
ORDINANCE NO. 889

OF THE

CITY OF ST. MARY, MISSOURI

PASSED FEBRUARY 12, 2013

AUTHORIZING

\$325,000

**COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND
SERIES C**

INDEX

	<u>Page</u>
Title	1
Recitals	1

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms	2
---	---

ARTICLE II

AUTHORIZATION OF BOND

Section 201. Authorization of Bond	8
Section 202. Description of Bond	8
Section 203. Designation of Paying Agent	8
Section 204. Method and Place of Payment of the Bond	9
Section 205. Registration, Transfer and Exchange of the Bond	10
Section 206. Execution, Authentication and Delivery of the Bond	10
Section 207. Mutilated, Destroyed, Lost and Stolen Bond	11
Section 208. Cancellation and Destruction of Bond Upon Payment	11

ARTICLE III

REDEMPTION OF BOND

Section 301. Redemption of Bond	12
Section 302. Instructions to Redeem the Bond	12
Section 303. Notice and Effect of Call for Redemption	12

ARTICLE IV

SECURITY FOR THE BOND

Section 401. Security for Bond	13
--------------------------------------	----

ARTICLE V

**CREATION AND RATIFICATION OF FUNDS AND ACCOUNTS; DEPOSIT
AND APPLICATION OF BOND PROCEEDS**

Section 501. Establishment of Funds and Accounts	14
Section 502. Deposit of Bond Proceeds	14
Section 503. Application of Moneys in the Project Fund	15

ARTICLE VI

APPLICATION OF REVENUES

Section 601.	Revenue Fund.....	15
Section 602.	Application of Moneys in Funds and Accounts	15
Section 603.	Transfer of Funds to Paying Agent	19
Section 604.	Payments Due on Saturdays, Sundays and Holidays	19
Section 605.	Nonpresentment of Bond.....	19

ARTICLE VII

DEPOSIT AND INVESTMENT OF MONEYS

Section 701.	Deposit and Investment of Moneys.....	20
--------------	---------------------------------------	----

ARTICLE VIII

GENERAL COVENANTS AND PROVISIONS

Section 801.	Corporate Existence; Efficient and Economical Operation; Sewerage System Connections to be Required.....	20
Section 802.	Rate Covenant	21
Section 803.	Reasonable Charges for all Services	21
Section 804.	Restrictions on Mortgage or Sale of System	21
Section 805.	Insurance; Fidelity Bond Coverage	22
Section 806.	Books, Records and Accounts.....	22
Section 807.	Annual Budget.....	22
Section 808.	Audits	22
Section 809.	Right of Inspection	23
Section 810.	Performance of Duties and Covenants	23
Section 811.	Consultant's Report.....	23
Section 812.	Parity Bond Certification.....	23
Section 813.	Tax Covenants.....	23
Section 814.	Refinanced Bonds - When Required	24

ARTICLE IX

ADDITIONAL BONDS AND OBLIGATIONS

Section 901.	Senior Lien Bonds	24
Section 902.	Parity Lien Bonds and Other Obligations.....	24
Section 903.	Junior Lien Bonds and Other Obligations	25
Section 904.	Refunding Bonds	26
Section 905.	Consent of Purchaser to Additional Bonds.....	26

ARTICLE X

DEFAULT AND REMEDIES

Section 1001. Acceleration of Maturity Upon Default.....26
Section 1002. Other Remedies26
Section 1003. Limitation on Rights of Bondowner.....27
Section 1004. Remedies Cumulative.....27
Section 1005. No Obligation to Levy Taxes27

ARTICLE XI

DEFEASANCE

Section 1101. Defeasance.....27

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201. Amendments.....28
Section 1202. Notices, Consents and Other Instruments by Bondowner.....29
Section 1203. Further Authority.....29
Section 1204. Severability.....29
Section 1205. Governing Law.....29
Section 1206. Effective Date.....29
Section 1207. Electronic Transactions.....29

Exhibit A – Form of Bond A-1

AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$325,000 PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND, SERIES C, OF THE CITY OF ST. MARY, MISSOURI; PRESCRIBING THE FORM AND DETAILS OF SAID BOND AND THE COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEREOF; AND AUTHORIZING CERTAIN ACTIONS AND DOCUMENTS AND PRESCRIBING OTHER MATTERS RELATING THERETO.

WHEREAS, the City of St. Mary, Missouri (the "City"), is a fourth-class city and political subdivision duly organized and existing under the laws of the State of Missouri, and pursuant to Chapter 250 of the Revised Statutes of Missouri, as amended (the "Act"), owns and operates a revenue producing combined waterworks and sewerage system serving the City and its inhabitants and others within its service area (the "System") as hereinafter more fully defined; and

WHEREAS, the City is authorized under the provisions of the Act to issue and sell revenue bonds for the purpose of constructing, extending, improving and equipping the System, provided that the principal of and interest on such revenue bonds shall be payable solely from the income and revenues derived from the ownership and operation of the System; and

WHEREAS, a special bond election was duly held in the City on November 6, 2007, on the following question:

QUESTION

Shall the City of St. Mary, Missouri, issue its combined waterworks and sewerage system revenue bonds in the amount of eight hundred fifty thousand dollars (\$850,000) for the purpose of constructing, furnishing and equipping improvements to the City's combined waterworks and sewerage system, the cost of operation and maintenance of said system and the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its combined waterworks and sewerage system, including all future extensions and improvements thereto?

and it was found and determined that a simple majority of the qualified electors of the City voting on the question had voted in favor of the issuance of said revenue bonds for the purpose aforesaid, the vote on said question having been 80 votes for said question to 23 votes against said question; and

WHEREAS, \$516,000 of the bonds so authorized have heretofore been issued to provide improvements to the System, and the City proposes to issue an additional \$325,000 of the bonds so authorized to provide funds for said purpose (the "Project"); and

WHEREAS, plans and specifications for the Project and an estimate of the cost thereof have been prepared and made by the City's engineers and the same are hereby accepted and approved and are on file in the office of the City Clerk; and

WHEREAS, the City does not have outstanding any bonds or other obligations payable from the income and revenues derived from the ownership and operation of the System save and except the following:

<u>ISSUE NAME</u>	<u>DATE OF BONDS</u>	<u>AMOUNT ORIGINALLY ISSUED</u>
Taxable Combined Waterworks and Sewerage System Revenue Bonds (Build America Bonds), Series A (the "Series A Bond")	12-15-2010	\$403,520
Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds, Series B (the "Series B Bond")	12-15-2010	\$112,480

said Series A Bond and Series B Bond being hereinafter referred to as the "Previously Issued Parity Bonds"; and

WHEREAS, the Government, as the owner or insurer of all of the outstanding Previously Issued Parity Bonds, has given its consent to the issuance of the bond herein authorized on a parity with all of said outstanding Previously Issued Parity Bonds; and

WHEREAS, it is hereby found and determined that it is necessary and advisable and in the best interest of the City and of its inhabitants at this time to authorize the issuance and delivery of revenue bonds pursuant to the Act as herein provided to provide funds for the Project;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF ST. MARY, MISSOURI, AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following capitalized words and terms as used in this Ordinance shall have the following meanings:

"Act" means Chapter 250 of the Revised Statutes of Missouri, as amended.

"Average Annual Debt Service" means the average of the Debt Service Requirements for the then current and all future fiscal years.

"Bond" or "Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series C, of the City, in the principal amount of \$325,000, authorized and issued pursuant to this Ordinance.

“Bond Counsel” means Gilmore & Bell, P.C., St. Louis, Missouri, or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

“Bond Payment Date” means any date on which principal of or interest on the Bond is payable at the Maturity thereof or on any Interest Payment Date.

“Bond Register” means the books for the registration, transfer and exchange of the Bond kept at the office of the Paying Agent.

“Bondowner” or **“Registered Owner”** when used with respect to the Bond means the Person in whose name such Bond is registered on the Bond Register.

“Business Day” means a day, other than a Saturday, Sunday or holiday, on which the Paying Agent is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

“City” means the City of St. Mary, Missouri, and any successors or assigns.

“Code” means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the Treasury Department proposed or promulgated thereunder.

“Consultant” means an independent engineer or engineering firm having a favorable reputation for skill and experience in the construction, financing and operation of public utilities and the preparation of management studies and financial feasibility studies in connection therewith, selected by the City for the purpose of carrying out the duties imposed on the Consultant by this Ordinance.

“Debt Service Account” means the account by that name created by **Section 501** hereof.

“Debt Service Requirements” means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and net interest or interest-like payments (net of any Subsidy Payments) on all System Revenue Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with a commercial bank or trust company located in the State of Missouri and having full trust powers; and provided further, that for purposes of calculating such amount for the last fiscal year during which any Parity Bonds will be outstanding, the amount on deposit in any debt service reserve account securing any Parity Bonds shall be deducted from the determination of the Debt Service Requirements for such fiscal year.

“Debt Service Reserve Account” means the account by that name created by **Section 501** hereof.

“Debt Service Reserve Requirement” means the sum of \$14,640.

“Defaulted Interest” means interest on the Bond which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means any of the following obligations:

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations serving as security for the obligations, plus any cash in the escrow fund, are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations serving as security for the obligations, are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) the obligations are rated in the highest rating category by Moody's Investors Service, Inc. (presently “Aaa”) or Standard & Poor's Corporation (presently “AAA”).

“Expenses” means all reasonable and necessary expenses of operation, maintenance and repair of the System and keeping the System in good repair and working order (other than interest paid on System Revenue Bonds and depreciation and amortization charges during the period of determination), determined in accordance with generally accepted accounting principles, including without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic Consultant's reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, if any, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term obligations incurred and payable within a particular fiscal year, other obligations or indebtedness incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the System, but shall exclude all general administrative expenses of the City not related to the operation of the System.

"Federal Tax Certificate" means the City's Federal Tax Certificate relating to the Bond, as the same may be amended or supplemented in accordance with the provisions thereof.

"Government" means the United States of America, acting through the United States Department of Agriculture.

"Interest Payment Date" means the Stated Maturity of an installment of interest on the Bond.

"Maturity" when used with respect to the Bond or installment of principal thereof means the date on which the Bond or installment of principal of such Bond becomes due and payable as therein and herein provided, whether at the Stated Maturity thereof or call for redemption, declaration of acceleration or otherwise.

"Net Revenues" means all Revenues less all Expenses.

"Net Revenues Available for Debt Service" means, for the period of determination, all Revenues less all Expenses.

"Operation and Maintenance Account" means the account by that name ratified and confirmed by **Section 501** hereof.

"Ordinance" means this Ordinance as from time to time amended in accordance with the terms hereof.

"Original Issue Date" means the date on which the Bond is fully paid for and is delivered to the Purchaser.

"Outstanding" means, when used with reference to the Bond, as of any particular date, the Bond theretofore issued and delivered hereunder, except the following:

(a) A Bond theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;

(b) A Bond or installments of principal thereof deemed to be paid in accordance with the provisions of **Section 1101** hereof; and

(c) Any Bond in exchange for or in lieu of which another Bond has been registered and delivered hereunder.

"Parity Bonds" means the Previously Issued Parity Bonds described in the recitals to this Ordinance and any additional parity bonds or other obligations hereafter issued or incurred pursuant to **Section 902** hereof and standing on a parity and equality with the Bond with respect to the payment of principal and interest out of the Net Revenues of the System.

"Parity Ordinances" means the Previously Issued Parity Ordinance and the ordinances under which any additional Parity Bonds are hereafter issued pursuant to **Section 902** hereof.

"Paying Agent" means the party designated as Paying Agent pursuant to **Section 203** hereof and any successors and assigns.

“Permitted Investments” means any of the following securities and obligations, if and to the extent the same are at the time legal for investment of the City's moneys held in the funds and accounts referred to in **Section 501** hereof:

(a) United States Government Obligations;

(b) certificates of deposit or time deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clause (a) which shall have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such certificates of deposit or time deposits; and

(c) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State of Missouri.

“Person” means any natural person, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

“Previously Issued Parity Bonds” means the outstanding Series A Bond and the outstanding Series B Bond.

“Previously Issued Parity Ordinance” means the Series A Ordinance and the Series B Ordinance authorizing the Previously Issued Parity Bonds.

“Project” means the constructing, furnishing and equipping of improvements to the System.

“Project Fund” means the fund by that name created by **Section 501** hereof.

“Purchaser” means (1) the Government, or (2) if and to the extent any rights, privileges or duties of the Government hereunder are assigned by the Government pursuant to an assignment of the City's Loan Ordinance (Form RUS Bulletin 1780-27) applicable to the Bond herein authorized, the Government's assignee.

“Record Date” for the interest payable on any Interest Payment Date means the 15th day (whether or not a Business Day) next preceding such Interest Payment Date.

“Redemption Date” when used with respect to any Bond or installments of principal thereof to be redeemed means the date fixed for such redemption pursuant to the terms of this Ordinance.

“Redemption Price” when used with respect to any Bond or installments of principal thereof to be redeemed means the price at which such Bond or installments of principal thereof is to be redeemed pursuant to the terms of this Ordinance, including the applicable redemption premium, if any, but excluding installments of principal whose Stated Maturity is on or before the Redemption Date.

“Reduced Rate” means an alternative rate of interest at which the Bond may be issued by the City at the time the Bond is originally purchased by and delivered to the Purchaser, such Reduced Rate

being different from the rate of interest specified in **Section 202** of this Ordinance. The Reduced Rate must meet the following requirements:

- (a) The Reduced Rate shall be less than 2.50%; and
- (b) Written approval of the Reduced Rate, showing the reduced rate of interest and the amount of each annual installment of principal and interest, shall have been received by the City from the Purchaser prior to the original delivery of the Bond to the Purchaser.

“Replacement and Extension Account” means the account by that name ratified and confirmed by **Section 501** hereof.

“Revenue Fund” means the fund by that name ratified and confirmed by **Section 501** hereof.

“Revenues” means all income and revenues derived from the ownership and operation of the System, including investment and rental income, net proceeds from business interruption insurance, and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of System facilities to be applied during the period of determination to pay interest on System Revenue Bonds, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Series A Bonds” means the City’s Taxable Combined Waterworks and Sewerage System Revenue Bonds (Build America Bonds), Series A, issued in the original principal amount of \$403,520.

“Series A Ordinance” means the Ordinance of the City passed on December 9, 2010, authorizing the issuance of the Series A Bonds.

“Series B Bonds” means the City’s Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds, Series B, issued in the original principal amount of \$112,480.

“Series B Ordinance” means the Ordinance of the City passed on December 9, 2010, authorizing the issuance of the Series B Bonds.

“Special Record Date” means the date fixed by the Paying Agent pursuant to **Section 204** hereof for the payment of Defaulted Interest.

“Stated Maturity” when used with respect to the Bond or any installment of principal thereof or installment of interest thereon means the date specified in such Bond and this Ordinance as the fixed date on which the principal or installment of principal of such Bond or such installment of interest is due and payable.

“Subsidy Payments” means funds received by the City that either (1) must be used, or (2) have been and are expected to continue to be used, to reduce the interest or principal payments on System Revenue Bonds. Such Subsidy Payments would include, but are not limited to (a) payments received by the City through a federal or State of Missouri program, or (b) payments related to an interest rate swap, exchange, hedge or similar agreement.

“Surplus Account” means the account by that name ratified and confirmed by **Section 501** hereof.

“System” means the entire combined waterworks plant and system and sewerage plant and system owned and operated by the City for the production, storage, treatment and distribution of water and the collection, treatment and disposal of sewage, to serve the needs of the City and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the City.

“System Revenue Bonds” means collectively the Bond and all other revenue bonds or other obligations which are payable out of, or secured by an interest in, the Net Revenues.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Ordinance Funding Corporation).

ARTICLE II

AUTHORIZATION OF BOND

Section 201. Authorization of Bond. There is hereby authorized and directed to be issued a Combined Waterworks and Sewerage System Revenue Bond, Series C, of the City, in the principal amount of \$325,000 (the “Bond”) for the purpose of providing funds for the Project, as provided in this Ordinance.

Section 202. Description of Bond. The Bond shall consist of a fully registered bond without coupons in the principal amount of \$325,000. The Bond, as originally issued or issued upon transfer, exchange or substitution, shall be substantially in the form set forth in **Exhibit A** attached hereto, and shall be subject to registration, transfer and exchange as provided in **Section 205** hereof. The Bond shall be dated as of its Original Issue Date and shall bear interest from the Original Issue Date at the rate of 2.50% per annum or, if the required conditions are met prior to original delivery of the Bond, at the Reduced Rate, payable annually on the anniversary of the Original Issue Date in each year.

The Bond shall be issued as a single fully registered Bond with principal and interest payable in annual installments of \$14,580 (unless reduced at the time of original delivery to comply with a Reduced Rate approved by the Purchaser) beginning on the third anniversary of the Original Issue Date, and annually thereafter on each anniversary of the Original Issue Date except that the entire remaining principal and interest on such Bond, if not sooner paid, shall become due and payable on the 35th anniversary of the Original Issue Date.

Section 203. Designation of Paying Agent. The Treasurer of the City is hereby designated as the City's paying agent for the payment of principal of and interest on the Bond and bond registrar with respect to the registration, transfer and exchange of the Bond (herein called the “Paying Agent”); provided, however, that upon the request of the Registered Owner the Bond, the City may by ordinance authorize a bank or trust company having its principal office in Missouri to act as paying agent and bond registrar for the Bond.

The City will at all times maintain a Paying Agent meeting the qualifications herein described for the performance of the duties hereunder. The City reserves the right to appoint a successor Paying Agent by (1) filing with the party then performing such function a certified copy of the proceedings giving notice of the termination of such party and appointing a successor, and (2) causing notice to be given by first class mail to the Bondowner. No resignation or removal of the Paying Agent shall become effective until (i) a successor has been appointed and has accepted the duties of the Paying Agent and (ii) as long as the Bond is owned or insured by the Purchaser, such successor has been approved by the Purchaser.

Every Paying Agent appointed hereunder shall at all times be either (a) the Treasurer of the City or (b) a commercial banking association or corporation or trust company located in the State of Missouri organized and in good standing and doing business under the laws of the United States of America or of the State of Missouri and subject to supervision or examination by federal or state regulatory authority.

The Paying Agent shall be paid the usual fees and expenses for its services in connection therewith, which fees and expenses shall be paid as other Expenses are paid.

Section 204. Method and Place of Payment of the Bond. The installments of principal or Redemption Price of and interest on the Bond shall be payable in any coin or currency of the United States of America that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The installments of principal, or Redemption Price of installments of principal, of the Bond shall be paid by check or draft mailed by the Paying Agent to the Person in whose name the Bond is registered on the Bond Register at the Maturity thereof, provided that the final installment of principal or the Redemption Price of all remaining principal shall be paid upon presentation and surrender of such Bond at the office of the Paying Agent.

The interest payable on the Bond on any Interest Payment Date shall be paid to the Registered Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such interest by check or draft mailed by the Paying Agent to such Registered Owner at the address shown on the Bond Register.

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to the Bond shall cease to be payable to the Registered Owner of such Bond on the relevant Record Date and shall be payable to the Registered Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on the Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds, the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed by first class mail, postage prepaid, to the Registered Owner of the Bond entitled to such notice at the address of such Registered Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on the Bond and shall at least annually forward a copy or summary of such records to the City.

Section 205. Registration, Transfer and Exchange of the Bond. The City covenants that, as long as the Bond remains Outstanding, it will cause the Bond Register to be kept at the office of the Paying Agent for the registration, transfer and exchange of the Bond as herein provided.

The Bond may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of the Bond at the office of the Paying Agent, the Paying Agent shall transfer or exchange such Bond for a new Bond in the principal amount of the outstanding and unpaid principal of the Bond that was presented for transfer or exchange. A Bond presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent.

In all cases in which the privilege of transferring or exchanging the Bond is exercised, the Paying Agent shall authenticate and deliver a Bond in accordance with the provisions of this Ordinance. The City shall pay the fees and expenses of the Paying Agent for the registration, transfer and exchange of the Bond provided for by this Ordinance. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Paying Agent, are the responsibility of the Registered Owner of the Bond. In the event any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Registered Owner hereunder or under the Bond.

The City and the Paying Agent shall not be required (a) to register the transfer or exchange of the Bond after notice calling such Bond or portion thereof for redemption has been given or during the period of 15 days next preceding the first mailing of such notice of redemption, or (b) to register the transfer or exchange of the Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to **Section 204** hereof.

The City and the Paying Agent may deem and treat the Person in whose name the Bond is registered on the Bond Register as the absolute owner of such Bond, whether payments on such Bond are overdue or not, for the purpose of receiving payment of, or on account of, the principal or Redemption Price of and interest on said Bond and for all other purposes. All payments so made to any such Registered Owner or upon the Registered Owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Paying Agent, the Bond Register may be inspected and copied by the Registered Owner (or a designated representative thereof) of the Bond or any designated representative of such Registered Owner to be evidenced to the satisfaction of the Paying Agent.

Section 206. Execution, Authentication and Delivery of the Bond. The Bond, including a Bond issued in exchange or as substitution for the Bond initially delivered, shall be signed by the manual

or facsimile signature of the Mayor, attested by the manual or facsimile signature of the City Clerk, and shall have the official seal of the City affixed thereto or imprinted thereon. In case any officer whose signature appears on the Bond ceases to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. The Bond may be signed by such persons who at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Mayor and City Clerk are hereby authorized and directed to prepare and execute the Bond as herein specified, and when duly executed, to deliver the Bond to the Paying Agent for authentication.

The Bond shall have endorsed thereon a certificate of authentication substantially in the form set forth in **Exhibit A** attached hereto, which shall be manually executed by (i) the Treasurer of the City or (ii) if a bank or trust company is serving as Paying Agent, an authorized officer or employee of the Paying Agent. No Bond shall be entitled to any security or benefit under this Ordinance or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Paying Agent. Such executed certificate of authentication upon the Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Ordinance. Upon authentication, the Paying Agent shall deliver the Bond to the Purchaser, upon payment of the purchase price of 100% of the principal amount of the Bond plus accrued interest thereon to the date of its delivery.

Section 207. Mutilated, Destroyed, Lost and Stolen Bond. If (a) a mutilated Bond is surrendered to the Paying Agent, or the City and the Paying Agent receive evidence to its satisfaction of the destruction, loss or theft of the Bond, and (b) there is delivered to the Paying Agent such security or indemnity as may be required by the Paying Agent, then, in the absence of notice to the Paying Agent that such Bond has been acquired by a bona fide purchaser, the City shall execute and, upon the City's request, the Paying Agent shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount.

If the final installment of principal and interest of any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City in its discretion may pay such Bond instead of issuing a new Bond.

Upon the issuance of a new Bond under this Section, the City may require the payment by the Registered Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Bond issued pursuant to this Section shall constitute a replacement of the prior obligation of the City, and shall be entitled to all the benefits of this Ordinance.

Section 208. Cancellation and Destruction of Bond Upon Payment. When the Bond has been paid or redeemed or otherwise have been surrendered to the Paying Agent, either at or before Maturity, it shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Bond so cancelled and destroyed and shall file an executed counterpart of such certificate with the City.

ARTICLE III

REDEMPTION OF BOND

Section 301. Redemption of Bond. When the Bond is owned by the Purchaser the Bond (including the respective installments of principal corresponding thereto) shall be subject to redemption and prepayment prior to Stated Maturity, in whole or in part at any time at the option of the City, upon payment of the principal amount of the Bond or of the installments of principal thereof to be redeemed or prepaid, plus accrued interest thereon to the Redemption Date, without premium.

When the Bond is not owned by the Purchaser, the Bond (including the respective installments of principal corresponding thereto) shall be subject to redemption or prepayment prior to Stated Maturity at the option of the City, as follows:

(a) The Bond or installments of principal thereof are not subject to redemption prior to the ninth anniversary of the Original Issue Date.

(b) All or a portion of the installments of principal of the Bond becoming due on and after the tenth anniversary of the Original Issue Date shall be subject to redemption and payment at the option of the City, on the ninth anniversary of the Original Issue Date, or at any time thereafter in whole or in part, at the principal amount thereof, plus accrued interest thereon to the Redemption Date, without premium.

In the event of partial redemption of the Bond, the installments of principal to be redeemed shall be in the inverse order of the Maturity dates of such principal installments. The redemption of a portion of the Bond shall not reduce the amount of each annual installment of principal and interest due on the Bond.

Section 302. Instructions to Redeem the Bond.

(a) The Paying Agent shall call the Bond or installments of principal thereof for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Paying Agent at least 45 days prior to the Redemption Date of written instructions of the City specifying the principal amount, Stated Maturities, Redemption Date and Redemption Price of the installments of principal of the Bond to be called for redemption. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in **Section 303** hereof are met.

(b) The Bond may be redeemed in such portion of outstanding principal as shall be determined by the City. When less than all of the Outstanding Bond is to be redeemed, the Bond shall be redeemed in inverse order of installments of principal thereof.

Section 303. Notice and Effect of Call for Redemption. Unless waived by any Registered Owner of a Bond to be redeemed, official notice of any redemption of all or any portion of such Bond shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 30 days prior to the Redemption Date, to the Purchaser of the Bond and the Registered Owner of the Bond to be redeemed at the address shown on the Bond Register.

All official notices of redemption shall be dated and shall contain the following information:

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) if less than all Outstanding principal of the Bond is to be redeemed, the portion of principal of the Bond to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon the Bond or portion thereof called for redemption and that interest on such Bond or portion thereof shall cease to accrue from and after the Redemption Date; and
- (e) if the Bond is to be fully redeemed and retired, the place where such Bond may be surrendered for payment of the Redemption Price, which shall be the office of the Paying Agent.

The failure of any Registered Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of the Bond or portion of the Bond that is to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bond or portion of the Bond to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Bond or portion of the Bond shall cease to bear interest; provided, however, that the redemption of a portion of the Bond shall not reduce the amount of the annual installment of principal and interest on the Bond. Upon surrender of the Bond for redemption in accordance with such notice, the Redemption Price of such Bond shall be paid by the Paying Agent. Installments of principal and interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of the Bond, there shall, if requested by the Registered Owner thereof, be prepared for the Registered Owner a new Bond paying the same annual installment of principal and interest, in the principal amount of the unpaid principal. A Bond that has been redeemed shall be cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

The Paying Agent is also directed to comply with any mandatory or voluntary standards established by the Securities and Exchange Commission then in effect for processing redemptions of municipal securities. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond or installments of principal thereof.

ARTICLE IV

SECURITY FOR THE BOND

Section 401. Security for the bond. The Bond shall be a special obligation of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues of the System, and the City hereby pledges said Net Revenues to the payment of the principal of and interest on the Bond. The Bond shall not be or constitute a general obligation of the City, nor shall

it constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bond, either as to principal or interest.

The covenants and agreements of the City contained herein and in the Bond shall be for the equal benefit, protection and security of the legal owners of the Bond. The Bond shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the Net Revenues and in all other respects with any Parity Bonds. The Bond shall not have any priority with respect to the payment of principal or interest from said Net Revenues or otherwise over the Parity Bonds and the Parity Bonds shall not have any priority with respect to the payment of principal or interest from said Net Revenues or otherwise over the Bond.

ARTICLE V

CREATION AND RATIFICATION OF FUNDS AND ACCOUNTS; DEPOSIT AND APPLICATION OF BOND PROCEEDS

Section 501. Establishment of Funds and Accounts. There are hereby created or ratified and ordered to be established and maintained in the treasury of the City the following separate funds and accounts to be known respectively as the:

- (a) Combined Waterworks and Sewerage System Project Fund (the "Project Fund").
- (b) Combined Waterworks and Sewerage System Revenue Fund (the "Revenue Fund").
- (c) Combined Waterworks and Sewerage System Operation and Maintenance Account (the "Operation and Maintenance Account").
- (d) Debt Service Account for Combined Waterworks and Sewerage System Revenue Bond, Series C (the "Debt Service Account").
- (e) Debt Service Reserve Account for Combined Waterworks and Sewerage System Revenue Bond, Series C (the "Debt Service Reserve Account").
- (f) Combined Waterworks and Sewerage System Replacement and Extension Account (the "Replacement and Extension Account").
- (g) Combined Waterworks and Sewerage System Surplus Account (the "Surplus Account").

The funds and accounts referred to in paragraphs (a) through (g) of this Section shall be maintained and administered by the City solely for the purposes and in the manner as provided in the Act and in this Ordinance and in the Previously Issued Parity Ordinance so long as the Bond or the Previously Issued Parity Bonds remain Outstanding within the meaning of this Ordinance and the Previously Issued Parity Ordinance, respectively.

Section 502. Deposit of Bond Proceeds. The net proceeds received from the sale of the Bond shall be deposited simultaneously with the delivery of the Bond, as follows:

(a) Any premium and accrued interest on the Bond shall be deposited in the Debt Service Account and applied in accordance with **Section 602(b)** hereof.

(b) The remaining balance of the proceeds of the Bond shall be deposited in the Project Fund and applied in accordance with **Section 503** hereof.

Section 503. Application of Moneys in the Project Fund. Moneys in the Project Fund shall be used solely for the purpose of (a) paying the cost of the Project as hereinbefore provided, in accordance with the plans and specifications therefor prepared by the Consultant for the Project and heretofore approved by the Board of Aldermen of the City and on file in the office of the City Clerk, including any alterations in or amendments to said plans and specifications deemed advisable by the Consultant and approved by the Board of Aldermen of the City, and (b) for paying the costs and expenses incident to the issuance of the Bond.

Withdrawals from the Project Fund shall be made only when authorized by the Board of Aldermen and only on duly authorized and executed warrants or vouchers therefor accompanied by a certificate executed by the Consultant that such payment is being made for a purpose within the scope of this Ordinance and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Nothing hereinbefore contained shall prevent the payment out of the Project Fund of all costs and expenses incident to the issuance of the Bond and interest accruing on the Bond during the period of acquisition and construction of the Project or withdrawals of sums for investment or reinvestment purposes under the terms of this Ordinance without a certificate from the Consultant.

Upon completion of the Project as hereinbefore provided, any surplus moneys remaining in the Project Fund and not required for the payment of unpaid costs thereof shall be used either to pay part of the first installment of interest on due on the Bond or for the prepayment of principal of the Bond.

ARTICLE VI

APPLICATION OF REVENUES

Section 601. Revenue Fund. The City covenants and agrees that from and after the delivery of the Bond, and continuing as long as the Bond remains Outstanding hereunder, all of the Revenues shall as and when received be paid and deposited into the Revenue Fund unless otherwise specifically provided in this Ordinance. Said Revenues shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the City and shall not be commingled with any other moneys, revenues, funds and accounts of the City. The Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in this Ordinance.

Section 602. Application of Moneys in Funds and Accounts. The City covenants and agrees that from and after the delivery of the Bond and continuing so long as the Bond shall remain Outstanding, it will on the first day of each month, beginning in the month following the month in which the Project is placed into operation, administer and allocate all of the moneys then held in the Revenue Fund as follows:

(a) **Operation and Maintenance Account.** There shall first be paid and credited to the Operation and Maintenance Account an amount sufficient to pay the estimated Expenses

during the ensuing month. All amounts paid and credited to the Operation and Maintenance Account shall be expended and used by the City solely for the purpose of paying the Expenses of the System.

(b) **Debt Service Account.** There shall next be paid and credited monthly to the Debt Service Account, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Bond due and payable, the following sums:

(1) Beginning with the first of said monthly deposits and continuing on the first day of each month thereafter to and including the month of the second anniversary of the Original Issue Date, an equal pro rata portion of the amount of interest becoming due on the Bond on the next succeeding Interest Payment Date; and

(2) Beginning on the first day of the month following the second anniversary of the Original Issue Date, and continuing on the first day of each month thereafter so long as the Bond remains Outstanding and unpaid, an amount not less than 1/12 of the amount of principal and interest that will become due on the Bond on the next succeeding Bond Payment Date.

The amounts required to be paid and credited to the Debt Service Account pursuant to this Section shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service accounts established for the payment of principal and interest on Parity Bonds under the provisions of the Parity Ordinances.

Any Subsidy Payments received by the City and applied to debt service or amounts deposited in the Debt Service Account as accrued interest or as capitalized interest in accordance with **Section 502(a)** hereof shall be credited against the City's payment obligations as set forth in this subsection (b) of this Section.

All amounts paid and credited to the Debt Service Account shall be expended and used by the City for the sole purpose of paying (i) the interest on and principal of the Bond as and when the same become due, and (ii) not more than twenty-four (24) months' interest on advance construction loans made by the Purchaser of the Bond prior to its delivery to the Purchaser and the receipt of full payment of the purchase price by the City.

If at any time the moneys in the Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the Debt Service Account and to the debt service accounts established to pay the principal of and interest on any Parity Bonds, the available moneys in the Revenue Fund shall be divided among such debt service accounts in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in said debt service accounts.

(c) **Debt Service Reserve Account.** There shall next be paid and credited to the Debt Service Reserve Account the sum of \$122 each month until the amount on deposit in said Account aggregates the Debt Service Reserve Requirement. Except as hereinafter provided in this Section, all amounts paid and credited to the Debt Service Reserve Account shall be expended and used by the City solely to prevent any default in the payment of interest on or principal of the Bond on any Maturity Date or Interest Payment Date if the moneys in the Debt Service Account are insufficient to pay the interest on or principal of said Bond as they become

due. So long as the Debt Service Reserve Account aggregates the Debt Service Reserve Requirement, no further payments into said Account shall be required, but if the City is ever required to expend and use a part of the moneys in said Account for the purpose herein authorized and such expenditure reduces the amount of said Account below the Debt Service Reserve Requirement, the City shall resume and continue said monthly payments into said Account until said Account shall again aggregate the Debt Service Reserve Requirement.

The amounts required to be paid and credited to the Debt Service Reserve Account pursuant to this Section shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service reserve accounts established for the Parity Bonds under the provisions of the Parity Ordinances.

Moneys in the Debt Service Reserve Account may be used to call the Bond for redemption and payment prior to its Stated Maturity, provided all principal of the Bond at the time Outstanding is called for payment and funds are available to pay the same according to its terms. Moneys in the Debt Service Reserve Account shall be used to pay and retire the last Outstanding principal of the Bond unless such Bond and all interest thereon are otherwise paid. Any amounts in the Debt Service Reserve Account in excess of the Debt Service Reserve Requirement on any valuation date shall be transferred (i) during the period of acquisition and construction of the Project, to the Project Fund, and (ii) after such construction period, to the Revenue Fund.

If at any time the moneys in the Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the Debt Service Reserve Account and to the debt service reserve accounts established to protect the payment of any Parity Bonds, the available moneys in the Revenue Fund shall be divided among such debt service reserve accounts in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in such debt service reserve accounts.

(d) Replacement and Extension Account. After all payments and credits required at the time to be made under (1) the provisions of paragraphs (a), (b) and (c) of this Section and (2) the provisions of Ordinances of the City authorizing additional System Revenue Bonds relating to payments required to be made to debt service accounts and debt service reserve accounts for additional System Revenue Bonds have been made, there shall next be paid and credited to the Replacement and Extension Account the amounts required to be so paid and credited by the Previously Issued Parity Ordinance and, in addition thereto, on the first day of each month in which no deposit is required to be made to the Debt Service Reserve Account pursuant to subsection (c) above, the amount of \$122 each month so long as the Bond remains outstanding. Except as hereinafter provided in **Section 603**, moneys in the Replacement and Extension Account shall be expended and used by the City, if no other funds are available therefor, solely (i) for the purpose of making unusual or extraordinary replacements and repairs in and to the System as may be necessary to keep the System in good repair and working order and to assure the continued effective and efficient operation thereof, including replacing or repairing portions of the System or major items of any plant or equipment which either have been fully depreciated and are worn out or have become inefficient, uneconomical or obsolete, or (ii) for the purpose of extending and improving the System.

(e) Surplus Account. After all payments and credits required at the time to be made under the provisions of paragraphs (a), (b), (c) and (d) of this Section have been made, all moneys

remaining in the Revenue Fund shall be paid and credited to the Surplus Account. Moneys in the Surplus Account shall be expended and disbursed as follows:

(1) First, so long as either the balance on hand in the Debt Service Reserve Account is less than the Debt Service Reserve Requirement or the balance on hand in the debt service reserve account for any issue of Parity Bonds is less than the debt service reserve requirement for such issue of Parity Bonds, all moneys in the Surplus Account shall be allocated to the Debt Service Reserve Account and the debt service reserve accounts for Parity Bonds in proportion to the original principal amount of the Bonds and of each issue of Parity Bonds, respectively. In no event, however, shall either (i) the balance on hand in the Debt Service Reserve Account exceed the Debt Service Reserve Requirement or (ii) the balance on hand in the debt service reserve account for any issue of Parity Bonds exceed the debt service reserve requirement for such issue of Parity Bonds.

(2) Second, so long as the balance on hand in the debt service reserve account for any issue of junior lien System Revenue Bonds is less than the debt service reserve requirement for such issue of junior lien System Revenue Bonds, all moneys in the Surplus Account shall be allocated to the debt service reserve account(s) for each issue of junior lien System Revenue Bonds according to the Ordinance(s) of the City authorizing each issue of junior lien System Revenue Bonds. In no event, however, shall the balance on hand in the debt service reserve account for any issue of junior lien System Revenue Bonds exceed the debt service requirement for such issue of junior lien System Revenue Bonds.

(3) Third, after subparagraphs (1) and (2) have been complied with, in any month in which the payment and credit to the Replacement and Extension Account is less than the amount required to be so paid by paragraph (d) of this Section (the "Total Monthly Replacement and Extension Account Deposit"), all moneys in the Surplus Account shall be used to make a transfer to the Replacement and Extension Account in the amount required to make up the deficiency in the Total Monthly Replacement and Extension Account Deposit for said month.

(4) Fourth, after subparagraphs (1), (2) and (3) have been complied with, moneys in the Surplus Account may be expended and used for the following purposes as determined by the governing body of the City:

(i) Paying Expenses of the System to the extent that may be necessary after the application of the moneys held in the Operation and Maintenance Account under the provisions of paragraph (a) of this Section;

(ii) Paying the cost of extending, enlarging or improving the System;

(iii) Preventing default in, anticipating payments into or increasing the amounts in the debt service accounts or the debt service reserve accounts for System Revenue Bonds or in the Replacement and Extension Account, or any one of them, or establishing or increasing the amount of any debt service account or debt service reserve account created by the City for the payment of any additional System Revenue Bonds; or

(iv) Calling, redeeming and paying prior to Stated Maturity, or, at the option of the City, purchasing in the open market at the best price obtainable not exceeding the redemption price (if any bonds are callable), the Bond or any other System Revenue Bonds, or portions thereof, including principal, interest and redemption premium, if any; provided, however, that so long as the Bond is owned or insured by the Purchaser, no moneys in the Surplus Account shall be used to redeem or purchase any other System Revenue Bonds without the written consent of the Purchaser.

(f) **Deficiency of Payments into Funds and Accounts.** If at any time the Revenues are insufficient to make any payment on the date or dates hereinbefore specified, the City will make good the amount of such deficiency by making additional payments or credits out of the first available Revenues thereafter received, such payments and credits being made and applied in the order hereinbefore specified in this Section.

Section 603. Transfer of Funds to Paying Agent. The Treasurer or other authorized officer of the City is hereby authorized and directed to withdraw from the Debt Service Account, and, to the extent necessary to prevent a default in the payment of either principal of or interest on the Bond, from the Debt Service Reserve Account, the Surplus Account and the Replacement and Extension Account as provided in **Section 602** hereof, sums sufficient to pay the principal of and interest on the Bond as and when the same become due on any Bond Payment Date, and to forward such sums to the Paying Agent in a manner which ensures the Paying Agent will have available funds in such amounts on or before the Business Day immediately preceding each Bond Payment Date. If, through lapse of time, or otherwise, the Registered Owner of the Bond is no longer entitled to enforce payment of its obligations, it shall be the duty of the Paying Agent forthwith to return said funds to the City. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

Section 604. Payments Due on Saturdays, Sundays and Holidays. In any case where a Bond Payment Date is not a Business Day, then payment of principal, Redemption Price or interest need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Section 605. Nonpresentment of Bond. If the Bond is not presented for payment when the final installment of principal thereof becomes due at Maturity, if funds sufficient to pay such final installment of principal of and interest on the Bond have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of the Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Ordinance or on, or with respect to, said Bond. If the Bond is not presented for payment within four years following the date when the final installment of principal of and interest on such Bond becomes due at Maturity, the Paying Agent shall repay to the City the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

ARTICLE VII

DEPOSIT AND INVESTMENT OF MONEYS

Section 701. Deposit and Investment of Moneys.

(a) Money in each of the funds and accounts created by and referred to in this Ordinance shall be deposited in a bank or banks located in the State of Missouri that are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the banks holding such deposits as provided by the laws of the State of Missouri.

(b) Money held in any fund or account referred to in this Ordinance may be invested in Permitted Investments. No such investment shall be made for a period extending longer than the date when the money invested may be needed for the purpose for which such fund or account was created. All earnings on any investments held in any fund or account shall accrue to and become a part of such fund or account; provided, however, that all earnings on investments held in the Debt Service Reserve Account shall accrue to and become a part of such Account until the amount on deposit in such Account shall aggregate the Debt Service Reserve Requirement, and thereafter, all such earnings shall be credited to the Revenue Fund. In determining the amount held in any fund or account under any of the provisions of this Ordinance, obligations shall be valued at the lower of the cost or the market value thereof; provided, however, that investments held in the Debt Service Reserve Account shall be valued at market value only. If and when the amount held in any fund or account shall be in excess of the amount required by the provisions of this Ordinance, the City shall direct that such excess be paid and credited to the Revenue Fund.

(c) So long as any of the Previously Issued Parity Bonds remain outstanding and unpaid, any investments made pursuant to this Section shall be subject to any restrictions in the Previously Issued Parity Ordinance with respect to the funds and accounts created or ratified by and referred to in the Previously Issued Parity Ordinance.

ARTICLE VIII

GENERAL COVENANTS AND PROVISIONS

The City covenants and agrees with each of the Registered Owners of the Bond that so long as the Bond remains Outstanding and unpaid it will comply with each of the following covenants:

Section 801. Corporate Existence; Efficient and Economical Operation; Sewerage System Connections to be Required. The City will maintain its corporate identity and existence so long as the Bond remains Outstanding, unless another body corporate and politic by operation of law succeeds to the powers, privileges, rights, liabilities, disabilities and duties of the City and is obligated by law to comply with the terms and provisions of this Ordinance without materially adversely affecting at any time the privileges and rights of any Owner of the Bond.

The City will continuously own and will operate the System as a revenue producing facility in an efficient and economical manner and will keep and maintain the same in good repair and working order.

The City will establish and maintain such rules and regulations for the use of the System as may be necessary to assure maximum utilization and most efficient operation of the System.

The City will, to the extent permitted by law, require that the owners of all houses, buildings or properties used for human occupancy, employment, recreation or other purposes, situated within the City and abutting on any street, alley, or right-of-way in which there is now located or may in the future be located a public sanitary or combined sanitary and storm sewer of the City, must, at the owner's expense, install suitable toilet facilities therein and connect such facilities directly with the proper part of the System within such reasonable time and pursuant to such regulations as shall be provided by the City.

Section 802. Rate Covenant. The City in accordance with and subject to applicable legal requirements will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce Revenues sufficient to (a) pay the Expenses of the System; (b) pay the principal of and interest on the Bond as and when the same become due at the Maturity thereof or on any Interest Payment Date; and (c) provide reasonable and adequate reserves for the payment of the Bond and the interest thereon and for the protection and benefit of the System as provided in this Ordinance. The City will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges. The City will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Revenues will be sufficient to cover the obligations under this Section and otherwise under the provisions of this Ordinance.

Section 803. Reasonable Charges for all Services. None of the facilities or services provided by the System will be furnished to any user (excepting the City itself) without a reasonable charge being made therefor. If the Revenues are at any time insufficient to pay the reasonable Expenses of the System and also to pay all interest on and principal of the Bond as and when the same become due, then the City will thereafter pay into the Revenue Fund a fair and reasonable payment in accordance with effective applicable rates and charges for all services furnished to the City by the System, and such payments will continue so long as the same may be necessary in order to prevent or reduce the amount of any default in the payment of the interest on or principal of the Bond.

The City will serve any applicant within the service area of the System who desires the services of the System and who can feasibly and legally be served. So long as the Bond is owned or insured by the Purchaser, the City will obtain the concurrence of the Purchaser prior to refusing services to such applicant.

Section 804. Restrictions on Mortgage or Sale of System. The City will not mortgage, pledge or otherwise encumber the System or any part thereof, nor will it sell, lease or otherwise dispose of the System or any material part thereof; provided, however, the City may, but only with the consent of the Purchaser so long as the Bond is owned or insured by the Purchaser:

(a) sell at fair market value any portion of the System which has been replaced by other similar property of at least equal value, or which ceases to be necessary for the efficient operation of the System, and in the event of sale, the City will apply the proceeds to either (1) redemption of Outstanding installments of principal of the Bond in accordance with the provisions governing repayment of installments of principal of the Bond in advance of Stated Maturity, or (2) replacement of the property so disposed of by other property the revenues of which shall be incorporated into the Revenues as hereinbefore provided;

(b) cease to operate, abandon or otherwise dispose of any property which has become obsolete, nonproductive or otherwise unusable to the advantage of the City; or

(c) grant a security interest in equipment to be purchased with the proceeds of any loan, lease or other obligation undertaken in accordance with **Article IX** hereof.

Section 805. Insurance; Fidelity Bond Coverage. The City will carry and maintain insurance with respect to the System and its operations against such casualties, contingencies and risks (including but not limited to property and casualty, fire and extended coverage insurance upon all of the properties forming a part of the System insofar as the same are of an insurable nature, public liability, worker's compensation and employee dishonesty insurance), such insurance to be of the character and coverage and in such amounts as would normally be carried by other municipalities or public entities engaged in similar activities of comparable size and similarly situated. In the event of loss or damage, the City, with reasonable dispatch, will use the proceeds of such insurance in reconstructing and replacing the property damaged or destroyed, or in paying the claims on account of which such proceeds were received, or if such reconstruction or replacement is unnecessary or impracticable, then the City will pay and deposit the proceeds of such insurance into the Revenue Fund. The City will annually review the insurance it maintains with respect to the System to determine that it is customary and adequate to protect its property and operations. The cost of all insurance obtained pursuant to the requirements of this Section shall be paid as an Expense out of the Revenues.

All officers and employees of the City handling the funds and accounts of the System shall be bonded in each fiscal year in an amount not less than the total amount of principal and interest becoming due on all obligations of the City during the fiscal year or, so long as the Bond is held or insured by the Purchaser, the amount required by the Purchaser.

As long as the Bond is owned or insured by the Purchaser, the City will annually submit a report of its insurance and fidelity bond coverage to the Purchaser for review and approval.

Section 806. Books, Records and Accounts. The City will install and maintain proper books, records and accounts (entirely separate from all other records and accounts of the City) in which complete and correct entries will be made of all dealings and transactions of or in relation to the System. Such accounts shall show the amount of Revenues received from the System, the application of such Revenues, and all financial transactions in connection therewith. Said books shall be kept by the City according to standard accounting practices as applicable to the operation of facilities comparable to the System.

Section 807. Annual Budget. Prior to the commencement of each fiscal year, the City will cause to be prepared and filed with the City Clerk a budget setting forth the estimated receipts and expenditures of the System for the next succeeding fiscal year. So long as the Bond is owned or insured by the Purchaser, the City Clerk, promptly upon the filing of said budget in the City Clerk's office, will mail a copy of said budget to the Purchaser of the Bond. Said annual budget shall be prepared in accordance with the requirements of the laws of Missouri and shall contain all information that is required by such laws.

Section 808. Audits. As long as the Bond is owned or insured by the Purchaser, audits shall be made at such time and in such manner as the Purchaser shall require.

If the Bond is not owned or insured by the Purchaser, then annually, promptly after the end of the fiscal year, the City will cause an audit to be made of the System for the preceding fiscal year by a certified public accountant or firm of certified public accountants to be employed for that purpose and paid from the Revenues. Said annual audit shall cover in reasonable detail the operation of the System during such fiscal year.

Within 30 days after the completion of each audit, a copy thereof shall be filed in the office of the City Clerk, and, if the Bond is owned or insured by the Purchaser, a duplicate copy of the audit shall be mailed to the Purchaser of the Bond. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any user of the services of the System, the Registered Owner of the Bond, or by anyone acting for or on behalf of such taxpayer, user or Registered Owner.

As soon as possible after the completion of each audit, the governing body of the City shall review such audit, and if the audit discloses that proper provision has not been made for all of the requirements of this Ordinance and the Act, the City will promptly cure such deficiency and will promptly proceed to increase the rates and charges to be charged for the use and services furnished by the System as may be necessary to adequately provide for such requirements.

Section 809. Right of Inspection. The Purchaser of the Bond and any Registered Owner of the Bond shall have the right at all reasonable times to inspect the System and all records, accounts and data relating thereto, and shall be furnished all such information concerning the System and the operation thereof which the Purchaser or such Registered Owner may reasonably request.

Section 810. Performance of Duties and Covenants. The City will faithfully and punctually perform all duties, covenants and obligations with respect to the operation of the System now or hereafter imposed upon the City by the Constitution and laws of the State of Missouri and by the provisions of this Ordinance.

Section 811. Consultant's Report. Upon the request of the Purchaser, but in no event more often than once every three years, the City will cause a Consultant to make an examination of and report on the condition and operations of the System, such report to include recommendations as to any changes in such operations deemed desirable. Each such report shall also make reference to any unusual or extraordinary items of maintenance and repair and any extensions or improvements that may be needed in the ensuing three-year period. A copy of each such report shall be filed in the office of the City Clerk and, upon written request, sent to the Purchaser of the Bond or the Bondowner (at the expense of such Bondowner).

Section 812. Parity Bond Certification. The City hereby represents and covenants that the Bond directed to be issued by this Ordinance is so issued in full compliance with the restrictions and conditions upon which the City may issue additional bonds payable out of the Net Revenues of the System and which stand on a parity with the Previously Issued Parity Bonds, as set forth in the Previously Issued Parity Ordinance, and that the Bond herein directed to be issued is so issued on a parity in all respects with the Previously Issued Parity Bonds.

Section 813. Tax Covenants.

(a) The City covenants that (1) it will comply with all applicable provisions of the Code necessary to maintain the exclusion from federal gross income of the interest on the Bond, and (2) it will

comply with all provisions and requirements of the Federal Tax Certificate. The Mayor is hereby authorized and directed to execute the Federal Tax Certificate in a form that is approved by Bond Counsel, for and on behalf of and as the act and deed of the City. The City will also pass such other Ordinances or ordinances and take such other actions as may be necessary to comply with the Code and with other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Bond will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

(b) The covenants contained in this Section and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Bond pursuant to **Article XI** of this Ordinance or any other provision of this Ordinance, until the final Maturity of all installments of principal of the Bond Outstanding.

Section 814. Refinanced Bonds - When Required. The City hereby represents and covenants that it will refinance the unpaid balance, in whole or in part, of the Outstanding principal amount of the Bond upon the request of the Purchaser if at any time it should appear to the Purchaser that the City is able and authorized by law to refinance the Bond by obtaining a loan for such purposes from cooperatives or private sources at reasonable rates and terms.

ARTICLE IX

ADDITIONAL BONDS AND OBLIGATIONS

Section 901. Senior Lien Bonds. The City covenants and agrees that so long as the Bond remains Outstanding, the City will not issue any additional bonds or incur or assume any other debt obligations appearing as liabilities on the balance sheet of the City or the System for the payment of moneys determined in accordance with generally accepted accounting principles consistently applied, including capital leases as defined by generally accepted accounting principles, payable out of the Net Revenues or any part thereof which are superior to the Bond.

Section 902. Parity Lien Bonds and Other Obligations. The City covenants and agrees that so long as the Bond remains Outstanding, it will not issue any additional bonds or other long-term obligations payable out of the Net Revenues or any part thereof which stand on a parity or equality with the Bond unless **Section 905** hereof is complied with and the following conditions are met:

(a) The City shall not be in default in the payment of principal of or interest on the Bond or any Parity Bonds at the time outstanding or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in this Ordinance or any Parity Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default).

(b) Either of the following:

(1) The Net Revenues Available for Debt Service, as determined by a certified public accountant or firm of certified public accountants, for the fiscal year immediately preceding the issuance of additional bonds shall have been equal to at least 120% of the Average Annual Debt Service for all System Revenue Bonds of the City, including the additional bonds proposed to be issued. In determining the Net Revenues Available for Debt Service for the purpose of this subsection, such accountant(s) may

adjust said Net Revenues Available for Debt Service by adding thereto, in the event the City has made any increase in rates for the use and services of the System and such increase has not been in effect during all of the fiscal year immediately preceding the issuance of additional bonds, the amount, as estimated by such accountant(s) or a Consultant, of the additional Net Revenues Available for Debt Service which would have resulted from the operation of the System during said preceding fiscal year had such rate increase been in effect for the entire period.

(2) The Net Revenues Available for Debt Service projected to be derived by the City from the operation of the System for the fiscal year immediately following the fiscal year in which the improvements to the System, the cost of which is being financed by such additional bonds, are to be in commercial operation, as determined by a Consultant, shall be equal to at least 120% of the average of the Debt Service Requirements in all fiscal years succeeding said fiscal year in which such improvements are expected to be placed in commercial operation. In determining the projected Net Revenues Available for Debt Service for the purpose of this subsection, the Consultant may adjust said projections by adding thereto any estimated increase in Net Revenues Available for Debt Service resulting from any increase in rates for the use and services of the System duly made by the City and which shall be in effect for the period of such projections which, in the opinion of the Consultant, are economically feasible and reasonably considered necessary based on projected operations of the System.

(c) So long as the Bond is owned or insured by the Purchaser, any Ordinance authorizing such additional parity bonds shall contain substantially the same terms, conditions, covenants and procedures as established in this Ordinance and such Ordinance authorizing such additional revenue bonds shall acknowledge the fact that the Bond may be called for redemption and payment prior to the Stated Maturity thereof as a requirement of the Purchaser as contained in 7 U.S.C. 1983(3), 7 C.F.R. Part 1780, and any succeeding federal laws and regulations applicable thereto.

Additional revenue bonds of the City issued under the conditions set forth in this Section shall stand on a parity with the Bond and shall enjoy complete equality or lien on and claim against the Net Revenues with the Bond, and the City may make equal provision for paying said bonds and the interest thereon out of the Revenue Fund and may likewise provide for the creation of reasonable debt service accounts and debt service reserve accounts for the payment of such additional bonds and the interest thereon out of moneys in the Revenue Fund.

Section 903. Junior Lien Bonds and Other Obligations. Nothing in this Section contained shall prohibit or restrict the right of the City to issue additional revenue bonds or other revenue obligations for any lawful purpose in connection with the operation of the System and benefitting the System and to provide that the principal of and interest on said revenue bonds or obligations shall be payable out of the Net Revenues of the System, provided at the time of the issuance of such additional revenue bonds or obligations **Section 905** hereof is complied with and the City is not in default in the performance of any covenant or agreement contained in this Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default), and provided further that such additional revenue bonds or obligations shall be junior and subordinate to the Bond so that if at any time the City shall be in default in paying either interest on or principal of the Bond, or if the City is in default in making any payments required to be made by it under the provisions of paragraphs (a), (b), (c) and (d) of **Section 602** hereof, the City shall make no payments of either principal of or interest on said

junior and subordinate revenue bonds or obligations until said default or defaults be cured. In the event of the issuance of any such junior and subordinate revenue bonds or obligations, the City, subject to the provisions aforesaid, may make provision for paying the principal of and interest on said revenue bonds or obligations out of moneys in the Revenue Fund.

Section 904. Refunding Bonds. Subject to the continuing obligation of the City to comply with the provisions of **Section 905** hereof and with 7 U.S.C. 1983(3) and regulations issued thereunder so long as the Bond is owned or insured by the Purchaser, the City shall have the right, if it shall find it desirable, without complying with the provisions of **Section 902** hereof to refund the Bond under the provisions of any law then available.

Section 905. Consent of Purchaser to Additional Bonds. Notwithstanding any provision in this Ordinance to the contrary, as long as the Bond is owned or insured by the Purchaser, the City will not issue any additional bonds or other obligations having a claim on the Net Revenues or any part thereof without the prior written consent of the Purchaser.

ARTICLE X

DEFAULT AND REMEDIES

Section 1001. Acceleration of Maturity Upon Default. The City covenants and agrees that if it defaults in the payment of the principal of or interest on the Bond as the same become due on any Bond Payment Date, or if the City or its governing body or any of the officers, agents or employees thereof fail or refuse to comply with any of the provisions of this Ordinance or of the constitution or statutes of the State of Missouri, and such default continues for a period of 60 days after written notice specifying such default has been given to the City by the Registered Owner of the Bond, then, at any time thereafter and while such default continues, the Registered Owner of the Bond may, by written notice to the City filed in the office of the City Clerk or delivered in person to said City Clerk, declare the unpaid principal of the Bond then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, the Bond shall become and be immediately due and payable, anything in this Ordinance or in the Bond contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of the Bond has been so declared to be due and payable, all arrears of interest upon the Bond, except interest accrued but not yet due on the Bond, and all arrears of principal upon the Bond have been paid in full and all other defaults, if any, by the City under the provisions of this Ordinance and under the provisions of the statutes of the State of Missouri have been cured, then and in every such case the Registered Owner of the Bond, by written notice to the City given as hereinbefore specified, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

Section 1002. Other Remedies. The provisions of this Ordinance, including the covenants and agreements herein contained, shall constitute a contract between the City and the Registered Owner of the Bond, and the Registered Owner of the Bond shall have the right:

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Registered Owner against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of this Ordinance or by the Constitution and laws of the State of Missouri;

(b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owner of the Bond.

Section 1003. Limitation on Rights of Bondowner. The Bondowner secured hereby shall have no right in any manner whatever by its action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided.

Section 1004. Remedies Cumulative. No remedy conferred herein upon the Bondowner is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred herein. No waiver of any default or breach of duty or contract by the Registered Owner of the Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies consequent thereon. No delay or omission of the Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Registered Owner of the Bond by this Ordinance may be enforced and exercised from time to time and as often as may be deemed expedient. If any suit, action or proceedings taken by the Bondowner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or has been determined adversely to such Bondowner, then, and in every such case, the City and the Registered Owner of the Bond shall be restored to its former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Bondowner shall continue as if no such suit, action or other proceedings had been brought or taken.

Section 1005. No Obligation to Levy Taxes. Nothing contained in this Ordinance shall be construed as imposing on the City any duty or obligation to levy any taxes either to meet any obligation incurred herein or to pay the principal of or interest on the Bond.

ARTICLE XI

DEFEASANCE

Section 1101. Defeasance. When the Bond or the interest payments thereon have been paid and discharged, then the requirements contained in this Ordinance and the pledge of Net Revenues made hereunder and all other rights granted hereby shall terminate with respect to the Bond or interest payments so paid and discharged. The Bond or the interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Ordinance if there has been deposited with a commercial bank or trust company located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bond or interest payments thereon, in trust for and irrevocably appropriated thereto, money and/or Defeasance Obligations which, together with the interest to be earned thereon, will be sufficient for the payment of the principal or Redemption Price of said Bond, and/or interest to accrue on such Bond to the Stated Maturity or Redemption Date, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments; provided, however, that if the Bond shall be redeemed prior to the Stated Maturity thereof, (1) the City shall have elected to redeem such Bond, and (2) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give

irrevocable instructions, to the Paying Agent to redeem such Bond in compliance with **Section 302(a)** hereof. Any money and Defeasance Obligations that at any time shall be deposited with a commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging the Bond or the interest payments thereon, shall be and are hereby assigned, transferred and set over to such bank or trust company in trust for the respective Registered Owner of the Bond, and such money shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All moneys and Defeasance Obligations deposited with such bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

Notwithstanding any provision herein to the contrary, as long the Bond is owned or insured by the Purchaser, the City will not issue any additional revenue bonds or other obligations for the purpose of providing funds to refund all or part of the Bond unless either (i) the Bond is paid, retired and cancelled concurrently with the issuance of such refunding revenue bonds or other obligations or at the first interest and principal payment date for the Bond occurring after the issuance of the refunding revenue bonds or other obligations, or (ii) written consent to the issuance of such refunding revenue bonds or other obligations is given by the Purchaser.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201. Amendments. Any provision of the Bond or of this Ordinance may be amended or modified by Ordinance duly passed by the governing body of the City at any time in any respect with the written consent of the Registered Owner of the Bond.

Without notice to or the consent of the Bondowner, the City may amend or supplement this Ordinance for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the interests of the Bondowner.

Every amendment or modification of the provisions of the Bond or of this Ordinance, to which the written consent of the Bondowner is given shall be expressed in an Ordinance passed by the governing body of the City amending or supplementing the provisions of this Ordinance and shall be deemed to be a part of this Ordinance. A certified copy of every such amendatory or supplemental Ordinance, if any, and a certified copy of this Ordinance shall always be kept on file in the office of the City Clerk, and shall be made available for inspection by the Registered Owner of the Bond or a prospective purchaser or owner of the Bond authorized by this Ordinance, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental Ordinance or of this Ordinance will be sent by the City Clerk to any such Bondowner or prospective Bondowner.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the City Clerk a copy of the Ordinance of the City hereinabove provided for, duly certified, as well as proof of any required consent to such modification by the Registered Owner of the Bond. It shall not be necessary to note on the Outstanding Bond any reference to such amendment or modification.

The City shall furnish to the Paying Agent a copy of any amendment to the Bond or this Ordinance made hereunder which affects the duties or obligations of the Paying Agent under this Ordinance.

Section 1202. Notices, Consents and Other Instruments by Bondowner. Any notice, consent, request, direction, approval, objection or other instrument required by this Ordinance to be signed and executed by the Bondowner may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondowner in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bond, if made in the following manner, shall be sufficient for any of the purposes of this Ordinance, and shall be conclusive in favor of the City and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Bond and the date of holding the same shall be proved by the Bond Register.

As long as the Bond is owned or insured by the Purchaser, the Purchaser shall be deemed to be a Bondowner for purposes of **Article X** and **Article XII** of this Ordinance.

Section 1203. Further Authority. The officers of the City, including the Mayor, Treasurer and City Clerk, shall be, and they hereby are, authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Ordinance and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 1204. Severability. If any section or other part of this Ordinance, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Ordinance.

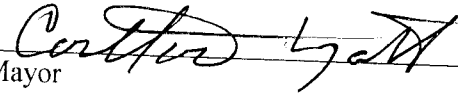
Section 1205. Governing Law. This Ordinance shall be governed exclusively by and constructed in accordance with the applicable laws of the State of Missouri.

Section 1206. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the Board of Aldermen and approval by the Mayor.

Section 1207. Electronic Transactions. The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means.

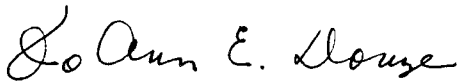
PASSED by the Board of Aldermen and **APPROVED** by the Mayor of the City of St. Mary, Missouri, this 12th day of February, 2013.

(SEAL)



Mayor

ATTEST:



City Clerk

EXHIBIT A
TO ORDINANCE

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF MISSOURI

Registered
No. R-1

Case No. _____
Registered
\$325,000

CITY OF ST. MARY, MISSOURI

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND
SERIES C

REGISTERED OWNER: UNITED STATES OF AMERICA,
UNITED STATES DEPARTMENT OF AGRICULTURE

PRINCIPAL AMOUNT: THREE HUNDRED TWENTY-FIVE THOUSAND
DOLLARS

THE CITY OF ST. MARY, MISSOURI, a fourth-class city and a political subdivision of the State of Missouri (the "City"), for value received, hereby promises to pay out of the funds hereinafter specified, to the registered owner shown above, or its registered assigns, but solely from the source and in the manner herein specified, the principal amount shown above and to pay interest thereon, but solely from the source and in the manner herein specified, from the effective date of registration of this Bond (which date is set forth on the last page of this Bond) at the rate of ___% per annum, payable _____, _____, and thereafter annually on _____ in each year, on the unpaid principal balance until paid in full.

The principal or redemption price of and interest on this Bond shall be payable in installments as follows:

Interest only shall be payable annually on _____, _____, _____, _____, and thereafter both principal of and interest on this Bond shall become due in installments of \$ _____ on _____, _____, and annually thereafter on _____ until the principal and interest are fully paid except that the final installment of the entire remaining principal and interest on this Bond, if not sooner paid, shall be due and payable on _____, _____.

Every payment made on the obligation evidenced by this Bond shall be applied first to accrued interest and then to principal. Both principal of and interest on this Bond are hereby made payable in any

coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of debts due the United States of America.

When this Bond is owned by the United States of America acting through the United States Department of Agriculture, this Bond or the respective installments or principal corresponding thereto shall be subject to redemption and prepayment prior to maturity, at the option of the City, in whole or in part at any time upon payment of the par value of the principal amount of the Bond or installments of principal thereof to be redeemed and prepaid, plus accrued interest thereon to the date fixed for redemption and prepayment, without premium.

When this Bond is not owned by the United States of America acting through the United States Department of Agriculture, this Bond or the respective installments of principal corresponding thereto are not subject to redemption prior to _____, _____. The installments of principal of the Bond maturing in the years ____ to ____, inclusive, are subject to redemption and payment at the option of the City on _____, ____, or at any time thereafter in whole or in part at the principal amount thereof, plus accrued interest thereon to the date fixed for redemption and payment, without premium.

If this Bond or any installment of principal of this Bond be called for redemption as aforesaid, interest on this Bond or on such installments of principal of this Bond will cease on the specified redemption date provided funds or securities in which such funds are invested for such redemption are on deposit with the hereinafter referred to Paying Agent prior to the redemption date. Redemption of less than all of the unpaid installments of principal of this Bond shall not reduce the annual installment of principal and interest payable each year. If all of the unpaid installments of principal of this Bond be called for redemption, this Bond shall no longer be entitled to the benefits and protection of the covenants contained in the Ordinance authorizing this Bond and shall not be deemed to be outstanding under the provisions of said Ordinance.

Notice of redemption, unless waived, is to be given by the Paying Agent by mailing an official redemption notice by first class mail at least 30 days prior to the date fixed for redemption, to the Purchaser of the Bond and the registered owner of the Bond at the address shown on the Bond Register. Notice of redemption having been given as aforesaid, the Bond or portions of the Bond to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bond or portions of the Bond shall cease to bear interest.

During such time as this Bond is outstanding and unpaid, interest and principal installment payments accruing on this Bond, except for the final payment of the entire indebtedness, shall be payable by check or draft to the Registered Owner hereof without presentation of this Bond by the Treasurer of the City (the "Paying Agent"). Final payment of the entire obligation evidenced by this Bond shall be payable upon presentation and surrender of this Bond at the office of the Paying Agent.

This Bond is a duly authorized bond issue of the City designated the "Combined Waterworks and Sewerage System Revenue Bond, Series C," in the principal amount of \$325,000 (the "Bond"), issued by the City for the purpose of constructing, furnishing and equipping the City's combined waterworks and sewerage system (said combined waterworks and sewerage system, together with all future improvements and extensions thereto hereafter constructed or acquired by the City, being herein called the "System"), under the authority of and in full compliance with the Constitution and laws of the State of Missouri, including particularly Chapter 250 of the Revised Statutes of Missouri, as amended, and pursuant to an election duly held in the City and an ordinance duly passed by the governing body of the City (herein

called the "Ordinance"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Ordinance.

The Bond is a special obligation of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues of the System, and the taxing power of the City is not pledged to the payment of the Bond either as to principal or interest. The Bond shall not be or constitute a general obligation of the City, nor shall it constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. The Bond stands on a parity and is equally and ratably secured with respect to the payment of principal and interest from the Net Revenues of the System and in all other respects with the following series of bonds of the City, to-wit: Taxable Combined Waterworks and Sewerage System Revenue Bonds (Build America Bonds), Series A; and Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds, Series B. Under the conditions set forth in the Ordinance, the City has the right to issue additional parity bonds payable from and secured by the Net Revenues; provided, however, that such additional bonds may be so issued only in accordance with and subject to the covenants, conditions and restrictions relating thereto set forth in the Ordinance.

The City hereby covenants with the Registered Owner of this Bond that it will keep and perform all covenants and agreements contained in the Ordinance, and will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or through the System, as will produce Revenues sufficient to pay the costs of operation and maintenance of the System, pay the principal of and interest on the Bond as and when the same become due, and provide reasonable and adequate reserve funds. Reference is made to the Ordinance for a description of the covenants and agreements made by the City with respect to the collection, segregation and application of the Revenues of the System, the nature and extent of the security of the Bond, the rights, duties and obligations of the City with respect thereto, and the rights of the Registered Owner thereof.

This Bond may be transferred or exchanged, as provided in the Ordinance, only on the Bond Register kept for that purpose at the office of the Paying Agent, upon surrender of this Bond together with a written instrument of transfer or exchange satisfactory to the Paying Agent duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Bond of the same maturity and in the outstanding principal amount shall be issued to the transferee in exchange therefor as provided in the Ordinance and upon payment of the charges therein prescribed. The City and the Paying Agent may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication hereon shall have been executed by the Paying Agent.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in due time, form and manner as required by law, and that before the issuance of this Bond, provision has been duly made for the collection and segregation of the Revenues and for the application of the same as hereinbefore provided.

IN WITNESS WHEREOF, THE CITY OF ST. MARY, MISSOURI has executed this Bond by causing it to be signed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk and its official seal to be affixed hereto or imprinted hereon, and has caused the Original Issue Date of this Bond to be _____, 20__.

CERTIFICATE OF AUTHENTICATION

CITY OF ST. MARY, MISSOURI

This Bond is the Bond described in the within-mentioned Ordinance.

By: _____
Mayor

Effective Date of Registration: _____

(SEAL)

Treasurer of the City of St. Mary, Missouri,
as Paying Agent

ATTEST:

City Clerk

City's mailing address:

782 3rd Street
P.O. Box 107
St. Mary, Missouri 63673

ASSIGNMENT

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

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Bond on the books kept by the Paying Agent for the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular.

Signature Guaranteed By:

(Name of Eligible Guarantor Institution)

By: _____

Title: _____

**A RESOLUTION APPROVING A TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE
FOR THE CITY OF ST. MARY, MISSOURI.**

WHEREAS, the Internal Revenue Service (the "IRS") now recommends issuers of tax-exempt bonds to adopt written procedures for monitoring post-issuance federal tax requirements for tax-exempt bonds; and

WHEREAS, in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "SEC"), issuers may also be required to provide disclosures of certain financial information and operating data and to file notices of certain material events to the marketplace to facilitate informed secondary market trading of bonds; and

WHEREAS, the Board of Aldermen of the City of St. Mary, Missouri (the "City") finds it is in the best interest of the City to adopt certain policies and procedures to comply with the IRS and SEC directives and to improve tax and securities law compliance and documentation with respect to the City's outstanding bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF ST. MARY, MISSOURI, AS FOLLOWS:

Section 1. Approval of Tax-Exempt Financing Compliance Procedure. The Tax-Exempt Financing Compliance Procedure in substantially the form attached hereto as **Exhibit A** is hereby approved.

Section 2. Further Authority. The City hereby authorizes and empowers the officers and representatives of the City to do all such acts and things and to execute, acknowledge and deliver all such documents as may in their discretion be deemed necessary or desirable in order to carry out or comply with the terms and provisions of this Resolution in connection with the approval of the Tax-Exempt Financing Compliance Procedure. All of the acts and undertakings of such officers and representatives that are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and the same are hereby in all respects, ratified, confirmed and approved.

Section 3. Effective Date. This Resolution shall be in full force and effect from and after the date of its passage.

PASSED by the Board of Aldermen of the City of St. Mary, Missouri, this 12th day of February, 2013.

(Seal)

ATTEST:

Jo Ann E. Louze
City Clerk

Curtis Gott
Mayor

EXHIBIT A

TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE

CITY OF ST. MARY, MISSOURI

TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE

Dated as of February 12, 2013

February 12, 2013

TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
DEFINITIONS	
Section 1.1. Definitions.....	1
ARTICLE II	
PURPOSE AND SCOPE	
Section 2.1. Purpose of Compliance Procedure	3
Section 2.2. Scope of Compliance Procedure; Conflicts	4
Section 2.3. Amendments and Publication of Compliance Procedure.....	4
ARTICLE III	
BOND COMPLIANCE OFFICER; TRAINING	
Section 3.1. Bond Compliance Officer Duties	4
Section 3.2. Training	4
ARTICLE IV	
TAX-EXEMPT BONDS CURRENTLY OUTSTANDING	
Section 4.1. Tax-Exempt Bonds Covered by Article IV Procedures.....	5
Section 4.2. Tax-Exempt Bond File	5
Section 4.3. Annual Compliance Checklists	5
Section 4.4. Correcting Prior Deficiencies in Compliance	5
ARTICLE V	
COMPLIANCE PROCEDURE FOR NEW TAX-EXEMPT BOND ISSUES	
Section 5.1. Application.....	5
Section 5.2. Prior to Issuance of Tax-Exempt Bonds.....	5
Section 5.3. Accounting and Recordkeeping	6
Section 5.4. Final Allocation of Bond Proceeds	6
ARTICLE VI	
ONGOING MONITORING PROCEDURES	
Section 6.1. Annual Compliance Checklist.....	7
Section 6.2. Arbitrage and Rebate Compliance	7
ARTICLE VII	
CONTINUING DISCLOSURE	
Section 7.1. Annual Disclosure Filings.....	8
Section 7.2. Material Event Disclosure Filings.....	8

Exhibit A – List of Tax-Exempt Bonds Covered by this Compliance Procedure

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TAX-EXEMPT FINANCING COMPLIANCE PROCEDURE

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Capitalized words and terms used in this Compliance Procedure have the following meanings:

“**Annual Compliance Checklist**” means a questionnaire and/or checklist described in **Section 6.1** hereof that is completed each year for the Tax-Exempt Bonds.

“**Annual Report**” means the Issuer’s audited financial statements (or unaudited financial statements as permitted by the Continuing Disclosure Undertaking for the Tax-Exempt Bonds) and certain other financial information and operating data required to be filed annually with the MSRB for the Tax-Exempt Bonds.

“**Bond Compliance Officer**” means the Issuer’s City Clerk or, if the position of City Clerk is vacant, the person filling the responsibilities of the City Clerk for the Issuer.

“**Bond Counsel**” means a law firm selected by the Issuer to provide a legal opinion regarding the tax status of interest on the Tax-Exempt Bonds as of the issue date or the law firm selected to advise the Issuer on matters referenced in this Compliance Procedure.

“**Bond Restricted Funds**” means the funds, accounts, and investments that are subject to arbitrage rebate and/or yield restriction rules that have been identified in the Tax Compliance Agreement for the Tax-Exempt Bonds.

“**Bond Transcript**” means the “transcript of proceedings” or other similarly titled set of transaction documents assembled by Bond Counsel following the issuance of the Tax-Exempt Bonds.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Compliance Procedure**” means this Tax-Exempt Financing Compliance Procedure.

“**Continuing Disclosure Undertaking**” means the continuing disclosure agreement(s), continuing disclosure undertaking(s), continuing disclosure instructions or other written certification(s) of the Issuer setting out covenants for satisfying the Issuer’s requirements for providing information to the MSRB pursuant to SEC Rule 15c2-12 on an ongoing basis for one or more Tax-Exempt Bond issues.

“**Cost**” or “**Costs**” means all costs and expenses paid for the acquisition, design, construction, equipping or improvement of a Project Facility or costs of issuing Tax-Exempt Bonds for a Project Facility.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“**Final Written Allocation**” means the Final Written Allocation of Tax-Exempt Bond proceeds prepared pursuant to **Section 5.4** of this Compliance Procedure.

“**Financed Assets**” means that part of a Project Facility treated as financed with Tax-Exempt Bond proceeds as reflected in a Final Written Allocation or, if no Final Written Allocation was prepared, the accounting records of the Issuer and the Tax Compliance Agreement for the Tax-Exempt Bonds.

“**Governing Body**” means the Board of Aldermen of the Issuer.

“**Intent Resolution**” means a resolution of the Issuer stating (1) the intent of the Issuer to finance all or a portion of the Project Facility, (2) the expected maximum size of the financing and (3) the intent of the Issuer to reimburse Costs of the Project Facility paid by the Issuer from proceeds of the Tax-Exempt Bonds.

“**IRS**” means the Internal Revenue Service.

“**Issuer**” means the City of St. Mary, Missouri.

“**MSRB**” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**Placed In Service**” means that date (as determined by the Bond Compliance Officer) when the Project Facility is substantially complete and in operation at substantially its design level.

“**Project Facility**” means all tangible or intangible property financed in whole or in part with Tax-Exempt Bonds that are (1) functionally related or integrated in use, (2) located on the same physical site or proximate sites, and (3) expected to be Placed In Service within a one-year period of each other.

“**Rebate Analyst**” means the rebate analyst for the Tax-Exempt Bonds selected pursuant to the Tax Compliance Agreement.

“**Regulations**” means all regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to tax-exempt obligations.

“**Tax Compliance Agreement**” means the Federal Tax Certificate, Tax Compliance Agreement, Arbitrage Agreement, or other written certification or agreement of the Issuer setting out representations and covenants for satisfying the post-issuance tax compliance requirements for the Tax-Exempt Bonds.

“**Tax-Exempt Bonds**” means any bond, note, installment sale agreement, lease or certificate intended to be a debt obligation of the Issuer or another political subdivision or government instrumentality, the proceeds of the which are to be loaned or otherwise made available to the Issuer, and the interest on which is either (1) excludable from gross income for federal income tax purposes or (2) taxable to the bond owners, but is based on a lower rate due to the advantages of a federal program (such as Build America Bonds). A list of all Tax-Exempt Bonds outstanding and subject to this Compliance Procedure as of February 12, 2013, is attached as **Exhibit A**.

“**Tax-Exempt Bond File**” means documents and records which may consist of paper and electronic medium, maintained for the Tax-Exempt Bonds. Each Tax-Exempt Bond File will include the following information if applicable:

- (a) Intent Resolution.
- (b) Bond Transcript.

- (c) Final Written Allocation and/or all available accounting records related to the Project Facility showing expenditures allocated to the proceeds of the Tax-Exempt Bonds and expenditures (if any) allocated to other sources of funds.
- (d) All rebate and yield reduction payment calculations performed by the Rebate Analyst and all investment records provided to the Rebate Analyst for purposes of preparing the calculations.
- (e) Forms 8038-T together with proof of filing and payment of rebate.
- (f) Investment agreement bid documents (unless included in the Bond Transcript) including:
 - (1) bid solicitation, bid responses, certificate of broker;
 - (2) written summary of reasons for deviations from the terms of the solicitation that are incorporated into the investment agreement; and
 - (3) copies of the investment agreement and any amendments.
- (g) Any item required to be maintained by the terms of the Tax Compliance Agreement involving the use of the Project Facility or expenditures related to tax compliance for the Tax-Exempt Bonds.
- (h) Any opinion of Bond Counsel regarding the Tax-Exempt Bonds not included in the Bond Transcript.
- (i) Amendments, modifications or substitute agreements to any agreement contained in the Bond Transcript.
- (j) Any correspondence with the IRS relating to the Tax-Exempt Bonds including all correspondence relating to an audit by the IRS of the Tax-Exempt Bonds or any proceedings under the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP).
- (k) Any available questionnaires or correspondence substantiating the use of the Project Facility in accordance with the terms of the Tax Compliance Agreement for the Tax-Exempt Bonds.
- (l) For refunding bond issues, the Tax-Exempt Bond File for the refunded Tax-Exempt Bonds.

ARTICLE II

PURPOSE AND SCOPE

Section 2.1. Purpose of Compliance Procedure.

(a) The Issuer uses Tax-Exempt Bonds to fund Costs of a Project Facility. The Issuer understands that in exchange for the right to issue Tax-Exempt Bonds at favorable interest rates and terms, the Code and Regulations impose ongoing requirements related to the proceeds of the Tax-Exempt Bonds and the Project Facility financed by the Tax-Exempt Bonds. These requirements focus on the investment, use and expenditure of proceeds of the Tax-Exempt Bonds and related funds as well as restrictions on the use of the Project Facility.

(b) The Issuer recognizes that the IRS has stated that all issuers of Tax-Exempt Bonds should have separate written procedures regarding ongoing compliance with the federal tax requirements for Tax-Exempt Bonds.

(c) The Issuer is required under the Continuing Disclosure Undertaking to provide disclosures of certain financial information and operating data and to file notices of certain material

events to the marketplace to facilitate informed secondary market trading in Tax-Exempt Bonds issued by the Issuer.

(d) The Issuer is committed to full compliance with the tax and securities law requirements for all of its outstanding and future tax-exempt financings. This Compliance Procedure is adopted by the Governing Body to comply with the IRS and SEC directives and to improve tax and securities law compliance and documentation.

Section 2.2. Scope of Compliance Procedure; Conflicts. This Compliance Procedure applies to all Tax-Exempt Bonds currently outstanding and all Tax-Exempt Bonds issued in the future. If the provisions of this Compliance Procedure conflict with a Tax Compliance Agreement, the Continuing Disclosure Undertaking or any other specific written instructions of Bond Counsel, the terms of the Tax Compliance Agreement, Continuing Disclosure Undertaking or specific written instructions of Bond Counsel will supersede and govern in lieu of this Compliance Procedure. Any exception to this Compliance Procedure required by Bond Counsel as part of a future issue of Tax-Exempt Bonds will be incorporated in the Tax Compliance Agreement for the future issue. Any requirements imposed on the Issuer in the Tax Compliance Agreement, will be noted by the Bond Compliance Officer and incorporated into the Annual Compliance Checklist. The Issuer acknowledges that the Continuing Disclosure Undertaking may also apply to one or more issues of taxable securities issued by the Issuer.

Section 2.3. Amendments and Publication of Compliance Procedure. This Compliance Procedure may be amended from time-to-time by the Governing Body. Copies of this Compliance Procedure and any amendments will be included in the permanent records of the Issuer.

ARTICLE III

BOND COMPLIANCE OFFICER; TRAINING

Section 3.1. Bond Compliance Officer Duties. The Bond Compliance Officer is responsible for implementing this Compliance Procedure. The Bond Compliance Officer will work with other employees that use the Project Facility to assist in implementing this Compliance Procedure. The Bond Compliance Officer will consult with Bond Counsel, legal counsel to the Issuer, accountants, tax return preparers and other outside experts to the extent necessary to carry out the purposes of this Compliance Procedure. The Bond Compliance Officer will report to the Governing Body as necessary, and at least annually, regarding implementation of this Compliance Procedure and any recommended changes or amendments to this Compliance Procedure.

Section 3.2. Training. When appropriate, the Bond Compliance Officer and/or other employees of the Issuer under the direction of the Bond Compliance Officer will attend training programs offered by the IRS or other industry professionals regarding tax-exempt financing that are relevant to the Issuer. At the time the individual acting as the Bond Compliance Officer passes the responsibilities for carrying out the provisions of this Compliance Procedure to another individual, the outgoing Bond Compliance Officer is responsible for training the incoming individual acting as Bond Compliance Officer to ensure the Issuer's continued compliance with the provisions of this Compliance Procedure and all Tax Compliance Agreements for any outstanding Tax-Exempt Bonds.

ARTICLE IV

TAX-EXEMPT BONDS CURRENTLY OUTSTANDING

Section 4.1. Tax-Exempt Bonds Covered by Article IV Procedures. This Article IV applies to all Tax-Exempt Bonds issued prior to the date of this Compliance Procedure that are currently outstanding. These Tax-Exempt Bonds are listed on **Exhibit A**.

Section 4.2. Tax-Exempt Bond File. As soon as practical, the Bond Compliance Officer will attempt to assemble as much of the Tax-Exempt Bond File as is available for the Tax-Exempt Bonds listed on **Exhibit A**.

Section 4.3. Annual Compliance Checklists. As soon as practical following the adoption of this Compliance Procedure, the Bond Compliance Officer will work with Bond Counsel and/or legal counsel to the Issuer and cause Annual Compliance Checklists to be completed for all outstanding Tax-Exempt Bonds and will follow the procedures specified in **Article VI** to complete the Annual Compliance Checklists and thereafter include each completed Annual Compliance Checklist in the Tax-Exempt Bond File.

Section 4.4. Correcting Prior Deficiencies in Compliance. In the event the Bond Compliance Officer determines any deficiency in compliance with a Tax Compliance Agreement for an outstanding Tax-Exempt Bond listed on **Exhibit A**, the Bond Compliance Officer will follow the procedures described in the Regulations or the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP) to remediate the noncompliance. If remediation of the noncompliance requires the Issuer to submit a request under VCAP, the Bond Compliance Officer will undertake this step only after reporting the violation to the Governing Body and obtaining its approval.

ARTICLE V

COMPLIANCE PROCEDURE FOR NEW TAX-EXEMPT BOND ISSUES

Section 5.1. Application. This **Article V** applies to Tax-Exempt Bonds issued on or after the date of this Compliance Procedure.

Section 5.2. Prior to Issuance of Tax-Exempt Bonds.

(a) Intent Resolution. The Governing Body will authorize and approve the issuance of Tax-Exempt Bonds. Prior to or as a part of this authorizing resolution or ordinance, the Governing Body may adopt an Intent Resolution.

(b) Directions to Bond Counsel. The Bond Compliance Officer will provide a copy of this Compliance Procedure to Bond Counsel with directions for Bond Counsel to structure the documentation and procedural steps taken prior to issuing the Tax-Exempt Bonds so that they conform to the requirements of this Compliance Procedure, except to the extent Bond Counsel determines that different procedures are required. The Bond Compliance Officer will consult with Bond Counsel so that appropriate provisions are made to fund or reimburse the Issuer's costs and expenses incurred to implement this Compliance Procedure.

(c) Tax Compliance Agreement. For each issuance of Tax-Exempt Bonds, a Tax Compliance Agreement will be signed by the Bond Compliance Officer. The Tax Compliance

Agreement will (1) describe the Project Facility and the anticipated Financed Assets, (2) identify all Bond Restricted Funds and provide for arbitrage and rebate compliance, (3) for new money financings, require a Final Written Allocation, and (4) contain a form of the Annual Compliance Checklist for the Tax-Exempt Bonds. The Bond Compliance Officer will confer with Bond Counsel and the Issuer's counsel regarding the meaning and scope of each representation and covenant contained in the Tax Compliance Agreement.

(d) Preliminary Cost Allocations. For each issuance of Tax-Exempt Bonds, the Bond Compliance Officer in consultation with Bond Counsel, will prepare a preliminary cost allocation plan for the Project Facility. The preliminary cost allocation plan will identify the assets and expected costs for the Project Facility, and when necessary, will break-out the portions of Costs that are expected to be financed with proceeds of the Tax-Exempt Bonds (the "Financed Assets") and the portions, if any, expected to be financed from other sources.

(e) Tax Review with Bond Counsel. Prior to the sale of Tax-Exempt Bonds, the Bond Compliance Officer and Bond Counsel will review this Compliance Procedure together with the draft Tax Compliance Agreement to ensure that any tax compliance issues in the new financing are adequately addressed by this Compliance Procedure and/or the Tax Compliance Agreement. If Bond Counsel determines that this Compliance Procedure conflicts with the Tax Compliance Agreement, or must be supplemented to account for special issues or requirements for the Tax-Exempt Bonds, the Bond Compliance Officer will ask Bond Counsel to include the written modifications or additions in the final Tax Compliance Agreement. The Bond Compliance Officer will request Bond Counsel to prepare a form of Annual Compliance Checklist for use in monitoring the ongoing compliance requirements for the Tax-Exempt Bonds.

Section 5.3. Accounting and Recordkeeping.

(a) Accounting for New Money Projects. The Bond Compliance Officer will be responsible for accounting for the investment and allocation of proceeds of the Tax-Exempt Bonds. The Bond Compliance Officer will establish separate accounts or subaccounts to record expenditures for Costs of the Project Facility. Where appropriate, the Bond Compliance Officer may use accounts established as part of the Issuer's financial records for this purpose. In recording Costs for the Project Facility, the Bond Compliance Officer will ensure that the accounting system will include the following information: (1) identity of person or business paid, along with any other available narrative description of the purpose for the payment, (2) date of payment, (3) amount paid, and (4) invoice number or other identifying reference.

(b) Accounting for Refunded Bonds and Related Refunded Bond Accounts. For Tax-Exempt Bonds that are issued to refund prior Tax-Exempt Bonds, the Tax Compliance Agreement will set out special accounting and allocation procedures for the proceeds of the financing, and if necessary proceeds of the refinanced Tax-Exempt Bonds.

(c) Tax-Exempt Bond File. The Bond Compliance Officer will be responsible for assembling and maintaining the Tax-Exempt Bond File. The Annual Reports, other reports and notices of certain material events filed by the Issuer with the MSRB will be publicly available on EMMA and need not be separately maintained in the Tax-Exempt Bond File.

Section 5.4. Final Allocation of Bond Proceeds.

(a) Preparation of Final Written Allocation; Timing. The Bond Compliance Officer is responsible for making a written allocation of proceeds of Tax-Exempt Bonds to expenditures and

identifying the Financed Assets. This process will be memorialized in the Final Written Allocation. For a new money financing, the Bond Compliance Officer will commence this process as of the earliest of (1) the requisition of all Tax-Exempt Bond proceeds from any segregated Tax-Exempt Bond funded account, (2) the date the Project Facility has been substantially completed or (3) four and one-half years following the issue date of the Tax-Exempt Bonds. For Tax-Exempt Bonds issued only to refund a prior issue of Tax-Exempt Bonds, the Bond Compliance Officer will work with Bond Counsel to prepare and/or document the Final Written Allocation for the Project Facility financed by the refunded Tax-Exempt Bonds and include it in the Tax Compliance Agreement.

(b) Contents and Procedure. The Bond Compliance Officer will consult the Tax Compliance Agreement and, if necessary, contact Bond Counsel to seek advice regarding any special allocation of Tax-Exempt Bond proceeds and other money of the Issuer to the Costs of the Project Facility. If no special allocation is required or recommended, the Bond Compliance Officer will allocate Costs of the Project Facility to the proceeds of the Tax-Exempt Bonds in accordance with the Issuer's accounting records. Each Final Written Allocation will contain the following: (1) a reconciliation of the actual sources and uses to Costs of the Project Facility, (2) the percentage of the cost of the Project Facility financed with proceeds of the Tax-Exempt Bonds (sale proceeds plus any investment earnings on those sale proceeds), (3) the Project Facility's Placed in Service date, (4) the estimated economic useful life of the Project Facility, and (5) any special procedures to be followed in completing the Annual Compliance Checklist (e.g., limiting the Annual Compliance Checklist to specific areas of the Project Facility that the Final Written Allocation or the Tax Compliance Agreement treats as having been financed by Tax-Exempt Bonds).

(c) Finalize Annual Compliance Checklist. As part of the preparation of the Final Written Allocation, the Bond Compliance Officer will update the draft Annual Compliance Checklist contained in the Tax Compliance Agreement. The Bond Compliance Officer will include reminders for all subsequent arbitrage rebate computations required for the Tax-Exempt Bonds in the Annual Compliance Checklist.

(d) Review of Final Written Allocation and Annual Compliance Checklist. Each Final Written Allocation and Annual Compliance Checklist will be reviewed by legal counsel to the Issuer or Bond Counsel for sufficiency and compliance with the Tax Compliance Agreement and this Compliance Procedure. Following the completion of the review, the Bond Compliance Officer will execute the Final Written Allocation.

ARTICLE VI

ONGOING MONITORING PROCEDURES

Section 6.1. Annual Compliance Checklist. An Annual Compliance Checklist will be completed by the Bond Compliance Officer each year following completion of the Final Written Allocation. Each Annual Compliance Checklist will be designed and completed for the purpose of identifying potential noncompliance with the terms of the Tax Compliance Agreement or this Compliance Procedure and obtaining documents (such as investment records, arbitrage calculations, or other documentation for the Project Facility) that are required to be incorporated in the Tax-Exempt Bond File. The Bond Compliance Officer will refer any responses indicating a violation of the terms of the Tax Compliance Agreement to legal counsel to the Issuer or Bond Counsel and, if recommended by counsel, will follow the procedure set out in **Section 4.4** hereof to remediate the non-compliance.

Section 6.2. Arbitrage and Rebate Compliance. The Bond Compliance Officer will monitor the investment of Bond Restricted Funds and provide investment records to the Rebate Analyst

on a timely basis. The Bond Compliance Officer will follow the directions of the Rebate Analyst with respect to the preparation of and the timing of rebate or yield reduction computations.

ARTICLE VII

CONTINUING DISCLOSURE

Section 7.1. Annual Disclosure Filings. For each issuance of Tax-Exempt Bonds, the Bond Compliance Officer will review the Continuing Disclosure Undertaking, if any, to determine the financial information and operating data required to be included in the Annual Report to be filed by the Issuer with the MSRB on EMMA. The Bond Compliance Officer will cause the Annual Report to be filed with the MSRB on EMMA within the timeframe provided in the Continuing Disclosure Undertaking for the Tax-Exempt Bonds.

Section 7.2. Material Event Disclosure Filings. For each outstanding issue of Tax-Exempt Bonds, the Bond Compliance Officer will review the Continuing Disclosure Undertaking, if any, to determine the “material events” that require prompt notice to be filed with the MSRB. Generally, the occurrence of any of the following events with respect to the Tax-Exempt Bonds represents a “material event:”

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on 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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, 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, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

After obtaining actual knowledge of the occurrence of any event that the Bond Compliance Officer believes may constitute an event requiring disclosure, the Bond Compliance Officer will contact Bond Counsel to determine if notice of the event is required to be given to the MSRB under the Continuing Disclosure Undertaking. If it is determined that notice should be provided to the MSRB or is

required to be provided to the MSRB by the Continuing Disclosure Undertaking, the Bond Compliance Officer will cause the appropriate notice to be filed with the MSRB on EMMA within 10 business days after the occurrence of the event or as otherwise directed by Bond Counsel.

ADOPTED BY THE BOARD OF ALDERMEN OF THE CITY OF ST. MARY, MISSOURI

February 12, 2013

EXHIBIT A

LIST OF TAX-EXEMPT BONDS COVERED BY THIS COMPLIANCE PROCEDURE

<u>ISSUE NAME</u>	<u>DATE OF BONDS</u>	<u>AMOUNT ORIGINALLY ISSUED</u>
Taxable Combined Waterworks and Sewerage System Revenue Bonds (Build America Bonds), Series A	12-15-2010	\$403,520
Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds, Series B	12-15-2010	\$112,480
Combined Waterworks and Sewerage System Revenue Bond, Series C*	_____	\$325,000

*Authorized on February 12, 2013, but will not be issued until a later date.

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Board of Alderman

OF THE City of St. Mary

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS Sewer

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the City of St. Mary
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

THREE HUNDRED TWENTY-FIVE THOUSAND AND XX / 100 DOLLARS (325,000.00)

pursuant to the provisions of Chapter 250, and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association;

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$177,000

under the terms offered by the Government, that

Mayor

Carlton Wyatt

and City Clerk

of the Association are hereby authorized and empowered to take all action

necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 4 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Alderman of the

City of St. Mary has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 12th day of FEBRUARY, 2013

(SEAL) (if applicable)

Attest:

Jo Ann E Donze

JoAnn Donze

Title City Clerk

City of St. Mary

By

Carlton Wyatt

Carlton Wyatt

Title

Mayor

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as City Clerk of the City of St. Mary

hereby certify that the Board of Alderman of such Association is composed of

4 members, of whom 4 constituting a quorum, were present at a meeting thereof duly called and

held on the 12th day of FEBRUARY, 2013 that the foregoing resolution was adopted at such meeting

by the vote shown above. I further certify that as of FEBRUARY 12, 2013

the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 12th day of FEBRUARY 2013

Jo Ann E Donze

JoAnn Donze

City Clerk of City of St. Mary