

OFFICIAL STATEMENT

**TWO (2) NEW ISSUES
BOOK-ENTRY ONLY**

See "RATINGS" herein

In the opinion of Butler Snow LLP, Ridgeland, Mississippi ("Bond Counsel"), under existing laws, regulations, rulings and judicial decisions, interest on the Series 2016B Bonds (as defined herein) is excludable from gross income for federal tax purposes pursuant to Section 103 of the Code (as defined herein). However, see "TAX MATTERS" for a description of the alternative minimum tax on corporations and certain other federal tax consequences of ownership of the Series 2016B Bonds. Interest on the Series 2016C Bonds (as defined herein) should be treated as includable in gross income of the holders thereof for federal income tax purposes. Bond Counsel is further of the opinion that under existing laws, regulations, rulings and judicial decisions, interest on the Series 2016 Bonds (as defined herein) is exempt from income taxation in the State (as defined herein). See "TAX MATTERS" herein and APPENDIX E - FORMS OF OPINIONS OF BOND COUNSEL attached hereto.

**\$188,850,000
STATE OF MISSISSIPPI
GENERAL OBLIGATION BONDS,
SERIES 2016B (Tax-Exempt)**

**\$81,500,000
STATE OF MISSISSIPPI
TAXABLE GENERAL OBLIGATION
BONDS, SERIES 2016C**

Dated: Date of Delivery

Due: December 1, as shown on the inside front cover

Interest on the \$188,850,000 State of Mississippi General Obligation Bonds, Series 2016B (Tax-Exempt) (the "Series 2016B Bonds") will be payable on June 1 and December 1 of each year, commencing December 1, 2017. Interest on the \$81,500,000 State of Mississippi Taxable General Obligation Bonds, Series 2016C (the "Series 2016C Bonds" and together with the Series 2016B Bonds, the "Series 2016 Bonds") will be payable on June 1 and December 1 of each year, commencing December 1, 2017. The State Bond Commission of the State of Mississippi (the "State") has designated the Office of the State Treasurer to serve as paying agent, transfer agent and registrar of the Series 2016 Bonds (in such capacity, the "Paying and Transfer Agent"). The Series 2016 Bonds will be issued as fully registered bonds in the denomination of \$5,000, or any integral multiple thereof, and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2016 Bonds. See "DESCRIPTION OF THE SERIES 2016 BONDS - Book-Entry-Only System" and APPENDIX F.

The Series 2016 Bonds are general obligations of the State and are secured by a pledge of the full faith and credit of the State.

The Series 2016B Bonds will be subject to optional redemption prior to their respective maturities. The Series 2016C Bonds will not be subject to optional redemption prior to their respective maturities. See "DESCRIPTION OF THE SERIES 2016 BONDS - Redemption Provisions of the Series 2016B Bonds" and "Redemption Provisions of the Series 2016C Bonds."

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. PROSPECTIVE INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2016 Bonds are offered subject to the final approving opinion of Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel. Certain legal matters will be passed upon for the Underwriters (identified below) for the Series 2016 Bonds by their counsel, Balch & Bingham LLP, Jackson, Mississippi. Certain legal matters with respect to the State will be passed upon by the State Attorney General, Jim Hood, Esq. FirstSouthwest, a division of Hilltop Securities, Dallas, Texas, is serving as Financial Advisor to the State in connection with the sale and issuance of the Series 2016 Bonds. It is expected that delivery of the Series 2016 Bonds in definitive form will be made on or about December 22, 2016.

Citigroup

Piper Jaffray

Raymond James

Stephens

Duncan-Williams

Loop Capital Markets

(Series 2016B Bonds)

(Series 2016C Bonds)

Dated: December 6, 2016

STATE OF MISSISSIPPI

\$188,850,000
STATE OF MISSISSIPPI
GENERAL OBLIGATION BONDS,
SERIES 2016B
(Tax-Exempt)

MATURITY SCHEDULE

Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP¹
2025	\$10,255,000	5.000%	2.660%	605581HN0
2026	12,485,000	5.000	2.760	605581HP5
2027*	13,130,000	5.000	2.850	605581HQ3
2028*	13,800,000	5.000	2.950	605581HR1
2029*	14,510,000	5.000	3.030	605581HS9
2030*	15,255,000	5.000	3.090	605581HT7
2031*	16,035,000	5.000	3.160	605581HU4
2032*	16,855,000	5.000	3.230	605581HV2
2033*	17,720,000	5.000	3.300	605581HW0
2034*	18,630,000	5.000	3.360	605581HX8
2035*	19,585,000	5.000	3.410	605581HY6
2036*	20,590,000	5.000	3.450	605581HZ3

* Priced to the par call date of December 1, 2026.

\$81,500,000
STATE OF MISSISSIPPI
TAXABLE GENERAL OBLIGATION BONDS,
SERIES 2016C

MATURITY SCHEDULE

Maturity (December 1)	Principal Amount	Interest Rate	Yield	CUSIP¹
2017	\$ 4,995,000	1.210%	1.210%	605581HD2
2018	9,990,000	1.464	1.464	605581HE0
2019	10,155,000	1.742	1.742	605581HF7
2020	10,360,000	2.184	2.184	605581HG5
2021	10,630,000	2.875	2.334	605581HH3
2022	10,925,000	2.631	2.631	605581HJ9
2023	11,235,000	2.831	2.831	605581HK6
2024	11,570,000	2.987	2.987	605581HL4
2025	1,640,000	3.137	3.137	605581HM2

¹ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services.

STATE OF MISSISSIPPI

STATE BOND COMMISSION

PHIL BRYANT — *Governor, Ex officio Chairman*
JIM HOOD — *Attorney General, Ex officio Secretary*
LYNN FITCH — *State Treasurer, Ex officio Member*

DEPARTMENT OF FINANCE AND ADMINISTRATION

LAURA JACKSON — *Executive Director*
BRIAN PUGH — *Deputy Executive Director*
STEVEN MCDEVITT — *Director, Bond Advisory Division*

OFFICE OF THE ATTORNEY GENERAL

ROMAINE RICHARDS — *Special Assistant Attorney General*

OFFICE OF THE STATE TREASURER

JESSE GRAHAM — *Deputy Treasurer*
LIZ BOLIN — *Director, Bond Division*

BOND COUNSEL

BUTLER SNOW LLP
Ridgeland, Mississippi

UNDERWRITERS' COUNSEL

BALCH & BINGHAM LLP
Jackson, Mississippi

FINANCIAL ADVISOR

FIRSTSOUTHWEST,
A DIVISION OF HILLTOP SECURITIES
Dallas, Texas

[THIS PAGE INTENTIONALLY LEFT BLANK]

NO DEALER, BROKER, SALES REPRESENTATIVE OR OTHER PERSON HAS BEEN AUTHORIZED BY THE STATE, THE STATE BOND COMMISSION OF THE STATE OR THE UNDERWRITERS SHOWN ON THE COVER HEREOF TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED HEREIN IN CONNECTION WITH THE OFFERING OF THE SERIES 2016 BONDS AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SERIES 2016 BONDS NOR SHALL THERE BE ANY SALE OF THE SERIES 2016 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE STATE AND OTHER SOURCES THAT ARE BELIEVED TO BE RELIABLE. THE INFORMATION SET FORTH HEREIN CONCERNING DTC HAS BEEN FURNISHED BY DTC AND NO REPRESENTATION IS MADE BY THE STATE OR THE UNDERWRITERS AS TO THE ACCURACY OR COMPLETENESS THEREOF. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE STATE SINCE THE DATE HEREOF.

THIS OFFICIAL STATEMENT CONTAINS FORECASTS, PROJECTIONS AND ESTIMATES THAT ARE BASED ON EXPECTATIONS AND ASSUMPTIONS WHICH EXISTED AT THE TIME SUCH FORECASTS, PROJECTIONS AND ESTIMATES WERE PREPARED. IN LIGHT OF THE IMPORTANT FACTORS THAT MAY MATERIALLY AFFECT ECONOMIC CONDITIONS IN THE STATE, THE INCLUSION IN THIS OFFICIAL STATEMENT OF SUCH FORECASTS, PROJECTIONS AND ESTIMATES SHOULD NOT BE REGARDED AS A REPRESENTATION BY THE STATE THAT SUCH FORECASTS, PROJECTIONS AND ESTIMATES WILL OCCUR. SUCH FORECASTS, PROJECTIONS AND ESTIMATES ARE NOT INTENDED AS REPRESENTATIONS OF FACT OR GUARANTEES OF RESULTS.

IF AND WHEN INCLUDED IN THIS OFFICIAL STATEMENT, THE WORDS "EXPECTS," "FORECASTS," "PROJECTS," "INTENDS," "ANTICIPATES," "ESTIMATES" AND ANALOGOUS EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS AND ANY SUCH STATEMENTS INHERENTLY ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED. SUCH RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, LITIGATION AND VARIOUS OTHER EVENTS, CONDITIONS AND CIRCUMSTANCES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE STATE. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS OFFICIAL STATEMENT. THE STATE DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO RELEASE PUBLICLY ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN THE STATE'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.

INFORMATION HEREIN HAS BEEN OBTAINED FROM THE STATE, DTC, AND OTHER SOURCES BELIEVED TO BE RELIABLE, BUT THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION IS NOT GUARANTEED BY THE UNDERWRITERS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN MARKET PRICES OF THE SERIES 2016 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: EACH UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

UPON ISSUANCE, THE SERIES 2016 BONDS WILL NOT BE REGISTERED BY THE STATE UNDER THE SECURITIES ACT OF 1933, AS AMENDED, ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY

OR AGENCY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR THE SERIES 2016 BONDS OFFERED FOR SALE BY THIS OFFICIAL STATEMENT.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFICIAL STATEMENT ARE FOR CONVENIENCE OF REFERENCE ONLY, AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISION OR SECTIONS OF THIS OFFICIAL STATEMENT. THE OFFERING OF THE SERIES 2016 BONDS IS MADE ONLY BY MEANS OF THIS OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: WWW.MUNIOS.COM. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR IS PRINTED IN ITS ENTIRETY FROM SUCH WEBSITE.

[The remainder of this page left blank intentionally.]

TABLE OF CONTENTS

	Page
INTRODUCTION	1
DESCRIPTION OF THE SERIES 2016 BONDS	1
General	1
Series 2016B Bonds	1
Series 2016C Bonds	2
Security	3
Redemption Provisions of the Series 2016B Bonds	3
Redemption Provisions of the Series 2016C Bonds	3
Selection of Series 2016B Bonds to be Redeemed	4
Notice of Redemption	4
Defeasance	4
Registration	4
Book-Entry-Only System	5
DESCRIPTION OF THE PROJECTS	5
Series 2016B Projects	5
Series 2016C Projects	5
SOURCES AND USES OF FUNDS	6
DEBT STRUCTURE AND CHARACTERISTICS	6
General	6
Short-Term Indebtedness	6
Long-Term Indebtedness	6
Outstanding Long Term Indebtedness	7
Long Term Debt Ratios	8
Lease Purchase Agreements	9
Certificates of Participation	10
Debt Limitation	11
Annual Debt Service Requirements on Net Direct General Obligation Bonded Debt	12
Revenue Bonds	12
Moral Obligation Bonds	13
Record of No Default	13
Annual Debt Service Requirements	13
FISCAL OPERATIONS OF THE STATE	13
The Budgetary Process	13
GAAP Accounting	15
Investment and Cash Management	15
Accounting Systems	16
Overview of State Funds	16
Special Funds	19
Potential Claims Related to Federal Grants	22
DESCRIPTION OF STATE TAXES	22
RETIREMENT SYSTEM	24
ORGANIZATION OF STATE GOVERNMENT	33
Legislative Branch	33
Executive Branch	34
Judicial Branch	35
Local Governments	35

EDUCATION	35
Elementary/Secondary Education	35
Community Colleges	35
Universities and Colleges	36
THE ECONOMY.....	36
Location and Geography	36
The State's Economy (as of November 2016)	36
Short-Term Outlook	37
State Economic Structure	37
Economic Development	37
Banking and Finance	37
Manufacturing.....	38
Tourism and Gaming	38
Agriculture and Forestry	39
Construction	39
Transportation.....	39
Population.....	40
Employment	41
Income.....	44
RATINGS	46
CONTINUING DISCLOSURE	46
LITIGATION	47
UNDERWRITING	47
VALIDATION	48
APPROVAL OF LEGAL PROCEEDINGS	48
FINANCIAL ADVISOR.....	49
TAX MATTERS	49
Series 2016B Bonds.....	49
Series 2016B Premium Bonds	49
Future Legislation.....	50
Backup Withholding.....	50
Series 2016C Bonds.....	50
MISCELLANEOUS	50
APPENDIX A	
Debt Service on the Series 2016B Bonds	A-1
Debt Service on the Series 2016C Bonds	A-2
General Fund Cash Flow by Months.....	A-3
APPENDIX B	
Excerpts from 2015 Audited Financial Statements.....	B-1
APPENDIX C	
Forms of Continuing Disclosure Certificates	C-1
APPENDIX D	
Form of Opinion of Attorney General.....	D-1
APPENDIX E	
Forms of Opinions of Bond Counsel	E-1
APPENDIX F	
Book-Entry-Only System	F-1

OFFICIAL STATEMENT SUMMARY

THE OFFERING

**\$188,850,000
STATE OF MISSISSIPPI
GENERAL OBLIGATION BONDS,
SERIES 2016B
(Tax-Exempt)**

The	Issuer	State of Mississippi (the "State").
Issue and Date		\$188,850,000 State of Mississippi General Obligation Bonds, Series 2016B (Tax-Exempt) (the "Series 2016B Bonds"), dated their date of delivery.
Authority		The Series 2016B Bonds will be issued pursuant to the provisions of the Series 2016B Act (as defined herein) and the Series 2016B Resolution (as defined herein).
Purpose		The Series 2016B Bonds are being issued for the purpose of providing funds to finance the costs of certain capital improvements within the State as more particularly described herein, and to pay the costs incident to the sale, issuance and delivery of the Series 2016B Bonds.
Amounts and Maturities		The Series 2016B Bonds will mature on December 1 in the years and amounts as shown on the inside front cover.
Interest Payment Dates		Interest on the Series 2016B Bonds will be payable on June 1 and December 1 of each year, commencing December 1, 2017.
Redemption Provisions		The Series 2016B Bonds will be subject to optional redemption prior to their respective maturities (see "DESCRIPTION OF THE SERIES 2016 BONDS - Redemption Provisions of the Series 2016B Bonds," herein).
Security for Payment		Pursuant to the Series 2016B Act, the Series 2016B Bonds shall be general obligations of the State and are secured by a pledge of the full faith and credit of the State (see "DESCRIPTION OF THE SERIES 2016 BONDS - Security," herein).
Tax Matters		In the opinion of Bond Counsel (as defined herein), interest on the Series 2016B Bonds is excludable from gross income for federal and State tax purposes. However, see "TAX MATTERS" for a description of the alternative minimum tax on corporations and certain other federal tax consequences of ownership of the Series 2016B Bonds. See "TAX MATTERS," herein.

The above information is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, including the Appendices.

OFFICIAL STATEMENT SUMMARY

THE OFFERING

**\$81,500,000
STATE OF MISSISSIPPI
TAXABLE GENERAL OBLIGATION BONDS,
SERIES 2016C**

The	Issuer	State of Mississippi (the "State").
Issue and Date		\$81,500,000 State of Mississippi Taxable General Obligation Bonds, Series 2016C (the "Series 2016C Bonds"), dated their date of delivery.
Authority		The Series 2016C Bonds will be issued pursuant to the provisions of the Series 2016C Act (as defined herein) and the Series 2016C Resolution (as defined herein).
Purpose		The Series 2016C Bonds are being issued for the purpose of providing funds to finance various economic development loans, grants and programs in the State and the costs of certain capital improvements within the State, as more particularly described herein, and to pay the costs incident to the sale, issuance and delivery of the Series 2016C Bonds.
Amounts and Maturities		The Series 2016C Bonds will mature on December 1 in the years and amounts as shown on the inside front cover.
Interest Payment Dates		Interest on the Series 2016C Bonds will be payable on June 1 and December 1 of each year, commencing December 1, 2017.
Redemption Provisions		The Series 2016C Bonds will not be subject to optional redemption prior to their respective maturities. See "DESCRIPTION OF THE SERIES 2016 BONDS - Redemption Provisions of the Series 2016C Bonds," herein.
Security for Payment		Pursuant to the Series 2016C Act, the Series 2016C Bonds shall be general obligations of the State and are secured by a pledge of the full faith and credit of the State (see "DESCRIPTION OF THE SERIES 2016 BONDS - Security," herein).
Tax Matters		INTEREST ON THE SERIES 2016C BONDS SHOULD BE TREATED AS INCLUDABLE IN GROSS INCOME OF THE HOLDERS THEREOF FOR FEDERAL INCOME TAX PURPOSES. In the opinion of Bond Counsel, interest on the Series 2016C Bonds is exempt from all income taxation in the State (see "TAX MATTERS," herein).

The above information is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, including the Appendices.

STATE MAP TO BE INSERTED

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

\$188,850,000
STATE OF MISSISSIPPI
GENERAL OBLIGATION BONDS,
SERIES 2016B
(Tax-Exempt)

\$81,500,000
STATE OF MISSISSIPPI
TAXABLE GENERAL OBLIGATION BONDS,
SERIES 2016C

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the inside cover and the Appendices herein, is to set forth certain information concerning the State of Mississippi (the "State" or "Mississippi") and the State's \$188,850,000 General Obligation Bonds, Series 2016B (Tax-Exempt) (the "Series 2016B Bonds"), and \$81,500,000 Taxable General Obligation Bonds, Series 2016C (the "Series 2016C Bonds" and together with the Series 2016B Bonds, the "Series 2016 Bonds").

DESCRIPTION OF THE SERIES 2016 BONDS

General

The Series 2016 Bonds will be dated the date of delivery, and will be issued as fully registered bonds in the denominations of \$5,000 or any integral multiples thereof, bearing interest at the rates per annum set forth on the inside front cover, payable June 1 and December 1 of each year, commencing December 1, 2017, and computed on the basis of a 360-day year consisting of twelve, 30-day months. The State Treasurer of the State has been designated by the State Bond Commission of the State (the "Commission") to serve as paying agent, transfer agent and registrar of the Series 2016 Bonds (in such capacity, the "Paying and Transfer Agent"). The Series 2016 Bonds will be general obligations of the State and the full faith and credit of the State shall be pledged as security for the payment of the principal of and the interest on the Series 2016 Bonds.

The Series 2016 Bonds initially will be held in a book-entry-only system administered by The Depository Trust Company, New York, New York ("DTC"). Principal of and interest on the Series 2016 Bonds held in book-entry form shall be payable as described herein under the heading "DESCRIPTION OF THE SERIES 2016 BONDS - Book-Entry-Only System."

The principal of and interest on the Series 2016 Bonds will be payable by the Paying and Transfer Agent to DTC, which will in turn remit such principal and interest to its Direct Participants (as hereinafter defined) and Indirect Participants (as hereinafter defined), which will in turn remit such principal and interest to the Beneficial Owners (as hereinafter defined) of the Series 2016 Bonds. If the date for payment is not a business day, then the payment shall be made on the next succeeding business day with the same force and effect as if made on the payment date. The record date for the payment of interest on the Series 2016 Bonds is the close of business on the date which shall be the 15th day (whether or not a business day) of the calendar month next preceding each interest payment date.

The Series 2016 Bonds will mature December 1 in the years and in the amounts set forth on the inside cover page hereto.

Series 2016B Bonds

The Series 2016B Bonds will be issued pursuant to the provisions of Sections 57-75-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented, Section 1(6) of Senate Bill 3100, 2011 Regular Session of the State Legislature, as amended by Section 43 (6)(a)(i) of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 3 of Senate Bill 2913, 2013 Regular Session of the State Legislature, Section 2 of House Bill 787, 2014

Regular Session of the State Legislature, Section 3 of House Bill 787, 2014 Regular Session of the State Legislature, Sections 49 and 50 of House Bill 1701, 2010 Regular Session of the State Legislature, Sections 30 and 31 of Senate Bill 3100, 2011 Regular Session of the State Legislature, Sections 4 and 5 of Senate Bill 2913, 2013 Regular Session of the State Legislature, and Sections 6 and 7 of House Bill 787, 2014 Regular Session of the State Legislature, Section 24 of House Bill 787, 2014 Regular Session of the State Legislature, Section 1 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 2 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 4 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 7 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 10 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 16 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 28 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 34 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 1 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 3 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 4 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 5 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 11 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 12 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 7 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 8 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 13 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 14 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 26 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 27 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 32 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 33 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 34 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 35 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 36 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 37 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 38 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 39 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 40 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 41 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 43 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 44 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 45 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 46 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 48 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 49 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 50 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 51 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 52 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 53 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 54 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 55 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 56 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 57 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 58 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 59 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 60 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 62 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 63 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 64 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 65 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 66 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 68 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 69 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 70 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 72 of House Bill 1729, 2016 Regular Session of the State Legislature, and Section 73 of House Bill 1729, 2016 Regular Session of the State Legislature (collectively, the "Series 2016B Act") and a resolution adopted by the Commission on November 21, 2016 (the "Series 2016B Resolution") for the purpose of providing funds to finance the costs of certain capital improvements within the State and to pay the costs incident to the sale, issuance and delivery of the Series 2016B Bonds, all as authorized under the Series 2016B Act and the Series 2016B Resolution.

Series 2016C Bonds

The Series 2016C Bonds will be issued pursuant to the provisions of Sections 57-75-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented, Section 8 of House Bill 1724, 2007 Regular Session of the State Legislature, Sections 65-4-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented, Chapter 464, Laws of 1999, as amended by Chapter 386, Laws of 2000, as amended by Section 2(3) of House Bill 1351, 2010 Regular Session of the State Legislature, Section 57-1-16, Mississippi Code of 1972, as amended and supplemented, including, but not limited to, Section 2 of Senate Bill 2975, 2014 Regular Session of the State Legislature, Section 9 of House Bill 787, 2014 Regular Session of the State Legislature and Section 22 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 57-1-18, Mississippi Code of 1972, as amended and supplemented,

including, but not limited to, House Bill 581, 2002 Regular Session of the State Legislature, House Bill 1595, 2003 Regular Session of the State Legislature, House Bill 1509, 2006 Regular Session of the State Legislature, House Bill 1656, 2008 Regular Session of the State Legislature, House Bill 1722, 2009 Regular Session of the State Legislature, Sections 38 and 39 of House Bill 1701, 2010 Regular Session of the State Legislature, Sections 41 and 42 of Senate Bill 3100, 2011 Regular Session of the State Legislature, Sections 30 and 31 of Senate Bill 2913, 2013 Regular Session of the State Legislature, Section 4 of House Bill 787, 2014 Regular Session of the State Legislature, Sections 11 and 12 of Senate Bill 2906, 2015 Regular Session of the State Legislature and Sections 19 and 20 of House Bill 1729, 2016 Regular Session of the State Legislature, Sections 23 and 24 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 25 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 67 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 21 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 30 of House Bill 1729, 2016 Regular Session of the State Legislature, and Section 42 of House Bill 1729, 2016 Regular Session of the State Legislature (collectively, the "Series 2016C Act") and a resolution adopted by the Commission on November 21, 2016 (the "Series 2016C Resolution" and together with the Series 2016B Resolution, the "Resolutions") for the purpose of providing funds to finance various economic development loans, grants and programs in the State and the costs of certain capital improvements within the State and to pay the costs incident to the sale, issuance and delivery of the Series 2016C Bonds, all as authorized under the Series 2016C Act and the Series 2016C Resolution.

The Series 2016B Act and the Series 2016C Act are referred to herein together as the "Act."

Security

The Series 2016 Bonds will be general obligations of the State, and for the payment thereof, the full faith and credit of the State shall be irrevocably pledged. The Act provides that if the funds appropriated by the Legislature of the State shall be insufficient to pay the principal of and interest on the Series 2016 Bonds as they become due, the deficiency shall be paid by the State Treasurer from funds in the State Treasury not otherwise appropriated.

The qualified electors of the State voted in a general election held on November 7, 1995, to amend the Mississippi Constitution of 1890 (the "Constitution") to add the following new Section 172A (the "Amendment"):

SECTION 172A. Neither the Supreme Court nor any inferior court of this state shall have the power to instruct or order the state or any political subdivision thereof, or an official of the state or any political subdivision, to levy or increase taxes.

The Amendment does not affect the State's underlying obligation to pay the principal of and interest on the Series 2016 Bonds as they mature and become due nor does it affect the State's obligation to levy a tax sufficient to accomplish that purpose. However, even though it appears that the Amendment was not intended to affect bondholders' remedies in the event of a payment default, the Amendment potentially prevents bondholders from obtaining a writ of mandamus to compel the levying of taxes to pay the principal of and interest on the Series 2016 Bonds in a State court. It is not certain whether the Amendment would affect the right of a federal court to direct the levy of a tax to satisfy a contractual obligation. Other effective remedies are available to the bondholders in the event of a payment default with respect to the Series 2016 Bonds.

Redemption Provisions of the Series 2016B Bonds

Optional Redemption. The Series 2016B Bonds will be subject to optional redemption prior to their respective maturities on or after December 1, 2026, either in whole or in part on any date (as selected by the State among maturities and by lot within each maturity), at the principal amount thereof, together with the interest accrued thereon to the date fixed for redemption and without premium.

Redemption Provisions of the Series 2016C Bonds

Optional Redemption. The Series 2016C Bonds will be not be subject to optional redemption prior to their respective maturities.

Selection of Series 2016B Bonds to be Redeemed

Held in Book-Entry Only System. If less than all of the Series 2016B Bonds shall be called for redemption, the State shall notify DTC that the redemption shall be by lot in whole multiples of \$5,000. While DTC is the

registered owner of the Series 2016B Bonds, partial redemptions (including any sinking fund payments) of the Series 2016B Bonds of a particular maturity will be determined in accordance with DTC's procedures as in effect at the time of any such partial redemption.

Not Held in Book-Entry Only System. If less than all of the Series 2016B Bonds subject to redemption are called for redemption, the Paying and Transfer Agent shall select the Series 2016B Bonds to be redeemed from the outstanding Series 2016B Bonds subject to redemption and not previously called for redemption, by lot in any manner deemed reasonable by the Paying and Transfer Agent, provided that the unredeemed portion of the principal amount of any Series 2016B Bond shall be not less than \$5,000.

Notice of Redemption

Notice of the call for any redemption (which may be a conditional notice), identifying the Series 2016B Bonds (or any portions thereof in authorized denominations) to be redeemed, will be given by the State at least 30 days but not more than 45 days prior to the date fixed for redemption by mailing a copy of the redemption notice by registered or certified mail to the Underwriters (as defined herein) and the registered owner of each Series 2016B Bond to be redeemed at the address shown on the records of the Paying and Transfer Agent. Failure to mail such notice to any particular owner of Series 2016B Bonds, or any defect in the notice mailed to any such owner of Series 2016B Bonds, will not affect the validity of any proceeding for the redemption of any other Series 2016B Bonds. So long as DTC or its nominee is the registered owner of the Series 2016B Bonds, notice of the call for any redemption will be given to DTC, and not directly to Beneficial Owners. See the caption, "DESCRIPTION OF THE SERIES 2016 BONDS -- Book-Entry-Only System" and APPENDIX F - BOOK-ENTRY-ONLY SYSTEM.

Defeasance

Under the Resolutions, all Series 2016 Bonds for the payment of which sufficient moneys or, to the extent permitted by the laws of the State, (a) direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America or any of its agencies ("Government Obligations"), or (b) certificates of deposit fully secured by Government Obligations, or (c) evidences of ownership of proportionate interests in future interest or principal payments on Government Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the Government Obligations and which Government Obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated, or (d) municipal obligations, the payment of the principal of, interest and redemption premium, if any, on which are irrevocably secured by Government Obligations and which Government Obligations are not subject to redemption prior to the date on which the proceeds attributable to the principal of such obligations are to be used and have been deposited in an escrow account which is irrevocably pledged to the payment of the principal of and interest and redemption premium, if any, on such municipal obligations (all of which collectively, with Government Obligations, "Defeasance Securities"), shall have been deposited with an escrow agent appointed for such purpose, which may be the Paying and Transfer Agent, all to the extent provided in the Resolutions, shall be deemed to have been paid, shall cease to be entitled to any lien, benefit or security under the Resolutions and shall no longer be deemed to be outstanding thereunder, and the registered owners shall have no rights in respect thereof except to receive payment of the principal of, premium, if any, and interest on such Series 2016 Bonds from the funds held for that purpose. Defeasance Securities shall be considered sufficient under the Resolutions if said investments, with interest, mature and bear interest in such amounts and at such times as will assure sufficient cash to pay currently maturing interest and to pay principal and premium, if any, when due on such Series 2016 Bonds.

Registration

Series 2016 Bonds Subject to the Book-Entry-Only System. For so long as DTC acts as securities depository for the Series 2016 Bonds, the registration and transfer of ownership interests in Series 2016 Bonds shall be accomplished by book entries made by DTC and the Direct Participants and, where appropriate, the Indirect Participants, as described herein under the heading "DESCRIPTION OF THE SERIES 2016 BONDS-Book-Entry-Only System."

Series 2016 Bonds Not Subject to Book-Entry-Only System. Should the Series 2016 Bonds no longer be held in book-entry form, each Series 2016 Bond shall be thereafter evidenced by a bond certificate in fully registered form and transferable only upon the registration records of the State maintained by the Paying and Transfer Agent, by the registered owner thereof or by such registered owner's attorney, duly authorized in writing,

upon surrender thereof, together with a written instrument of transfer satisfactory to the Paying and Transfer Agent, duly executed by the registered owner or such registered owner's duly authorized attorney. Upon the transfer of any Series 2016 Bond, the State shall issue, in the name of the transferee, a new Series 2016 Bond or Series 2016 Bonds of the same interest rate and maturity of like tenor and effect in any authorized denomination equal to the unpaid principal amount of the surrendered Series 2016 Bond.

Series 2016 Bonds, upon surrender thereof at the Office of the State Treasurer with a written instrument of transfer satisfactory to the Paying and Transfer Agent duly executed by the registered owner or such registered owner's duly authorized attorney, may be exchanged for a principal amount of Series 2016 Bonds of the same interest rate and maturity and of like tenor and effect in any authorized denomination equal to the unpaid principal amount of the surrendered Series 2016 Bonds. The Paying and Transfer Agent will not be required to register the transfer of or exchange any Series 2016 Bond after the mailing of notice calling such Series 2016 Bond for redemption has been given as provided in the Resolutions, nor during the period of 15 days next preceding the giving of such notice of redemption.

Book-Entry-Only System

The State has determined that it will be beneficial to have the Series 2016 Bonds held by a central depository system and to have transfers of the Series 2016 Bonds handled by a book-entry system on the records of DTC. Unless and until the book-entry-only system has been discontinued, the Series 2016 Bonds will be available only in book-entry form in principal amounts of \$5,000 or any integral multiple thereof. DTC will initially act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Series 2016 Bond will be issued for each maturity of the Series 2016 Bonds, and will be deposited with DTC. See APPENDIX F - BOOK-ENTRY-ONLY SYSTEM, for a detailed discussion of the book-entry-only system and DTC.

In the event the book-entry-only system is discontinued, principal and interest on the Series 2016 Bonds will be payable by check or draft of the Paying and Transfer Agent as described under the heading "DESCRIPTION OF THE SERIES 2016 BONDS - Registration."

DESCRIPTION OF THE PROJECTS

Series 2016B Projects

The Series 2016B Bonds are being issued under and pursuant to the Series 2016B Act and the Series 2016B Resolution for the purpose of providing funds to finance various capital improvements including, but not limited to, capital projects for institutions of higher learning and community and junior colleges in the State, road and bridge projects in the State, capital improvements to the State fairgrounds, a manufacturing technology center in the State, capital improvements related to military installations in the State, capital improvements at the University of Mississippi Medical Center, capital projects for various State agencies and grants for capital projects throughout the State (collectively, the "Series 2016B Projects"), and to pay the costs incident to the sale and issuance of the Series 2016B Bonds.

Series 2016C Projects

The Series 2016C Bonds are being issued under and pursuant to the Series 2016C Act and the Series 2016C Resolution for the purpose of providing funds to finance various economic development loans, grants and programs in the State, finance the costs of certain capital improvements within the State, including, but not limited to, economic development projects for Toyota Motor Manufacturing Mississippi, Inc. and Topship L.L.C., funding for the State's technology alliance programs, funding for the State's Economic Development Highway Program, funding for projects at the Pat Harrison Waterway, funding for the State's grant program to local economic development entities, funding for the State's grant program to qualified small municipalities and counties, funding for the State's Main Street Investment Program, funding for capital improvements at the State shipyard in Jackson County, Mississippi, and funding for additional grants for projects throughout the State (collectively, the "Series 2016C Projects" and with the Series 2016B Projects, the "Projects"), and to pay the costs incident to the sale and issuance of the Series 2016C Bonds.

SOURCES AND USES OF FUNDS

The following is a summary of the estimated sources and uses of proceeds of the Series 2016 Bonds.

	Series 2016B Bonds	Series 2016C Bonds
Sources		
Par Amount	\$ 188,850,000.00	\$ 81,500,000.00
Plus Original Issue Premium	<u>29,471,054.35</u>	<u>266,813.00</u>
Total Sources	<u>\$ 218,321,054.35</u>	<u>\$ 81,766,813.00</u>
Uses		
For Costs of the Projects	\$ 217,868,773.15	\$ 81,550,282.50
For Costs of Issuance ¹	<u>452,281.20</u>	<u>216,530.50</u>
Total Uses	<u>\$ 218,321,054.35</u>	<u>\$ 81,776,813.00</u>

¹ Includes, among other expenses, underwriters' discount, rating agency fees, and financial advisor and legal fees. Payment of such fees is contingent upon the issuance of the Series 2016 Bonds.

DEBT STRUCTURE AND CHARACTERISTICS

General

All debt of the State must be authorized by legislation governing the specific programs or projects to be financed. In most instances, such legislation provides the Commission authority to approve and authorize the sale and issuance of State debt. The Commission is comprised of the Governor as Ex officio Chairman, the Attorney General as Ex officio Secretary and the State Treasurer as an Ex officio Member.

Short-Term Indebtedness

The Commission, acting on behalf of the State, is authorized to issue in any given fiscal year general obligation short-term notes in an amount not to exceed 7.5% of the total appropriation made by the Legislature in such fiscal year. Such short-term notes may be issued for the purpose of offsetting any temporary cash flow deficiencies in the State's General Fund and to maintain a working balance therein. The State has never issued tax anticipation notes.

The Commission also has the authority to establish lines of credit or issue short-term notes to provide temporary financing for certain projects for which the Commission is otherwise authorized to issue bonds. No such line of credit is presently outstanding. In July 2016, the State issued its \$80,000,000 Taxable General Obligation Note, Series 2016A (the "Series 2016A Note") to provide temporary financing for a portion of the costs of a project for Continental Tire The Americas, LLC to be located in Hinds County, Mississippi. There is currently \$5,000,000 outstanding under the Series 2016A Note. The Series 2016A Note matures July 7, 2018. The State anticipates refinancing the Series 2016A Note with long term bonds prior to maturity thereof.

Long-Term Indebtedness

The State's long-term indebtedness is composed of general obligation bonds and revenue bonds issued to finance specific programs and projects. As used in this Official Statement, the terms Gross Debt, Gross Direct Debt and Net Direct Debt are part of the State's long-term debt and have the following meanings.

"Gross Debt" means all bonded debt of the State, both general obligation bonds and revenue bonds.

"Gross Direct Debt" means only bonded debt of the State to which the full faith, credit and taxing power of the State is pledged.

"Net Direct Debt" means that amount of Gross Direct Debt, which is serviced only by appropriations from the State's General Fund or by specific sources of revenue, which would otherwise accrue to the State's General Fund except for the servicing of such debt.

The following table summarizes the outstanding principal amount of debt of the State.

STATE OF MISSISSIPPI LONG TERM INDEBTEDNESS ⁽¹⁾ As of October 1, 2016

State of Mississippi Bonds

General Obligation Bonds Payable from General Fund or General Fund Revenues	\$4,085,860,000
Self-Supporting General Obligation Bonds Revenue Bonds	0 <u>200,000,000</u>
GROSS DEBT	\$4,285,860,000
DEDUCTIONS:	
Revenue Bonds Subtotal	\$ <u>200,000,000</u> <u>200,000,000</u>
GROSS DIRECT DEBT	\$4,085,860,000
Self-Supporting General Obligation Bonds Subtotal	0 <u>4,085,860,000</u>
NET DIRECT DEBT	<u>\$4,085,860,000</u>

⁽¹⁾ Does not include the effects of the Series 2016 Bonds.

Source: Mississippi Treasury Department and the Department of Finance and Administration.

Outstanding Long Term Indebtedness

The following table shows a recent historical summary of the outstanding long term indebtedness of the State.

HISTORICAL SUMMARY OF OUTSTANDING LONG TERM INDEBTEDNESS

As of July 1	Gross Debt	Revenue Bond Debt	Gross Direct Debt	Self-Supporting General Obligation Debt	General Net Direct Debt
2005	\$3,066,040,000	\$91,995,000	\$2,974,045,000	\$39,955,000	\$2,934,090,000
2006	3,094,325,000	70,320,000	3,024,005,000	36,605,000	2,987,400,000
2007	3,140,150,000	47,880,000	3,092,270,000	34,070,000	3,058,200,000
2008	3,365,750,000	24,460,000	3,341,290,000	31,435,000	3,309,855,000
2009	3,426,630,000	0	3,426,630,000	3,790,000	3,422,840,000
2010	3,480,067,000	0	3,480,067,000	2,885,000	3,477,182,000
2011	3,780,490,000	0	3,780,490,000	1,955,000	3,778,535,000
2012	4,131,465,000	0	4,131,465,000	995,000	4,130,470,000
2013	4,055,890,000	0	4,055,890,000	0	4,055,890,000
2014	4,142,675,000	0	4,142,675,000	0	4,142,675,000
2015	4,176,700,000	0	4,176,700,000	0	4,176,700,000
2016	4,379,240,000	200,000,000	4,179,240,000	0	4,179,240,000

Source: Mississippi Treasury Department and the Department of Finance and Administration.

[The remainder of this page left blank intentionally.]

GENERAL FUND DEBT SERVICE AS A PERCENTAGE OF GENERAL FUND REVENUES⁽¹⁾

Fiscal Year Ended	General Fund Revenues	General Fund Debt Service	General Obligation Debt Service as a Percent of Revenues
2005	\$3,930,938,591	\$207,175,252	5.27%
2006	4,332,615,923	331,458,398	7.65
2007	4,789,398,828	212,707,963 ⁽²⁾	4.44
2008	4,936,891,193	289,547,871	5.86

2009	4,729,998,654	289,547,871	6.12
2010	4,453,337,142	347,187,030	7.80
2011	4,580,238,231	360,834,668	7.88
2012	4,850,552,501	369,045,642	7.61
2013	5,083,326,217	376,367,667	7.40
2014	5,332,732,585	375,860,167	7.05
2015	5,486,482,394	385,628,277	7.03
2016	5,450,753,169	392,741,392	7.21

(1) Represents all debt service paid from the State's General Fund for the years provided.

(2) During fiscal year 2007, \$100 million of debt service normally funded through General Fund appropriation was funded by the proceeds from the issuance of Gulf Tax Credit Bonds in October 2006.

Source: Mississippi Treasury Department and the Department of Finance and Administration.

Long Term Debt Ratios

The following table presents the State's long term debt ratios as of October 1, 2016.

As of October 1, 2016	Amount	Debt Per Capita ⁽¹⁾	Debt to Assessed Valuation ⁽²⁾	Debt to Estimated Full Valuation ⁽³⁾	Debt to Personal Income ⁽⁴⁾
Direct Debt	\$4,085,860,000	\$1,367.09	25.19%	3.12%	3.93%

(1) Based on 2016 estimated population of 2,988,726. Source: U.S. Department of Commerce, Bureau of the Census. www.census.gov/quickfacts/table/PST045216/28.

(2) Based on calendar year 2015 assessed valuation of \$16,215,462,415 (Real Property tax roll). Source: Mississippi Department of Revenue, Annual Report FY Ending June 30, 2015.

(3) Based on 2015 full valuation of \$130,696,079,083 (Real Property tax roll). Source: Mississippi Department of Revenue, Annual Report FY Ending June 30, 2015.

(4) Based on 2015 estimated total personal income of \$104,045,259,000 (not adjusted for inflation). Source: U.S. Department of Commerce, Bureau of Economic Analysis, www.bea.gov/regional/bearfacts last updated September 27, 2016.

[The remainder of this page left blank intentionally.]

The following table presents the recent history of the State's bonded indebtedness as of July 1 of each year.

**HISTORICAL GENERAL OBLIGATION BONDED DEBT
OUTSTANDING AND DEBT RATIOS SINCE 2007⁽¹⁾**

As of July 1	Outstanding	Debt Per Capita	Debt to Assessed Valuation	Debt to Estimated Full Valuation	Debt to Personal Income
2016					
Gross Debt	\$4,379,240,000	\$1,463.49	27.00%	3.35%	4.20%
Net Direct Debt	4,179,240,000	1,396.65	25.77	3.20	4.02
2015					
Gross Debt	4,176,700,000	1,394.99	26.26	3.25	4.07
Net Direct Debt	4,176,700,000	1,394.99	26.26	3.25	4.07
2014					
Gross Debt	4,142,675,000	1,384.95	26.04	3.22	4.08
Net Direct Debt	4,142,675,000	1,384.95	26.04	3.22	4.08
2013					
Gross Debt	4,055,890,000	1,366.86	25.89	3.25	4.04
Net Direct Debt	4,055,890,000	1,366.86	25.89	3.25	4.04
2012					
Gross Debt	4,131,465,000	1,392.33	26.38	3.31	4.31
Net Direct Debt	4,130,470,000	1,383.78	26.37	3.31	4.31
2011					
Gross Debt	3,780,490,000	1,274.05	24.89	3.10	4.09
Net Direct Debt	3,778,535,000	1,273.39	24.88	3.10	4.08
2010					
Gross Debt	3,480,067,000	1,223.22	40.60	5.02	5.85
Net Direct Debt	3,477,182,000	1,222.21	40.57	5.01	5.84
2009					
Gross Debt	3,426,630,000	1,204.44	39.98	4.94	5.76
Net Direct Debt	3,422,840,000	1,203.11	39.93	4.94	5.76
2008					
Gross Debt	3,365,750,000	1,183.04	39.27	4.86	5.66
Net Direct Debt	3,309,855,000	1,163.39	38.61	4.78	5.57
2007					
Gross Debt	3,140,150,000	1,103.74	36.60	4.53	5.28
Net Direct Debt	3,058,200,000	1,074.94	35.70	4.41	5.14

⁽¹⁾ 2007 through 2010 debt per capita, debt to assessed valuation, debt to estimated full valuation and debt to personal income information was based on the Census data from 2000, subsequent years based on the Census data from 2010. Source: U.S. Department of Commerce, Bureau of the Census. www.census.gov.

Source: Mississippi Department of Revenue and the Department of Finance and Administration.

Lease Purchase Agreements

Pursuant to the authority granted the State by Section 31-7-10, Mississippi Code of 1972, as amended and supplemented (the "Lease Purchase Act"), the Department of Finance and Administration has entered into a master lease purchase agreement to finance new personal property leased by various agencies, boards, departments and commissions of the State (the "Agency Leases"). The Agency Leases require the State to make periodic payments of rent sufficient to pay the principal and interest due thereunder. The lease payments are subject to annual appropriation and are not a full faith and credit obligation of the State. The Commission has authorized the State, through the Department of Finance and Administration, to enter into Agency Leases in an amount not to exceed \$65,000,000 to be outstanding at any one time. There was an outstanding balance under the Agency Leases at October 28, 2016 of \$20,689,472.94.

Under the Lease Purchase Act, the Department of Finance and Administration is also authorized to enter into lease purchase agreements (the "School Leases" and "Community College Leases") to finance personal property to be subleased by school districts and community colleges in the State (the "Subleases"). The School Leases require the State to make periodic payments of rent sufficient to pay the principal and interest due thereunder (the "Lease Payments"). The Subleases require the school districts and community colleges to make payments to the State sufficient to make the Lease Payments. The Lease Payments are subject to annual appropriation and are not a full faith and credit obligation of the State. The Commission has authorized the State, through the Department of Finance and Administration, to enter into School Leases and Community

College Leases in an amount not to exceed \$50,000,000 to be outstanding at any one time. There was an outstanding balance under the School Leases at October 18, 2016 of \$4,102,631.18 and an outstanding balance under the Community College Leases of \$4,288,112.30.

Certificates of Participation

Sections 47-5-1201 *et seq.*, Mississippi Code of 1972, as amended and supplemented, created the State Prison Emergency Construction and Management Board (the "SPECM Board") for the purpose of expediting the contracting and construction of public and private prison facilities in the State and the removal of State inmates from county jails. The SPECM Board entered into a Lease and Option to Purchase by and between the Marshall County Correctional Facilities Financing Corporation (the "Marshall County Lease"), as lessor, and the State, as lessee, in the principal amount of \$24,215,000, on June 1, 1995 to finance the construction and equipping of a 1,000-bed correctional facility to be located in Marshall County. In connection with the refunding of the outstanding amounts under the Marshall County Lease, the Marshall County Lease has been amended and restated and assigned to secure the payment of the \$18,575,000 Mississippi Development Bank Special Taxable Obligation Bonds, Series 2010A (MDOC – Marshall County Correctional Facility Refunding Bonds Project), dated May 21, 2010. The Marshall County Lease currently expires on August 1, 2018.

Section 47-5-941 of the Mississippi Code of 1972, as amended and supplemented, authorizes the Wilkinson County Industrial Development Authority (the "Wilkinson Authority") to contract with the Mississippi Department of Corrections ("MDOC"), acting for and on behalf of the State, for the private incarceration of inmates of the State. The Wilkinson Authority entered into a Lease-Purchase Agreement, dated as of December 1, 1996, with MDOC (the "Wilkinson County Lease") in the principal amount of \$31,435,000 to finance the construction of a 500-bed correctional facility to be located in Wilkinson County, which facility presently has 1,000 beds as a result of a subsequent expansion. In connection with the refunding of the outstanding amounts under the Wilkinson County Lease, the Wilkinson County Lease has been amended and restated and assigned to secure the payment of the \$20,100,000 Mississippi Development Bank Special Taxable Obligation Bonds, Series 2010B (MDOC - Wilkinson County Correctional Facility Refunding Bonds Project), dated May 21, 2010. The Wilkinson County Lease currently expires on August 1, 2021.

House Bill 1719, Local and Private Laws of the 1996 Regular Session of the Mississippi Legislature authorized the Board of Supervisors of Lauderdale County, Mississippi to create the East Mississippi Correctional Facility Authority (the "East Mississippi Authority") for the purpose of contracting with MDOC for the private incarceration of inmates of the State. The East Mississippi Authority entered into a Lease-Purchase Agreement, dated as of December 15, 1997, with MDOC (the "East Mississippi Lease") in the principal amount of \$34,520,000 to finance the construction of a 500-cell correctional facility to be located in Lauderdale County. In 2007, the East Mississippi Lease was amended to cover a 500-cell expansion of the facility and bonds were issued in the principal amount of \$39,000,000 to finance such expansion. In connection with the refunding of the outstanding amounts under the East Mississippi Lease, the East Mississippi Lease has been amended and restated and assigned to secure the payment of the (a) \$68,830,000 (original aggregate principal amount) Mississippi Development Bank Special Obligation Bonds, Series 2010D (MDOC - East Mississippi Correctional Facility Refunding Bonds Project), dated July 20, 2010, (b) \$26,685,000 (original aggregate principal amount) Mississippi Development Bank Special Obligation Bonds, Series 2016C (Mississippi Department of Corrections East Mississippi Correctional Facility Refunding Bond Project), dated July 29, 2016, and (c) \$20,340,000 (original aggregate principal amount) Mississippi Development Bank Taxable Special Obligation Bonds, Series 2016D (Mississippi Department of Corrections East Mississippi Correctional Facility Refunding Bond Project), dated July 29, 2016. The East Mississippi Lease currently expires on August 1, 2027.

House Bill 1878, Local and Private Laws of the 1998 Regular Session of the Mississippi Legislature authorized the Town of Walnut Grove to create the Walnut Grove Correctional Authority (the "Walnut Grove Authority") for the purpose of contracting with MDOC for the private incarceration of inmates of the State. The Walnut Grove Authority entered into a Lease-Purchase Agreement, dated as of November 1, 1999, with MDOC (the "Walnut Grove Lease") in the principal amount of \$41,420,000 to finance the construction of a 1000-bed correctional facility (the "Walnut Grove Facility") to be located in the Town of Walnut Grove. In 2007, the Walnut Grove Lease was amended to cover a 500 cell expansion of the Walnut Grove Facility and bonds were issued in the principal amount of \$40,000,000 to finance such expansion. In connection with the refunding of the outstanding amounts under the Walnut Grove Lease, the Walnut Grove Lease has been amended and restated and assigned to secure the payment of the (a) \$93,580,000 (original aggregate principal amount) Mississippi Development Bank Special Obligation Bonds, Series 2010C (Mississippi Department of Corrections Walnut Grove Correctional Facility Refunding Bonds Project), dated July 20, 2010, (b) \$34,995,000 (original aggregate principal

amount) Mississippi Development Bank Special Obligation Bonds, Series 2016A (Mississippi Department of Corrections Walnut Grove Correctional Facility Refunding Project), dated July 29, 2016 and (c) \$26,235,000 (original aggregate principal amount) Mississippi Development Bank Taxable Special Obligation Bonds, Series 2016B (Mississippi Department of Corrections Walnut Grove Correctional Facility Refunding Project), dated July 29, 2016. The Walnut Grove Lease currently expires on August 1, 2027. On June 10, 2016, MDOC notified the Walnut Grove Authority of the termination of the residential services agreement between MDOC and the Walnut Grove Authority providing for the housing of inmates at the Walnut Grove Facility, effective on September 15, 2016. MDOC ceased housing inmates at the Walnut Grove Facility on September 15, 2016 and such facility was shut down. The closure of the Walnut Grove Facility did not terminate the Walnut Grove Lease or the obligation of the State to make rental payments under the Walnut Grove Lease.

The obligations of the State to make rental payments under the Marshall County Lease, the Wilkinson County Lease, the East Mississippi Lease, and the Walnut Grove Lease are subject to annual appropriation and do not constitute general obligations or a pledge of the full faith and credit of the State or any political subdivision or agency thereof within the meaning of any constitutional or statutory provision or limitation.

Debt Limitation

Section 115, Paragraph 2 of the Mississippi Constitution of 1890 provides:

"Neither the State nor any of its direct agencies, excluding the political subdivisions and other local districts, shall incur a bonded indebtedness in excess of one and one-half (1½) times the sum of all the revenue collected by it for all purposes during any one of the preceding four fiscal years, whichever year might be higher."

In accordance with current practice and interpretation, revenues included in the foregoing debt limitation are restricted to the following General Fund revenues and Special Fund receipts: taxes; license fees and permits; investment income and rents; service charges, including net income from the Alcoholic Beverage Control Division; and fines, forfeitures and penalties. As of October 1, 2016, the State's Gross Debt was \$4,285,860,000. The following table shows the State's constitutional debt limit for the previous ten years and forecasts the State's constitutional debt limit for fiscal year 2016 and the next three fiscal years.

Fiscal Year Ending June 30	Revenues⁽¹⁾	Constitutional Debt Limit	Outstanding Gross Debt
2005	\$6,604,380,600	\$ 9,906,570,900	\$3,066,040,000
2006	7,286,840,900	10,930,261,350	3,094,325,000
2007	8,006,244,243	12,009,366,365	3,140,150,000
2008	8,295,079,853	12,451,109,180	3,365,750,000
2009	7,960,861,538	12,451,109,180	3,426,630,000
2010	7,698,390,482	12,451,109,180	3,480,067,000
2011	7,956,269,318	12,451,109,180	3,780,490,000
2012	8,336,735,857	12,451,109,180	4,131,465,000
2013	8,549,281,153	12,505,103,786	4,063,805,000
2014	8,874,795,859	12,823,921,730	4,150,775,000
2015	8,647,704,125	13,312,193,788	4,185,105,000
2016 ⁽²⁾ ⁽³⁾	8,727,122,213	13,312,193,788	--
2017 ⁽²⁾	8,814,393,435	13,312,193,788	--
2018 ⁽²⁾	8,902,537,370	13,312,193,788	--
2019 ⁽²⁾	8,991,562,743	13,487,344,155	--

⁽¹⁾ Figures represent budgetary basis of revenues.

⁽²⁾ Assumes a 1.0% growth in Revenue.

⁽³⁾ Fiscal Year 2016 final revenue information is not available for this calculation at the time of this publication.

Source: Department of Finance and Administration.

Annual Debt Service Requirements on Net Direct General Obligation Bonded Debt

The following table shows the annual debt service requirements on the State's Net Direct Debt as of October 1, 2016.

Fiscal Year Ending June 30	Principal⁽¹⁾⁽²⁾	Interest⁽¹⁾⁽²⁾⁽³⁾	Total Annual Debt Service⁽¹⁾⁽²⁾⁽³⁾
2017	\$214,200,000	\$126,962,467	\$341,162,467
2018	429,545,000	157,116,633	586,661,633
2019	258,690,000	147,156,685	405,846,685
2020	230,530,000	137,794,164	368,324,164
2021	219,775,000	128,944,386	348,719,386
2022	211,920,000	120,312,631	332,232,631
2023	205,860,000	112,117,863	317,977,863
2024	194,505,000	104,200,704	298,705,704
2025	186,955,000	96,192,763	283,147,763
2026	194,700,000	87,844,997	282,544,997
2027	180,990,000	79,371,532	260,361,532
2028	179,335,000	70,736,376	250,071,376
2029	164,445,000	62,163,829	226,608,829
2030	165,070,000	53,982,983	219,052,983
2031	149,260,000	46,466,905	195,726,905
2032	197,170,000	38,613,506	235,783,506
2033	187,115,000	29,876,947	216,991,947
2034	182,650,000	20,968,679	203,618,679
2035	164,215,000	12,302,476	176,517,476
2036	124,395,000	5,209,901	129,604,901
2037	<u>44,535,000</u>	<u>1,110,950</u>	<u>45,645,950</u>
TOTAL	<u>\$4,085,860,000</u>	<u>\$1,639,447,377</u>	<u>\$5,725,307,377</u>

(1) Of the principal amounts outstanding, \$161,255,000 is currently outstanding as floating rate notes with a maturity date in fiscal year 2018. At that time, the State intends to either refinance the notes or convert the balance to fixed rate bonds. The interest due on the floating rate notes is indeterminable at this time and is not reflected in this table.

(2) Does not include the effects of the Series 2016 Bonds.

(3) These amounts do not include any subsidy payments due to the State from the United States Treasury pursuant to and in accordance with Section 1531 of the Title 1 of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 123 Stat. 115 (2009)) (the "Recovery and Reinvestment Act") and Sections 54AA(g) and 6431 of the Code (as defined herein). Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, refund payments to certain state and local government filers claiming refundable credits under Section 6431 of the Code applicable to certain qualified bonds are subject to sequestration. The IRS Office of Tax Exempt Bonds (TEB) has announced that the sequester reduction percentage for payments to issuers of direct pay bonds for FY 2015 will be 7.3%. The reduction rate will be applied unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change. The State has made arrangements to pay the additional debt service on bonds issued under the Recovery and Reinvestment Act.

Source: Mississippi Treasury Department and the Department of Finance and Administration.

Revenue Bonds

On October 22, 2015 the State issued its \$200,000,000 Gaming Tax Revenue Bonds, Series 2015E (the "Series 2015E Bonds") to provide funds to the State to finance the costs of the repair, rehabilitation, replacement, construction and/or reconstruction of State maintained bridges within the State. The Series 2015E Bonds are limited obligations of the State and payable from all or a portion of the Dedicated Gaming Tax Revenue (which is defined for purposes of the Series 2015E Bonds as the first \$3,000,000.00 of all taxes, fees, interest, penalties, damages, fines or other monies collected monthly by the Mississippi Department of Revenue in accordance with Section 75-76-177(c), Mississippi Code (1972), as amended, in connection with all gaming operations in the State). The full faith and credit of the State is not pledged for the repayment of the Series 2015E Bonds.

Moral Obligation Bonds

The Mississippi Development Bank (the "Development Bank"), a body corporate and politic of the State, issues various series of Mississippi Development Bank Special Obligation Bonds (the "Development Bank Bonds") which may carry a pledge of the moral obligation of the State. The Development Bank Bonds are issued pursuant to the terms and provisions of Sections 31-25-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented (the "Bank Act"), to provide financing for governmental projects of political subdivisions of the State. The Bank Act provides that, in order to assure the maintenance of the debt service reserve requirement in a debt service

reserve fund for certain Development Bank Bonds carrying the moral obligation pledge of the State, the Legislature of the State may, but is not obligated to, appropriate to the Development Bank for deposit in any such debt service reserve fund such sum as necessary to restore such debt service reserve fund to the debt service reserve requirement. As required by the Bank Act, any such amount must be certified by the Development Bank on or before January 1 of any year to the Governor of the State and then as required by the Bank Act transmitted by a request from the Governor to the Legislature of the State.

Nothing in these provisions or any other provision of the Bank Act creates a debt or liability of the State to make any payments or appropriations to or for the use of the Development Bank or in connection with any Development Bank Bonds. There is no assurance under the Bank Act (a) that the request by the Governor transmitted to the Legislature of the State, stating the amount of a deficiency in any debt service reserve fund, would be taken up for consideration by the Legislature of the State, (b) that upon consideration of any such request, the Legislature would determine to appropriate funds to reduce or eliminate such deficiency, or (c) that in the event the Legislature determined to make such an appropriation, the amounts thus appropriated would be forthcoming as of any particular date. As of the date hereof, no such request has been made by the Development Bank to fund any debt service reserve fund on Development Bank Bonds carrying the State's moral obligation pledge.

As of October 1, 2016, the Development Bank Bonds outstanding carrying a moral obligation pledge of the State totaled \$539,580,000. Except for these Development Bank Bonds, no bonds of the State are outstanding as of the date of this Official Statement which carry a pledge of the moral obligation of the State or which contemplate the appropriation by the Legislature of any amount as may be necessary to make up any deficiency in any debt service reserve fund in connection with indebtedness issued by or on behalf of a political subdivision of the State.

Record of No Default

There is no record of any default on general obligations of the State as to payment of either principal or interest during the last 100 years.

Annual Debt Service Requirements

Annual debt service requirements for the Series 2016 Bonds are set forth on pages A-1 and A-2 in APPENDIX A hereto.

FISCAL OPERATIONS OF THE STATE

The Budgetary Process

Capital Improvement Budget. Beginning in mid-spring, the Office of Building, Grounds and Real Property Management performs on-site visits, tours and inspects every State building, facility and campus, noting problems and seeing first-hand the requested and necessary projects. The projects are placed into priority guidelines as to the projects (i) preserving and improving the quality of human life, (ii) protecting existing capital investment, (iii) supporting education to compete in the global economy, (iv) providing resources to maintain or gain specific accreditations, and (v) maximizing the State's fiscal opportunities. After consideration, these projects are included in a five-year capital improvement plan and presented to the Legislature for consideration. Funding is requested for a single year, with projections for the succeeding four years presented for informational purposes only.

Operating Budget Preparation. The State operates on a fiscal year beginning July 1 and ending June 30. The budget cycle begins on or about August 1 when all State agencies and institutions requesting appropriations submit budget requests to the Governor's Budget Office and the Legislative Budget Office. Agencies justify their requested budget in hearings held during September and October. At the close of the hearings, the Governor's Budget Office and the Legislative Budget Office receive information prepared by the State Department of Revenue, the University Research Center and the respective budget staffs regarding the financial outlook for the upcoming fiscal year. Based on this information, the budget offices adopt a consensus revenue estimate. This action enables both branches to use the same revenue estimate as the basis for their budget recommendations. It is a statutory requirement that both the Governor and Legislature submit balanced budgets for consideration. The Executive Budget is prepared and submitted to the Legislature by November 15, except that every four years after a statewide election, the Executive Budget is prepared and submitted to the

Legislature by January 15. The Legislative Budget is submitted to the Legislature at its regular session, which begins on the first Tuesday after the first Monday in January of each year. At the close of each annual regular session, the Legislature will have acted on approximately 150 separate appropriation bills that constitute the budget for the upcoming year beginning July 1. All General Fund, Education Enhancement Fund and most Special Fund expenditures are appropriated annually by the Legislature and those Special Funds that are not appropriated are subject to the approval of the Department of Finance and Administration.

Revenue Projections. Five independently derived projections form the basis of the State's official revenue forecast. The Department of Revenue, the Legislative Budget Office, the Office of the State Treasurer, the Department of Finance and Administration and the University Research Center present and discuss their initial revenue forecasts and reach a consensus projection. This process is carried out for each major revenue category. Estimating techniques consist of econometric modeling and various forms of extrapolation.

Each October, the revenue estimate for the next fiscal year is finalized and presented to the Joint Legislative Budget Committee and the Governor's Budget Office. The estimate may be revised if circumstances warrant upon a consensus being reached by the five revenue-estimating agencies. If revenues fall short of projections, the Department of Finance and Administration is empowered to directly cut expenditures. All State agencies receiving general and/or special funds are subject to funding reductions of up to 5%. No agency receives a cut in excess of 5% unless all have been reduced by this percentage. Tax collections for fiscal year 2014 exceeded expectations in excess of \$252 million or 5.1%. Tax collections for fiscal year 2015 exceeded expectations in the amount of \$25 million or .05%. Tax collections for fiscal year 2016 were less than expectations in an amount of \$207 million or -3.71%. For fiscal year 2017, tax collections have been less than expectations in an amount of \$26 million or -2.27% through September 2016.

If at any time during a fiscal year, the revenues received for that year fall below 98% of the Legislative Budget Office's General Fund revenue estimate, the Department of Finance and Administration, State Fiscal Officer may at any time but shall after October or any month thereafter, reduce allocations to all State agencies to keep expenditures within the actual General Fund receipts including any transfers, which may be made from the Working Cash-Stabilization Fund. Transfers from the Working Cash-Stabilization fund may not exceed \$50.0 million in any fiscal year. Senate Bill 2001 of the Second Extraordinary Session of the 2016 State Legislature removed the \$50.0 million limitation for fiscal year 2016.

Budget Implementation. The second phase of the budget process is the implementation of the budget based on the Legislature's appropriation bills. The establishment of any State agency's expenditure authority is a function of the Executive Director of the Department of Finance and Administration (the "Executive Director"). The Executive Director sets two six-month expenditure allotments based on seven major expenditure categories and their funding sources. These initial allotments must be approved by the Executive Director prior to July 1 of each fiscal year.

Budget and Accounting Controls. Based on the budget implemented by the Department of Finance and Administration, the Bureau of Financial Control pre-audits all invoices and supporting documents and issues warrants for payment of the legal debts of the State. No agency is allowed to exceed either the total fund allotment or major expenditure category allotment as established by the Executive Director. All payments made through the Bureau of Financial Control, except those classified as personal services and utilities, must have an approved encumbrance or purchase order on file and are charged against the allotment.

The Department of Finance and Administration has the authority to make limited revisions to agency budgets during the course of the fiscal year in the form of transfers and escalations. If an agency has a line item budget, transfers from one major object of expenditure to another major object of expenditure are limited to a maximum increase of 10% of the receiving major object of expenditure; transfer authority is not applicable to the salary category or to an increase in the equipment category. If an agency has a lump sum appropriation, transfers are not limited. Escalation authority applies to Special Funds only if funded with 100% federal funds. An escalation of nonfederal funds may be made if allowed within the appropriation bill for such requesting agency.

The Department of Finance and Administration maintains a dual fiscal management system, in that control is exercised over the total State budget as well as individual agency budgets. The Department of Finance and Administration may restrict, in its discretion, an agency to monthly allotments when it becomes evident that an agency's rate of expenditure will deplete its appropriation prior to the close of the fiscal year. In addition, should revenue collections fall below the amount estimated for collection during that period of the fiscal year, the Department of Finance and Administration may reduce allocations to all agencies in an amount necessary to keep

expenditures within actual General Fund receipts. If it is determined that a deficit in revenues may occur in the General Fund at the end of a fiscal year, the Executive Director shall direct the transfer of such funds as necessary but not more than \$50.0 million from the Working Cash-Stabilization Fund to the General Fund; provided however, that for fiscal year 2016, the State Legislature removed the \$50.0 million limitation. Should any unexpended Special Fund cash balance exist at the end of a fiscal year, the balance may be retained for use by the respective agency in its accounts with the State Treasurer unless otherwise specified by law.

The State Department of Audit is responsible for and performs a post audit of all public entities under the jurisdiction of the State Auditor and investigates exceptions to spending practices discovered during the audit process. The State Department of Audit has the authority to recover any funds found to have been spent illegally.

GAAP Accounting

The State prepares its Comprehensive Annual Financial Report of the State ("CAFR") in accordance with Section 27-104-4, Mississippi Code of 1972, as amended and supplemented. The CAFR presents information on the financial position and operations of State government as one reporting entity. The various agencies, departments, boards, commissions and funds of State government, which constitute the State reporting entity, are governed by criteria established by the Governmental Accounting Standards Board. This Official Statement also includes financial data that was not prepared according to CAFR specifications but on a budgetary basis. The audited general purpose financial statements of the State for the fiscal year ended June 30, 2015, prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), are presented in this Official Statement as APPENDIX B. The Government Finance Officers Association of the United States and Canada (the "GFOA") has awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its CAFR for the fiscal years ended June 30, 1987 through 2015 which is the highest form of recognition in the area of governmental financial reporting.

Investment and Cash Management

The State Treasurer is custodian of all State funds including all cash in the General Fund, Education Enhancement Fund and all Special Funds and is responsible for the investment of all such monies. The State Treasurer serves as custodian for securities, which are pledged to the State to secure deposits of State funds, and for other securities, which are held by various State agencies in accordance with specific State statutes.

As revenues are received from various agencies, they are deposited, and funds not immediately needed for payment are invested in interest-bearing demand accounts and then are normally placed into longer-term investments. Funds of the State invested in certificates of deposit with Mississippi financial institutions are fully collateralized by authorized United States of America and State obligations for amounts in excess of the FDIC coverage. Fiscal records of receipts, deposits and disbursements of all State funds, including federal funds received by the State, are maintained in the State Treasury as well as detailed and current records of the State's bonded indebtedness. All payments of State-obligated bonds and interest due are made by the State Treasurer.

Pursuant to Section 27-105-33, Mississippi Code of 1972, as amended and supplemented, it is the duty of the State Treasurer and the Executive Director of the Department of Finance and Administration on or before the tenth day of each month and at any other time when necessary to analyze the amount of cash in the State's General Fund and in the Special Funds credited to any special purpose designated by the Legislature. They also must determine when the cash in such funds is in excess of the amount needed to meet the current needs and demands on such funds for the next seven days and report the findings to the Governor. The State Treasurer's Office is directed to invest such excess funds in certificates of deposit, United States Treasury Obligations, United States Government agency obligations or in direct security repurchase agreements with approved depositories of the State at a rate of interest numerically equal to the bond equivalent yield on direct obligations of the United States Treasury with a similar length of maturity.

Accounting Systems

Through June 30, 2014, the State operated a Statewide Automated Accounting System ("SAAS"), a comprehensive financial management system that met all GAAP, State budget and other financial management reporting requirements.

As of July 1, 2014, the State implemented a new system known as MAGIC (Mississippi's Accountability System for Government Information and Collaboration), an Enterprise Resource Planning (ERP) software to

implement Financial, Procurement, Human Resource, and Payroll functions into a single, integrated software system. MAGIC has met new functional and data requirements; reduces inefficiencies and costs associated with multiple stand-alone systems at the statewide and agency levels; maintain enterprise data on a consistent, "real-time" basis; replaces aging, incompatible technology; and uses state of the art technology based on best business practices. Once MAGIC is fully implemented, it will replace the following legacy systems: SPAHRS (Statewide Payroll and Human Resource System) and ACE (Access Channel for Employees). All other systems utilized by the State prior to the implementation of MAGIC has been discontinued including SAAS (Statewide Automated Accounting Systems); WebProcure; MERLIN (Mississippi Executive Resource Library and Information Network); MELMS (Mississippi Enterprise Learning Management System); and PATS (Project Accounting and Tracking System).

Through the use of various funds, the Office of Fiscal Management of the Department of Finance and Administration accounts for operations of the State on a modified cash basis for budgetary purposes and on the modified accrual basis for GAAP purposes.

Overview of State Funds

The accompanying tables present a summary of receipts, disbursements and beginning and ending cash balances of the General Fund, Education Enhancement Fund and Special Funds.

Receipts and disbursements of the General Fund and Special Funds, as shown in the tables, may differ substantially from budgetary resources and appropriations for a number of reasons, including the following:

- (a) Capital improvements authorized in a given fiscal year's budget may require several years to complete, so that the amounts appropriated for capital improvements in a particular fiscal year do not necessarily correspond to actual disbursements for capital improvements in that fiscal year. In such cases, unused money is reappropriated each fiscal year; and
- (b) Appropriations by the Legislature for current purposes in a particular fiscal year constitute an authorization to spend up to a certain amount, but no more. In most cases, the amount actually disbursed will be below that limit.

The General Fund. Revenues of the State for general operating purposes are derived principally from sales, income and use taxes, gaming taxes and fees, plus smaller amounts from other taxes, profits from wholesale sales of alcoholic beverages, interest earned on investments, proceeds from sales of various supplies and services, service charges and license fees. For the fiscal year ended June 30, 2016, sales taxes accounted for 37.4%, individual income taxes for 32.1% and corporation income and franchise taxes for 10.8% of the total receipts allocated to the General Fund. A comparison of the amounts received by the various revenue sources (budgetary basis) of the General Fund is detailed in the Revenues section of the accompanying table entitled "STATE OF MISSISSIPPI GENERAL FUND - Results of Operations - Budgetary Basis."

The General Fund appropriation is limited to 98% of the official revenue estimate and estimated prior fiscal year ending cash balance; unless waived by an act of the State Legislature. The 2015 State Legislature waived this rule for fiscal year 2016 and appropriated 100% of the revenue estimate pursuant to House Bill 434. The 2016 State Legislature waived this rule for fiscal year 2017 and appropriated 100% of the revenue estimate. For the fiscal year ending June 30, 2016, appropriation for educational purposes accounts for 54% of the General Fund Budget. This includes State contributions to local school and community college districts. However, this percentage does not include certain State contributions such as maintenance funds for local school districts, shared taxes or local assistance. Other principal disbursements include costs related to welfare, public health, health care and hospitals and certain State operations. General Fund (budgetary basis) expenditures are detailed in the Disbursements section of the accompanying table entitled "STATE OF MISSISSIPPI GENERAL FUND - Results of Operations - Budgetary Basis."

The General Fund, as shown in the 2015 financial statements in APPENDIX B, is defined in Note 1 of the Notes to the Financial Statements on Significant Accounting Policies. The 2015 financial statements as set forth in APPENDIX B reflect all funds of the State, not just those that are budgeted.

At each fiscal year end, the General Fund unencumbered cash balance is distributed in the following order: (1) an amount not to exceed \$750,000 to the Municipal Revolving Loan Fund; (2) 100% of the remaining balance to the Working Cash Stabilization Reserve Fund until such time as the balance reaches \$40,000,000; (3)

up to 1% of the prior year appropriation will remain as the General Fund cash beginning balance; and (4) 50% of any remaining balance to the Working Cash Stabilization Reserve Fund until the balance reaches 7.5% of the General Fund appropriation for the fiscal year the unencumbered cash represents. The appropriations for the fiscal year shall be the total amount contained in the actual appropriation bills passed by the State Legislature. The Working Cash Stabilization Reserve Fund is required to retain interest earned on investments in the fund until such time as the fund balance reaches 7.5% of the General Fund appropriation for that fiscal year, after which interest earnings are transferred to the General Fund; (5) Any remaining balance to the Capital Expense Fund. If it is determined that there is a revenue shortfall in the General Fund, a maximum of \$50 million per fiscal year may be transferred from the Working Cash Stabilization Reserve Fund to the General Fund.

In accordance with House Bill 878 passed during the 2016 Legislative Session, the General Fund unencumbered cash balance was disbursed in the following order: (1) an amount not to exceed \$750,000 to the Municipal Revolving Loan fund; (2) 100% of any remaining balance to the Capital Expense Fund.

As of September 30, 2016, the Working Cash Stabilization Fund had a fund balance of \$313,521,452.70.

[The remainder of this page left blank intentionally.]

**State of Mississippi General Fund
Results of Operations-Budget Basis for Fiscal Year Ended June 30 (In Thousands)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Unaudited 2016</u>
TAXES:					
Sales	\$1,854,730	\$1,911,112	\$1,955,113	\$2,034,319	\$2,062,137
Individual Income	1,489,168	1,650,091	1,666,791	1,743,427	1,769,431
Corporate Income and Franchise	505,306	524,077	677,046	714,086	596,260
Use and Wholesale Compensating	215,879	233,462	246,322	226,522	238,254
Tobacco, Beer and Wine	187,979	181,017	176,181	177,786	175,573
Insurance	193,045	198,103	250,984	240,413	294,067
Oil and Gas Severance	89,913	82,796	76,654	54,761	26,483
Alcohol Excise and Privilege	66,669	70,017	71,525	73,854	73,369
Other	11,970	12,157	10,869	15,256	12,759
Interest	14,678	13,151	13,511	13,336	10,206
Auto Privilege, Tax and Title Fees	8,977	8,716	9,759	9,443	9,389
Gaming Fees	152,077	139,630	127,777	131,270	133,847
Highway Safety Patrol Fees	20,774	21,297	22,855	23,595	20,423
Other Fees and Services	11,266	11,109	10,292	12,543	10,205
Miscellaneous	4,587	4,499	3,851	3,314	4,300
Court Assessments and Settlements	20,041	35,228	70,286	50,011	66,207
Special Fund Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,050</u>
TOTAL REVENUES	<u>\$4,847,059</u>	<u>\$5,096,461</u>	<u>\$5,389,807</u>	<u>\$5,523,927</u>	<u>\$5,516,960</u>
Expenditures by Major Budgetary Function:					
Legislative	\$ 23,931	\$ 26,364	\$ 26,378	\$ 26,454	\$ 28,155
Judiciary & Justice	62,165	62,664	64,453	71,260	74,071
Executive & Adm	2,940	3,044	3,217	3,171	3,129
Fiscal Affairs	54,180	56,320	56,792	63,396	66,876
Public Education ⁽¹⁾	2,011,890	2,029,370	2,077,657	2,162,141	2,252,624
Higher Education	764,001	721,016	761,596	789,825	807,597
Public Health	26,513	33,117	35,796	35,442	36,569
Hospitals and Hospital Schools	235,343	210,426	216,072	219,418	221,768
Agriculture, Commerce & Economic Dev.	104,893	103,303	110,034	116,204	118,615
Conservation and Recreation	46,035	45,388	48,135	51,867	52,166
Insurance and Banking	0	0	0	0	0
Corrections	310,951	311,739	334,580	345,280	326,411
Social Welfare	311,284	541,775	737,836	990,961	1,098,569
Public Protection and Veterans Assistance	85,433	87,988	88,001	104,006	108,105
Local Assistance	81,109	81,109	81,109	84,455	83,188
Motor Veh. & Other Regulatory Agencies	22	39	40	40	32
Miscellaneous	1,211	1,212	1,337	1,378	1,540
Public Works	0	0	0	32,000	0
Debt Service	<u>369,564</u>	<u>375,804</u>	<u>375,455</u>	<u>380,532</u>	<u>392,099</u>
TOTAL EXPENDITURES	<u>4,491,465</u>	<u>4,690,667</u>	<u>5,018,488</u>	<u>5,477,830</u>	<u>5,671,513</u>
Excess of Rev. over (under) expenditures	355,594	405,795	371,319	46,097	(147,585)
Other Financing Sources (Uses)					
Transfers In	23,534	22,092	13,213	12,184	12,184
Transfers Out	(376,405)	(426,992)	(397,492)	(50,761)	(50,761)
Other Sources (uses) of Cash	<u>24</u>	<u>24</u>	<u>164</u>	<u>(343)</u>	<u>(343)</u>
Excess of Revenues & Other Sources over (under)					
Expenditures & Other Uses	<u>2,747</u>	<u>919</u>	<u>(12,796)</u>	<u>7,177</u>	<u>(186,505)</u>
Budgetary Fund Balances, Beginning	<u>\$ 50,455</u>	<u>\$ 53,202</u>	<u>\$ 54,121</u>	<u>\$ 41,325</u>	<u>\$ 41,325</u>

⁽¹⁾ Public Education reflects all educational activities.

Source: Department of Finance and Administration.

Education Enhancement Fund. Of the total sales tax revenue collected, \$1,666,666 each month is paid into the State Public School Building Fund, 2.266% to be credited to the School Ad Valorem Tax Reduction Fund, 9.073% to the Education Enhancement Fund, 18.5% to be allocated to the municipality in which the funds were collected and the remainder to the General Fund.

Of the amount credited to the Education Enhancement Fund, \$16 million is to be appropriated to all of the school districts in proportion to attendance, 34.19% must be appropriated for textbooks, educational materials, transportation and maintenance, uniform millage assistance and instructional and computer software, 22.09% for the purpose of supporting institutions of higher learning and 14.41% for the purpose of providing support to community and junior colleges. Of the remaining balance, \$25 million is to be credited to the Working Cash-Stabilization Fund until the balance reaches the maximum of 7.5% of the General Fund appropriation for that fiscal year and the remaining balance to remain in the Education Enhancement Fund for appropriation for other educational needs.

**EDUCATION ENHANCEMENT FUND
For Fiscal Year Ended June 30 (In Thousands)**

	2012	2013	2014	2015	2016
RESOURCES:					
Surplus from Prior Year	\$ 0.0	\$ 35,386.2	\$ 24,539.0	\$ 20,501.5	\$ 7,896.0
Sales Tax	260,846.2	268,582.6	276,440.3	288,934.5	294,023.3
Use Tax	26,123.0	28,127.5	30,036.6	27,539.7	29,457.4
Ad Valorem Reduction	81,692.0	46,000.0	45,596.1	46,002.2	46,000.0
Additional EEF from Dept. of Ed.	0.0	4,481.7	213.0	403.9	2,031.0
Transfer in from General Fund	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Resources Available	\$ 368,661.2	\$ 382,578.0	\$ 376,825.0	\$ 383,381.8	\$ 379,407.7
DISBURSEMENTS:					
Education, K-12	\$ 235,010.1	\$ 254,226.3	\$ 252,529.1	\$ 265,482.2	\$ 268,333.1
Community & Jr. Colleges	38,075.8	60,833.4	40,002.8	42,522.7	42,730.3
Institutions of Higher Learning	57,475.8	40,180.1	60,822.3	64,292.8	64,957.6
Other	2,713.3	2,799.2	2,969.2	3,188.1	3,386.7
Total Disbursements	<u>333,275.0</u>	<u>358,039.0</u>	<u>356,323.4</u>	<u>375,485.8</u>	<u>379,407.7</u>
YEAR END SURPLUS	\$ <u>35,386.2</u>	\$ <u>24,539.0</u>	\$ <u>20,501.6</u>	\$ <u>7,896.0</u>	\$ <u>0.0</u>

Source: Department of Finance and Administration.

Special Funds

General. The major sources of Special Fund receipts are federal grants-in-aid and diversion of State taxes for special purposes. Special Fund receipts are not estimated on a statewide basis. Expenditures are limited by the receipt of revenues. A portion of both motor vehicle privilege taxes and motor fuel excise taxes is deposited to a special fund for highway construction, and the balance of the privilege and excise tax collections is diverted to counties and municipalities.

For the fiscal year ended June 30, 2015, Special Funds received approximately \$6,458.7 million from the federal government which includes \$614.7 million for public education and \$483.6 million for highways. In addition, State tax receipts of \$1,341.1 million were diverted into Special Funds for particular purposes as provided by State law. Fiscal year 2016 information is not available at this time.

Health Care Trust Fund. The Health Care Trust Fund (the "Health Care Trust Fund") is a special fund established pursuant to 43-13-401 et seq., Mississippi Code of 1972, as amended and supplemented, for the deposit of funds received by the State as a result of the national tobacco litigation settlement. The Mississippi Legislature declared that such funds received by the State should be applied toward improving the health and health care of the citizens and residents of the State.

The Health Care Trust Fund began fiscal year 2000 with a balance of \$280,000,000. All subsequent tobacco settlement annual payments were to be deposited into the Health Care Trust Fund. Each year, a specified amount of funds from the Health Care Trust Fund are transferred to the "Health Care Expendable Fund", and those funds are available for expenditure by appropriation of the Legislature exclusively for health care purposes. If the interest and dividends from the investment of the Health Care Trust Fund are insufficient to fund the transfer to the Health Care Expendable Fund, the State Treasurer will transfer from the annual installment payment an amount sufficient to fully fund the transfer as required.

The 2011 Mississippi Legislature further amended the law and required annual transfers from the Health Care Trust Fund to the Health Care Expendable Fund for appropriation for health care needs. The annual transfer provided in the law is as follows:

Fiscal Year	Annual Transfer
2006	\$186,000,000
2007	186,000,000
2008	106,000,000
2009	92,254,000
2010	112,000,000
2011	112,000,000
2012	56,263,438
2013	97,450,332
2014	23,100,000
2015	3,055,564
2016	18,762

Source: Department of Finance and Administration.

A board of directors, consisting of thirteen members, is statutorily responsible for investing the funds in the Health Care Trust Fund and the Health Care Expendable Fund. The board voted in May 2010 to discontinue meeting regularly since the assets were being gradually liquidated to satisfy the appropriations approved by the State Legislature. Upon receipt of the annual tobacco settlement payments on December 31, 2015 and in April 2016, the combined balance in the both payments was transferred into the Expendable Fund by the end of Fiscal Year 2016. Future payments from the annual tobacco settlement will be transferred directly into the Expendable Fund.

Mississippi Prepaid Affordable College Tuition Fund. The Mississippi Prepaid Affordable College Tuition ("MPACT") program is a trust fund managed for the payment of tuition as required by contracts between the State and purchasers of the contracts. Monies received from purchasers of the MPACT contracts provide some of the cash flow used to satisfy the payment of benefits to institutions of higher learning on behalf of matriculating students. In addition to the payments received from the purchasers of MPACT contracts, the program is also funded in part from the dividends, interest and gains from the assets under management. The MPACT fund is managed within an actuarial framework, so the fund does have a target rate of return in order to grow the fund to a size that will be able to accommodate future obligations. All MPACT contracts carry the full faith and credit of the State. The relevant statute governing the MPACT Fund is Section 37-155-1 to Section 37-155-27, Mississippi Code of 1972, as amended and supplemented.

The MPACT Fund is overseen by the College Savings Plans of Mississippi Board of Directors (the "Board") of which the State Treasurer serves as Chairman. Any action taken with regard to the investments of the funds, including changes in investment management, investment policy, asset allocation, etc., must be approved by the Board.

On August 23, 2012, the Board voted to defer the 2012 enrollment effective September 1, 2012 and contract for the performance of an actuarial audit. Results of the audit were communicated to the Board at its April 30, 2013 Board meeting. Over the following 18 months, the Board held numerous planning sessions to review and approve changes to the program and the actuarial funding assumptions. The program reopened for enrollment on October 1, 2014. Utilizing the revised actuarial assumptions, as of June 30, 2015, the MPACT Fund-Legacy Plan had \$323.9 million in assets under management with a funded status of 73.2%. The value of expected liabilities of the trust exceeded the value of the assets, including the value of future payments by contract holders, by \$127.8 million. As of June 30, 2015, the MPACT Fund-Horizon Plan had \$7.8 million in assets under management with a funded status of 115.6%. The value of assets of the trust exceeded the value of the expected liabilities, including the value of future payments by contract holders, by \$2.2 million. The liability amounts are based on actuarial assumptions approved by the Board.

Budget Contingency Fund. The Budget Contingency Fund is a special fund created by the Legislature to handle non-recurring budget shortfalls. During the 2016 legislative session, the Legislature directed the initial \$150 million deposit of the BP Litigation Settlement to the Budget Contingency Fund, and appropriated \$42.5

million to various coastal projects. The \$150 million settlement payment was received in early fiscal year 2017. At the end of fiscal year 2017, it is projected that the fund balance will be \$108,550,000.

Education Improvement Trust Fund. The Education Improvement Trust Fund is legally restricted to the extent that only earnings, and not principal, may be used for the purpose of educating elementary and secondary school students and for vocational training in the State. As of October 26, 2016, the Education Improvement Trust Fund had a balance of \$47,759,288.54.

**STATE OF MISSISSIPPI SPECIAL FUND RECEIPTS⁽¹⁾⁽³⁾
For Fiscal Year Ended June 30, (In Thousands)**

	2012	2013	2014	2015
TAXES:				
Department of Revenue	\$ 791,907.9	\$ 752,613.2	\$ 826,485.8	\$ 786,111.4
Motor Vehicle Division	532,818.4	529,981.6	527,316.6	539,017.9
Other	28,376.2	29,505.9	29,726.9	15,969.1
Licenses, Fees, Permits & Penalties	729,125.0	809,560.6	778,155.9	505,127.0
Interest on Direct Investments	42,579.2	42,795.9	34,439.7	21,977.1
Sales and Services	851,431.3	775,814.0	806,157.4	656,960.2
Federal Grants-In-Aid				
Education	771,122.7	710,666.2	655,345.5	614,719.9
Highways	611,627.7	561,562.9	550,970.8	483,559.9
Public Health & Welfare ⁽²⁾	4,092,232.9	4,320,283.7	4,277,499.9	
Federal-State Local Programs	434,517.3	332,720.2	246,077.6	5,351,049.2
Agricultural & Economic Dev ⁽²⁾	9,269.6	7,445.0	5,556.5	
Employment Security ⁽²⁾	79,243.2	82,708.5	61,212.1	
Other	552,768.3	443,002.7	362,532.1	9,346.2
Political Subdivisions	87,272.4	146,564.7	189,757.2	180,694.0
Gross Sales of Alcoholic Bev	<u>222,976.1</u>	<u>228,973.6</u>	<u>233,304.1</u>	<u>319,584.8</u>
TOTAL REVENUE RECEIPT	\$ 9,837,268.3	\$ 9,774,198.7	\$ 9,584,538.2	\$ 9,484,116.7
Bonds, Notes Issued	811,760.4	763,555.3	335,024.5	76.1
Trans, Refunds & Other Rec.	<u>2,760,408.8</u>	<u>2,634,216.0</u>	<u>1,974,623.4</u>	<u>1,748,512.6</u>
TOTAL RECEIPTS	<u>\$13,409,437.5</u>	<u>\$13,171,970.0</u>	<u>\$11,894,186.1</u>	<u>\$11,232,705.4</u>

⁽¹⁾ The financial data presented in this chart was not prepared according to CAFR specifications, but is presented on a budgetary basis.

⁽²⁾ Public Health & Welfare, Agricultural & Economic Development, and Employment Security now included in the Federal State Local Programs.

⁽³⁾ 2016 Special Fund Receipt information is not available at this time.

Source: Department of Finance and Administration.

[The remainder of this page left blank intentionally.]

STATE OF MISSISSIPPI SPECIAL FUND DISBURSEMENTS⁽¹⁾
For Fiscal Year Ended June 30 (In Thousands)

	2013	2014	2014	2015	Unaudited 2016
Legislative	\$ 808.0	\$ 0.0	\$ 6.0	\$ 6.0	\$ 0.0
Judiciary & Justice	53,690.0	65,884.0	61,568.0	63,687.3	72,379.1
Executive & Administrative	50,969.0	20,576.0	22,871.0	39,500.0	18,638.0
Fiscal Affairs	149,591.0	115,895.0	129,467.0	158,908.0	115,738.6
Public Education	899,741.0	787,847.0	764,376.0	763,362.8	809,457.5
Higher Education	65,993.0	75,362.0	79,833.0	91,522.9	86,208.4
Public Health & Social Welfare	6,487,583.0	6,625,960.0	6,380,977.0	6,589,816.0	6,669,318.4
Hospitals & Hospital Schools	372,768.0	366,932.0	366,650.0	382,159.7	376,108.1
Agriculture & Economic Development	396,694.0	333,927.0	272,311.0	257,455.0	208,372.8
Conservation & Recreation	320,940.0	257,725.0	263,898.0	239,583.0	244,159.8
Insurance & Banking	48,981.0	56,912.0	60,519.0	70,252.5	57,906.6
Corrections	28,873.0	48,564.0	44,418.0	13,747.1	32,304.9
Interdepartmental Service	48,301.0	46,756.0	48,422.0	47,115.6	51,905.2
Public Protection & Assistance to Veterans	690,168.0	544,601.0	457,827.0	497,464.0	377,241.6
Local Assistance					
Motor Vehicle & Other					
Regulatory Agencies	27,153.0	30,190.0	27,759.0	28,345.8	29,119.5
Miscellaneous	1,003.0	996.0	720.0	767.0	1,212.6
Public Works	1,341,052.0	1,233,866.0	1,318,348.0	1,161,434.0	1,198,857.4
Debt Service	<u>24,063.0</u>	<u>27,036.0</u>	<u>46,222.0</u>	<u>28,464.0</u>	<u>9,989.4</u>
TOTAL DISBURSEMENTS	<u>\$11,008,371.0</u>	<u>\$10,639,029.0</u>	<u>\$10,346,192.0</u>	<u>\$10,433,592.0</u>	<u>\$10,358,917.8</u>

⁽¹⁾ The financial data presented in this chart was not prepared according to CAFR specifications, but is presented on a budgetary basis.

Source: Department of Finance and Administration.

Potential Claims Related to Federal Grants

The State is aware of several potential claims against the State by federal agencies for the reimbursement of certain federal grant monies. The State believes that the maximum aggregate exposure for the repayment of these grants, if any, will not exceed \$104,000,000. The State is in the process of gathering information which it believes will mitigate this exposure to the federal government.

DESCRIPTION OF STATE TAXES

State operations are funded by General Fund revenues, Education Enhancement Fund revenues and Special Fund receipts. Mississippi's tax base receives its major support from general sales and use taxes, personal income taxes, corporate income and franchise taxes, petroleum excise taxes, motor vehicle privilege taxes, insurance premium taxes and excise levies on tobacco and alcohol. The major sources of General Fund revenues are sales and use taxes, personal income taxes and corporate income and franchise taxes.

Sales Taxes. Sales taxes are imposed at a general tax rate of 7% (see "FISCAL OPERATIONS OF THE STATE - Education Enhancement Fund" herein). The State returns to the municipalities 18.5% of the retail sales tax collected within each municipality. Major exemptions from the sales tax include: (i) sales to governments; (ii) sales of raw materials to manufacturers, large vessels, barges and rail rolling stock; (iii) sales of livestock; (iv) sales of property for foreign export; (v) sales of seed, feed, fertilizer and agricultural chemicals; (vi) sales of farm products by a producer, except when sold by a producer through a regular place of business; (vii) sales of certain utility services for residential, industrial and farm use; (viii) sales of motor fuel; (ix) sales of food purchased with food stamps; (x) sales to non-profit hospitals and infirmaries; (xi) sales of newspapers; and (xii) sales of prescription drugs and medicines. The tax rate for construction contracts exceeding \$10,000, except residential construction, is 3.5%. The tax rate for the sale of automobiles, light trucks and motor homes is 5%. The tax rate

for the sale of aircraft, semi-trailers and mobile homes is 3%. The tax rate for the sale of manufacturing machinery and equipment, farm implement and farm tractors is 1.5%. Sales to electric power associations are taxed at 1%.

Use Taxes. Use taxes are imposed at the same rate as sales taxes on personal property from out-of-state sources for use, consumption or storage in the State. Credit is allowed for taxes paid to another state if the property has been used in another state prior to being brought into the State for use. Exemptions for use taxes are the same as those for sales taxes.

Personal Income Taxes. Personal income taxes are imposed at a rate of 3% on the first \$5,000 of taxable income, 4% on the second \$5,000 and 5% on the remainder. Single taxpayers are allowed a \$6,000 exemption. Married taxpayers are allowed a \$12,000 joint exemption. Heads of household taxpayers with one or more dependents living in the home are allowed an \$8,000 exemption. The exemption for each dependent is \$1,500, plus an additional \$1,500 exemption for taxpayers who are blind or over age 65. The Mississippi Taxpayer Pay Raise Act of 2016 (the "Taxpayer Pay Raise Act") passed during the 2016 Legislative Session will gradually eliminate the 3% tax bracket. Under the current plan, \$1,000 of the first \$5,000 of taxable income would be exempted in 2018, with another \$1000 each year until the bracket is phased out by 2022.

Corporate Income and Franchise Taxes. Franchise taxes are currently imposed at a rate of \$2.50 per \$1,000 of capital employed in the State. The Taxpayer Pay Raise Act will gradually eliminate the franchise tax. Beginning in 2018, the first \$100,000 of taxable capital will be exempt from the franchise tax. In 2019, the tax cut reduces the rate by 25 cents every year until the franchise tax is fully repealed by January 1, 2028. Certain nonprofit and not-for-profit organizations are exempt from corporate income taxes and franchise taxes, such as (i) religious, charitable, educational and scientific associations and institutions; (ii) business leagues, labor organizations, chambers of commerce; (iii) civic leagues and social clubs operated for promotion of social welfare; (iv) non-profit agricultural associations such as farmers' or fruit growers' cooperatives; and (v) non-profit cooperative electric power associations. A small business corporation having a valid election in effect under Subchapter S of the Code (as hereinafter defined), is exempt from State income tax, except for that portion of income that might be allocable to shares of stock owned by nonresidents of the State.

Gaming Taxes and Fees. Gaming taxes and fees are imposed on gaming establishment gross revenue at a rate of 4% on the first \$50,000 per month, 6% of the next \$84,000 per month and 8% of all over \$134,000 per month.

Other Taxes. The Department of Revenue also collects other taxes that provide significant amounts of revenue. The tobacco tax is imposed on sales of all tobacco products in the State, including cigarettes, which are taxed at 68 cents per package of 20 cigarettes, all other tobacco products are taxed at 15% of the manufacturer's list price. Other taxes include gas and oil severance, beer excise, insurance premium, and finance company privilege taxes.

The Alcoholic Beverage Control Division of the Department of Revenue that controls the sale and consumption of distilled spirits and wine contributes to the General Fund through the collection of State excise taxes, markups, permit license fees (one half goes to the city or county where the permittee is located), permit application fees and interest earned on demand deposits.

SUMMARY OF GENERAL FUND RECEIPTS BY MAJOR SOURCES
Fiscal Year Ended June 30
(In Millions)

	2014		2015		2016	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Total General Fund Receipts	\$5,403.0	100.0%	\$5,536.5	100.0%	\$5,686.7	100.0%
Sales Taxes	1,955.1	36.2	2,034.3	36.7	2,062.1	36.3
Individual Income Taxes	1,666.8	30.8	1,743.4	31.5	1,769.4	31.1
Corporate Income & Franchise Taxes	677.0	12.5	714.1	12.9	596.3	10.5
Use Taxes	246.3	4.6	226.5	4.1	238.3	4.2
Gaming Taxes & Fees	127.8	2.4	131.3	2.4	133.8	2.4
Insurance Premium Taxes	251.0	4.6	218.5	3.9	268.6	4.7
All Other Receipts	479.0	8.9	468.4	8.5	618.2	10.9

Source: Department of Finance and Administration.

RETIREMENT SYSTEM

The Governmental Accounting Standards Board ("GASB") approved two new standards on June 25, 2012 that changed the accounting and financial reporting of public employee pensions by state and local governments, including the State. Statement No. 67, Financial Reporting for Pension Plans, revised existing guidance for the financial reports of most pension plans. Statement No. 68, Accounting and Financial Reporting for Pensions, revised and established new financial reporting requirements for most governments that provide their employees with pension benefits.

The Provisions in Statement 67 are effective for financial statements for the period beginning after June 15, 2013. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014. PERS provides the necessary information that employers need to calculate their liability.

In accordance with State statutes, the Public Employees' Retirement System (the "System") Board of Trustees (the "Board of Trustees") administers 24 programs and plans, including 22 defined benefit plans and two defined contribution plans. The defined benefit plans include the Mississippi Public Employees' Retirement System ("PERS"), a cost-sharing multiple-employer public employee retirement system established in 1952, the Mississippi Highway Safety Patrol Retirement System ("MHSPRS"), a single-employer public employee retirement system established in 1958, the Supplemental Legislative Retirement Plan ("SLRP"), established in 1989, and the Municipal Retirement Systems ("MRS") made up of 17 fire and police and two municipal employee plans placed under the administration of the System on July 1, 1987. MRS is an agent multiple-employer defined benefit public employees' retirement system.

The defined contribution plans include the Optional Retirement Program ("ORP"), established in 1990 for teaching faculty and certain administrative staff of the State's eight colleges and universities, and the Mississippi Deferred Compensation Plan and Trust ("MDCPT") created in accordance with Section 457 of the Code. The System has no liability for losses under the MDCPT but does have the duty of due care that would be required of a prudent investor. ORP benefits and other rights of participants are the liability of the vendors and are governed solely by the terms of their respective annuity contracts.

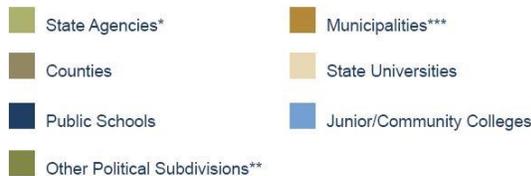
Any political subdivision or judicial entity within the State may elect to have its employees covered by PERS. As of June 30, 2016, the System covered 887 public entities within the State.

Total System Covered Employers and Members as of June 30, 2016

Total System Covered Employers and Members

Source: PERS Database

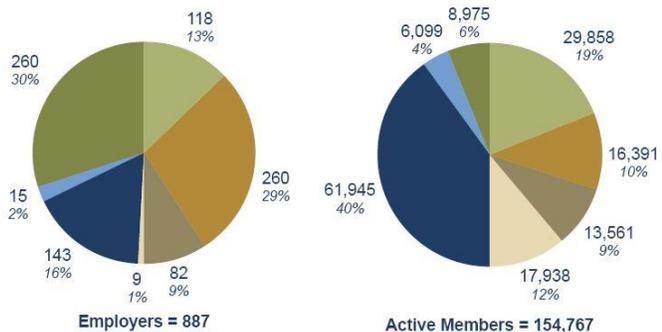
June 30, 2016, unaudited



* Includes MHSPRS and SLRP

** Includes hospitals, libraries, and other juristic entities

*** Includes MRS



The State neither contributes to MRS nor assumes any liability for benefits payable to members but does have the duty of due care required of an ordinary prudent investor. The plans under MRS were closed in 1987.

On July 1, 1989, the System established the SLRP for the purpose of providing supplemental retirement allowances and other benefits for elected members of the State Legislature and the President of the Senate and their beneficiaries. Each legislator and the President of the Senate must contribute 3% of all compensation or remuneration paid, except mileage allowance. The contribution rate by the State is 7.4%.

On July 1, 1990, ORP was established for employees of the State's nine colleges and universities who hold teaching or administrative faculty positions and who are appointed or employed after July 1, 1990. These participants have rejected membership to PERS. Title 25, Article 11 of the Mississippi Code states that the System will provide for administration of the ORP Program. ORP participants direct the investment of their funds. Benefits payable to plan participants are not obligations of the State. As such, ORP is not considered part of the System's reporting entity for financial reporting purposes.

Membership in PERS is a condition of employment and eligibility is granted upon hiring for all State agency and university employees not participating in ORP. For those employed by political subdivisions and instrumentalities of the State, membership is contingent upon the PERS Board of Trustees' approval of the entity's participation in the plan. If approved, membership is a condition of employment and eligibility is granted upon hiring.

Participating employees who retire at or after age 60 with four years of credited service if hired before July 1, 2007 or for those that were hired on July 1, 2007 or after, who retire at or after age 60 with eight years of credited service or those who retire regardless of age with at least 25 years of credited service if hired prior to July 1, 2011 or 30 years for those that were hired on July 1, 2011 or after are entitled to an annual retirement allowance, payable monthly for life. The retirement allowance is an amount equal to 2% of their average compensation for each year of credited service up to and including 25 years and 2.5 % for each year of credited service over 25 years, if hired prior to July 1, 2011. If hired on July 1, 2011 or after they are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to 2% of their average compensation for each year of credited service up to and including 30 years and 2.5 % for each year of credited service over 30 years. There is an actuarial reduction for each year of creditable service below 30 or for each year of age below age 65, whichever is less for those hired on July 1, 2011 or after. "Average compensation" is the average of the employee's earnings during the four highest compensated years of credited service. A member may elect an option for a reduced allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of four years of credited service for those hired prior to June 30, 2007 and vest with completion of eight years of credited service for those hired on or after July 1, 2007. PERS also provides certain death and disability benefits. Retirees and beneficiaries have the option of maintaining health and other coverage at their own expense. Benefit provisions are established by Section 25-11-1 *et seq.*, Mississippi Code of 1972, as amended, and may be amended and supplemented from time to time only by the State Legislature.

The System incurs no expense for post-retirement health benefits. See Note 16 in the Excerpts from 2015 Audited Financial Statements of the State included in APPENDIX B hereto for a complete discussion of the State's other post-employment benefits.

Membership in MHSPRS is a condition of employment and eligibility is granted upon hiring for all officers of the Mississippi Highway Safety Patrol (the "Highway Patrol") who have completed a course of instruction in an authorized highway patrol training school on general law enforcement and who serve as uniformed officers of the Highway Patrol. Participating employees in MHSPRS who withdraw from service at or after age 55 with at least five years of membership service or, after reaching age 45 with at least 20 years of credited service, or with 25 years of credited service at any age are entitled to an annual retirement allowance, payable monthly for life, in an amount equal to 2.5% of their average compensation during the four highest consecutive years of earnings reduced 3% for each year below age 55 or 3% for each year under 25 years of service, whichever is less. MHSPRS also provides certain death and disability benefits. Retirees and beneficiaries have the option of maintaining health and other coverage at their own expense. Benefit provisions for MHSPRS are established by Section 25-13-1 *et seq.*, Mississippi Code of 1972, as amended, and may be amended and supplemented from time to time only by the State Legislature.

Employees covered by PERS are required to contribute 9.0% of their salaries, as of July 1, 2010. Employees of MHSPRS are required to contribute 7.25%, as of July 1, 2008. Members of SLRP are required to

contribute an additional 3% of their compensation. Beginning July 1, 2013, the employers of PERS are required to contribute 15.75%; MHSPRS, 37.00%; and SLRP, remains at 7.40%, since January 1, 2012.

During a special session, the 2010 Mississippi Legislature passed House Bill 1 ("House Bill 1") which amended Sections 25-11-123, 25-11-109 and 25-11-115, Mississippi Code of 1972, and increased the percent of earned compensation as stated above from 7.25% to 9% (as a percentage of gross salary) and members who retire on or after July 1, 2010 will receive credit for ½ day of leave for each full year of membership service accrued after June 30, 2010. Also, a new option for members of PERS for payment of a member's retirement allowance provides that upon the retired member's death, ¾ of the member's reduced retirement allowance will be continued throughout the life of the employee's beneficiary.

Actuarial assumptions at June 30, 2016 were:

- (a) Rate of return on investment of 7.75%;
- (b) Projected Wage inflation rates 3.75%;
- (c) Projected salary increases of 3.75% to 19.0% per year for PERS, 4.25% to 9.31% for MHSPRS and 3.75% for SLRP attributable to seniority/merit;
- (d) Assumption that post-retirement benefits will increase 3.0% per year for PERS and SLRP; calculated 3% simple interest to age 55, compounded each year thereafter; and 3.0% for MHSPRS; calculated 3% simple interest to age 60, compounded each year thereafter;
- (e) Entry age for actuarial cost method; and
- (f) Five-year smoothed market asset valuation method.

Employer contribution rates for PERS, MHSPRS, and SLRP are set by State statute. The adequacy of these rates is assessed annually by actuarial valuation. Unfunded actuarial accrued liabilities are amortized as a level percent of the active member payroll, over the period of future years that produces the statutory employer contribution rate. Assuming the amortization period is reasonable, the employer contribution rate so computed, expressed as a percent of active member payroll, is designed to accumulate sufficient assets to pay benefits when due. For MRS, the unfunded actuarial accrued liability is being amortized on a closed basis as a level percent over a remaining period of 21 years. The current financing arrangement provides for a contribution determined as a percentage of each municipality's assessed property valuation.

House Bill 1 increased the PERS member contribution rate from 7.25% to 9.0% (as a percentage of gross salary) effective July 1, 2010. Employer contribution rate increases scheduled to go into effect July 1, 2011, were delayed six months. At its October 2010 scheduled meeting, the Board approved rate increases from 12 to 12.93 % for PERS-covered employers, 6.65 to 7.40 % for the SLRP and 30.30 to 35.21 % for the MHSPRS. However, in response to a request from leaders in the Mississippi Legislature, the Board of Trustees took action at its February 2011 meeting and the MHSPRS Administrative Board voted in March 2011 to delay any employer contribution rate increase until January 1, 2012. Effective July 1, 2012, the PERS employer contribution rate increased from 12.93% to 14.26% and the MHSPRS from 35.21% to 37.0%. Effective July 1, 2013, the PERS employer contribution rate increased from 14.26% to 15.75%.

[The remainder of this page left blank intentionally.]

PERS Contribution Rate Change History

Source: PERS Actuarial Valuation Report

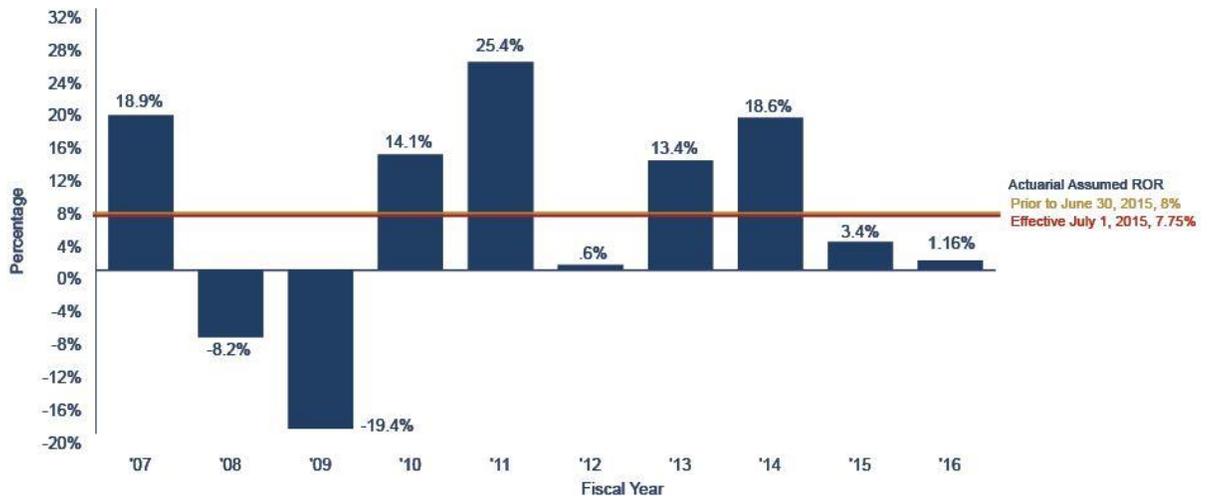


Effective Date	1/1/90	7/1/91	7/1/05	7/1/06	7/1/07	7/1/09	7/1/10	1/1/12	7/1/12	7/1/13
Employer Rate	9.75%	9.75%	10.75%	11.30%	11.85%	12.00%	12.00%	12.93%	14.26%	15.75%
Member Rate	6.50%	7.25%	7.25%	7.25%	7.25%	7.25%	9.00%	9.00%	9.00%	9.00%

The defined benefit plans administered by the System were actuarially funded at an average of 60.0% as of June 30, 2016, a decrease from the comparative average of 60.4% as of June 30, 2015.

Investment Performance

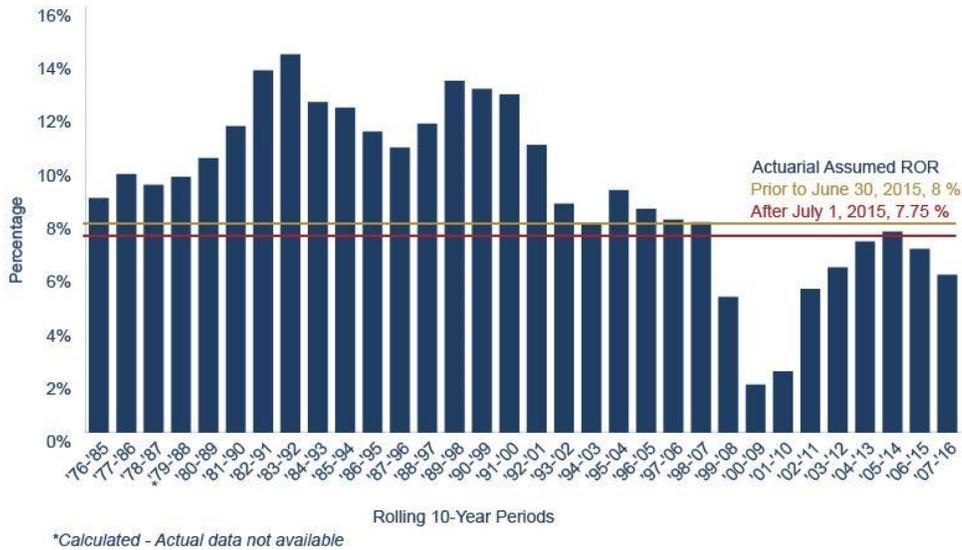
Source: PERS Investments



PERS A - 2016

Investment Annualized Rates of Return

Source: Callan Investment Measurement Service Quarterly Review for June 30, 2016



Historical Returns as of June 30, 2016

1-Year	1.16%
3 -Year	7.44%
5 -Year	7.18%
10 -Year	5.93%
20 -Year	6.95%
25 -Year	7.91%
30-Year	8.19%

The market value of assets is used in determining the actuarial funding status of the System and in establishing the contribution rates necessary to accumulate assets to meet benefit obligations when due.

For fiscal year 2016, the combined net assets of all the defined benefit plans administered by PERS decreased by \$799.2 million, or (3.1)%.

At June 30, 2016, the plans' net pension benefit liabilities were as follows (*in thousands).

	PERS*	MHSPRS*	SLRP
Total actuarial accrued liability	\$41,997,513	\$494,101	\$21,259
Market value of Assets	<u>24,135,016</u>	<u>311,612</u>	<u>15,768</u>
Net Pension Liability	<u>\$17,862,497</u>	<u>\$182,489</u>	<u>\$ 5,491</u>

Funding policies for PERS, MHSPRS and SLRP provide for periodic employer contributions at actuarially determined rates that are adequate to accumulate sufficient assets to pay benefits when due. Actuarial valuations prepared as of June 30, 2016, the most recent valuation date, indicate that the unfunded (overfunded) accrued liability amortization periods of PERS, MHSPRS and SLRP are 36.6, 42.9 and 22.6 years, respectively, using an open amortization approach.

In October 2012, the Board of Trustees adopted a revised funding policy aimed at stabilizing the employer contribution rate that set the PERS rate at 15.75% and the SLRP rate at 7.4% effective July 1, 2013. The funding policy also established a goal for the PERS to be 80.0% funded by 2042. Under the revised funding policy, contribution rates would no longer be determined annually based on a rolling 30-year amortization period; rather the focus would be on a declining amortization period and reducing volatility in the contribution rate. The actuarial value of assets includes smoothed actuarial gains and loss over the previous four years. The System incorporated the requirements of GASB Statement 67, *Financial Reporting for Pension Plans* beginning in its fiscal year-end 2014 financial reports which no longer requires a 30-year amortization period for the unfunded accrued liability.

PERS Funded Ratio

Source: PERS Actuarial Valuation Report

Funded Ratio: The ratio of the assets of a pension plan to its liabilities. The ratio is determined by dividing the actuarial value of assets by the actuarial accrued liability.

Below is the annual funded ratio of PERS since 2001 and the projected funded ratio with the 2012 revision of the PERS Funding Policy by the Board of Trustees, which set

a goal of being 80 percent funded by 2042. This projection assumes PERS will earn at an 7.75 percent rate of return on investments. Over the past 30 years, PERS has earned, on average, a 8.19 percent rate of return.

PERS Average Annual Benefit: \$22,607



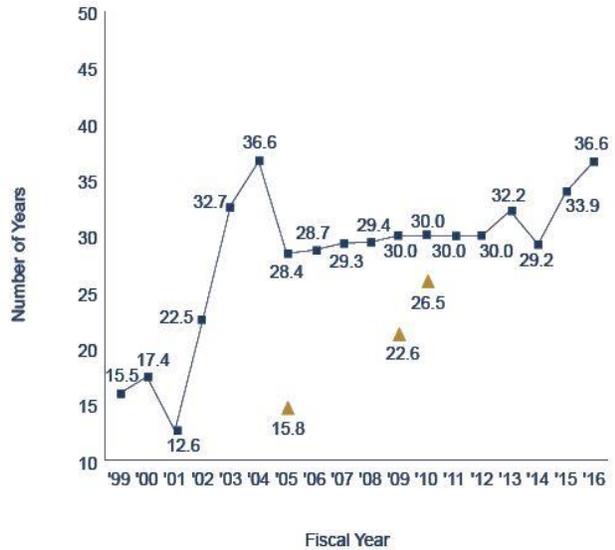
[The remainder of this page left blank intentionally.]

PERS Amortization Period of Unfunded Accrued Liability

Source: PERS Actuarial Valuation Report

Amortization: Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump-sum payment.

Unfunded Accrued Liability: The difference between the actuarial accrued liability and valuation of assets.



▲ Actuary estimate of UAL period without benefit improvements implemented 1999 - 2002 with the employer contribution rate at 9.75% and the member rate at 7.25%

Source: PERS Facts & Figures · All data as of June 30, 2016, unless otherwise noted.

MS Highway Safety Patrol Retirement System (MHSPRS)

MS Highway Safety Patrol Retirement Plan Funded Ratio and Projection

Source: MHSPRS Actuarial Valuation Report

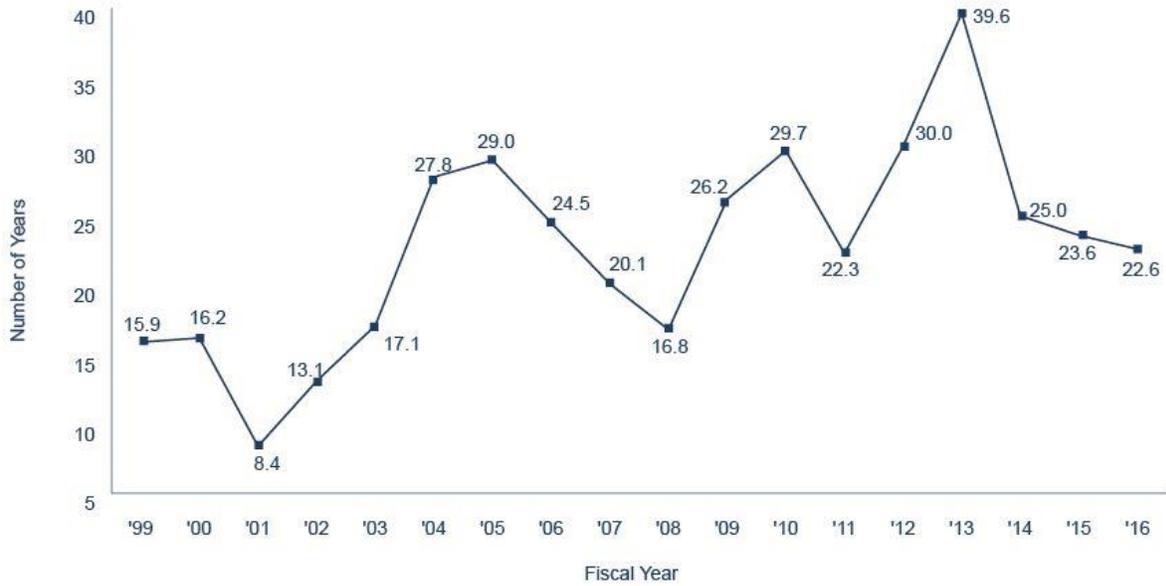
Actuarial Accrued Liability and Funded Ratio



MS Highway Safety Patrol Retirement System (MHSPRS)

Source: MHSPRS Actuarial Valuation Report

Amortization Period of Unfunded Accrued Liability



Supplemental Legislative Retirement Plan (SLRP)

Actuarial Accrued Liability and Funded Ratio

Supplemental Legislative Retirement Plan Funded Ratio and Projection

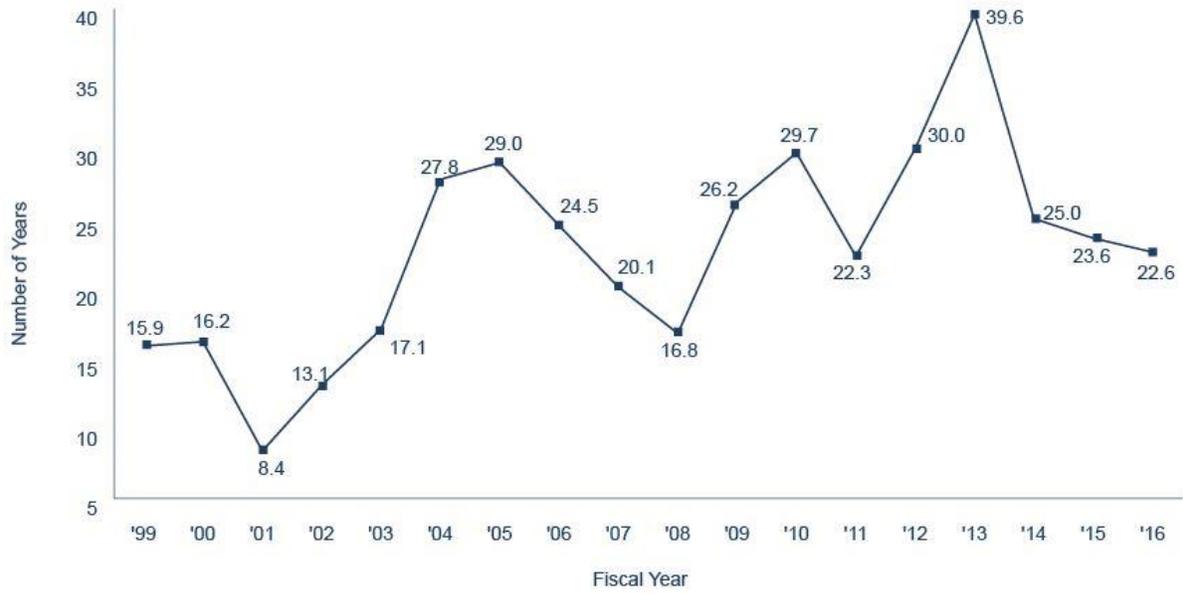
Source: SLRP Actuarial Valuation Report



Supplemental Legislative Retirement Plan (SLRP)

Source: SLRP Actuarial Valuation Report

Amortization Period of Unfunded Accrued Liability



[The remainder of this page left blank intentionally.]

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For Fiscal Year Ended June 30 (In Thousands)**

	2013	2014	2015	Unaudited 2016
Additions:				
Member Contribution	\$ 626,361	\$ 625,867	\$ 560,099	\$ 574,963
Employer Contributions	<u>915,096</u>	<u>1,005,219</u>	<u>1,030,028</u>	<u>1,055,072</u>
Total Contributions	1,541,457	1,631,086	1,590,127	1,630,035
Net Investment Income:				
Net Appreciation (Depreciation) in Fair Value Assets	2,244,621	3,654,142	362,760	(335,671)
Interest and Dividends	550,856	589,945	557,068	538,894
Securities Lending				
Net Appreciation in Fair Value			(2,128)	1,740
Interest Income on Securities Lending	17,371	19,133	18,525	23,152
Manager's Fees & Trading Costs	(50,210)	(83,449)	(88,884)	(89,116)
Interest Expense				(2,366)
Program Fees	<u>(2,726)</u>	<u>(2,680)</u>	<u>(2,619)</u>	<u>(3,097)</u>
Net Investment Income (Loss)	2,759,912	4,177,091	844,722	133,536
Other Revenues	<u>3,462</u>	<u>268</u>	<u>75</u>	<u>35</u>
Total Additions (Reductions)	<u>\$4,304,831</u>	<u>\$5,808,445</u>	<u>\$2,434,924</u>	<u>\$1,763,606</u>
Deductions:				
Retirement Annuities	2,108,559	2,263,161	2,284,168	2,433,505
Refunds to Terminated Employees	108,536	121,599	119,557	113,010
Administrative Expenses	14,106	13,454	14,119	15,764
Loss on Disposal of Equipment	0	0	0	0
Depreciation	<u>772</u>	<u>778</u>	<u>571</u>	<u>509</u>
Total Deductions	<u>\$ 2,231,973</u>	<u>\$ 2,398,992</u>	<u>\$ 2,418,415</u>	<u>\$ 2,562,788</u>
Net Increase (Decrease) in Plan Net Assets	2,072,858	3,409,453	16,509	(799,182)
Net Assets held in Trust for Pension				
Benefits Beginning of Year	<u>21,510,287</u>	<u>23,583,145</u>	<u>25,399,696</u>	<u>25,416,205</u>
End of Year	<u>\$23,583,145</u>	<u>\$26,992,598</u>	<u>\$25,416,205</u>	<u>\$24,617,023</u>

Source: State Auditor and Public Employees' Retirement System.

ORGANIZATION OF STATE GOVERNMENT

The State Constitution separates the legal powers of State government into three distinct branches, the legislative, the executive and the judicial.

Legislative Branch

Legislative power is vested in the Senate and the House of Representatives, which jointly comprise the Legislature of the State. The Senate is composed of 52 members, and the House of Representatives consists of 122 members. Each member of each chamber is elected to a four-year term.

The Legislature convenes annually on the first Tuesday after the first Monday in January. Regular sessions last 90 days in all years of an administration except for the first session after a new governor has been elected, when a 125-day session is held, which last occurred in January 2012. Any regular session may be extended by a concurrent resolution adopted by a 2/3 vote of the membership of both the House and the Senate. The Governor may convene the Legislature by a proclamation whenever, in the Governor's opinion, the public safety or welfare requires it, or upon written application of 3/5 of the members of each legislative body. The Legislature has the authority to enact legislation to complement the constitutional duties and powers of the executive branch of government.

Executive Branch

The Governor is vested with the chief executive powers of the State. The Governor is elected to a four-year term and may be elected for one additional four-year term. The Governor recommends to the Legislature, by message at the commencement of each session, the passage of such measures as the Governor deems appropriate; appoints, by and with the advice and consent of the Senate, certain officers of State government; may remit fines and penalties; grant reprieves, commute sentences, and grant pardons and paroles after convictions; and is Commander-in-Chief of the military forces of the State and, as such, may call out the National Guard to enforce laws, suppress insurrections and repel invasion.

Specific administrative functions are performed by the other statewide elected officials: the Lieutenant Governor, the Secretary of State, the Attorney General, the State Treasurer, the State Auditor, the State Insurance Commissioner and the State Commissioner of Agriculture and Commerce. For example, legal services are provided by the Attorney General; audit functions are performed under the direction of the State Auditor; and the Secretary of State maintains official records of the State, regulates the securities industry in the State and performs other statutory duties.

Other activities of State government are conducted through various boards and commissions created by the Legislature and accountable to either or both the legislative and executive branches. These include, among others:

(1) The Department of Transportation includes the State Highway Department, the Aeronautics and Rail Division, the weight inspection stations and portable scales from the Department of Revenue and the State Aid Engineer and the Division of State Aid Road Construction. The three elected members of the Mississippi Transportation Commission (one from each Supreme Court District of the State) select an executive director who serves as the administrative head of the Department of Transportation. The primary responsibilities of the department are the maintenance of highways and roads within the State and to promote the coordinated and efficient use of all available and future modes of transportation, to study means of encouraging travel and transportation of goods by the combination of motor vehicle and other modes of transportation. For operational purposes, the department is divided into six districts with maintenance and construction engineers in each district. However, certain functions, such as right-of-way acquisition, relocation assistance, bridge design, property control, research and development and testing are controlled at the departmental level. Other transportation related agencies are the Department of Public Safety and the Public Service Commission.

(2) Mississippi has a number of agencies that perform activities related to public health and welfare. Among those agencies are the State Department of Health, the Department of Human Services, the Department of Rehabilitation Services, the Division of Medicaid, Child Protective Services and the Parole Board. The Department of Health administers programs involving disease control, family health and environmental health. It also inspects sewer and water facilities, factories, food processing plants and conditions in State institutions. The Department of Human Services administers assistance payments to families of dependent children and makes determination of Medicaid eligibility. Additional services are provided through the Child Support, Food Assistance, Child Protective Services and Social Services Programs. The Office of Child Protective Services investigates reports of child abuse and administers the State's foster care system. The Division of Medicaid, within the Office of the Governor, administers the activities of all health related programs under Title XIX of the Social Security Act.

(3) The construction, maintenance and repair of State buildings are administered by the Office of Building, Grounds and Real Property Management, within the Department of Finance and Administration. In order to fulfill its responsibilities, pursuant to authority granted by the Legislature, the Office of Building, Grounds and Real Property Management has the authority to acquire real and personal property by lease or purchase and to exercise the right of eminent domain. Short and long-range public plans are subject to the approval of the Public Procurement Review Board of the Department of Finance and Administration.

(4) Under the supervision of three-elected commissioners, one from each Supreme Court district of the State, the Public Service Commission supervises and regulates various activities of utilities and motor carriers operating within the State. It has the authority and responsibility of prescribing rates and charges that will allow the utilities a fair and reasonable rate of return on investment under efficient operating conditions while protecting at all times the interest and welfare of the public. In the case of motor carriers, the Public Service Commission is charged with the responsibility of enforcing the provisions of the Motor Regulatory Act of 1938 on a fair and equitable basis by assuring that proper tags are purchased, that proper commodities are transported

at proper rates, that franchise provisions are strictly adhered to and that each carrier has full and adequate insurance coverage.

Judicial Branch

The Judicial Branch of State government consists of a Supreme Court, a Court of Appeals, Chancery District Courts and Circuit District Courts. The Supreme Court is an appellate court with members elected from three districts for terms of eight years. The Court of Appeals is an intermediate appellate court comprised of ten appellate judges, two elected from each congressional district, to serve for a period of eight years. There are 20 Chancery District Courts and 22 Circuit District Courts in the State, subject to change by the Legislature, with judges elected from each district for terms of four years. County Court judges in certain counties, and Justice Court judges in every county, are elected for four-year terms.

Local Governments

County and municipal governments and other political subdivisions have no sovereign powers in the State. In the State's counties and municipalities, the major sources of revenues are shared revenues from sales taxes and property taxes assessed on all local real and personal property, subject to certain exemptions. State agencies, however, provide various important services to political subdivisions, including the following: the State Department of Health works in an advisory capacity with local health departments; the State Department of Education provides guidance and aid for county and municipal Superintendents of Education; the Department of Transportation provides funding and technical assistance for county and urban road and bridge construction; and the Mississippi Development Authority is authorized to provide many economic development services.

EDUCATION

Elementary/Secondary Education

Public Education in Mississippi has seen dramatic changes during the past 30 years, with the 1982 Education Reform Act serving to trigger much of that change. A statewide core curriculum has also been established, outlining objectives school districts are expected to include in their instruction. The State has been a leader in developing a performance-based accreditation model, with both schools and districts receiving an annual accreditation level. The State is home to the Mississippi School for Mathematics and Science, the fourth of its kind in the nation when it opened in 1988, which provides intensive training in math, science and technology to certain high school juniors and seniors. The Mississippi School of Fine Arts, which opened in the fall of 2003, offers certain high school juniors and seniors training in the various fine arts. During the 2015-2016 school year, public elementary schools (K-6) enrolled 271,315 students and public secondary schools enrolled 209,195 students. The enrollment for public elementary and secondary students was a combined total of 480,510 students. The State's public schools employed 32,100 full-time equivalent classroom teachers. State and local boards of education are responsible for governing public elementary and secondary education. At the State level, a nine-member State Board of Education administers these responsibilities. The State Superintendent of Education, appointed by the State Board of Education, serves as its secretary and chief operating officer.

Community Colleges

The State was the first state to establish a system of public two-year colleges and has 15 community colleges located on 34 campuses and centers in every area of the State. These two-year institutions offer university level courses of study as well as vocational and technical programs. There is a wide variety of specialized programs for industry start-up and industry training, which are offered Statewide. Total headcount enrollment (unduplicated) at the public community and junior colleges for 2015-2016 school year was 95,575. Public community colleges are governed by local boards of trustees, with State coordination by a ten member State Board for Community and Junior Colleges.

Universities and Colleges

Eight institutions of higher learning, including a medical center, are supported by the State. These institutions offer courses and programs statewide. The 2015-2016 academic year enrollment in the State supported institutions of higher learning was approximately 95,449. The State's eight institutions of higher learning are administered by a 12 member Board of Trustees of State Institutions of Higher Learning and a Commissioner of Higher Education.

THE ECONOMY

Location and Geography

The State is centrally located in the southern region of the United States of America. It is bounded on the east by Alabama, on the north by Tennessee, on the west by the Mississippi River, which separates it from Arkansas and Louisiana, and by Louisiana and the Gulf of Mexico on its southern boundary. The State encompasses 47,715 square miles and ranks 32nd in physical size among the states. Jackson, located in the central part of the State, is the capital and the largest city.

The State has a temperate to subtropical climate. The temperature ranges from a high mean temperature throughout the State of 84.5 degrees during July to a low mean temperature of 45.6 degrees in January. The State has an average rainfall of 53.9 inches. The topography of the State ranges from flat to hilly, with a maximum elevation of 806 feet in the northeastern corner of the State.

The State's Economy (as of November 2016)

The Mississippi economy continues to grow at a slow pace but has struggled to gain momentum following the Great Recession with negative growth in four of the last seven years. After back-to-back declines in 2013 and 2014, growth as measured by real GDP rose 0.7 percent in 2015. The sluggish economy in 2015 was due in part to the collapse in oil prices. While the mining sector represents a relatively small segment of the State's economy, the sector employs many Mississippians in other states and these payrolls contribute significantly to the state's economy. As a result, lay-offs and pay cuts in this sector very likely adversely affected the 2015 Mississippi economy. The subsequent stabilization of oil prices has likewise contributed positively to the State's 2016 economy.

The 2016 economy appears to be growing at a slightly stronger pace. Income in particular has been a notably improved in 2016 relative to 2015. In the first six months of 2016 incomes rose 3.5% relative to the same period of 2015 which compares to the 1.8% growth observed in the first six months of 2015. It is the strongest first-half growth in income experienced in Mississippi since 2012. The data are subject to revision, but represent an encouraging sign after three years of very subdued income growth. Mississippi's first half income growth was nineteenth highest among the fifty states. Further evidence of improved income growth is found in the individual income tax withholdings in Mississippi which are up 4.1% in the first ten months of 2016 relative to the prior year. The comparable figure for 2015 was a 1.7% increase.

According to data published by the Philadelphia Federal Reserve, the Mississippi Index of Coincident Indicators rose 2.5% during the first nine months of 2016 relative to the prior year. In 2015 the growth rate for the same period was 2.9%. Year-over-year employment growth for the first nine months of 2016 is 1.0%, slightly below the 1.2% observed in 2015. While the growth is relatively low by national standards, 2015 marked the first time growth exceeded 1.0 percent since 1999. Building permits in the first nine months of 2016 have been relatively flat, rising only 0.6% over the 2015 level. Last year was something of a break-out year for building permits with year-over-year growth of 20.8% for the first nine months of 2015. Despite the slowdown in building permits, the construction sector is not the drag on overall growth it was in the previous two years. Jobs in construction in Mississippi declined 4.5% in 2014 and 5.3% in 2015. Construction employment is up 1.5% on average in 2016 relative to 2015. Manufacturing is also contributing to growth in 2016, as employment is up and workweek length remains relatively strong. The gaming sector in Mississippi is also improving but at a relatively modest pace as total gaming revenue rose 0.9% for the first nine months of 2016 relative to 2015. In the first nine months of 2015, year-over-year growth reached 1.9 percent. However, the total figure masks the relatively strong performance of the coastal counties. Year-over-year growth for the first nine months of 2016 for gaming revenue from coastal counties was 4.0 percent while the river counties saw a 2.8% decline in gaming revenues for the same period.

The State's economy has added an average of 11,811 jobs in 2016 over 2015. Most of these jobs are in retail trade, food services, local government, health care and social assistance, manufacturing and construction. The largest decline in employment occurred in the professional and business services.

Short-Term Outlook

Beginning in the last quarter of 2015, the United States economy experienced three consecutive quarters of very slow growth. Growth was between 2.0% and 2.6% the previous four quarters but in the fourth quarter of

2015 it fell to 0.9%. In the first quarter of 2016 real GDP grew 0.8% followed by 1.4% in the second quarter. Much of this slowdown was due to inventory corrections which are not expected to be a drag in the second half of the year. In the third quarter, growth accelerated to 2.9%. Because of the slow first half, growth in United States real GDP for calendar year 2016 is expected to be 1.5% which would be slowest year since 2009. For 2017 and 2018 growth is projected to reach 2.4% each year.

Like the nation, the Mississippi economy is expected to grow at a relatively modest pace. Real GDP growth for Mississippi is expected to reach 1.5% in 2016, 1.6% in 2017 and 1.9% in 2018. Job growth is expected to remain between 0.7% and 1.0% for this period. As of September 2016, the number of people employed in Mississippi remains 17,900 below the pre-recession peak. This gap is expected to close by 2018 given the current outlook for job growth. Oil prices are expected to rise slowly throughout this outlook thus making that sector less of a drag to the State's economy. Similarly, the construction sector which experienced wide swings in recent years due to very large projects is expected to steadily improve going forward.

State Economic Structure

About 83% of the State's roughly 1.1 million wage and salary workers are in service-producing industries and the remaining 17% are employed in goods-producing industries. Almost 78% of total nonfarm employment is in the private sector while government employs the remaining 22%. Nationally, the government represents slightly more than 16% of the workforce. Mississippi also depends relatively more on the manufacturing sector than the U.S. with 12.6% of employment concentrated in manufacturing compared to the national average of slightly less than 9%. Because of the strong linkages to the rest of the economy, the manufacturing sector is a driver of significant economic activity in other sectors in the State as well.

Economic Development

The Mississippi Development Authority ("MDA") was created to improve the quality of life for Mississippians through the creation of productive employment opportunities and the enhancement of the State's tax base. To accomplish its mandate, MDA concentrates on recruiting new industries into the State, encouraging expansion of existing industries, expanding world markets for State products, seeking international business investment, assisting in the development of minority businesses, and providing training and retraining programs for the State's work force to meet the needs of today's business.

A variety of services are available to individuals and businesses to stimulate jobs and income growth in the State. MDA provides financial, management and technical assistance services. Some of these include tax incentives, loan programs and bond financing programs for industries, small businesses and agribusinesses.

Banking and Finance

There are 79 financial institutions in the State, consisting of 2 FDIC supervised federal and State chartered thrifts, 10 national-chartered commercial banks, 3 State-chartered commercial savings banks, and 64 State-chartered banks. The total number of branches for these institutions stands at 1,215. Total assets held by the State's financial institutions as of June 30, 2016, were \$86,480,906,000.

The State's largest financial institution, Whitney Bank, has assets of over \$21 billion. There are eleven financial institutions with assets over \$1.0 billion and whose combined assets total \$67,908,315,000. Of the total deposits in the State, these financial institutions control approximately 79%.

Statewide banking has been in existence since 1986, with "de novo" branching as well as mergers. Since 1990, reciprocal interstate acquisitions are permitted, but only with states in the southeast. Effective September 29, 1995, the State Legislature allowed the State to participate in nationwide banking effective with the enactment of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, Public Law 103-328. Beginning December 1, 1997, by legislation passed in 1996, State banks were able to have branches out-of-state, as well as, out-of-state banks being able to branch into the State.

Manufacturing

The manufacturing sector is a leading employer in the State. Approximately 142,649 persons are employed in more than 2,400 manufacturing facilities. About one-fourth of these facilities have 100 or more

employees and account for 80% of all manufacturing workers. The State has eighteen (18) manufacturing companies with 1,000 or more employees.

Every county in the State has a manufacturing facility. Hinds County has the largest number of manufacturing plants followed by Lee County, Rankin County, DeSoto County and Harrison County. The leading product groups in the State are apparel, electrical machinery and equipment, food products, furniture and fixtures, lumber and wood products and transportation equipment.

In November 2000, Nissan North America, Inc. ("Nissan") announced the location of a \$930 million automobile manufacturing facility in Madison County, Mississippi. In June 2002, while the original facility was still under construction, Nissan announced that it would expand the facility to 2.5 million square feet with an additional investment of \$500 million. When the plant began production, 2,040 people were employed and has grown to present employment of approximately 6,000. The 3.5 million-square-foot plant has a capacity to produce 400,000 vehicles per year.

In March 2007, Toyota Motor Engineering & Manufacturing North America, Inc. ("Toyota") announced its plans to locate a new manufacturing plant near the town of Blue Springs, Mississippi. Toyota directly employs approximately 2,000 and represents an \$800 million investment. Since the plant began production during November of 2011, Mississippians have been successfully producing Toyota's best-selling model, the Corolla, for the U.S. market and is at full production today.

Huntington Ingalls Industries is the State's largest manufacturing employer through its shipyards located in Pascagoula and Gulfport. With current employment above 11,000, Huntington Ingalls Industries has an annual payroll of approximately \$580 million. The company develops and produces technologically advanced warships for the United States Navy, Coast Guard, Marine Corps and for foreign and commercial customers. It has operated in the State since 1938.

PACCAR, a global leader in the design and manufacture of premium light-, medium- and heavy-duty trucks, constructed its newest engine manufacturing and assembly plant on a 394-acre site in Lowndes County.

Yokohama selected West Point, Mississippi as the location for its new tire manufacturing facility opening the \$300 million commercial truck tire facility October 5, 2015, just a little over 24 months after breaking ground on the site. The modern, one-million-square-foot facility located on more than 500 acres of land has hired more than 260 employees and plans to eventually reach 500. The company plans to produce up to one million tires annually when running at full capacity.

Continental Tire The Americas, LLC has announced its plans to locate a commercial vehicle tire manufacturing plant in Hinds County, Mississippi. Continental has committed to investing \$1.45 billion and creating 2,500 jobs and expects to begin production in 2020.

Tourism and Gaming

Since 1992, the total capital investment in the State by the gaming industry has exceeded \$4.5 billion. The gross gaming revenues for the 28 State-licensed casinos in fiscal year 2015 was \$2,085,378,989.61 and for the 28 State-licensed casinos in fiscal year 2016 was \$2,107,117,794.93. The State's gaming industry reported 20,928 State-licensed and casino hotel employees for the fourth quarter of fiscal year 2016. In addition, the Mississippi Band of Choctaw Indians employs an estimated 2,795 persons at its casino hotels.

According to the Mississippi Department of Revenue, gross gaming revenues for the first three months of fiscal year 2017 were \$531,708,802.13.

Agriculture and Forestry

Agriculture is one of the State's leading industries, employing approximately 17% of the State's workforce either directly or indirectly. Agriculture in the State is a \$6.88 billion industry with a \$12.7 billion economic impact each year. There are approximately 42,300 farms in the State covering 11 million acres. The average size farm is composed of 262 acres. Agriculture makes a significant contribution to all 82 counties. The primary agricultural products in Mississippi are poultry, forestry, soybeans, corn, rice, catfish, hay, cattle and calves, cotton, hogs, horticulture crops, mill, sweet potatoes, wheat and peanuts.

Forestry and forestry products contribute a total impact of \$17.4 billion to the State's economy. 19.8 million acres or about 65% of the total land in the State is devoted to forest production. Mississippi ranks number one in the nation in the number of certified tree farms with more than 3,200. The forestry sector, which includes pulp mills, paper mills, wood furniture, employs 25% of the State's manufacturing workforce.

Construction

The construction industry plays a powerful role in sustaining economic growth, in addition to producing structures that add to productivity and quality of life. In 2014, construction contributed \$5 billion (5.0%) of the State's GDP of \$105 billion, making construction's contribution to the State's GDP more than the industry's 3.8% share of United States GDP. Private non-residential construction spending in the State totaled \$2.5 billion in 2015 while nonresidential starts in the State totaled \$2.4 billion in 2014. Construction employment in September 2016 totaled 47,900. Construction worker's pay in the State averaged \$46,400, 27% more than all private sector employees in the State.

During the period 2010 through 2015, building permits issued for residential construction averaged 6,100 annually, with an average annual valuation of \$879 million. The following chart presents annual data for residential building activity.

RESIDENTIAL CONSTRUCTION BUILDING ACTIVITY (Valuation in Millions)

Calendar Year	Building Permits(In Thousands)	Privately-Owned Housing Units Valuation (In Millions)	Contract Construction Employment (In Thousands)
2003	12.1	1,254.5	51.3
2004	13.6	1,399.3	50.6
2005	13.0	1,535.2	52.1
2006	15.6	1,891.0	53.0
2007	16.3	1,773.0	58.2
2008	10.0	1,119.3	57.5
2009	6.7	807.2	47.8
2010	4.8	646.3	50.2
2011	5.3	724.1	49.6
2012	6.0	836.5	45.8
2013	6.8	956.1	49.6
2014	6.9	1,033.1	49.0
2015	6.8	1,078.1	47.4

Source: University Research Center, the U.S. Department of Commerce, Bureau of the Census, Building Permits Branch and the Bureau of Labor Statistics, Associated General Contractors of America.

Transportation

The Mississippi Department of Transportation ("MDOT") is the lead agency to meet the transportation needs of the State. MDOT is committed to providing a transportation system - a network of highways, airports, public transit systems, ports, weight enforcement offices and rail systems - that will provide for the safe and efficient movement of people and goods. Much of the success of the transportation system can be attributed to the AHEAD program enacted in 1987, which promises to link every Mississippian to a four-lane highway within 30 miles or 30 minutes. In the spring of 2002, the Mississippi Legislature enacted Vision 21 - MDOT's Proposed Highway Program for the 21st Century. This pay-as-you-go highway program has been and will continue to upgrade existing roadways or build new highways where they are needed most, without burdening the public with new taxes.

The State's 81 public and private airports provide facilities for both commercial and private aircraft and play a vital part in the economic development of the small communities in the State. The mission of the MDOT Aeronautics Division is to assist airport owners in developing a safe and effective air transportation system in the State.

The State's public ports continue to play a vital role in the State's transportation system and the State's economy. Currently, there are 16 public ports in the State which include the State controlled Port of Gulfport in Harrison County and Yellow Creek State Inland Port in Tishomingo County. The remaining 14 ports are locally owned and operated. These ports contribute \$1.4 billion to the State economy, representing almost 3% of the

State's GDP and including some 34,000 direct and indirect jobs paying \$765 million in wages and salaries. On average, over 47.7 million tons of cargo moved through the public and private terminals within the State's ports annually.

Mississippi has 2,542 miles of mainline railroad providing service between major centers throughout the State. This mileage is comprised of five Class-I Railroads (large rail systems extending from the Gulf of Mexico into Canada) and 24 Class-III Railroads (short intrastate rail systems) utilizing the Mississippi Rail System.

Population

According to the 2010 Census, the population of the State was 2,967,297.

TOTAL RESIDENT POPULATION FOR MISSISSIPPI AND THE UNITED STATES (In Thousands)

Calendar Year	Mississippi Population	Percent Change	United States Population	Percent Change
1970	2,217	1.80%	203,302	13.40%
1980	2,521	13.70	226,546	11.40
1990	2,577	2.10	249,440	10.10
2000	2,844	10.36	282,224	14.30
2001	2,856	.25	285,318	1.10
2002	2,863	.25	288,369	1.10
2003	2,874	.40	290,810	1.00
2004	2,893	.66	293,655	1.00
2005	2,908	.52	296,410	.93
2006	2,911	.10	299,398	1.00
2007	2,919	.27	303,809	1.47
2008	2,939	.69	305,800	1.00
2009	2,951	.40	307,007	.40
2010	2,967	.54	308,746	.60
2011	2,979	.40	311,592	.92
2012	2,985	.20	313,914	.75
2013	2,991	.20	316,129	.71
2014	2,994	.10	318,857	.87
2015	2,993	.03	321,419	.80

Source: U.S. Department of Commerce, Bureau of the Census, Economic Research Service.

[The remainder of this page left blank intentionally.]

**MISSISSIPPI RESIDENT POPULATION CHARACTERISTICS AND
PERCENTAGE CHANGE BY CENSUS PERIOD
(In Thousands of People)**

Sector	1990	2000	2010	%Change 1970-1980	%Change 1980-1990	%Change 1990-2000	%Change 2000-2010
Urban	1,213.8	1,388.6	1,331.0	20.7%	1.6%	14.4%	(4.1)%
Rural Non-farm	1,307.2	1,409.7	1,591.1	28.4	5.0	7.8	12.9
Rural Farm	56.2	46.4	45.2	(67.6)	(33.7)	(17.4)	(2.6)
TOTAL/AVERAGE	2,577.2	2,844.7	2,967.3	13.6%	2.1%	10.4%	4.3%

Source: U.S. Department of Commerce, Bureau of the Census.

Employment

The service producing industries are the leading employers within the State employing 947,700 people or 83% of total non-agricultural employment as of September 2016. Other large employment sectors are government, trade and transportation, and manufacturing with each employing 249,100, 228,400, and 142,900, respectively, as of September 2016. Within the goods producing industry, the durable goods segment of the industry employed 94,900 and the nondurable goods segment employ 40,200. The leading manufacturers by product category are transportation equipment which includes ship building (53,900), food manufacturing (23,300) and furniture manufacturing (19,300). Although its importance has declined, agriculture continues to contribute significantly to the State's economy. The total employment in agriculture as of September 2016 was 32,300.

TEN LARGEST MISSISSIPPI MANUFACTURING EMPLOYERS⁽¹⁾

Manufacturer	Major Product	2015 Employment
Huntington Ingalls Industries	Ship Building	11,000
Nissan North America	Automobile Assembly	6,000
Sanderson Farms, Inc.	Processed Poultry	4,938
Tyson Foods	Poultry Processing	4,700
Ashley Furniture Industries	Furniture Manufacturing	3,575
Howard Industries	Electronics	3,500
Cal-Maine Foods, Inc.	Poultry Egg Producer	2,600
Koch Foods of Mississippi, LLC	Poultry Processing	2,500
Peco Foods of Mississippi	Food Processing	2,000
Toyota	Automobile Assembly	2,000

⁽¹⁾ Number of employees is based on an annual estimate by each employer as a part of a survey conducted by MDA and reflects actual direct employees without contractors or temporary workers employed by a third party.

Source: Mississippi Development Authority, Existing Industry and Business Division, Manufacturers Cross-Match Program 2016, Mississippi Business Journal.

[The remainder of this page left blank intentionally.]

**RECENT MISSISSIPPI LABOR FORCE STATISTICS
(In Thousands of People)**

Year/ Month	Civilian Labor Force	Total Employed	Unemployment Rate
2000	1,326.4	1,251.1	5.7
2001	1,305.3	1,233.9	5.5
2002	1,298.0	1,209.8	6.8
2003	1,312.1	1,229.0	6.3
2004	1,330.2	1,248.1	6.2
2005	1,343.2	1,237.2	7.9
2006	1,316.5	1,220.5	7.3
2007	1,317.9	1,234.1	6.4
2008	1,326.6	1,234.3	7.0
2009	1,300.3	1,176.8	9.5
2010	1,575.6	1,411.3	10.4
2011	1,344.6	1,203.6	10.5
2012	1,336.9	1,216.3	9.0
2013	1,299.1	1,194.2	8.7
2014	1,228.2	1,135.5	7.6
2015	1,163.6	1,187.3	6.5
2016			
Jan	1,299.1	1,211.6	6.7
Feb	1,305.4	1,220.0	6.5
March	1,303.1	1,221.5	6.3
April	1,296.7	1,218.8	6.0
May	1,289.0	1,213.5	5.9
June	1,280.0	1,204.5	5.9
July	1,272.0	1,196.1	6.0
August	1,270.0	1,193.9	6.0
September	1,272.1 ⁽¹⁾	1,196.2 ⁽¹⁾	6.0 ⁽¹⁾

⁽¹⁾ Preliminary.

Source: U.S. Department of Labor Bureau of Labor Statistics, October 2016.

[The remainder of this page left blank intentionally.]

MISSISSIPPI ANNUAL EMPLOYMENT STATISTICS
(In Thousands of People)

	2012	2013	2014	2015	September 2016
Civilian labor force	1,336.9	1,286.4	1,252.2	1,267.7	1,272.1
Total employment	1,216.3	1,175.7	1,156.6	1,188.1	1,196.2
Agricultural ⁽¹⁾	36.5	35.3	23.7	32.6	32.3
Non-agricultural	1,092.1	1,111.9	1,119.1	1,126.8	1,146.1
All Other	87.7	28.5	13.8	28.7	17.8
Unemployment Rates					
Mississippi	9.0	8.6	7.7	6.3	6.0
United States	8.1	7.4	5.9	5.1	5.0
By Place of Employment					
Non-Agricultural	1,092.1	1,111.9	1,119.1	1,126.8	1,146.1
Manufacturing	136.2	136.5	141.7	140.8	142.9
Durable goods	89.4	90.0	94.7	93.6	94.9
Wood Product	9.0	8.7	8.9	8.5	8.8
Furniture & Related Products	17.6	17.4	18.1	18.4	19.3
Metal Products	8.3	9.8	10.0	9.7	9.7
Machinery Manufacturing	11.6	12.2	11.9	12.3	12.2
Electrical Equipment & Appliance	10.8	10.7	6.2	6.4	6.0
Transportation Equip ⁽²⁾	38.8	41.6	43.4	46.8	53.9
Nondurable goods	46.8	46.5	47.0	47.2	40.2
Food	22.4	22.0	21.8	22.0	23.3
Paper	3.6	3.8	3.6	3.6	3.6
Plastics & Rubber	5.7	5.8	6.1	6.1	6.7
Service Producing					
Industries	898.8	877.0	920.5	932.1	947.7
Mining ⁽³⁾	9.2	9.2	9.6	8.6	7.3
Construction	45.8	51.5	49.6	45.3	48.2
Information	11.8	12.6	12.3	13.5	13.1
Trade & Transportation	215.1	217.0	218.1	221.7	228.4
F.I.R. ⁽⁴⁾	44.9	44.7	43.9	44.4	42.5
Government	245.4	242.9	245.0	245.3	249.1
Education & Health Services ⁽⁵⁾	138.2	131.3	136.6	135.5	140.6
Leisure & Hospitality	116.2	127.4	126.9	131.6	133.6
Professional & Business	93.2	106.1	99.7	102.5	101.0
Other Services	34.2	37.7	38.0	37.6	39.4

⁽¹⁾ Mississippi Agricultural Statistics.

⁽²⁾ Motor Vehicle Parts, Ship and Boat Building.

⁽³⁾ Natural Resources and Mining.

⁽⁴⁾ Finance, Insurance, Real Estate and Rental.

⁽⁵⁾ Education, Health Care and Social Assistance.

Source: Mississippi Department of Employment Security, State & Metro Trends, www.mdes.ms.gov October 2016.

[The remainder of this page left blank intentionally.]

Income

Services, government, trade and transportation, and manufacturing employment represent the largest components of earned personal income in the State.

COMPARISON OF MISSISSIPPI AND UNITED STATES PER CAPITA INCOME

Year	Mississippi	United States	Mississippi as a Percentage of United States
2000	\$20,920	\$29,760	70.3%
2001	21,653	30,413	71.2
2002	22,417	30,899	72.6
2003	23,466	31,472	74.6
2004	24,650	32,937	74.8
2005	25,318	34,586	73.2
2006	26,535	36,276	73.1
2007	28,845	38,611	74.7
2008	29,922	39,928	74.9
2009	30,103	39,138	76.9
2010	31,186	40,584	76.8
2011	31,882	41,415	77.0
2012	33,657	43,735	77.0
2013	34,478	44,543	77.4
2014	34,333	46,129	74.4
2015	34,771	47,669	72.9

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, last updated October 2016. <http://www.bea.gov/regional/bearfacts>.

MISSISSIPPI PERSONAL INCOME STATISTICS (Rounded in Millions of Dollars)

	2011	2012	2013	2014	2015
Total Personal Income (by place of residence)	\$95,313	\$98,722	\$103,132	\$102,795	\$104,045
Earnings by Industry					
Farm	1,130	1,794	1,939	1,343	1,128
Agricultural Services ⁽¹⁾	548	590	572	689	524
Mining	894	913	1,462	1,388	1,199
Utilities	746	840	822	800	832
Construction	4,051	4,254	4,907	4,391	4,054
Manufacturing	7,868	8,267	8,430	8,441	8,696
Wholesale Trade	2,243	2,283	2,433	2,403	2,514
Retail Trade	4,637	4,866	4,916	4,966	5,122
Transportation and Warehousing	2,464	2,522	2,748	2,731	2,532
Information	706	764	844	820	809
Finance and Insurance	2,346	2,353	2,606	2,713	2,522
Real Estate, Rental and Leasing	675	664	906	1,023	893
Professional, Scientific and Technical Services	2,775	2,864	2,843	2,805	2,981
Management of Companies and Enterprises	903	967	1,019	986	1,032
Administrative and Waste Services	1,891	1,996	2,352	2,325	2,423
Educational Services	658	717	756	738	722
Health Care & Social Assistance	6,911	7,033	7,301	7,186	7,453
Arts, Entertainment and Recreation	328	323	319	341	282
Accommodation and Food Service	2,498	2,548	2,692	2,663	2,718
Other Services except Public Administrative	2,408	2,504	2,600	2,685	2,757
Government and Government Enterprises	15,569	15,715	14,455	14,344	14,930

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System. October 2016.

⁽¹⁾ Agricultural services include forestry, fishing and related activities.

UNITED STATES PERSONAL INCOME STATISTICS
(Rounded in Billions of Dollars)

	2011	2012	2013	2014	2015
Total Personal Income (by place of residence)	\$12,949.9	\$13,401.9	\$14,081.2	\$14,708.6	\$15,464.0
Earnings by Industry					
Agricultural, Forestry, Fishing, and Hunting	102.8	99.7	112.6	135.1	33.6 ⁽¹⁾
Mining	115.0	119.2	176.3	179.5	166.3
Utilities	75.5	85.8	82.8	84.0	86.3
Construction	498.3	525.4	561.6	604.0	640.3
Manufacturing	943.8	987.2	988.3	1,017.5	1,056.0
Wholesale Trade	480.3	504.8	520.6	537.5	560.1
Retail Trade	572.1	601.4	600.3	635.7	656.6
Transportation and Warehousing	314.4	324.9	343.0	358.5	399.0
Information	308.5	322.5	326.8	350.2	372.2
Finance, Insurance, Real Estate, Rental and Leasing	877.3	864.5	712.4	976.9	1,006.6
Professional and Business Services	1,162.6	1,234.1	1,018.8	1,060.8	1,124.8
Educational Services, Health Care & Social Assistance	1,199.9	1,233.9	1,287.9	1,333.6	1,398.6
Arts, Entertainment, Recreation, Accommodation and Food Services	391.0	410.1	430.1	452.3	498.3
Other Services except Government	345.7	355.6	368.5	392.7	406.5
Government	1,663.6	1,674.6	1,715.7	1,750.3	1,834.3

⁽¹⁾ 2015 data consists only of forestry, fishing and related activities.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Information System, last revised on September 2016.

MISSISSIPPI GROSS TAXABLE SALES⁽¹⁾
For Fiscal Year Ended June 30
(In Millions of Dollars)

Industry Group	2009	2010	2011	2012	2013
Automotive	\$5,023.8	\$4,864.0	\$5,443.9	\$5,903.8	\$6,282.4
Machinery	2,656.0	2,380.9	2,705.0	3,099.3	3,578.6
Food & Beverage	7,658.4	7,712.5	7,889.1	8,193.2	8,449.3
Furniture	859.0	874.4	864.5	865.4	853.7
Gen. Merchant	7,697.2	7,496.0	7,592.4	7,732.8	7,896.8
Lumber	2,870.9	2,510.4	2,587.4	2,574.4	2,672.8
Misc. Retail	3,567.7	3,339.7	3,453.4	3,591.9	3,715.8
Misc. Services	2,829.5	2,580.1	2,796.3	2,719.8	2,683.2
Utilities	4,383.7	4,299.6	4,174.7	4,126.4	4,369.8
Contracting	7,771.2	6,088.3	5,694.5	5,418.9	5,353.8
Wholesale	763.5	756.6	785.3	800.0	816.1
Recreation	<u>136.4</u>	<u>144.9</u>	<u>145.5</u>	<u>152.7</u>	<u>153.1</u>
Total Taxable Sales	<u>\$46,217.2</u>	<u>\$43,047.4</u>	<u>\$44,132.1</u>	<u>\$45,178.7</u>	<u>\$46,825.5</u>

Source: Mississippi Department of Revenue, Fiscal Years 2009-2013.

⁽¹⁾ As of October 2013, Mississippi Department of Revenue converted to new computing technology used for accounting of sales tax. See page 47 for post 2013 years' data.

[The remainder of this page left blank intentionally.]

MISSISSIPPI GROSS TAXABLE SALES⁽¹⁾
For Fiscal Year Ended June 30
(In Millions of Dollars)

	2014	2015
Industry Group		
Agriculture, Forestry, Fishing and Hunting	\$ 11.4	\$ 11.8
Mining, Quarrying, and Oil & Gas Extraction	412.7	398.3
Utilities	1,439.0	1,271.3
Construction	5,716.0	5,461.1
Manufacturing	896.0	783.1
Retail Trade	25,048.8	25,605.0
Wholesale Trade	3,658.2	3,624.3
Information	2,635.7	2,706.5
Professional, Scientific & Technical Services	147.0	162.6
Management of Companies & Enterprises	.3	.3
Administrative, Support, Waste Management	335.2	361.7
Educational Services	4.6	.1
Health Care & Social Asst.	2.5	2.9
Arts, Entertainment, Recreation	125.0	122.8
Accommodation & Food Serv	4,590.8	4,802.4
Other Services	1,335.8	1,389.6
Public Administration	66.4	62.6
Finance & Insurance	47.0	50.6
Transportation & Warehousing	51.1	49.0
Real Estate, Rental & Leasing	<u>862.6</u>	<u>929.1</u>
Total Taxable Sales	<u>\$47,386.1</u>	<u>\$47,795.1</u>

⁽¹⁾ On October 7, 2013, accounting for sales tax converted to new computing technology. As part of that conversion, the Mississippi Department of Revenue's system for collecting sales tax data by industry type changed. Prior to Fiscal Year 2014, the Mississippi Department of Revenue used the Standard Industrial Classification (SIC) System to classify and organize industries. However, with the implementation of new technology, Mississippi Department of Revenue began using the North American Industry Classification System (NAICS) when classifying industry types for sales tax collections. NAICS was developed in 1997 by the federal government and replaced the Standard Industrial Classification (SIC) System throughout the United States as the primary system for collecting statistical data. As a result of the conversion, the previous Fiscal Year data included in prior year sales tax reports are not comparable to earlier reports.

Source: Mississippi Department of Revenue, Fiscal Years 2014-2015.

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Financial Services LLC ("S&P"), have assigned ratings of "AA (stable outlook)," "Aa2 (negative outlook)," and "AA (stable outlook)," respectively, to the Series 2016 Bonds. An explanation of the significance of such ratings may be obtained from the agencies which assigned the ratings.

There is no assurance that present or future ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, if in the judgment of any or all of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of any or all of such ratings may have an adverse effect on the market price of the Series 2016 Bonds.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

CONTINUING DISCLOSURE

Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule"), which was originally adopted by the SEC in 1989 under the Securities Exchange Act of 1934, sets forth certain disclosure requirements relating to a primary offering of municipal securities. The Rule requires that, prior to purchasing or selling municipal

securities, brokers, dealers and municipal securities dealers must reasonably determine that the issuer of such municipal securities, together with any other "obligated persons," within the meaning of the Rule, have entered into an undertaking for the benefit of bondholders to make certain information available to bondholders on a continuing basis. The State is an "obligated person" with respect to the Series 2016 Bonds within the meaning of the Rule.

The State will enter into written undertakings for the benefit of the bondholders for the Series 2016 Bonds to deliver, or cause to be delivered, to (a) the Municipal Securities Rulemaking Board (the "MSRB") through MSRB's Electronic Municipal Market Assess system at <http://emma.msrb.org> ("EMMA") in the electronic format then prescribed by the SEC pursuant to the Rule, and (b) any public or private repository or entity designated by the State as a State repository, if any, for the purposes of the Rule, the information described in the undertaking, including, but not limited to, annual financial reports and notices of certain material events, together with any identifying information or other information then required to accompany the applicable filing. This information will be made available free to securities brokers and others through EMMA. For the procedures for all filings and notices due to the MSRB, instructions will be provided on the following website for MSRB: <http://emma.msrb.org>.

For a summary of the State's undertakings, see "APPENDIX C - FORMS OF CONTINUING DISCLOSURE CERTIFICATES".

The State is current in all material respects with its previous continuing disclosure undertakings under the Rule. However, there have been some instances in the previous five years in which the State filed its annual undertakings late. The State's CAFR for fiscal year 2011 was filed with EMMA on May 30, 2012. In addition, due to the change in the State's accounting system (see ""FISCAL OPERATIONS OF THE STATE – Accounting Systems" herein), although the State's unaudited financial statement was filed timely along with its annual report, the State's CAFR for fiscal year 2015 was not filed on EMMA until May 31, 2016. Likewise, the State has in the past failed to timely file certain event notices such as ratings changes and refunding notices and has also on occasion failed to link its filings to all of its CUSIPs. The State has taken steps to ensure that it will timely comply with all undertakings in the future. Specifically, the State has approved a "State of Mississippi Debt Management Policy" which provides detailed procedures for the timely filing of continuing disclosure by the State. Also, the State has engaged FSC Disclosure Services, a division of First Southwest Company, LLC, Dallas, Texas, as dissemination agent to assist with compliance with the terms of its undertakings.

LITIGATION

The Attorney General's Office has reviewed the status of pending litigation involving the State. The State is party to various legal proceedings that arise in the normal course of governmental operations.

It is anticipated, regardless of the ultimate outcome of any litigation, that neither the courts nor the Mississippi Legislature will act inconsistently with the State's financial ability to pay all outstanding bonded indebtedness and the interest thereon. It is not anticipated that the ultimate outcome of any or all of the pending litigation will result in obligations exceeding the financial resources of the State, so that in all events it is reasonable to expect that the State will remain in a sufficiently viable financial position to meet all of these obligations, including, but not limited to, the Series 2016 Bonds provided the same are issued, sold and delivered. To predict with any degree of accuracy the ultimate outcome of any litigation would be conjectural.

UNDERWRITING

The Series 2016B Bonds are initially being purchased for reoffering by Citigroup Global Markets Inc., Piper Jaffray & Co. and Duncan-Williams, Inc. (collectively, the "Series 2016B Underwriters"). The Series 2016B Underwriters have agreed to purchase the Series 2016B Bonds at a purchase price of \$218,074,830.95, representing \$188,850,000.00 par amount less an underwriters' discount of \$246,223.40 and plus an original issue premium of \$29,471,054.35. The bond purchase agreement pursuant to which the Series 2016B Underwriters expect to purchase the Series 2016B Bonds provides that the Series 2016B Underwriters will purchase all the Series 2016B Bonds if any are purchased. The obligation of the Series 2016B Underwriters to accept delivery of the Series 2016B Bonds is subject to various conditions stated in such bond purchase agreement.

The Series 2016C Bonds are initially being purchased for reoffering by Raymond James & Associates, Inc., Stephens Inc. and Loop Capital Markets LLC (collectively, the "Series 2016C Underwriters" and together with the Series 2016C Underwriters, the "Underwriters"). The Series 2016C Underwriters have agreed to purchase the Series 2016C Bonds at a purchase price of \$81,659,614.50, representing \$81,500,000.00 par amount

less an underwriters' discount of \$107,198.50 and plus an original issue premium of \$266,813.00. The bond purchase agreement pursuant to which the Series 2016C Underwriters expect to purchase the Series 2016C Bonds provides that the Series 2016B Underwriters will purchase all the Series 2016C Bonds if any are purchased. The obligation of the Series 2016C Underwriters to accept delivery of the Series 2016C Bonds is subject to various conditions stated in such bond purchase agreement.

The Underwriters may offer and sell the Series 2016 Bonds to other dealers and other purchasers at prices lower than the public offering prices stated on the insider cover page hereto. The initial public offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the State for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the State.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Citigroup Global Markets Inc. has provided the following information for inclusion in this Official Statement. Citigroup Global Markets Inc., one of the Underwriters of the Series 2016B Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2016B Bonds.

Loop Capital Markets LLC ("LCM"), one of the Underwriters of the Series 2016C Bonds, has entered into a distribution agreement with UBS Financial Services Inc. ("UBSFS") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the distribution agreement, UBSFS will purchase the Series 2016C Bonds from LCM at the original issue prices less a negotiated portion of the selling concession applicable to any the Series 2016C Bonds that the firm sells.

VALIDATION

Prior to issuance, the Series 2016 Bonds will be validated before the Chancery Court of the First Judicial District of Hinds County, Mississippi, as provided in Sections 31-13-1 *et seq.*, Mississippi Code of 1972, as amended.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incident to the authorization and issuance of the Series 2016 Bonds are subject to the approving legal opinions of Butler Snow LLP, Ridgeland, Mississippi, Bond Counsel, whose approving legal opinions will be available at the time of delivery of the Series 2016 Bonds (see APPENDIX E, herein). Certain legal matters with respect to the State will be passed upon by the State Attorney General, Jim Hood, Esq. (see APPENDIX D, herein). Certain legal matters will be passed upon for the Underwriters for the Series 2016 Bonds by their counsel Balch & Bingham LLP, Jackson, Mississippi.

FINANCIAL ADVISOR

The State has retained FirstSouthwest, a division of Hilltop Securities, Dallas, Texas, as independent municipal advisor (the "Financial Advisor") in connection with the sale and issuance of the Series 2016 Bonds. In such capacity the Financial Advisor has provided recommendations and other financial guidance to the State with respect to the preparation of documents, the preparation for the sale of the Series 2016 Bonds and of the time of the sale, tax-exempt and taxable bond market conditions and other factors related to the sale of the Series 2016 Bonds. Although the Financial Advisor performed an active role in the drafting of this Official Statement, it has not independently verified any of the information set forth herein.

TAX MATTERS

Series 2016B Bonds

The Internal Revenue Code of 1986, as amended and supplemented (the "Code"), includes requirements which the State must continue to meet after the issuance of the Series 2016B Bonds in order that interest on the Series 2016B Bonds not be includable in gross income for federal income tax purposes. The State's failure to meet these requirements may cause interest on the Series 2016B Bonds to be includable in gross income for federal income tax purposes retroactive to its date of issuance. The State has covenanted in the Series 2016B Resolution and certain certificates to comply with the requirements of the Code in order to maintain the excludability of interest on the Series 2016B Bonds from gross income for federal income tax purposes.

In the opinion of Bond Counsel, assuming compliance by the State with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, interest on the Series 2016B Bonds is excludable from gross income for federal income tax purposes. Interest on the Series 2016B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2016B Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations.

Bond Counsel is further of the opinion that under existing laws, regulations, rulings and judicial decisions, interest on the Series 2016B Bonds is exempt from income taxation in the State.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2016B Bonds. Ownership of tax-exempt obligations such as the Series 2016B Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations, certain S corporations, individual recipients of Social Security or railroad retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2016B Bonds should consult their tax advisors as to the applicability and impact of any such collateral consequences.

Series 2016B Premium Bonds

The initial public offering prices of the Series 2016B Bonds are more than the amounts payable at the maturity dates thereof as set forth on the inside front cover of this Official Statement. Under the Code, the difference between the principal amount of a Series 2016B Bond and the cost basis of such Series 2016B Bond to its owner (other than an owner who holds such a Series 2016B Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) is "bond premium." Bond premium is amortized over the term of such a Series 2016B Bond for federal income tax purposes. The owner of a Series 2016B Bond is required to decrease its basis in such Series 2016B Bond by the amount of amortizable bond premium attributable to each taxable year he holds the Series 2016B Bond. The amount of the amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes.

Owners of Series 2016B Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of such Series 2016B Bonds and with respect to the state and local tax consequences of owning and disposing of such Series 2016B Bonds.

Future Legislation

The federal government is considering various legislative proposals for reducing the federal budget deficit and the federal debt and promoting economic growth, and some of these proposals, if enacted, could affect the tax-exempt status of state and local bonds, such as the Series 2016B Bonds. Owners of the Series 2016B Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the environmental tax, the branch profits tax and the tax on passive investment income of corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2016B Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The new reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2016B Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Series 2016C Bonds

INTEREST ON THE SERIES 2016C BONDS SHOULD BE TREATED AS INCLUDABLE IN GROSS INCOME OF THE HOLDERS THEREOF FOR FEDERAL INCOME TAX PURPOSES.

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2016C Bonds is exempt from income taxation in the State.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of the predictions and estimates will be realized.

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2016 Bonds, the security for the payment of the Series 2016 Bonds and the rights and obligations of the registered owners thereof.

References herein to the Resolutions, the State's Constitution, the Act and all other legislative acts referred to herein are only summaries, excerpts or brief outlines of certain provisions thereof and do not purport to summarize or describe all provisions thereof. Additional information may be obtained upon request from the Office of the State Treasurer, 1101 Woolfolk Building, Suite A, 501 North West Street, Jackson, Mississippi, 39201, (601) 359-3600, Attention: Ms. Liz Bolin or from the Department of Finance and Administration, 1301 Woolfolk Building, Suite A, 501 North West Street, Jackson, Mississippi 39201, (601) 359-3160, Attention: Mr. Steven McDevitt.

The execution of this Official Statement has been duly authorized by the Commission.

STATE OF MISSISSIPPI

By: *Phil Bryant*
Phil Bryant, Governor

By: *Jim Hood*
Jim Hood, Attorney General

By: *Lynn Fitch*
Lynn Fitch, State Treasurer

Prepared by: Office of the State Treasurer
1101 Woolfolk Building, Suite A
501 North West Street
Jackson, Mississippi 39201
(601) 359-3600

Department of Finance and Administration
1301 Woolfolk Building, Suite A
501 North West Street
Jackson, Mississippi 39201
(601) 359-3160

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

[THIS PAGE INTENTIONALLY LEFT BLANK]

DEBT SERVICE ON THE SERIES 2016B BONDS

**\$188,850,000
STATE OF MISSISSIPPI
GENERAL OBLIGATION BONDS,
SERIES 2016B
(Tax-Exempt)**

Fiscal Year Ending June 30	Principal	Interest	Total Principal & Interest
2018	\$ 0.00	\$ 13,612,937.50	\$ 13,612,937.50
2019	0.00	9,442,500.00	9,442,500.00
2020	0.00	9,442,500.00	9,442,500.00
2021	0.00	9,442,500.00	9,442,500.00
2022	0.00	9,442,500.00	9,442,500.00
2023	0.00	9,442,500.00	9,442,500.00
2024	0.00	9,442,500.00	9,442,500.00
2025	0.00	9,442,500.00	9,442,500.00
2026	10,255,000.00	9,186,125.00	19,441,125.00
2027	12,485,000.00	8,617,625.00	21,102,625.00
2028	13,130,000.00	7,977,250.00	21,107,250.00
2029	13,800,000.00	7,304,000.00	21,104,000.00
2030	14,510,000.00	6,596,250.00	21,106,250.00
2031	15,255,000.00	5,852,125.00	21,107,125.00
2032	16,035,000.00	5,069,875.00	21,104,875.00
2033	16,855,000.00	4,247,625.00	21,102,625.00
2034	17,720,000.00	3,383,250.00	21,103,250.00
2035	18,630,000.00	2,474,500.00	21,104,500.00
2036	19,585,000.00	1,519,125.00	21,104,125.00
2037	<u>20,590,000.00</u>	<u>514,750.00</u>	<u>21,104,750.00</u>
Total	<u>\$188,850,000.00</u>	<u>\$142,452,937.50</u>	<u>\$331,302,937.50</u>

DEBT SERVICE ON THE SERIES 2016C BONDS

**\$81,500,000
STATE OF MISSISSIPPI
TAXABLE GENERAL OBLIGATION BONDS,
SERIES 2016C**

Fiscal Year Ending June 30	Principal	Interest	Total Principal & Interest
2018	\$ 4,995,000.00	\$ 2,734,911.91	\$ 7,729,911.91
2019	9,990,000.00	1,784,444.10	11,774,444.10
2020	10,155,000.00	1,622,867.25	11,777,867.25
2021	10,360,000.00	1,421,286.00	11,781,286.00
2022	10,630,000.00	1,155,348.55	11,785,348.55
2023	10,925,000.00	858,823.93	11,783,823.93
2024	11,235,000.00	556,074.13	11,791,074.13
2025	11,570,000.00	224,244.75	11,794,244.75
2026	<u>1,640,000.00</u>	<u>25,723.40</u>	<u>1,665,723.40</u>
	<u>\$81,500,000.00</u>	<u>\$10,383,724.02</u>	<u>\$91,883,724.02</u>

GENERAL FUND CASH FLOW BY MONTHS

January 2006 Through August 2016
(In Millions of Dollars)

	Beginning Balance	Receipts	Disbursements	Ending Balance	Borrowing from Special Funds	Borrowing from Working Cash Balance Revolving
2006						
January	\$ 207.4	\$ 350.6	\$ 315.0	\$ 218.0	\$ (25.0)	\$.0
February	218.0	289.5	368.1	176.4	37.0	.0
March	176.4	410.9	371.9	293.2	67.8	.0
April	283.2	469.3	269.9	254.5	(200.0)	(1.1)
May	254.5	532.2	362.9	258.6	.0	(165.2)
June	258.6	582.1	462.8	331.8	(50.0)	3.9
July	331.8	255.7	398.1	263.3	70.0	3.9
August	263.3	325.8	368.5	340.6	120.0	.0
September	313.9	432.1	596.6	373.4	224.0	.0
October	373.4	418.1	443.6	294.3	.0	(53.6)
November	294.3	333.4	360.3	267.4	.0	.0
December	267.4	353.1	293.7	286.5	(40.3)	.0
2007						
January	286.5	275.4	338.9	223.0	.0	.0
February	223.0	287.8	341.5	169.3	.0	.0
March	169.3	415.9	450.9	54.3	(80.0)	.0
April	54.3	509.1	286.5	126.9	(150.0)	.0
May	126.9	398.7	309.2	96.4	(90.0)	(30.0)
June	96.4	639.2	292.7	415.3	.0	(27.6)
July	415.3	255.3	545.8	124.8	.0	.0
August	124.8	336.3	442.1	93.4	16.0	58.4
September	93.4	477.4	453.3	117.5	.0	.0
October	117.5	416.3	649.3	54.5	170.0	.0
November	54.5	338.1	381.2	66.2	(136.0)	190.8
December	66.2	384.4	332.7	117.9	.0	.0
2008						
January	117.9	393.7	436.6	75.0	.0	.0
February	75.0	280.6	446.8	109.6	200.0	.8
March	109.6	445.7	432.5	72.8	(50.0)	.0
April	72.8	539.9	413.7	199.5	.0	.5
May	199.5	412.4	456.7	55.2	(100.0)	.0
June	55.2	646.8	336.0	87.8	(100.0)	(249.5)
July	87.8	263.2	509.0	92.0	.0	250.0
August	92.0	368.9	531.4	150.1	125.0	95.6
September	150.1	453.6	389.4	214.3	.0	.0
October	214.3	421.8	542.0	94.1	.0	.0
November	94.1	357.7	378.5	73.3	.0	.0
December	73.3	366.7	358.2	111.1	25.0	4.3
2009						
January	111.1	369.8	431.0	124.9	75.0	.0
February	124.9	268.3	423.6	154.7	185.0	.0
March	154.7	447.6	444.6	157.7	.0	.0
April	157.7	475.6	354.7	178.7	(100.0)	.0
May	178.7	366.7	331.2	114.2	(100.0)	.0
June	114.2	769.8	307.6	16.5	(300.0)	(259.9)
July	16.5	277.2	483.6	161.1	105.0	246.0
August	161.1	338.7	454.3	180.6	150.0	(15.0)
September	180.6	411.0	436.4	155.2	0.0	0.0
October	155.2	395.2	486.5	63.9	0.0	0.0
November	63.9	335.8	335.5	64.2	0.0	0.0
December	64.2	350.5	313.5	131.3	160.0	(130.0)
2010						
January	131.3	323.1	333.7	120.4	0.0	(0.175)
February	120.4	270.4	360.9	155.0	125.0	0.0
March	155.0	464.6	451.9	117.7	(50.0)	0.0
April	117.7	486.8	323.1	120.9	(160.5)	0.0
May	120.9	356.3	261.6	95.6	(120.0)	0.0

	Beginning Balance	Receipts	Disbursements	Ending Balance	Borrowing from Special Funds	Borrowing from Working Cash Balance Revolving
June	95.6	578.1	264.7	98.8	(79.5)	(230.8)
July	98.8	251.9	375.2	125.5	0.0	150.0
August	125.5	337.3	390.5	152.8	0.0	80.5
September	152.8	410.6	419.8	143.6	0.0	0.0
October	143.6	402.3	493.0	52.8	0.0	0.0
November	52.8	326.0	403.1	180.6	178.4	26.5
December	180.6	350.9	296.2	180.9	(54.4)	0.0
2011						
January	180.9	333.1	349.6	164.5	0.0	0.0
February	164.5	234.1	333.4	160.1	95.0	0.0
March	160.1	472.3	403.4	229.1	0.0	0.0
April	229.1	529.2	360.9	177.9	(219.0)	(0.5)
May	177.9	357.3	358.5	176.6	0.0	0.0
June	176.6	597.2	366.9	150.5	(91.0)	(165.5)
July	150.5	245.3	387.2	128.6	0.0	120.0
August	128.6	340.3	416.0	109.4	0.0	56.5
September	109.4	451.7	429.2	131.9	0.0	0.0
October	131.9	423.0	579.9	-25.1	0.0	0.0
November	-25.1	335.2	313.9	256.3	260.0	0.0
December	256.3	363.5	304.1	315.6	0.0	0.0
2012						
January	315.6	349.1	384.1	124.7	(156.0)	0.0
February	124.7	261.8	422.6	128.9	165.0	0.0
March	128.9	517.6	361.1	135.4	(150.0)	0.0
April	135.4	545.3	359.4	121.3	(200.0)	0.0
May	121.3	389.9	357.3	103.9	(7.0)	(43.0)
June	103.9	648.9	512.5	194.9	0.0	(45.5)
July	194.9	268.8	410.4	193.9	40.0	100.6
August	193.9	330.8	420.4	104.4	0.0	0.0
September	104.4	429.8	411.1	123.1	(100.6)	100.6
October	123.1	465.5	498.2	90.4	0.0	0.0
November	90.4	337.2	417.4	260.2	0.0	250.0
December	260.2	384.9	328.7	316.5	0.0	0.0
2013						
January	316.5	365.3	395.4	136.4	(150.0)	0.0
February	136.4	292.2	344.3	84.3	0.0	0.0
March	84.3	506.4	432.8	157.9	0.0	0.0
April	157.9	516.2	435.2	238.3	0.0	(0.5)
May	238.4	554.7	370.9	422.2	0.0	0.0
June	422.2	666.8	362.0	487.0	0.0	(240.1)
July	487.0	275.1	477.3	284.8	0.0	0.0
August	284.8	383.6	464.5	203.9	0.0	0.0
September	203.9	494.9	885.4	94.9	0.0	281.5
October	94.9	454.0	424.9	123.5	0.0	(0.5)
November	123.5	349.3	428.8	44.0	0.0	0.0
December	44.0	455.0	315.0	344.0	160.0	0.0
2014						
January	344.0	347.4	397.4	134.0	(160.0)	0.0
February	134.0	371.6	360.3	145.3	0.0	0.0
March	145.3	539.1	471.2	213.3	0.0	0.0
April	213.3	584.3	432.2	364.9	0.0	(0.5)
May	364.9	468.37	407.2	255.8	(0.5)	(170.0)
June	255.8	680.4	426.1	481.0	80.0	(110.0)
July	481.0	298.4	442.8	336.6	0.0	0.0
August	336.6	361.2	440.1	257.8	0.0	0.0
September	257.8	501.4	568.6	190.5	0.0	0.0
October	190.5	459.5	593.5	166.5	110.0	0.0
November	166.5	388.1	628.3	380.1	453.9	0.0
December	380.1	502.0	674.1	208.0	0.0	0.0

	Beginning Balance	Receipts	Disbursements	Ending Balance	Borrowing from Special Funds	Borrowing from Working Cash Balance Revolving
2015						
January	208.0	368.3	399.0	177.4	0.0	0.0
February	177.4	336.3	390.7	123.0	0.0	0.0
March	123.0	590.2	516.1	197.1	0.0	0.0
April	197.1	627.9	444.2	380.8	0.0	0.0
May	380.8	338.9	405.1	364.6	0.0	0.0
June	364.6	712.5	329.2	184.0	(397.0)	(166.9)
July	184.0	294.2	515.3	359.9	397.0	0.0
August	359.9	396.2	533.7	222.4	0.0	0.0
September	222.4	485.8	572.5	135.7	0.0	0.0
October	135.7	470.0	546.5	159.2	100.0	0.0
November	159.2	383.3	516.6	425.8	400.0	0.0
December	425.8	459.1	452.1	432.9	0.0	0.0
2016						
January	432.9	384.3	465.5	339.5	(14.8)	2.6
February	339.5	372.2	394.4	321.8	0.0	4.5
March	321.8	576.8	522.0	326.6	0.0	(50.0)
April	326.6	550.0	442.5	434.6	0.0	0.4
May	434.6	471.0	406.3	287.6	(111.8)	(100.0)
June	287.6	688.1	341.9	48.5	(385.2)	(200.0)
July	48.5	302.4	463.1	287.8	0.0	400.0
August	287.8	415.9	514.1	189.6	0.0	0.0

Source: Department of Finance and Administration.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

EXCERPTS FROM 2015 AUDITED FINANCIAL STATEMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

[THIS PAGE INTENTIONALLY LEFT BLANK]

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the State of Mississippi (the "Issuer" or the "State") in connection with the issuance of the \$188,850,000 State of Mississippi General Obligation Bonds, Series 2016B (the "Series 2016 Bonds"). The Series 2016 Bonds are being issued pursuant to a resolution of the State Bond Commission of the State dated November 21, 2016 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Series 2016 Bonds and the beneficial owners of the Series 2016 Bonds and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5)(i)(C).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined herein, the following terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean FSC Disclosure Services, a division of First Southwest Company, LLC, and any successors thereto, which has been designated by the Department of Finance and Administration, an agency of the State, to serve as Dissemination Agent to the State.

"EMMA" shall mean the Electronic Municipal Market Access System found at <http://emma.msrb.org> which is the electronic format prescribed by the MSRB pursuant to the Rule.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. The electronic filings with the MSRB shall be through EMMA.

"Participating Underwriters" shall mean any of the original underwriters of the Series 2016 Bonds required to comply with the Rule.

"Repository" shall mean the MSRB and each State Repository, if any.

"Rule" shall mean Rule 15c2-12(b)(5)(i)(C) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended and supplemented.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports. The Issuer shall, or shall cause the Dissemination Agent to, not later than February 1 of each year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. If the audited financial statements of the Issuer are publically unavailable on February 1 of each year, the Issuer agrees to provide unaudited financial statements and such audited financial statements if and when publically available.

If the Issuer is unable to provide the Repositories an Annual Report by the date required in the immediately preceding paragraph, the Issuer shall send a notice to each Repository.

The Dissemination Agent shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall be the Comprehensive Annual Financial Report of the State prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events in a timely manner not in excess of ten (10) business days after the occurrence thereof, if material. All fifteen (15) events mandated by the Rule are listed below; however, some may not apply to the Series 2016 Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on the credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modification to rights of security holders;
- (8) Bond calls;
- (9) Tender offers;
- (10) Defeasances;
- (11) Release, substitution or sale of property securing repayment of the securities;
- (12) Rating changes;
- (13) Bankruptcy, insolvency, receivership or similar event of the State;
- (14) Consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
- (15) The appointment of a successor or additional trustee or the change of name of a trustee.

(b) Any Listed Event under subsection (a)(1), (3), (4), (5), (6), (9), (10), (12), or (13) of this Section will always be deemed to be material.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or payment in full of all of the Series 2016 Bonds.

SECTION 7. Dissemination Agent. The Issuer has engaged the Dissemination Agent to assist it in disseminating information hereunder. The Issuer shall send the information required by Section 4 hereof and event notices required by this Disclosure Certificate to the Dissemination Agent. Unless otherwise agreed to, the Dissemination Agent shall, as soon as practicable but not later than five (5) days after receipt of such information, forward the same to (i) the MSRB and State Repository, if any, as described herein, and (ii) any beneficial holder of the Series 2016 Bonds who requests such information in writing to the Dissemination Agent or the Issuer. The Dissemination Agent shall have no duty to review the materials described in this paragraph prior to disseminating such materials.

The initial Dissemination Agent shall be FSC Disclosure Services, a division of First Southwest Company, LLC. The Issuer may discharge the Dissemination Agent or any successor Dissemination Agent, but in such event shall take steps necessary to appoint a successor Dissemination Agent who shall be responsible for undertaking all responsibilities of Dissemination hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of a Series 2016 Bonds or the Participating Underwriter may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an "event of default" under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2016 Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters, holders from time to time of the Series 2016 Bonds, and beneficial owners of the Series 2016 Bonds and shall create no rights in any other person or entity.

SECTION 13. Prior Disclosure. The Issuer is current with its previous continuing disclosure undertakings under the Rule. However, there have been some instances in the previous five years in which the Issuer filed its annual undertakings late. The CAFR for fiscal year 2011 was filed with EMMA on May 30, 2012. In addition, due to a change in the Issuer's accounting system, although the Issuer's unaudited financial statement was filed timely along with its annual report, the Issuer's CAFR for fiscal year 2015 was not filed on EMMA until May 31, 2016. Likewise, the Issuer has in the past failed to timely file certain event notices such as ratings changes and refunding notices and has also on occasion failed to link its filings to all of its CUSIPs. The Issuer has taken steps to ensure that it will timely comply with all undertakings in the future. Specifically, the Issuer has approved a "State of Mississippi Debt Management Policy" which provides detailed procedures for the timely filing of continuing disclosure by the Issuer. Also, the Issuer has engaged the Dissemination Agent to assist compliance with the terms of this Disclosure Certificate.

Date: December 22, 2016

STATE OF MISSISSIPPI

By: _____
Governor and Ex officio Chairman of the
State Bond Commission

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the State of Mississippi (the "Issuer" or the "State") in connection with the issuance of the \$81,500,000 State of Mississippi Taxable General Obligation Bonds, Series 2016C (the "Series 2016 Bonds"). The Series 2016 Bonds are being issued pursuant to a resolution of the State Bond Commission of the State dated November 21, 2016 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Series 2016 Bonds and the beneficial owners of the Series 2016 Bonds and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5)(i)(C).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined herein, the following terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean FSC Disclosure Services, a division of First Southwest Company, LLC, and any successors thereto, which has been designated by the Department of Finance and Administration, an agency of the State, to serve as Dissemination Agent to the State.

"EMMA" shall mean the Electronic Municipal Market Access System found at <http://emma.msrb.org> which is the electronic format prescribed by the MSRB pursuant to the Rule.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. The electronic filings with the MSRB shall be through EMMA.

"Participating Underwriters" shall mean any of the original underwriters of the Series 2016 Bonds required to comply with the Rule.

"Repository" shall mean the MSRB and each State Repository, if any.

"Rule" shall mean Rule 15c2-12(b)(5)(i)(C) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended and supplemented.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports. The Issuer shall, or shall cause the Dissemination Agent to, not later than February 1 of each year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. If the audited financial statements of the Issuer are publically unavailable on February 1 of each year, the Issuer agrees to provide unaudited financial statements and such audited financial statements if and when publically available.

If the Issuer is unable to provide the Repositories an Annual Report by the date required in the immediately preceding paragraph, the Issuer shall send a notice to each Repository.

The Dissemination Agent shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall be the Comprehensive Annual Financial Report of the State prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events in a timely manner not in excess of ten (10) business days after the occurrence thereof, if material. All fifteen (15) events mandated by the Rule are listed below; however, some may not apply to the Series 2016 Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on the credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modification to rights of security holders;
- (8) Bond calls;
- (9) Tender offers;
- (10) Defeasances;
- (11) Release, substitution or sale of property securing repayment of the securities;
- (12) Rating changes;
- (13) Bankruptcy, insolvency, receivership or similar event of the State;
- (14) Consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
- (15) The appointment of a successor or additional trustee or the change of name of a trustee.

(b) Any Listed Event under subsection (a)(1), (3), (4), (5), (6), (9), (10), (12), or (13) of this Section will always be deemed to be material.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or payment in full of all of the Series 2016 Bonds.

SECTION 7. Dissemination Agent. The Issuer has engaged the Dissemination Agent to assist it in disseminating information hereunder. The Issuer shall send the information required by Section 4 hereof and event notices required by this Disclosure Certificate to the Dissemination Agent. Unless otherwise agreed to, the Dissemination Agent shall, as soon as practicable but not later than five (5) days after receipt of such information, forward the same to (i) the MSRB and State Repository, if any, as described herein, and (ii) any beneficial holder of the Series 2016 Bonds who requests such information in writing to the Dissemination Agent or the Issuer. The Dissemination Agent shall have no duty to review the materials described in this paragraph prior to disseminating such materials.

The initial Dissemination Agent shall be FSC Disclosure Services, a division of First Southwest Company, LLC. The Issuer may discharge the Dissemination Agent or any successor Dissemination Agent, but in such event shall take steps necessary to appoint a successor Dissemination Agent who shall be responsible for undertaking all responsibilities of Dissemination hereunder.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of a Series 2016 Bonds or the Participating Underwriter may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an "event of default" under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2016 Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters, holders from time to time of the Series 2016 Bonds, and beneficial owners of the Series 2016 Bonds and shall create no rights in any other person or entity.

SECTION 13. Prior Disclosure. The Issuer is current with its previous continuing disclosure undertakings under the Rule. However, there have been some instances in the previous five years in which the Issuer filed its annual undertakings late. The CAFR for fiscal year 2011 was filed with EMMA on May 30, 2012. In addition, due to a change in the Issuer's accounting system, although the Issuer's unaudited financial statement was filed timely along with its annual report, the Issuer's CAFR for fiscal year 2015 was not filed on EMMA until May 31, 2016. Likewise, the Issuer has in the past failed to timely file certain event notices such as ratings changes and refunding notices and has also on occasion failed to link its filings to all of its CUSIPs. The Issuer has taken steps to ensure that it will timely comply with all undertakings in the future. Specifically, the Issuer has approved a "State of Mississippi Debt Management Policy" which provides detailed procedures for the timely filing of continuing disclosure by the Issuer. Also, the Issuer has engaged the Dissemination Agent to assist compliance with the terms of this Disclosure Certificate.

Date: December 22, 2016

STATE OF MISSISSIPPI

By: _____
Governor and Ex officio Chairman of the
State Bond Commission

APPENDIX D

FORM OF OPINION OF ATTORNEY GENERAL

[THIS PAGE INTENTIONALLY LEFT BLANK]



STATE OF MISSISSIPPI

**OFFICE OF THE ATTORNEY GENERAL
OFFICIAL ATTORNEY GENERAL'S OPINION**

[FORM OF OPINION OF ATTORNEY GENERAL]

December 22, 2016

JIM HOOD
ATTORNEY GENERAL

State Bond Commission
State of Mississippi
Jackson, Mississippi

Re: \$188,850,000 State of Mississippi General Obligation Bonds, Series 2016B (Tax-Exempt), dated as of the date of their delivery (the "Series 2016B Bonds")

\$81,500,000 State of Mississippi Taxable General Obligation Bonds, Series 2016C, dated as of the date of their delivery (the "Series 2016C Bonds" and together with the Series 2016B Bonds, the "Series 2016 Bonds")

Commission Members:

The opinion as hereinafter set forth is submitted regarding several matters pertaining to the sale and issuance of the above referenced Series 2016 Bonds of the State of Mississippi (the "State").

There are three members of the State Bond Commission (the "Commission") and, in addition to being a member of the Commission, the Attorney General is legal advisor to the Commission.

The Commission is authorized to issue the Series 2016B Bonds under the provisions of Sections 57-75-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented, Section 1(6) of Senate Bill 3100, 2011 Regular Session of the State Legislature, as amended by Section 43 (6)(a)(i) of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 3 of Senate Bill 2913, 2013 Regular Session of the State Legislature, Section 2 of House Bill 787, 2014 Regular Session of the State Legislature, Section 3 of House Bill 787, 2014 Regular Session of the State Legislature, Sections 49 and 50 of House Bill 1701, 2010 Regular Session of the State Legislature, Sections 30 and 31 of Senate Bill 3100, 2011 Regular Session of the State Legislature, Sections 4 and 5 of Senate Bill 2913, 2013 Regular Session of the State Legislature, and Sections 6 and 7 of House Bill 787, 2014 Regular Session of the State Legislature, Section 24 of House Bill 787, 2014 Regular Session of the State Legislature, Section 1 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 2 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 4 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 7 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 10 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 16 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 28 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 34 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 1 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 3 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 4 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 5 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 11 of House Bill 1729, 2016 Regular Session of the State

Legislature, Section 12 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 7 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 8 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 13 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 14 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 26 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 27 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 32 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 33 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 34 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 35 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 36 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 37 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 38 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 39 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 40 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 41 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 43 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 44 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 45 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 46 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 48 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 49 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 50 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 51 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 52 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 53 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 54 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 55 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 56 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 57 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 58 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 59 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 60 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 62 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 63 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 64 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 65 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 66 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 68 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 69 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 70 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 72 of House Bill 1729, 2016 Regular Session of the State Legislature, and Section 73 of House Bill 1729, 2016 Regular Session of the State Legislature (collectively, the "Series 2016B Act") and a resolution adopted by the members of the Commission on November 21, 2016 (the "Series 2016B Resolution").

The Commission is authorized to issue the Series 2016C Bonds under the provisions of Sections 57-75-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented, Section 8 of House Bill 1724, 2007 Regular Session of the State Legislature, Sections 65-4-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented, Chapter 464, Laws of 1999, as amended by Chapter 386, Laws of 2000, as amended by Section 2(3) of House Bill 1351, 2010 Regular Session of the State Legislature, Section 57-1-16, Mississippi Code of 1972, as amended and supplemented, including, but not limited to, Section 2 of Senate Bill 2975, 2014 Regular Session of the State Legislature, Section 9 of House Bill 787, 2014 Regular Session of the State Legislature and Section 22 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 57-1-18, Mississippi Code of 1972, as amended and supplemented, including, but not limited to, House Bill 581, 2002 Regular Session of the State Legislature, House Bill 1595, 2003 Regular Session of the State Legislature, House Bill 1509, 2006 Regular Session of the State Legislature, House Bill 1656, 2008 Regular Session of the State Legislature, House Bill 1722, 2009 Regular Session of the State Legislature, Sections 38 and 39 of House Bill 1701, 2010 Regular Session of the State Legislature, Sections 41 and 42 of Senate Bill 3100, 2011 Regular Session of the State Legislature, Sections 30 and 31 of Senate Bill 2913, 2013 Regular Session of the State Legislature, Section 4 of House Bill 787, 2014 Regular Session of the State Legislature, Sections 11 and 12 of Senate Bill 2906, 2015 Regular Session of the State Legislature and Sections 19 and 20 of House Bill 1729, 2016 Regular Session of the State Legislature, Sections 23 and 24 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 25 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 67 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 21 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 30 of House Bill 1729, 2016 Regular Session of the State Legislature, and Section 42 of House Bill 1729, 2016 Regular Session of the State Legislature (collectively with the Series 2016B Act, the "Act") and a resolution adopted by the members of the Commission on November 21, 2016 (together with the Series 2016B Resolution, the "Resolutions").

The existing State Constitution is the Mississippi Constitution of 1890. Protection for the contractual obligations owed holders of the Series 2016 Bonds arising from the issuance of the Series 2016 Bonds is expressed in the provisions of Section 16 of the Constitution:

Ex post facto laws, or laws impairing the obligation of contracts shall not be passed.

I am of the opinion that when the Series 2016 Bonds are validated, issued and delivered, such Series 2016 Bonds shall constitute a contract as contemplated by Section 16, supra, and shall enjoy the full protection thereof.

The Series 2016 Bonds have been subjected to validation by a competent State court. Validation procedure is prescribed by statute and requires that the submission for validation shall be accompanied by the written opinion of the State's Bond Attorney, an attorney appointed by the Governor of the State and who shall possess the same qualifications for office as the Attorney General.

Section 31-13-7, Mississippi Code of 1972, as amended and supplemented, provides that when a decree shall be entered confirming and validating bonds and there shall be no appeal from the decree, or if on appeal the Supreme Court enters its decree confirming and validating such bonds, the validity of such bonds shall never be called in question in any court in the State.

A Certificate of Non-litigation shall be rendered by the Attorney General certifying the finality of validation prior to delivery of the Series 2016 Bonds.

As to general obligations, the Act and the Resolutions provide generally:

The bonds issued under the provisions hereof are general obligations of the State, and for the repayment thereof the full faith and credit of the State is irrevocably pledged. If the funds appropriated by the Legislature are insufficient to pay the principal of and the interest on such bonds as they become due, then the deficiency shall be paid by the State Treasurer from any funds in the State Treasury not otherwise appropriated.

It is my opinion that the Series 2016 Bonds have been duly and validly authorized, issued, executed and delivered by and on behalf of the State, that the Series 2016 Bonds constitute valid and binding general obligations of the State enforceable in accordance with the terms thereof (except to the extent that the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in accordance with general principles of equity), and that for the payment thereof, the full faith, credit and taxing power of the State is irrevocably pledged.

In connection with the sale and issuance of the Series 2016 Bonds, the State will deliver its Continuing Disclosure Certificates dated as of the date of the issuance and delivery of the Series 2016 Bonds. The Continuing Disclosure Certificates will be delivered by the State for the benefit of the holders of the Series 2016 Bonds and in order to assist the participating underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

It is my opinion that the Continuing Disclosure Certificates have been duly and validly authorized, executed and delivered by and on behalf of the State and constitute valid and binding obligations of the State enforceable in accordance with the terms thereof (except to the extent that the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion in accordance with general principles of equity).

The Mississippi Legislature enacted Section 11-46-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented, to address the tort liability of the State and its political subdivisions. This act creates an immunity and then waives this immunity except in certain situations up to a maximum of five hundred thousand dollars (\$500,000.00) per occurrence.

When the Attorney General of the State shall give his opinion in writing to an officer, board, commission, department or person authorized to require such written opinion, there shall be no liability, civil or criminal, accruing to or against such body or person who in good faith follows the direction of such opinion and acts in

accordance therewith, unless a court of competent jurisdiction, after a full hearing, shall publicly declare that such opinion is manifestly wrong and without any substantial support.

This opinion is being rendered in connection with the issuance of the Series 2016 Bonds and in anticipation that it will be relied upon by Bond Counsel, in rendering its opinion with respect to the Series 2016 Bonds, and such reliance is hereby specifically authorized.

Very truly yours,

JIM HOOD, Attorney General

APPENDIX E
FORMS OF OPINIONS OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

**FORM OF OPINION OF BOND COUNSEL WITH RESPECT TO
THE SERIES 2016B BONDS**

December 22, 2016

State Bond Commission
State of Mississippi
Jackson, Mississippi

Commission Members:

We have examined the Constitution and statutes of the State of Mississippi (the "State"), including particularly Sections 57-75-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented, Section 1(6) of Senate Bill 3100, 2011 Regular Session of the State Legislature, as amended by Section 43 (6)(a)(i) of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 3 of Senate Bill 2913, 2013 Regular Session of the State Legislature, Section 2 of House Bill 787, 2014 Regular Session of the State Legislature, Section 3 of House Bill 787, 2014 Regular Session of the State Legislature, Sections 49 and 50 of House Bill 1701, 2010 Regular Session of the State Legislature, Sections 30 and 31 of Senate Bill 3100, 2011 Regular Session of the State Legislature, Sections 4 and 5 of Senate Bill 2913, 2013 Regular Session of the State Legislature, and Sections 6 and 7 of House Bill 787, 2014 Regular Session of the State Legislature, Section 24 of House Bill 787, 2014 Regular Session of the State Legislature, Section 1 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 2 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 4 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 7 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 10 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 16 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 28 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 34 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 1 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 3 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 4 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 5 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 11 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 12 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 7 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 8 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 13 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 14 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 26 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 27 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 32 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 33 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 34 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 35 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 36 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 37 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 38 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 39 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 40 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 41 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 43 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 44 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 45 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 46 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 48 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 49 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 50 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 51 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 52 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 53 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 54 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 55 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 56 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 57 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 58 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 59 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 60 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 62 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 63 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 64 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 65 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 66 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 68 of House Bill 1729, 2016 Regular Session of the State

Legislature, Section 69 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 70 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 72 of House Bill 1729, 2016 Regular Session of the State Legislature, and Section 73 of House Bill 1729, 2016 Regular Session of the State Legislature (collectively, the "Act") and certified copies of the proceedings had by the State Bond Commission (the "Commission"), including the adoption of a resolution by the members of the Commission on November 21, 2016 (the "Resolution"), and other proofs submitted, relative to the sale and issuance by the State, acting by and through the Commission, of

\$188,850,000
STATE OF MISSISSIPPI
GENERAL OBLIGATION BONDS,
SERIES 2016B
(Tax-Exempt)

dated the date of delivery thereof, and maturing in such amounts and at such times, bearing interest and subject to redemption, all as set forth in the Resolution (the "Series 2016B Bonds"). The Series 2016B Bonds are being issued for the purpose of providing funds to finance the costs of certain capital improvements within the State, as more particularly described in the Resolution, and to pay the costs incident to the sale, issuance and delivery of the Series 2016B Bonds, all as authorized by the Act and the Resolution.

As to questions of fact material to our opinion, we have relied upon such certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. We have also examined one of the Series 2016B Bonds.

Based on the foregoing and subject to the qualifications that follow, we are of the opinion on the date hereof that:

1. Such proceedings and proofs show lawful authority for the sale and issuance of the Series 2016B Bonds by the State pursuant to the Constitution and laws of the State, including the Act, and the provisions of the Resolution.

2. The Series 2016B Bonds have been duly authorized, executed and delivered under the provisions of the Resolution and are entitled to the pledge and security of the Resolution.

3. The Series 2016B Bonds are legal, valid and binding general obligations of the State and, under the provisions of the Act, for the payment thereof the full faith and credit of the State are pledged.

4. Under existing statutes, regulations, rulings and court decisions, subject to the assumption stated below, interest on the Series 2016B Bonds is excludable from gross income for federal income tax purposes. Furthermore, interest on the Series 2016B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2016B Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. We express no opinion regarding other federal tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2016B Bonds. In rendering the opinion contained in this paragraph 4, we have assumed continuing compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met after the issuance of the Series 2016B Bonds in order that interest on the Series 2016B Bonds not be includable in gross income for federal income tax purposes. The failure to meet such requirements may cause interest on the Series 2016B Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2016B Bonds. The State has covenanted to comply with or to require compliance with the requirements of the Code in order to maintain the excludability of interest on the Series 2016B Bonds from gross income for federal income tax purposes. Owners of the Series 2016B Bonds should consult their own tax advisors as to the applicability and effect on their federal income taxes of the alternative minimum tax, the environmental tax, the branch profits tax and the tax on passive investment income of corporations, as well as the applicability and effect of any other collateral federal income tax consequences.

5. Under and pursuant to the Act, the Series 2016B Bonds and interest thereon are exempt from all income taxes imposed by the State.

It is to be understood that the rights of the holders of the Series 2016B Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights

heretofore or hereinafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In this opinion letter issued in our capacity as Bond Counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the State's Official Statement or other statements made in connection with any offer or sale of the Series 2016B Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Series 2016B Bonds, except those specifically addressed herein or upon any federal or state law with respect to the sale or distribution of the Series 2016B Bonds.

In rendering this opinion letter, we have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Series 2016B Bonds under the laws of the State and with respect to the excludability of the interest on the Series 2016B Bonds from federal and State income taxation.

This opinion letter is an expression of professional judgment regarding the matters expressly addressed herein. It is neither a guarantee of result nor an insurance policy with respect to the transaction or the future actions or performance of any party or entity. Our services have not included any financial or other non-legal advice. We express no opinion other than as herein expressly stated in this letter, and no expansion of our opinion may be made by implication or otherwise. The opinions herein are given as of the date hereof and are based upon statutes, regulations, rulings and court decisions in effect on the date hereof and not as of any future date. It should be noted that material changes regarding matters of fact and applicable law may hereafter occur. We expressly disclaim any undertaking or responsibility to review, revise, update or supplement this opinion letter subsequent to its date for any reason or to advise you of any change in the law, whether by reason of legislative or regulatory action, by judicial decision or otherwise, or of any change of facts or circumstances or of any facts or circumstances that may hereafter come to our attention or for any other reason.

Respectfully submitted,

BUTLER SNOW LLP

**FORM OF OPINION OF BOND COUNSEL WITH RESPECT TO
THE SERIES 2016C BONDS**

December 22, 2016

State Bond Commission
State of Mississippi
Jackson, Mississippi

Commission Members:

We have examined the Constitution and statutes of the State of Mississippi (the "State"), including particularly Sections 57-75-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented, Section 8 of House Bill 1724, 2007 Regular Session of the State Legislature, Sections 65-4-1 *et seq.*, Mississippi Code of 1972, as amended and supplemented, Chapter 464, Laws of 1999, as amended by Chapter 386, Laws of 2000, as amended by Section 2(3) of House Bill 1351, 2010 Regular Session of the State Legislature, Section 57-1-16, Mississippi Code of 1972, as amended and supplemented, including, but not limited to, Section 2 of Senate Bill 2975, 2014 Regular Session of the State Legislature, Section 9 of House Bill 787, 2014 Regular Session of the State Legislature and Section 22 of Senate Bill 2906, 2015 Regular Session of the State Legislature, Section 57-1-18, Mississippi Code of 1972, as amended and supplemented, including, but not limited to, House Bill 581, 2002 Regular Session of the State Legislature, House Bill 1595, 2003 Regular Session of the State Legislature, House Bill 1509, 2006 Regular Session of the State Legislature, House Bill 1656, 2008 Regular Session of the State Legislature, House Bill 1722, 2009 Regular Session of the State Legislature, Sections 38 and 39 of House Bill 1701, 2010 Regular Session of the State Legislature, Sections 41 and 42 of Senate Bill 3100, 2011 Regular Session of the State Legislature, Sections 30 and 31 of Senate Bill 2913, 2013 Regular Session of the State Legislature, Section 4 of House Bill 787, 2014 Regular Session of the State Legislature, Sections 11 and 12 of Senate Bill 2906, 2015 Regular Session of the State Legislature and Sections 19 and 20 of House Bill 1729, 2016 Regular Session of the State Legislature, Sections 23 and 24 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 25 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 67 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 21 of House Bill 1729, 2016 Regular Session of the State Legislature, Section 30 of House Bill 1729, 2016 Regular Session of the State Legislature, and Section 42 of House Bill 1729, 2016 Regular Session of the State Legislature (collectively, the "Act"), and certified copies of the proceedings had by the State Bond Commission (the "Commission"), including the adoption of a resolution by the members of the Commission on November 21, 2016 (the "Resolution"), and other proofs submitted, relative to the sale and issuance by the State, acting by and through the Commission, of

**\$81,500,000
STATE OF MISSISSIPPI
TAXABLE GENERAL OBLIGATION BONDS,
SERIES 2016C**

dated the date of delivery thereof and maturing in such amounts and at such times, bearing interest and not subject to redemption, all as set forth in the Resolution (the "Series 2016C Bonds"). The Series 2016C Bonds are being issued for the purpose of providing funds to finance various economic development loans, grants and programs in the State, finance the costs of certain capital improvements within the State, as more particularly described in the Resolution, and to pay the costs incident to the sale, issuance and delivery of the Series 2016C Bonds, all as authorized by the Act and the Resolution.

As to questions of fact material to our opinion, we have relied upon such certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. We have also examined one of the Series 2016C Bonds.

Based on the foregoing and subject to the qualifications that follow, we are of the opinion on the date hereof that:

1. Such proceedings and proofs show lawful authority for the sale and issuance of the Series 2016C Bonds by the State pursuant to the Constitution and laws of the State, including the Act, and the provisions of the Resolution.

2. The Series 2016C Bonds have been duly authorized, executed and delivered under the provisions of the Resolution and are entitled to the pledge and security of the Resolution.

3. The Series 2016C Bonds are legal, valid and binding general obligations of the State and, under the provisions of the Act, for the payment thereof the full faith and credit of the State are pledged.

4. Under and pursuant to the Act, the Series 2016C Bonds and interest thereon are exempt from all income taxes imposed by the State.

Interest on the Series 2016C Bonds should be treated as includable in gross income of the holders thereof for federal income tax purposes.

It is to be understood that the rights of the holders of the Series 2016C Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights heretofore or hereinafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In this opinion letter issued in our capacity as Bond Counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the State's Official Statement or other statements made in connection with any offer or sale of the Series 2016C Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Series 2016C Bonds, except those specifically addressed herein or upon any federal or state law with respect to the sale or distribution of the Series 2016C Bonds.

In rendering this opinion letter, we have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Series 2016C Bonds under the laws of the State and with respect to the excludability of the interest on the Series 2016C Bonds from federal and State income taxation.

This opinion letter is an expression of professional judgment regarding the matters expressly addressed herein. It is neither a guarantee of result nor an insurance policy with respect to the transaction or the future actions or performance of any party or entity. Our services have not included any financial or other non-legal advice. We express no opinion other than as herein expressly stated in this letter, and no expansion of our opinion may be made by implication or otherwise. The opinions herein are given as of the date hereof and are based upon statutes, regulations, rulings and court decisions in effect on the date hereof and not as of any future date. It should be noted that material changes regarding matters of fact and applicable law may hereafter occur. We expressly disclaim any undertaking or responsibility to review, revise, update or supplement this opinion letter subsequent to its date for any reason or to advise you of any change in the law, whether by reason of legislative or regulatory action, by judicial decision or otherwise, or of any change of facts or circumstances or of any facts or circumstances that may hereafter come to our attention or for any other reason.

Respectfully submitted,

BUTLER SNOW LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

BOOK-ENTRY-ONLY SYSTEM

[THIS PAGE INTENTIONALLY LEFT BLANK]

BOOK-ENTRY-ONLY SYSTEM

The information provided under this APPENDIX F has been provided by The Depository Trust Company ("DTC"). No representation is made by the State as to the accuracy or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of \$188,850,000 State of Mississippi General Obligation Bonds, Series 2016B (Tax-Exempt), and the \$81,500,000 State of Mississippi Taxable General Obligation Bonds, Series 2016C (together, the "Series 2016 Bonds") under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts the Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2016 Bond documents. For example, Beneficial Owners of Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices are to be sent to DTC. If less than all of the Series 2016 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying and Transfer Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments, if any, on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the State or the Paying and Transfer Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying and Transfer Agent or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Paying and Transfer Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the State or the Paying and Transfer Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2016 Bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2016 Bonds in definitive form will be printed and delivered. See the caption "DESCRIPTION OF THE SERIES 2016 BONDS - Registration" in this Official Statement.

THE STATE AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCE THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2016 BONDS (a) PAYMENTS OF PRINCIPAL OR INTEREST ON THE SERIES 2016 BONDS; (b) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2016 BONDS; OR (c) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2016 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC OR DIRECT OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

THE STATE AND THE UNDERWRITERS WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (a) THE SERIES 2016 BONDS; (b) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (c) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF AND INTEREST ON THE SERIES 2016 BONDS; (d) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTIONS TO BE GIVEN TO HOLDERS OF THE SERIES 2016 BONDS; OR (e) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER OF THE SERIES 2016 BONDS.