payment.

### **Governing Law, Waiver of Jurisdiction and Immunities and Incipient Illegality**

Unless MDB receives the advice and consent of acceptable counsel to the contrary, provisions regarding Governing Law, Waiver of Jurisdiction and Immunities and Incipient Illegality in any Derivative Contract shall read substantially as follows:

(a) *Governing Law.* To the extent permitted by Mississippi law, this Agreement and each Transaction will be governed by, and construed and enforced in accordance with, the laws of the State of New York without reference to choice of law doctrine; provided, however, that the authority of MDB to enter into this Agreement and any Transaction hereunder shall be governed by and construed in accordance with the laws of the State of Mississippi.

(b) *Jurisdiction.* With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably submits to the non-exclusive jurisdiction of the courts of the State of Mississippi. Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction nor will the bringing of Proceedings in anyone or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) *Waiver of Trial by Jury and Immunities.* To the extent permitted by Mississippi law, with respect to enforcement of its contractual obligations under this Agreement, each party irrevocably waives any right it may have to trial by jury, and to the extent permitted by Mississippi law, with respect to itself and its revenues and assets (irrespective of their use or intended use) and with respect to enforcement of its contractual obligations under this Agreement, all immunity on

the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by Mississippi law, that it will not claim any such immunity in any Proceedings.

MDB has provided notice to Counterparty that the governing law provision providing for New York law under (a) immediately above and the waiver and consent provisions under (c) immediately above may not be enforceable under Mississippi law. MDB and Counterparty therefore agree that failure to perform the obligations under the provisions in (a) and (c) immediately above because either such provision is determined to be unenforceable under Mississippi law shall not constitute an Incipient Illegality or Illegality as defined under this Agreement.

"Incipient Illegality" means (a) the enactment by any legislative body with competent jurisdiction over a Government Entity of legislation which, if adopted as law, would render unlawful (i) the performance by such Government Entity of any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of a Transaction or the compliance by such Government Entity with any other material provision of this Agreement relating to such Transaction or (ii) the performance by a Government Entity or a Specified Entity of such Government Entity of any contingent or other obligation which the Government Entity (or such Specified Entity) has under any Credit Support Document relating to such Transaction, (b) any assertion in any proceeding, forum or action by a Government Entity, in respect of such Government Entity or in respect of any entity located or organized under the laws of the state in which such Government Entity is located to the effect that performance under this Agreement or similar agreements is unlawful or (c) the occurrence with respect to a Government Entity or any Specified Entity of such Government Entity of any event that constitutes an illegality."

### **Validation**

Any Derivative Contract approved by the MDB shall be submitted for validation in accordance with the provisions of Section 31-13-1 et seq., Mississippi Code of 1972.

## **GLOSSARY OF TERMS**

Credit Support Annex – supplements the ISDA Master Agreement and the Schedule to the Master Agreement and is a credit support document to the parties involved in the derivative contract (i.e. provides details on security interest, obligations, dispute resolution, handling collateral, events of default, and other details of the contract).

Derivative – a product, whose value is derived from an underlying security, structured to deliver varying benefits to different market segments and participants. The term encompasses a wide range of products offered in the marketplace including interest rate swaps, caps floors, collars and other synthetic variable rate products.\*

Forward Swap Agreement – an agreement whereby two parties enter into an interest rate swap agreement to begin at a future date.\*

Interest Rate Cap – an agreement entered into by the issuer or obligator of variable rate debt in which the counterparty agrees to pay any portion of the interest to be paid on the debt that exceeds a specified interest rate. A cap creates an upper limit on the interest rate cost to the issuer or obligator or variable rate debt without establishing a maximum interest rate payable to the holders of the debt.\*

Interest Rate Floor – typically used as part of an interest rate collar (the combination of an interest rate cap and floor) for variable rate debt, an interest rate floor is an agreement whereby the issuer agrees to pay a stated rate of interest even if the actual rate on the variable rate debt is lower. The interest rate floor agreement is entered into with a third-party who typically pays the issuer an upfront fee in exchange for the right to collect the difference between the interest rate floor and the actual lower rate on the debt.\*

Interest Rate Swap – a contract entered into by an issuer or obligator with a swap provider to exchange periodic interest payments. Typically, one party agrees to make payments to the other based upon a fixed rate of interest in exchange for payments based upon a variable rate. Interest rate swap contracts typically are used as hedges against interest rate risk or to provide fixed debt service payments to an issuer or conduit borrower dependent on a specified revenue stream for payment of such debt.\*

ISDA Master Agreement – a contract formed by the International Swaps and Derivatives Association (ISDA) that serves as the industry standard for swap transactions and outlines all the obligation, rights, and restrictions of the parties involved.

Maturity – the end date of a derivative contract.

Notional Amount – is the stated amount of an interest rate derivative contract, which provides the basis for the calculation of interest payments for both parties.

Schedule to the ISDA Master Agreement – outlines termination provisions, a schedule for the delivery of documents, and other provisions of the agreement.

Swaption or Swap Option – an option held by one party that provides that party the right to require that counterparty enter into a swap contract on certain specified terms.\*

\*Source: [www.msrb.org](http://www.msrb.org) – Glossary of Terms.

## **EXHIBIT F**

### **CONTINUING DISCLOSURE POLICY**

#### **Mississippi Development Bank, SEC Rule 15c2-12 Continuing Disclosure Undertaking Reporting Policy**

Subject to certain exceptions, the Mississippi Development Bank (the “MDB”), as a conduit issuer of municipal bonds, and each Local Governmental Unit (as defined in Miss. Code Ann § 31-25-5) borrowing or otherwise using proceeds of municipal bonds issued by the MDB, are required under SEC Rule 15c2-12 to enter into a Continuing Disclosure Undertaking (the “Undertaking”) in connection with each issuance of municipal debt obligations. Each Undertaking is specific with regard to each municipal debt offering and establishes annual reporting deadlines for both the MDB and the Local Governmental Unit reporting operating information, statistical data, and audited financial statements, as well as requirements for the filing of event notices for certain events specified in the Undertakings, which for offerings made after December 21, 2010 must be filed no later than 10 business days after the occurrence of such event. The Undertaking is a required obligation of both the MDB and the Local Governmental Unit, which obligations are outlined in the Continuing Disclosure Agreements signed by MDB and the Local Governmental Unit upon each issuance of municipal bonds. The Undertaking typically requires that MDB file annual reports and event filings with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) computer based, electronic reporting system.

In order to better assure compliance with each of these Undertakings, the MDB will establish a filing date of February 1 each year for filing its annual Undertaking. MDB will notify its Board of Directors annually upon the filing of such information, and such filing date will be included in all municipal bond offering documents for which MDB is the issuer.

The MDB Undertaking filing date deadline of each February 1 will be prompted via a computer based calendar tickler system to provide 30 and 60 day countdown ticklers to each February 1; further, MDB will sign up for EMMA's automated tickler system which will provide MDB staff with annual automated reminders from EMMA regarding annual filings of Undertakings prior to each February 1.

The Secretary of MDB will be primarily responsible for entering the proper information into the tickler system as well as compliance with each Undertaking. However, pursuant to this policy, the Executive Director of MDB is hereby authorized to engage a third party dissemination agent to provide all necessary annual Undertaking filings for and on behalf of MDB.

This Policy is supplemental to all existing policies of MDB. These policies may be obtained by contacting the Secretary of MDB at 735 Riverside Drive, Jackson, Mississippi 39201, phone 601-355-6232.

Effective Date: June 11, 2014

## **EXHIBIT G**

### **PROCEDURES FOR POST-ISSUANCE COMPLIANCE OF TAX-EXEMPT FINANCINGS**

#### **General**

The purpose of these Procedures for Post-Issuance Compliance of Tax-Exempt Financings (these “Procedures”) is to ensure that the Mississippi Development Bank (“MDB”) tax-exempt bond financings remain in compliance with the following federal tax requirements:

- Record retention
- Arbitrage yield restriction and rebate
- Proper and timely use of bond proceeds and bond-financed property
- Timely return filings
- Corrective Actions
- Other general requirements

These Procedures apply to any obligations to which Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended, and any Treasury Regulations promulgated thereunder (together, as applicable, the “Code”) apply, whether or not such obligations are in fact tax-exempt. For example, these Procedures will be followed with respect to any issue of tax-credit bonds or taxable bonds to which such sections of the Code apply. Further, the conduit borrowers (as designee of the MDB) are responsible for compliance with any requirements set forth in the Code and subsequent rulings and other advice published by the Internal Revenue Service (the “Service” or the “IRS”), as such authorities may apply to MDB and its obligations.

#### **The “Financing”**

There are different types of obligations that can evidence a tax exempt loan including but not limited to bonds, notes, obligations, warrants, leases, certificates of participation, or installment sales transactions. This document refers to “bonds” but applies to all of these types of transactions and all such debt instruments.

#### **Responsible Parties**

MDB designates its Secretary as the contact person for compliance with this policy. As MDB is merely a conduit issuer, the chief financial officer (or other designated official) of the conduit borrower is ultimately responsible for the post-issuance compliance of bond financings.

Parties working for the conduit borrower(s) responsible for the financing aspects and the operation aspects of bond-financed facilities will coordinate efforts with MDB and its designee(s) to ensure that any actions taken with respect to a bond-financed facility will be in compliance with the requirements of the Code and rulings of the IRS.

#### **General Recordkeeping**

General record retention duties are the responsibility of the conduit borrower.



The conduit borrower will maintain a copy of the following documents on file at all times:

- Organizational documents, if applicable (articles of incorporation or certificate of formation, bylaws and any amendments to the same)
- Audited Financial Statements
- Reports of any examinations by the Internal Revenue Service of MDB or its tax-exempt financings for, or in relation to conduit transactions with, the conduit borrower
- 501(c)(3) determination letter (if and when applicable)

With respect to each issue of tax-exempt bonds, MDB hereby requires, and each conduit borrower agrees to retain, the following for the life of the bonds plus three years:

- Financing transcript
- Minutes and resolution(s) authorizing the issue
- Certifications of issue price
- Any formal elections (e.g., election to employ an accounting methodology other than specific tracing)
- Appraisals, demand surveys, and/or feasibility studies for bond-financed property
- Government grant documentation related to construction, renovation, or purchase of bond-financed facilities
- Bond Trustee or Bank statements regarding investment and expenditures of bond funds
- Any agreement listed in “Private Business Use” (below) that relates to a bond-financed facility
- Fundraising campaign literature, and records of pledges and funds donated for the bond financed property

### **Separate Bank Account**

Many of the Code provisions related to tax exempt bonds pertain to how bond proceeds are invested, and when such bond proceeds are spent. The conduit borrower will establish a separate bank account or trust fund for bond proceeds and keep records for any such account showing:

- All expenditures on the bond financed property
- Investment of bond proceeds

### **Investments and Arbitrage Compliance**

Many of the Code provisions deal with restrictions if bond proceeds are invested at a yield higher than the yield on the bonds.

MDB does not invest the proceeds of the bonds; that is done by or at the direction of the conduit borrower. The conduit borrower is responsible for monitoring such investments, and to take steps to ensure compliance with the yield restriction requirements of Section 148(a) of the

Code and the rebate requirements of section 148(f) of the Code. Such monitoring includes, but is not limited to:

- tracking the allocation of bond proceeds to expenditures for compliance with any temporary period and spending exceptions, no less frequently than annually
- ensuring that any forms required to be filed with the IRS relating to arbitrage or rebate and any payments required pursuant thereto are filed in a timely manner
- ensuring that “fair market value” is used with respect to the purchase and sale of investments

Additionally, the conduit borrower shall monitor compliance with rebate and yield restriction rules on an annual basis.

With respect to each issue of tax-exempt bonds, the conduit borrower agrees to retain the following for the life of the bonds plus three years:

- Documentation of allocations of investments of bond proceeds and calculations of investment earnings
- Documentation for investments of bond proceeds related to:
  - a) Investment contracts (*e.g.*, guaranteed investment contracts)
  - b) Credit enhancement transactions (*e.g.*, bond insurance contracts)
  - c) Financial derivatives (*e.g.*, swaps, caps, etc.)
  - d) Bidding of financial products
- Documentation regarding arbitrage compliance, including:
  - a) Computation of bond yield
  - b) Computation of rebate and yield reduction payments
  - c) Form 8038-T, *Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate*
  - d) Form 8038-R, *Request for Recovery of Overpayments Under Arbitrage Rebate Provisions*

### **Expenditures and Assets**

The Code generally requires that at least 85% of bond proceeds are to be expended on the project within three years of the date the bonds are issued.

The conduit borrower is responsible for oversight of the expenditure of bond proceeds, including monitoring whether such expenditures are made in a timely manner for the purposes for which the bonds were authorized. Each conduit borrower will ensure that all proceeds of a bond issue are allocated to expenditures by the later of 18 months after the expenditure was made or the date the project is placed in service (and in no event, later than 60 days after [i] the fifth anniversary of the issue date or [ii] retirement of the issue).

With respect to each issue of tax-exempt bonds, each conduit borrower shall retain the following for the life of the bonds plus three years:

- Documentation of allocations of bond proceeds to expenditures (e.g., allocation of bond proceeds for expenditures for the construction, renovation or purchase of facilities)
- Documentation of allocations of bond proceeds to bond issuance costs
- Copies of all requisitions, draw schedules, draw requests, invoices, bills, and cancelled checks related to bond proceeds spent during the construction period
- Copies of all contracts entered into for the construction, renovation or purchase of bond-financed facilities
- Records of expenditure reimbursements incurred prior to issuing bonds for bond-financed facilities
- List or schedule of all bond-financed facilities or equipment
- Depreciation schedules for bond-financed depreciable property
- Documentation of any purchase or sale of bond-financed assets

### **Private Business Use**

A key factor in the tax exempt status of the bonds is the bond financed project must be owned and used by the conduit borrower in a “related trade or business” to its tax exempt status (as a school, hospital, etc.)

An issue of tax exempt bonds will lose its tax-exempt status if the issue meets (1) both the private business use test and the private payment/security test, or (2) the private loan financing test.

The private business use test will be met if more than 10% of bond proceeds are used for any private business use, and the private payment/security test will be met if more than 10% of the payment of the principal of or interest on the bonds is directly or indirectly secured by a private business or derived from payments related to property used in private business. Private business use and provide payment/security may occur due to a conduit borrower’s unrelated trade or business activities in that same project, trade or business use by unrelated third parties (for example, sale or lease of the project or any portion thereof to a private company, or entry of a contract with a management company to manage all or a part of the bond financed facility) or the existence of special legal entitlements with respect to the bond-financed property. Each conduit borrower will monitor the use of bond proceeds for compliance with the private business use rules.

The private loan financing test is met if tax exempt bond proceeds exceeding the lesser of 5% of such proceeds or \$5,000,000 are used directly or indirectly to finance loans to one or more nongovernmental persons or businesses. Private loans can occur if conduit borrowers lease or otherwise transact with private persons for bond financed facilities such that the economic substance of such transactions constitutes a loan. Each conduit borrower will monitor the use of bond proceeds for compliance with the private loan financing test use rules.

### **Corrective Action**

A corrective action may be required if, for example, it is determined that bond proceeds were not properly expended, a conduit borrower is not in compliance with the arbitrage requirements imposed by the Code or a conduit borrower has taken a deliberation action that results

in impermissible private business use (e.g., sale or lease of bond-financed property) or entering a management contract with a private company for that facility. If the conduit borrower determines or is advised that corrective action is necessary with respect to any issue of its tax-exempt obligations, MDB will cooperate with the conduit borrower as may be applicable, in a timely manner, to:

- seek to enter into a closing agreement under the Tax-Exempt Bonds Voluntary Closing Agreement Program described in Notice 2001-60 (or any successor notice thereto)
- take remedial action described under Section 1.141-12 of the Code
- take such other action as recommended by bond counsel

**Policy Supplemental to all existing Policies**

This Policy is supplemental to all existing policies of MDB. These policies may be obtained by contacting the Secretary of MDB at 735 Riverside Drive, Jackson, Mississippi 39201, phone 601-355-6232.

Adopted By:

**MISSISSIPPI DEVELOPMENT BANK**

By:     /s/ William D. Sones      
William D. Sones, Chairman, Board of Directors

Date: February 13, 2013

By:     /s/ William T. Barry      
William T. Barry, Executive Director

Date: February 13, 2013

## **EXHIBIT H**

### **INVESTMENT POLICY**

The following guidelines will govern the investment of unrestricted funds held by the Mississippi Development Bank (“MDB”). Notwithstanding anything herein to the contrary, this Investment Policy does not pertain to the investment of proceeds of bonds issued by MDB. By the adoption of this policy, MDB hereby approves all investments purchased or sold prior to the adoption of this policy.

#### **1. PERMITTED INVESTMENTS**

- (a) Obligations of any county or municipality of the State of Mississippi (the “State”) or the State or the United States of America;
- (b) Obligations of the principal and interest of which are guaranteed by the State or the United States of America;
- (c) Obligations of any corporation wholly owned by the United States of America;
- (d) Obligations of any corporation sponsored by the United States of America which are, or may become, eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System;
- (e) Obligations of insurance firms or other corporations whose investments are rated “AA”, or its equivalent, or better by recognized rating companies at the time of purchase. Investments that are downgraded after purchase and that fall below this rating will be reported to the Investment Committee;
- (f) Certificates of deposit or time deposits of qualified depositories of the State as approved by the State Depository Commission or its successor, secured in such matter, if any, as MDB shall determine;
- (g) Contracts for the purchase and sale of obligations of the type specified in items (a) through (e) above;
- (h) Repurchase agreements secured by obligations specified in items (a) through (e) above;
- (i) Money market funds, the assets of which are required to be invested in obligations specified in items (a) through (f) above; and
- (j) All other types of investments in which funds of the State or any of its political subdivisions can be lawfully invested.

#### **2. MATURITY**

The maximum allowable maturity on fixed income investments is 10 years. Mortgage backed securities (MSB) may carry a final maturity of greater than 10 years, but must have an average life of 10 years or less. It is contemplated that the average life of the portfolio will generally be in the 3-7 year range. Maturity distributions are to be established on an annual basis, with Schedule A hereby accepted as the maturity distribution target.

Mississippi Development Bank  
Schedule A

0-1 yr =	\$100,000
1-2 yr =	\$100,000
2-3 yr =	\$100,000
3-4 yr =	\$ 50,000
4-5 yr =	\$ 25,000
5-7 yr =	\$ 25,000
7-10 yr =	<u>\$ 25,000</u>
Total	\$ 425,000

**3. REPORTING**

An investment report will be prepared quarterly for review by MDB's Investment Committee.

**4. INVESTMENT MANAGER**

MDB may seek proposals from reputable investment companies for the management of its investments. The investment manager will work closely with the Executive Director or other designated MDB representative to ensure that MDB's monies are invested according to this policy to produce the greatest investment yield.

**5. BIDS FOR INVESTMENTS**

If MDB does not employ an Investment Manager, the Executive Director or other designated MDB representative is authorized to purchase and sell permitted investments with maturities with maturities of five (5) years or less. A minimum of three (3) bids on investment options must be obtained from investment providers authorized to do business in the State and appropriately insured by FDIC or SIPC. These bids must be entered on a transaction statement for each investment purchased or sold. Transaction statements are to be maintained in the accounting department of MDB.

**6. RESTRICTIONS**

No equities, derivatives, futures, options or debt of foreign governments or corporations are permitted.

## **EXHIBIT I**

### **PUBLIC RECORDS POLICY**

The following is the Policy of the Mississippi Development Bank (“MDB”) with respect to requests to view or reproduce public records under the Mississippi Public Records Act of 1983, Sections 25-61-1 et seq., Mississippi Code of 1972, as amended (the “Act”). Capitalized terms not defined in this Policy shall have the meanings given in the Act.

It is the Policy of MDB that all Public Records, as such term is defined in the Act, not privileged under any applicable law, including all books, records, papers, accounts, letters, maps, photographs, films, cards, tapes, recordings or reproductions thereof, and any other documentary materials, regardless of physical form or characteristics, having been used, being in use, or prepared, possessed or retained for use in the conduct, transaction or performance of any business, transaction, work or duty of MDB, shall be open to review, inspection and reproduction by the public in accordance with the following:

1. Requests to be in Writing. All requests to review Public Records shall be made in writing and submitted to the Executive Director of MDB. The request must be on the form prescribed by MDB and must state with specificity the Public Record(s) requested, including the date of the Public Record(s), if available.

2. Time for Fulfilling Requests. Except as provided below, all requests for Public Records shall be fulfilled or denied within fourteen (14) working days of receipt of the request by MDB. A request for trade secrets or commercial or financial information furnished to MDB by a third party may be held for a reasonable period, not to exceed thirty (30) days, while MDB notifies such third party of the request and of its right to request a court order prohibiting MDB's disclosure of such public records.

3. Denied Requests. The denial of any request to review or reproduce Public Records shall be made by MDB in writing and shall contain a specific reason for the denial. MDB shall keep a record copy of all denied requests for a period of not less than three (3) years from the date of the denial.

4. Approved Requests. If a request to review Public Records is approved, the person making the request will be notified of the time and place at which the Public Records will be made available. The person making such a request will be required to pay the actual costs of retrieving the Public Records prior to reviewing the same. The actual costs of retrieval shall include, but not necessarily be limited to, clerical time at MDB's standard wage rates, travel and other actual costs for retrieval from offsite storage. If the person making the request has requested photocopies or other reproductions of the Public Records, MDB shall notify the person making the request of the total number of pages to be reproduced and the total cost of reproduction. Photocopies shall be at the cost of \$0.50 per page. Reproductions of photographs and other materials shall be at actual cost to MDB. The period of time between notification by MDB of the cost of reproduction and receipt of payment by MDB shall not be considered part of the time for MDB to respond.

5. Publication of Policy. This Policy shall be inserted in the Minute Book of MDB and shall be available for inspection at any time in the Executive Director's Office.

