
ORDINANCE NO. _____

OF

CITY OF KIRKSVILLE, MISSOURI

PASSED JUNE 21, 2010

AUTHORIZING

\$2,274,000

**TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
(RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)
SERIES 2010**

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BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$2,274,000 PRINCIPAL AMOUNT OF TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS (RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS), SERIES 2010, OF THE CITY OF KIRKSVILLE, MISSOURI; PRESCRIBING THE FORM AND DETAILS OF SAID BONDS 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 Kirksville, Missouri (the "City"), is a city of the third class and political subdivision duly organized and existing under the laws of the State of Missouri, and pursuant to Chapter 250, RSMo (the "Act"), now 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 providing funds for purchasing, constructing, extending and improving the System upon obtaining the required voter approval and provided that the principal of and interest on such revenue bonds shall be payable solely from the revenues derived from the operation of the System; and

WHEREAS, pursuant to the Act, a special bond election was duly held in the City on April 6, 2010, on the question whether to issue the combined waterworks and sewerage system revenue bonds in the principal amount of \$2,274,000 for the purpose of paying a portion of the cost of improving the combined waterworks and sewerage system of the City, including acquiring rights of way, constructing, extending and improving storm water sewers, 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 1,124 votes for said question to 599 votes against said question; and

WHEREAS, none of the bonds so authorized have heretofore been issued, and the City proposes to issue all \$2,274,000 of the bonds so authorized to provide funds for said purpose (the "Project"); and

WHEREAS, the City has no bonds or other obligations outstanding payable from the Net Revenues of the System (as hereinafter more fully defined), except the following:

<u>Category of Indebtedness</u>	<u>Series</u>	<u>Original Principal Amount</u>	<u>Amount Outstanding</u>
<u>Outstanding Sewerage System Revenue Bonds (the “Outstanding Senior Sewer Bonds”)</u>			
Sewerage System Revenue Bonds (State Revolving Fund Program)	1997	\$1,465,000	\$ 775,000
Sewerage System Revenue Bonds (State Revolving Fund Program)	1998	1,180,000	665,000
Sewerage System Revenue Bonds (State Revolving Fund Program)	1999	1,790,000	1,205,000
Sewerage System Revenue Bonds (State Revolving Fund Program)	2001	565,000	425,000
Sewerage System Revenue Bonds (State Revolving Fund Program)	2002	645,000	525,000
Sewerage System Revenue Bonds (State Revolving Fund Program)	2003	1,385,000	1,020,000
Sewerage System Revenue Bonds (State Revolving Fund Program)	2005A	1,595,000	1,390,000
<u>Outstanding Waterworks System Revenue Bonds (the “Outstanding Senior Water Bonds”)</u>			
Waterworks System Revenue Bonds (State Revolving Fund Program)	2004	695,000	570,000
Waterworks System Revenue Bonds (State Revolving Fund Program)	2005B	1,805,000	1,620,000
<u>Outstanding Combined Waterworks and Sewerage System Revenue Bonds (the “Outstanding Parity Bonds”)</u>			
Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program)	2007	3,500,000	3,165,000
Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program)	2008	1,500,000	1,370,000
Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program – ARRA)	2009	<u>515,000</u>	<u>515,000</u>
TOTAL		\$16,640,000	\$13,245,000

WHEREAS, the Bonds will be issued as junior and subordinate to the Outstanding Senior Sewer Bonds and the Outstanding Senior Water Bonds (collectively, the “Outstanding Senior Lien Bonds”), but on a parity with the Outstanding Parity Bonds, all as referred to above; and

WHEREAS, the City has the right under the Ordinance to issue additional bonds on a parity with the Bonds payable from the same sources and secured by the same revenues as the Bonds, but only in accordance with and subject to the terms and conditions set forth in the Ordinance.

WHEREAS, under the provisions of the Outstanding Senior Sewer Bond Ordinances (as hereinafter defined) authorizing the Outstanding Senior Sewer Bonds, the City may issue additional bonds payable from the Sewer Net Revenues (as hereinafter defined) that are junior and subordinate to the Outstanding Senior Sewer Bonds if certain conditions are met; and

WHEREAS, under the provisions of the Outstanding Senior Water Bond Ordinances (as hereinafter defined) authorizing the Outstanding Senior Water Bonds, the City may issue additional bonds payable out of the Water Net Revenues (as hereinafter defined) that are junior and subordinate to the Outstanding Senior Water Bonds if certain conditions are met; and

WHEREAS, plans and specifications for the Project and an estimate of the cost thereof have been prepared and made by a Consultant (as hereinafter defined) to the City and the same are hereby accepted and approved and are on file in the office of the City; and

WHEREAS, it is hereby found and determined that it is necessary and advisable and in the best interest of the City and its inhabitants that revenue bonds be issued and secured in the form and manner as hereinafter provided to provide funds for extending and improving the System, subject to the conditions of the Outstanding Senior Lien Bond Ordinances (as hereinafter defined);

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KIRKSVILLE, 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:

“Accountant” means an independent certified public accountant or firm of certified public accountants.

“Act” means Chapter 250, RSMo.

“Authority Program Bonds” means any bonds of the State Environmental Improvement and Energy Resources Authority of the State of Missouri and any successors thereto heretofore or hereafter issued under the SRF program, all or a portion of the proceeds of which are loaned to the City with respect to the System and pursuant to the SRF program.

“Average Annual Debt Service” means the average of the Debt Service Requirements as computed for the period of time for which calculated.

“Bond Counsel” means Gilmore & Bell, P.C., Kansas City, 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 any Bond is payable at the Maturity thereof or on any Interest Payment Date.

“Bond Purchase Agreement” means the Bond Purchase Agreement, between the City and the Purchaser, relating to the purchase, sale and delivery of the Bonds.

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

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

“Bonds” means the Taxable Combined Waterworks and Sewerage System Revenue Bonds (Recovery Zone Economic Development Bonds), Series 2010, of the City, in the aggregate principal amount of \$2,274,000, authorized and issued pursuant to this Ordinance.

“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 banking operations.

“**Cede & Co.**” means Cede & Co., as nominee name of The Depository Trust Company, New York, New York.

“**Certificate of Final Terms**” means the Certificate of Final Terms attached hereto as **Exhibit G**.

“**City**” means the City of Kirksville, 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.

“**Continuing Disclosure Agreement**” means the Continuing Disclosure Agreement relating to the Bonds, between the City and Bank of Kansas City, N.A., as the dissemination agent thereunder.

“**Costs of Issuance Fund**” means the fund by that name created by **Section 501** hereof.

“**Dated Date**” means the date of issuance and delivery of the Bonds.

“**Debt Service Account**” means the Debt Service Account for Taxable Combined Waterworks and Sewerage System Revenue Bonds (Recovery Zone Economic Development Bonds), Series 2010, created by **Section 501** hereof.

“**Debt Service Requirements**” means the aggregate principal payments (including any scheduled mandatory redemption requirements) and interest 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 the Paying Agent or other commercial bank or trust company located in the State of Missouri and having full trust powers.

“**Defaulted Interest**” means interest on any 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 (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 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 Ratings Group (presently "AAA").

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

"Dissemination Agent" means Bank of Kansas City, N.A., Kansas City, Missouri, and any successors or assigns.

"DNR" means the Department of Natural Resources of the State of Missouri.

"Event of Subsidy Loss" will have occurred if (a) a material adverse modification, amendment or interpretation has occurred to the Code pursuant to which the U.S. Treasury Interest Subsidy is reduced or eliminated, or (b) substantial new condition(s) are placed on the receipt by the City of the U.S. Treasury Interest Subsidy and such condition(s) are unacceptable to the City.

"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 indebtedness 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 Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

“Interest Payment Date” means the Stated Maturity of an installment of interest on any Bond.

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

“Net Revenues” means 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 Principal Amount” means the Original Principal Amount of the Bonds specified in the Certificate of Final Terms attached hereto as **Exhibit G**.

“Outstanding,” when used with reference to Bonds, means, as of any particular date of determination, all Bonds theretofore issued and delivered hereunder, except the following Bonds:

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

(b) Bonds deemed to be paid in accordance with the provisions of **Section 1101** hereof; and

(c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered hereunder.

“Outstanding Parity Bonds” of the City means (i) the outstanding Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2007 (the “Series 2007 Bonds”), (ii) the outstanding Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2008 (the “Series 2008 Bonds”) and (iii) the outstanding Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program - ARRA) Series 2009 (the “Series 2009 Bonds”).

“Outstanding Parity Bond Ordinances” of the City means (i) Ordinance No. 11797 passed on April 4, 2007, authorizing the issuance of the Series 2007 Bonds, (ii) Ordinance No. 11829 passed on April 1, 2008, authorizing the issuance of the Series 2008 Bonds and (iii) Ordinance No. 11902 passed on December 21, 2009, authorizing the issuance of the Series 2009 Bonds.

“Outstanding Senior Sewer Bonds” of the City means (i) the outstanding Sewerage System Revenue Bonds (State Revolving Fund Program) Series 1997 (the “Series 1997 Bonds”), (ii) the outstanding Sewerage System Revenue Bonds (State Revolving Fund Program) Series 1998 (the “Series 1998 Bonds”), (iii) the outstanding Sewerage System Revenue Bonds (State Revolving Fund Program) Series 1999 (the “Series 1999 Bonds”), (iv) the outstanding Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2001 (the “Series 2001 Bonds”), (v) the outstanding Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2002 (the “Series 2002 Bonds”), (vi) the outstanding Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2003 (the “Series

2003 Bonds”) and (vii) the outstanding Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2005A (the “Series 2005A Bonds”).

“**Outstanding Senior Sewer Bond Ordinances**” of the City means (i) Ordinance No. 11316 passed on November 13, 1997, authorizing the issuance of the Series 1997 Bonds, (ii) Ordinance No. 11360 passed on November 19, 1998, authorizing the issuance of the Series 1998 Bonds, (iii) Ordinance No. 11422 passed on November 18, 1999, authorizing the issuance of the Series 1999 Bonds, (iv) Ordinance No. 11531 passed on November 1, 2001, authorizing the issuance of the Series 2001 Bonds, (v) Ordinance No. 11596 passed on October 24, 2002, authorizing the issuance of the Series 2002 Bonds, (vi) Ordinance No. 11613 passed on April 3, 2003, authorizing the issuance of the Series 2003 Bonds and (vii) Ordinance No. 11733 passed on October 17, 2005, authorizing the issuance of the Series 2005A Bonds.

“**Outstanding Senior Water Bonds**” of the City means (i) the outstanding Waterworks System Revenue Bonds (State Revolving Fund Program) Series 2004 (the “Series 2004 Bonds”) and (ii) the outstanding Waterworks System Revenue Bonds (State Revolving Fund Program) Series 2005B (the “Series 2005B Bonds”).

“**Outstanding Senior Water Bond Ordinances**” means (i) Ordinance No. 11692 passed on November 18, 2004, authorizing the issuance of the Series 2004 Bonds and (ii) Ordinance No. 11732 passed on October 17, 2005, authorizing the issuance of the Series 2005B Bonds.

“**Outstanding Senior Lien Bonds**” means the Outstanding Senior Sewer Bonds and the Outstanding Senior Water Bonds.

“**Outstanding Senior Lien Bond Ordinances**” means the Outstanding Senior Sewer Bond Ordinances and the Outstanding Senior Water Bond Ordinances.

“**Parity Bonds**” means the Outstanding Parity Bonds and any additional bonds or other obligations hereafter issued or incurred pursuant to **Section 902** hereof and standing on a parity and equality with the Bonds with respect to the payment of principal and interest from the Net Revenues of the System.

“**Parity Ordinances**” means the Outstanding Parity Bond Ordinances and the ordinance or ordinances under which any additional Parity Bonds are hereafter issued pursuant to **Section 902** hereof.

“**Participants**” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“**Paying Agent**” means Bank of Kansas City, N.A., Kansas City, Missouri, in its capacity as paying agent and bond registrar hereunder 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 moneys held in the funds and accounts listed 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 United States Government Obligations 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.

“Project” means paying a portion of the cost of improving the combined waterworks and sewerage system of the City, including acquiring rights of way, constructing, extending and improving storm water sewers.

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

“Purchase Price” means the Purchase Price specified in the Certificate of Final Terms attached hereto as **Exhibit G**.

“Purchaser” means Piper Jaffray & Co., Leawood, Kansas, the original purchaser of the Bonds.

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

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

“Replacement Bonds” means Bonds issued to the beneficial owners of the Bonds in accordance with **Section 212(b)** 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.

“Securities Depository” means, initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“Sewer Net Revenues” means Net Revenues derived from the operation of the Sewerage Subsystem.

“Sewer Revenues” means Revenues derived from the operation of the Sewerage Subsystem.

“Sewerage Subsystem” means the sewerage portion of the System, and all future improvements and extensions thereto.

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

“SRF Leveraged Program” means the Missouri Leveraged State Drinking Water Revolving Fund Program and the Missouri Leveraged State Water Pollution Control Revolving Fund Program.

“SRF Leveraged Program Bonds” means any System Revenue Bonds issued in connection with the City’s participation in the SRF Leveraged Program.

“SRF Subsidy” means, with respect to any SRF Leveraged Program Bonds, the amount of investment earnings which will accrue on the Reserve Account during each Fiscal Year (taking into account scheduled transfers from the Reserve Account which will occur upon the payment of principal on Authority Program Bonds and assuming that the construction for the applicable project has been completed), if the balance in the Reserve Account is equal to the Reserve Percentage of the principal amount of the SRF Leveraged Program Bonds outstanding, the Reserve Account is invested in an investment agreement at a fixed rate during the calculation period and earnings are reduced by the Administrative Fee payable to DNR. *Administrative Fee, Reserve Account and Reserve Percentage as used in this definition have the respective meanings set forth in the bond indentures for the applicable Authority Program Bonds.*

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

“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 for 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 Bonds, the Outstanding Senior Lien Bonds, the Outstanding Parity Bonds and all other revenue bonds or other obligations which are payable out of, or secured by an interest in, the Net Revenues of the System.

“Term Bonds” means those Bonds that are subject to mandatory redemption pursuant to **Section 301(b)** of this Resolution.

“Treasury Rate” means, as of any Redemption Date, the yield to maturity as of such Redemption Date of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least 35 days prior to the Redemption Date (excluding inflation indexed securities) (or, if such statistical release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the Redemption Date to the Stated Maturity of the Bonds to be redeemed; provided, however, that if the period from the Redemption Date to such Stated Maturity is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year will be used.

“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 Resolution Funding Corporation).

“U.S. Treasury Interest Subsidy” means the refundable credits allowed to issuers pursuant to Sections 54AA(g)(1) and 6431 of the Code, received by the City with respect to System Revenue Bonds.

“Valuation Date” means the first business day of each fiscal year of the System.

“Water Net Revenues” means Net Revenues derived from the operation of the Waterworks Subsystem.

“Water Revenues” means Revenues derived from the operation of the Waterworks Subsystem.

“Waterworks Subsystem” means the waterworks portion of the System, and all future improvements and extensions thereto.

ARTICLE II

AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds. There is hereby authorized and directed to be issued a series of bonds of the City, designated “Taxable Combined Waterworks and Sewerage System Revenue Bonds (Recovery Zone Economic Development Bonds), Series 2010,” in the Original Principal Amount specified in the Certificate of Final Terms attached hereto as **Exhibit G** (the “Bonds”) for the purpose of providing funds for the Project.

Section 202. Description of Bonds. The Bonds shall consist of fully registered bonds without coupons, numbered in a manner determined by the Paying Agent, in denominations of \$5,000 or any integral multiple thereof, except for one Bond which may be in the denomination of \$4,000 or multiples of \$5,000 added thereto. The Bonds, 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 Bonds shall be dated the Dated Date, shall become due in the amounts on the Stated Maturities (subject to optional and mandatory redemption prior to Stated Maturity as provided in **Article III** hereof), shall bear interest at the rates per annum, and shall be issued with such terms and provisions specified in the Certificate of Final Terms attached hereto as **Exhibit G** subject to the following terms and conditions:

- (a) The Original Principal Amount of the Bonds shall not exceed \$2,274,000.
- (b) The true interest cost on the Bonds, as described in Section 108.170(6), RSMo, but net of the U.S. Treasury Interest Subsidy, shall not exceed 4.40%.
- (c) The weighted average maturity shall be not less than 11 years and not greater than 13 years.
- (d) The final stated maturity date shall be not later than July 1, 2030.
- (e) The underwriting discount specified in the Purchase Price shall not exceed 1% of the Original Principal Amount.
- (f) The net proceeds available for the Project shall be not less than \$2,228,520, with not more than 2% of the sale proceeds of the Bonds (determined as set forth in the Federal Tax Certificate), being deposited in the Costs of Issuance Fund.

The Certificate of Final Terms attached hereto as **Exhibit G** shall be completed and shall be executed by the Mayor, and the signature of the Mayor on said Certificate of Final Terms, attested by the City Clerk, shall constitute conclusive evidence of the approval of both the Mayor and the City Council.

The Bonds shall bear interest at the rates specified in **Exhibit G** (computed on the basis of a 360-day year of twelve 30-day months) from the dated date thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable semiannually on January 1 and July 1 in each year, beginning on January 1, 2011.

Section 203. Designation of Paying Agent. Bank of Kansas City, N.A., Kansas City, Missouri, is hereby designated as the City's Paying Agent for the payment of principal of and interest on the Bonds and as bond registrar with respect to the registration, transfer and exchange of Bonds (herein called the "Paying Agent").

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 Paying Agent then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent and appointing a successor, and (2) causing notice of the appointment of the successor Paying Agent to be given by first class mail to each Bondowner. The Paying Agent may resign upon giving written notice by first class mail to the City and the Bondowners not less than 60 days prior to the date such resignation is to take effect. No resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of the Paying Agent.

Every Paying Agent appointed hereunder shall at all times be 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 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 Bonds. The principal or Redemption Price of and interest on the Bonds 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 principal or Redemption Price of each Bond shall be paid at Maturity by check or draft to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the principal payment office of the Paying Agent.

The interest payable on each 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 or, in the case of an interest payment to any Registered Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Registered Owner upon written notice signed by such Registered Owner and given to the Paying Agent not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), address, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed.

Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any 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 each 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 each Registered Owner of a 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 all Bonds.

Section 205. Registration, Transfer and Exchange of Bonds. The City covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Paying Agent for the registration, transfer and exchange of Bonds as herein provided. Each Bond when issued shall be registered in the name of the owner thereof on the Bond Register.

Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Bond at the principal payment office of the Paying Agent, the Paying Agent shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds 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 Bonds is exercised, the Paying Agent shall authenticate and deliver Bonds 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 Bonds provided for by this Ordinance and the cost of printing a reasonable supply of registered bond blanks. 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 Owners of the Bonds. 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 Bonds.

The City and the Paying Agent shall not be required (a) to register the transfer or exchange of any Bond after notice calling such Bond or portion thereof for redemption has been given or during the period of fifteen days next preceding the first mailing of such notice of redemption; or (b) to register the transfer or exchange of any 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 any Bond is registered in the Bond Register as the absolute owner of such Bond, whether such Bond is 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 Owners of 10% or more in principal amount of the Bonds then Outstanding or any designated representative of such Registered Owners whose authority is evidenced to the satisfaction of the Paying Agent.

Section 206. Execution, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitution for the Bonds 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 any 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. Any Bond may be signed by such persons who at the actual time of the execution of such Bond shall be 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 Bonds as herein specified, and when duly executed, to deliver the Bonds to the Paying Agent for authentication.

The Bonds 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 an authorized officer or

employee of the Paying Agent, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. 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 any 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 Bonds to or upon the order of the Purchaser of the Bonds upon payment of the purchase price to the City.

Section 207. Mutilated, Destroyed, Lost and Stolen Bonds. If (a) any mutilated Bond is surrendered to the Paying Agent or the Paying Agent receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the City and the Paying Agent such security or indemnity as may be required by the Paying Agent, then, in the absence of notice to the City or the Paying Agent that such Bond has been acquired by a bona fide purchaser, the City shall execute and 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 any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Paying Agent, in its discretion may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this Section, the City and the Paying Agent 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 equally and ratably with all other Outstanding Bonds.

Section 208. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, 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 Bonds so cancelled and shall file an executed counterpart of such certificate with the City.

Section 209. Preliminary and Final Official Statement. The Preliminary Official Statement, in the form attached hereto as **Exhibit B**, is hereby ratified and approved, and the final Official Statement is hereby authorized and approved by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor of the City is hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the Official Statement by the Purchaser in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the City hereby deems the information regarding the City contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the City are hereby

authorized, if requested, to provide the Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of such Rule.

The City agrees to provide to the Purchaser within seven business days of the date of the sale of the Bonds sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 210. Sale of Bonds. Upon completion and execution of the Certificate of Final Terms attached hereto as **Exhibit G**, the Mayor is hereby authorized to enter into the Bond Purchase Agreement between the City and the Purchaser in substantially the form attached hereto as **Exhibit C**, under which the City agrees to sell the Bonds to the Purchaser at the purchase price upon the terms and conditions set forth therein and with such changes therein as shall be approved by the Mayor, which officer is authorized to execute the Bond Purchase Agreement for and on behalf of the City, such officer's signature thereon being conclusive evidence of his or her approval thereof.

Section 211. Authorization of Continuing Disclosure Agreement. The City is hereby authorized to enter into the Continuing Disclosure Agreement in substantially the form attached to this Ordinance and marked **Exhibit D**, and the Mayor is hereby authorized and directed to execute the Continuing Disclosure Agreement with such changes therein as such official may deem appropriate, for and on behalf of and as the act and deed of the City.

Section 212. Book-Entry Bonds; Securities Depository.

(a) The Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no beneficial owner will receive certificates representing their respective interests in the Bonds, except in the event the Bond Registrar issues Replacement Bonds as provided in subsection (b) hereof. It is anticipated that during the term of the Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the beneficial owners as described in subsection (b).

(b) (1) If the City determines (A) that the Securities Depository is unable to properly discharge its responsibilities, or (B) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (C) that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Bonds, or (2) if the Bond Registrar receives written notice from Participants having interests in not less than 50% of the Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to Owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the beneficial owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (1)(A) or (1)(B) of this subsection (b), the City, with the consent of the Bond Registrar, may select a successor securities depository in accordance with **Section 212(c)** hereof to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to

the period of time when at least one Bond is registered in the name of the Securities Depository or its nominee has possession of at least one Bond. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the City, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository in accordance with **Section 212(c)** hereof, then the Bond Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names, address and principal amounts held by the beneficial owners of the Bonds. The cost of printing, registration, authentication and delivery of Replacement Bonds shall be paid for by the City.

(c) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the City may appoint a successor Securities Depository provided the Bond Registrar and the City receive written evidence with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Bond or Bonds for cancellation shall cause the delivery of Bonds to the successor Securities Depository in appropriate denominations and form as provided herein.

(d) The execution and delivery of the Representation Letter to DTC by the Mayor in the form attached hereto as **Exhibit E** with such changes, omissions, insertions and revisions as the Mayor shall deem advisable, is hereby authorized, and execution of the Representation Letter by the Mayor shall be conclusive evidence of such approval. The Representation Letter shall set forth certain matters with respect to, among other things, notices, consents and approvals by Registered Owners of the Bonds and beneficial Owners and payments on the Bonds. The Paying Agent shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Ordinance.

Section 213. Filing of Internal Revenue Service Return Required for U.S. Treasury Interest Subsidy.

(a) As a condition to eligibility for receipt of any U.S. Treasury Interest Subsidy relating to the Bonds, the City understands that current law requires it to complete, sign and file Form 8038-CP with the United States Internal Revenue Service (the "IRS") not more than 90 days nor less than 45 days prior to each Interest Payment Date. Failure to comply with applicable filing procedures may result in late payment of one or more U.S. Treasury Interest Subsidy payments. The City further understands that, under Code Sections 6401 and 6402, U.S. Treasury Interest Subsidy payments are treated as "overpayments" of tax, and the IRS may offset all or a portion of one or more U.S. Treasury Interest Subsidy payments against any outstanding tax liability of the City, including unpaid federal payroll taxes, debts owed to other federal agencies, and other federal taxes due. Failure to receive U.S. Treasury Interest Subsidy payments shall not result in any abatement, diminution, deduction, setoff or defense to the City's obligations to pay the principal of and interest on the Bonds or to perform and observe the other covenants and agreements herein.

(b) Not more than 100 days nor less than 90 days prior to each Interest Payment Date, the Paying Agent shall send a notice to the City containing the following information:

- (i) The filing period during which the next Form 8038-CP must be filed (*i.e.*, 45 to 90 days prior to the next Interest Payment Date);
- (ii) The dollar amount of the interest coming due on the next subsequent Interest Payment Date (without deduction of any U.S. Treasury Interest Subsidy, and assuming no further unanticipated prepayments of principal);
- (iii) The dollar amount of the U.S. Treasury Interest Subsidy due; and
- (iv) A blank Form 8038-CP, together with the instructions issued by the United States Treasury.

(c) Each Form 8038-CP shall be completed, signed and filed with the IRS by the City not more than 90 days nor less than 45 days prior to each Interest Payment Date, with a copy of such filings sent to the Paying Agent. If the Paying Agent has not received a copy of each filed Form 8038-CP by the 75th day prior to the Interest Payment Date, the Paying Agent shall re-send the filing reminder notice previously sent to the City. The Paying Agent shall not be responsible for the actual filing of any Form 8038-CP with the IRS, or any payment from the United States Treasury in accordance with §§ 54AA and 6431 of the Code.

(d) Nothing contained in this Section shall limit the City from engaging Bank of Kansas City, N.A. or any other individual or firm to complete Form 8038-CP as a paid tax return preparer under a separate agreement. In such event, the City may notify the Paying Agent of such engagement and thereafter the information described in paragraphs (b) and (c) above may, if requested by the City, be provided only to the tax return preparer identified by the City.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Bonds.

(a) **Optional Redemption.** The Bonds specified in the Certificate of Final Terms attached hereto as **Exhibit G** shall be subject to redemption and payment prior to their stated maturities, in whole or in part, at the option of the City, on the dates and at the Redemption Prices specified in the Certificate of Final Terms attached hereto as **Exhibit G**; provided that the Bonds or portions thereof shall be optionally callable, in whole or in part, not later than July 1, 2020, and any date thereafter at a Redemption Price that is not greater than 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date.

(b) **Extraordinary Optional Redemption in the Event of Subsidy Loss.** The Bonds shall be subject to extraordinary optional redemption prior to their Stated Maturity at the option of the City, in whole or in part upon the occurrence of an Event of Subsidy Loss, at a Redemption Price equal to the greater of:

- (i) 100% of the principal amount of the Bonds to be redeemed; or
- (ii) the sum of the present values of the remaining scheduled payments of principal and interest to the Stated Maturity of such Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the sum of (A) the Treasury Rate plus (B) 100 basis points;

plus, in each case, accrued and unpaid interest on such Bonds to be redeemed to the Redemption Date.

(c) **Mandatory Sinking Fund Redemption.** The Term Bonds specified in the Certificate of Final Terms attached hereto as **Exhibit G** shall be subject to mandatory redemption and payment prior to Stated Maturity in part on the dates and in the principal amounts specified in the Certificate of Final Terms attached hereto as **Exhibit G**, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date.

At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the City may: (1) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory redemption on said mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds subject to mandatory redemption on said mandatory Redemption Date from any Registered Owner thereof, whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the City under this Section for any Term Bonds subject to mandatory redemption on said mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this subsection (b)) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection (b). Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the City to redeem Term Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same Stated Maturity in chronological order, and the principal amount of Term Bonds of the same Stated Maturity to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the City will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with with respect to such mandatory redemption payment.

Section 302. Selection of Bonds to Be Redeemed.

(a) The Paying Agent shall call Bonds 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 from the City specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. If any Bonds are refunded more than 90 days in advance of such Redemption Date, any escrow agreement entered into by the City in connection with such refunding shall provide that such written instructions to the Paying Agent shall be given by the escrow agent on behalf of the City not more than 90 days prior to the Redemption Date. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in **Section 303** are met. The foregoing provisions of this paragraph shall not apply to the mandatory redemption of Bonds hereunder, and Bonds shall be called by the Paying Agent for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the City and whether or not the Paying Agent shall hold in the Debt Service Fund moneys available and sufficient to effect the required redemption.

(b) Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in \$5,000 units of principal amount in such equitable manner as the Paying Agent may determine.

(c) In the case of a partial redemption of Bonds at the time Outstanding in denominations greater than \$5,000, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Bond are selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Registered Owner of such Bond or the Registered Owner's duly authorized agent shall present and surrender such Bond to the Paying Agent (1) for payment of the Redemption Price and interest to the Redemption Date of such \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the Registered Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Registered Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only).

Section 303. Notice and Effect of Call for Redemption. Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any redemption 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 Bonds and each Registered Owner of the Bonds 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 Bonds of a maturity are to be redeemed, the identification (and, in the case of partial redemption of any Bonds, the respective principal amounts) of the Bonds to be redeemed;
- (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and
- (e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal corporate office of the Paying Agent.

The failure of any Registered Owner to receive notice given as heretofore provided or any 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 all the Bonds or portions of Bonds that are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds 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 Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of 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 any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bonds that have 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 standards established by the Securities and Exchange Commission and 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.

For so long as the Securities Depository is effecting book-entry transfers of the Bonds, the Bond Registrar shall provide the notices specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

ARTICLE IV

SECURITY FOR BONDS

Section 401. Security for Bonds. The Bonds shall be special obligations 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 Bonds. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest.

The Bonds shall be junior and subordinate with respect to the payment of principal and interest from the Net Revenues of the System and in all other respects to the Outstanding Senior Lien Bonds. In the event of any default in the payment of either principal of or interest on any of the Outstanding Senior Lien Bonds, all of the Net Revenues of the System will be applied solely to the payment of the principal of and interest on any of the Outstanding Senior Lien Bonds until such default is cured.

The covenants and agreements of the City contained herein and in the Bonds shall be for the equal benefit, protection and security of the legal Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, Stated Maturity and right of redemption prior to Stated Maturity as provided in this Ordinance. The Bonds shall stand on a parity and be 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 any Parity Bonds. The Bonds shall not have any priority with respect to the payment of principal or interest from said Net Revenues or otherwise over Parity Bonds and Parity Bonds shall not have any priority with respect to the payment of principal or interest from said Net Revenues or otherwise over the Bonds.

ARTICLE V

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

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:

- (1) Combined Waterworks and Sewerage System Project Fund (Recovery Zone Economic Development Bonds), Series 2010 (the "Project Fund").
- (2) Combined Waterworks and Sewerage System Revenue Fund (the "Revenue Fund").
- (3) Combined Waterworks and Sewerage System Operation and Maintenance Account (the "Operation and Maintenance Account").
- (4) Principal Accounts, Interest Accounts and Debt Service Accounts under the Outstanding Senior Sewer Bond Ordinances (collectively the "Outstanding Senior Sewer Bond Debt Service Account");
- (4a) Principal Accounts, Interest Accounts and Debt Service Accounts under the Outstanding Senior Water Bond Ordinances (collectively the "Outstanding Senior Water Bond Debt Service Account");
- (4b) Interest Account, Principal Account and Debt Service Account under the Outstanding Parity Bond Ordinances (collectively the "Outstanding Parity Bond Debt Service Account");
- (4c) Debt Service Account for Taxable Combined Waterworks and Sewerage System Revenue Bonds (Recovery Zone Economic Development Bonds), Series 2010 (the "Debt Service Account").
- (5) Reserve Accounts under the Outstanding Senior Sewer Bond Ordinances (collectively the "Outstanding Senior Sewer Bond Debt Service Reserve Account");
- (5a) Reserve Accounts under the Outstanding Senior Water Bond Ordinances (collectively the "Outstanding Senior Water Bond Debt Service Reserve Account");
- (5b) Reserve Accounts under the Outstanding Parity Bond Ordinances (collectively, the "Outstanding Parity Bond Debt Service Reserve Account");
- (6) Combined Waterworks and Sewerage System Depreciation and Replacement Account (the "Depreciation and Replacement Account");
- (7) Combined Waterworks and Sewerage System Surplus Account (the "Surplus Account");
and

- (8) Costs of Issuance Fund for Taxable Combined Waterworks and Sewerage System Revenue Bonds (Recovery Zone Economic Development Bonds), Series 2010 (the "Costs of Issuance Fund").

The funds and accounts referred to in paragraphs (1) through (8) 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, in the Outstanding Senior Lien Bond Ordinances and in the Outstanding Parity Bond Ordinances so long as any of the Bonds, the Outstanding Senior Lien Bonds or the Outstanding Parity Bonds remain outstanding within the meaning of this Ordinance, the Outstanding Senior Lien Bond Ordinances and the Outstanding Parity Bond Ordinances, respectively.

While any of the Outstanding Senior Sewer Bonds or the Outstanding Senior Water Bonds are outstanding:

- (1) the Revenue Fund will consist of a Sewerage System Account and a Waterworks Account;

- (2) the Operation and Maintenance Account will consist of a Sewerage System Subaccount (formerly the Operation and Maintenance Account under the Outstanding Senior Sewer Bond Ordinances) and a Waterworks Subaccount (formerly the Operation and Maintenance Account under the Outstanding Senior Water Bond Ordinances); and

- (3) the Depreciation and Replacement Account will consist of a Sewerage System Subaccount (formerly the Depreciation and Replacement Account under the Outstanding Senior Sewer Bond Ordinances) and a Waterworks Subaccount (formerly the Depreciation and Replacement Account under the Outstanding Senior Water Bond Ordinances).

Section 502. Deposit of Bond Proceeds and Other Moneys. The net proceeds received from the sale of the Bonds, including any premium or accrued interest thereon, and certain other moneys of the City, shall be deposited simultaneously with the delivery of the Bonds, as follows:

- (a) An amount equal to the Costs of Issuance specified in the Certificate of Final Terms attached hereto as **Exhibit G** shall be disbursed by the City to pay costs of issuing the Bonds, including fees of attorneys, financial consultants, accountants, rating agencies, printers and others employed to render professional services and other costs, fees and expenses incurred in connection with the issuance of the Bonds. If the amount deposited in the Costs of Issuance Fund is not sufficient to pay all costs of issuing the Bonds, the City agrees to pay the remaining costs of issuance from other available funds. Any moneys remaining on deposit in the Costs of Issuance Fund on September 30, 2010, shall be transferred to and deposited in the Project Fund and used for the Project.

- (b) Bond proceeds in the amount specified in the Certificate of Final Terms attached hereto as **Exhibit G** 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 paying the cost of the Project as hereinbefore provided, in accordance with the plans and specifications therefor prepared by the City's Consultant for the Project, as heretofore approved by the City Council 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 City Council of the City; provided, however, that any proceeds of the Bonds deposited in

the Project Fund shall be used solely for capital expenditures for property located within the overlapping geographic boundaries of the City and Adair County, Missouri, which geographic area has been designated by the City and Adair County, Missouri as a “recovery zone” in accordance with Section 1400U-1 of the Code. Costs of issuing the Bonds shall not be paid from the Project Fund.

As a condition to eligibility for receipt of any U.S. Treasury Interest Subsidy for the Bonds, the City agrees that all laborers and mechanics employed by contractors and subcontractors on projects funded in whole or in part with proceeds of the Bonds shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (Davis-Bacon Act). The City agrees to comply with the requirements of the Davis–Bacon Act and related laws, to the extent that they are applicable to projects financed with recovery zone economic development bonds issued under Section 1400U-1 of the Code.

Withdrawals from the Project Fund shall be made only when authorized by the City Council 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 Bonds or withdrawals of sums for investment or reinvestment purposes under the terms of this Ordinance without a certificate from the Consultant.

ARTICLE VI

APPLICATION OF REVENUES

Section 601. Revenue Fund.

(a) The City covenants and agrees that from and after the delivery of the Bonds, and continuing as long as any of the Bonds remain Outstanding hereunder, all of the Revenues shall as and when received be paid and deposited into the Revenue Fund unless otherwise specifically provided by 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 the Outstanding Senior Lien Bond Ordinances, this Ordinance and any Parity Ordinances.

(b) While any of the Outstanding Senior Sewer Bonds and Outstanding Senior Water Bonds are outstanding, the City will deposit all Sewer Revenues in the Sewerage System Account of the Revenue Fund and all Water Revenues will be deposited into the Waterworks Account of the Revenue Fund.

Section 602. Application of Moneys in Funds and Accounts. The City covenants and agrees that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding, it will on the first day of each month 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 (i) from the Sewerage System Account of the Revenue Fund, to the Sewerage System Subaccount of the Operation and Maintenance Account, an amount sufficient to pay the estimated cost of operating and maintaining the Sewerage Subsystem during the month, and (ii) from the Waterworks Account of the Revenue Fund, to the Waterworks Subaccount of the Operation and Maintenance Account, an amount sufficient to pay the estimated cost of operating and maintaining the Waterworks Subsystem 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) **Payments Required by the Outstanding Senior Sewer Bond Ordinances.** As long as any Outstanding Senior Sewer Bonds remain outstanding and unpaid, there shall next be paid and credited from the Sewerage System Account of the Revenue Fund, the amounts required to be so paid and credited to the accounts and for the purposes set forth in the Outstanding Senior Sewer Bond Ordinances, provided, however, that before payments are made to the Surplus Account, the remaining funds shall be disbursed as set forth in subsections (d) through (f) of this Section.

(c) **Payments Required by the Outstanding Senior Water Bond Ordinances.** As long as any Outstanding Senior Water Bonds remain outstanding and unpaid, there shall next be paid and credited from the Water System Account of the Revenue Fund, the amounts required to be so paid and credited to the accounts and for the purposes set forth in the Outstanding Senior Water Bond Ordinances, provided, however, that before payments are made to the Surplus Account, the remaining funds shall be disbursed as set forth in subsections (d) through (f) of this Section.

(d) **Debt Service Account.** There shall next be paid and credited 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 Bonds, the following sums:

(1) Beginning with the first of said deposits and continuing on the first day of each month thereafter to and including December 1, 2010, an equal pro rata portion of the amount of interest becoming due on the Bonds on January 1, 2011; and thereafter, beginning on January 1, 2011, and continuing on the first day of each month thereafter so long as any of the Bonds shall remain outstanding and unpaid, an amount not less than 1/6 of the amount of interest that will become due on the Bonds on the next succeeding Interest Payment Date; and

(2) Beginning with the first of said deposits and continuing on the first day of each month thereafter to and including June 1, 2011, an equal pro rata portion of the amount of principal becoming due on the Bonds on July 1, 2011; and thereafter, beginning on July 1, 2011, and continuing on the first day of each month thereafter so long as any of the Bonds shall remain outstanding and unpaid, an amount equal to not less than 1/12 of the amount of principal becoming due on the Bonds on the next succeeding Maturity Date.

The amounts required to be paid and credited to the Debt Service Account pursuant to this Section shall be so paid 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 amounts deposited in the Debt Service Account as accrued interest in accordance with **Section 502** hereof shall be credited against the City's payment obligations as set forth in subsection (d)(1) of this Section.

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.

All amounts paid and credited to the Debt Service Account shall be expended and used by the City for the sole purpose of paying the interest on and principal of the Bonds as and when the same become due on each Bond Payment Date.

(e) **Debt Service Reserve Account.** There shall next be paid and credited to the debt service reserve accounts established for Parity Bonds under the provisions of the Parity Ordinances, the amounts at the time required to be paid and credited to such debt service reserve accounts. No Debt Service Reserve Account is established for the benefit of the Bonds.

(f) **Depreciation and Replacement Account.** There shall next be paid and credited to the applicable subaccounts of the Depreciation and Replacement Account, the amounts required by the Outstanding Senior Lien Bond Ordinances and the Outstanding Parity Bond Ordinances. Except as provided in subsection (h)(2) of this Section and in **Section 603**, while any of the Outstanding Senior Sewer Bonds or the Outstanding Senior Water Bonds are outstanding: (1) moneys in the Sewerage System Subaccount of the Depreciation and Replacement Account will be used by the City for the purpose of making replacements and repairs to the Sewerage Subsystem in order to keep the Sewerage Subsystem in good repair and working order and to assure the continued effective and efficient operation of the Sewerage Subsystem, and (2) moneys in the Waterworks Subaccount of the Depreciation and Replacement Account will be used by the City for the purpose of making replacements and repairs to the Waterworks Subsystem in order to keep the Waterworks Subsystem in good repair and working order and to assure the continued effective and efficient operation of the Waterworks Subsystem. Except as provided in subsection (h)(2) of this Section and in **Section 603**, while any of the Outstanding Parity Bonds are outstanding, but none of the Outstanding Senior Sewer Bonds or the Outstanding Senior Water Bonds are outstanding, moneys in the Depreciation and Replacement Fund will be used by the City for the purpose of making replacements and repairs to the System in order to keep the System in good repair and working order and to assure the continued effective and efficient operation of the System.

(g) **Surplus Account.** After all payments and credits required at the time to be made under the provisions of the foregoing paragraphs 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 may be expended and used for the following purposes as determined by the City Council of the City:

- (1) 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;

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

(3) Preventing default in, anticipating payments into or increasing the amounts in the debt service accounts or debt service reserve accounts for System Revenue Bonds or the Depreciation and Replacement Account, or any one of them, said payments made to prevent default to be made in the order prescribed in this **Section 602** of this Ordinance or in the applicable sections of ordinances authorizing additional System Revenue Bonds hereafter issued, 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

(4) 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 Bonds or any other System Revenue Bonds, including principal, interest and redemption premium, if any; or

(5) Any other lawful purpose in connection with the operation of the System and benefitting the System.

So long as any of the Bonds remain Outstanding, no moneys derived from the operation of the System shall be diverted to the general governmental or municipal functions of the City.

(h) ***Deficiency of Payments into Funds and Accounts.***

(1) If at any time the Revenues shall be 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 by the City, such payments and credits being made and applied in the order hereinbefore specified in this Section.

(2) If the moneys in the Outstanding Senior Sewer Bond Debt Service Account, the Outstanding Senior Water Bond Debt Service Account, the Outstanding Senior Sewer Bond Debt Service Reserve Account, the Outstanding Senior Water Bond Debt Service Reserve Account, the Outstanding Parity Bond Debt Service Account, the Outstanding Parity Bond Debt Service Reserve Account and the Debt Service Account are not sufficient to pay the principal of and interest on the Outstanding Senior Sewer Bonds or the Outstanding Senior Water Bonds, as applicable, the Outstanding Parity Bonds and the Bonds as and when the same become due, the City will apply moneys in the Surplus Account and the Sewerage System Subaccount or the Waterworks Subaccount of the Depreciation and Replacement Account first to the Outstanding Senior Sewer Bond Debt Service Account or the Outstanding Senior Water Bond Debt Service Account, as applicable, and then on a proportionate basis (based upon the outstanding principal amounts of the Bonds and the Outstanding Parity Bonds) to the Outstanding Parity Bond Debt Service Account and the Debt Service Account, to prevent any default in the payment of the principal of and interest on the Outstanding Senior Sewer Bonds or the Outstanding Senior Water Bonds, as applicable, the Outstanding Parity Bonds and the Bonds.

Section 603. Transfer of Funds to Paying Agent. The City Manager 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 any System Revenue Bonds, from the Surplus Account and the Depreciation and Replacement Account as provided in **Section 602** hereof, sums sufficient to pay the System Revenue Bonds as and when the same become due, 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 the dates when payments on the Bonds are due. If, through lapse of time, or otherwise, the Registered Owners of Bonds shall no longer be entitled to enforce payment of their 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 Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond shall 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 such 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 any Bond is not presented for payment within one year following the date when such Bond becomes due at Maturity, the Paying Agent shall repay to the City the funds (without liability for interest thereon) 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 Investments of Moneys.

(a) Moneys in each of the funds and accounts created by and referred to in this Ordinance shall be deposited in a bank or banks or other legally permitted financial institutions 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 or financial institutions holding such deposits as provided by the laws of the State of Missouri.

(b) Moneys held in any fund or account referred to in this Ordinance may be invested in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than the date when the moneys 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. 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. 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 Outstanding Senior Lien Bonds remain outstanding and unpaid, any investments made pursuant to this Section shall be subject to any restrictions in the Outstanding Senior Lien Bond Ordinances with respect to the funds and accounts created or ratified by and referred to in the Outstanding Senior Lien Bond Ordinances.

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

ARTICLE VIII

GENERAL COVENANTS AND PROVISIONS

The City covenants and agrees with each of the Registered Owners of the Bonds that so long as any of the Bonds remain Outstanding it will comply with each of the following covenants:

Section 801. Efficient and Economical Operation. The City will continuously own and will operate the System as a revenue producing System 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.

Section 802. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of a Continuing Disclosure Agreement to be executed by the City and dated the date hereof, in substantially the same form attached as **Exhibit D** hereto, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Upon the City's failure to comply with the Continuing Disclosure Agreement, any Registered Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section.

Section 803. Rate Covenant. The City 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 Bonds as and when the same become due; and (c) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the System as provided in this Ordinance. The City further covenants and agrees that such rates and charges will be sufficient to enable the City to have in each fiscal year Net Revenues, excluding any U.S. Treasury Interest Subsidy, not less than 110% of the Debt Service Requirements for such fiscal year. In determining Debt Service Requirements, interest on any SRF Leveraged Program Bonds may be reduced by the SRF Subsidy, if any, and interest on any System Revenue Bonds that qualify for a U.S. Treasury Interest Subsidy may be reduced by the amount of the U.S. Treasury Interest Subsidy. 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 Net Revenues will be sufficient to cover the obligations of the City under this Section and otherwise under the provisions of this Ordinance.

Section 804. 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 Expenses of the System and also to pay all interest on and principal of the Bonds 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 use and 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 Bonds.

Section 805. Corporate Existence. The City will maintain its corporate identity and existence so long as any of the Bonds remain 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 any Outstanding Bond.

Section 806. 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:

(a) sell at fair market value any portion of the System which shall have been replaced by other similar property of at least equal value, or which shall cease 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 Bonds in accordance with the provisions governing redemption of Bonds 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 System 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) lease, (1) as lessor, any real or personal property which is unused or unimproved, or which has become obsolete, nonproductive or otherwise unusable to the advantage of the City, or which is being acquired as a part of a lease/purchase financing for the acquisition and/or improvement of such property; and/or (2) as lessee, with an option of the City to purchase, any real or personal property for the extension and improvement of the System. Property being leased as lessor and/or lessee pursuant to this subparagraph (c) shall not be treated as part of the System for purposes of this **Section 805** and may be mortgaged, pledged or otherwise encumbered.

Section 807. Insurance. The City will carry and maintain insurance with respect to the System and its operations against 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 insurance, business interruption insurance, 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 such insurance is customary and adequate to protect its property and operations. The cost of all insurance obtained pursuant to the requirements of this subsection shall be paid as an Expense out of the Revenues.

Section 808. 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 of 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 809. 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. 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 Bonds.

Section 810. Annual Audit. Annually, promptly after the end of the fiscal year, the City will cause an audit of the System to be made for the preceding fiscal year by an Accountant 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 such audit, a copy thereof shall be filed in the office of the City Clerk, and a duplicate copy of said audit shall be mailed to the Purchaser of the Bonds. 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, any Registered Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer, user or Registered Owner.

As soon as possible after the completion of the annual audit, the governing body of the City shall review such audit, and if any audit shall disclose that proper provision has not been made for all of the requirements of this Ordinance, 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 811. Right of Inspection. The Purchaser of the Bonds or any Registered Owner or Owners of 10% of the principal amount of the Bonds then Outstanding 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 or Owners may reasonably request.

Section 812. 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 813. Parity Bond Certification. The City hereby represents and covenants that the Bonds directed to be issued by this Ordinance are 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 Outstanding Parity Bonds now outstanding, as set forth and

contained in the Outstanding Parity Bond Ordinances(s), and that the Bonds herein directed to be issued are so issued in all respects on a parity and equality with the Outstanding Parity Bonds now outstanding.

Section 814. Junior Lien Bond Certification. The City hereby represents and covenants that the Bonds directed to be issued by this Ordinance are 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 are junior and subordinate to the Outstanding Senior Lien Bonds, as set forth and contained in the Outstanding Senior Lien Bond Ordinances, and that the Bonds herein directed to be issued are so issued as junior and subordinate in all respects to the Outstanding Senior Lien Bonds.

Section 815. Tax Covenants.

(a) The City (1) irrevocably elects (a) under Code § 54AA(d), to treat the Bonds as “Build America Bonds” and (b) under Code § 54AA(g)(2), to treat the Bonds as “qualified bonds,” eligible for a refundable credit pursuant to Code §6431 and (2) under Code § 1400U-2(b), designates the Bonds as “Recovery Zone Economic Development Bonds” eligible for U.S. Treasury Interest Subsidy payments. The City covenants and agrees that it will (1) comply with all applicable provisions of the Code necessary to preserve the status of the Bonds as “Recovery Zone Economic Development Bonds,” including all requirements applicable to bonds the interest on which is excluded from gross income for federal income tax purposes, and (2) comply with all provisions and requirements of the Federal Tax Certificate, which is hereby approved in substantially the form attached hereto as **Exhibit F**, with such changes therein as shall be approved by the Mayor of the City, which officer is hereby authorized to execute the Federal Tax Certificate for and on behalf of the City, such officer’s signature thereon being conclusive evidence of his or her approval thereof. The City will also adopt such other ordinances and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to preserve the status of the Bonds as “Recovery Zone Economic Development Bonds,” to the extent any such actions can be taken by the City.

(b) The City covenants and agrees that (1) it will use the proceeds of the Bonds as soon as practicable and with all reasonable dispatch for the purposes for which the Bonds are issued, and (2) it will not invest or directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the City in any manner, or take or omit to take any action, that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.

(c) The City covenants and agrees that it will pay or provide for the payment from time to time of all rebatable arbitrage to the United States pursuant to Section 148(f) of the Code and the Federal Tax Certificate. The Federal Tax Certificate may be amended or replaced if, in the opinion of Bond Counsel nationally recognized on the subject of municipal bonds, such amendment or replacement will not adversely affect City’s right to receive U.S. Treasury Interest Subsidy payments.

(d) The City covenants and agrees that it will not use any portion of the proceeds of the Bonds, including any investment income earned on such proceeds, directly or indirectly, (1) in a manner that would cause any Bond to be a “private activity bond” within the meaning of Section 141(a) of the Code, or (2) to make or finance a loan to any Person.

Section 816. Survival of Covenants. The covenants contained in this Article and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to **Article XI** hereof or any other provision of this Ordinance until the final maturity date of all Bonds Outstanding.

ARTICLE IX

ADDITIONAL BONDS AND OBLIGATIONS

Section 901. Senior Lien Bonds. The City covenants and agrees that so long as any of the Bonds remain 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 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 of the System or any part thereof which are superior to the Bonds.

Section 902. Parity Bonds and Other Obligations. The City covenants and agrees that so long as any of the Bonds remain Outstanding, it will not issue any additional bonds or other long-term obligations payable out of the Net Revenues of the System or any part thereof which stand on a parity or equality with the Bonds (“Parity Bonds”) unless the following conditions are met:

(a) The City shall not be in default in the payment of principal of or interest on any Bonds 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 for Parity Bonds at the time outstanding (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default); and

(b) The City shall obtain a certificate showing either of the following:

(1) The average annual Net Revenues (excluding any U.S. Treasury Interest Subsidy, if any) derived by the City from the operation of the System as set forth in the last available audit, for the two fiscal years immediately preceding the issuance of additional bonds for which an audit is available, shall have been equal to at least 110% of the Average Annual Debt Service required to be paid out of said Net Revenues in succeeding fiscal years on account of both principal (at maturity or upon mandatory redemption) and interest becoming due with respect to all System Revenue Bonds of the City, including the additional bonds proposed to be issued. In determining the Average Annual Debt Service, the interest on any SRF Leveraged Program Bonds shall be reduced by the SRF Subsidy, if any and interest on any System Revenue Bonds that qualify for a U.S. Treasury Interest Subsidy may be reduced by the amount of the U.S. Treasury Interest Subsidy. In determining the Net Revenues for the purpose of this subsection, the City may adjust said Net Revenues by adding thereto, in the event the City shall have made any increase in rates for the use and services of the System and such increase shall not have been in effect during all of the two fiscal years immediately preceding the issuance of additional bonds, the amount of the additional Net Revenues which would have resulted from the operation of the System during said two preceding fiscal years had such rate increase been in effect for the entire period; or

(2) The estimated average annual Net Revenues (excluding any U.S. Treasury Interest Subsidy, if any) derived by the City from the operation of the System for the two fiscal years 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 certified by a Consultant, shall be equal to at least 110% of the Average Annual Debt Service required to be paid out of said Net Revenues in succeeding fiscal years following such commercial operation on account of

both principal (at maturity or upon mandatory redemption) and interest becoming due with respect to all System Revenue Bonds of the City, including the additional bonds proposed to be issued. In determining the Average Annual Debt Service, the interest on any SRF Leveraged Program Bonds shall be reduced by the SRF Subsidy, if any and interest on any System Revenue Bonds that qualify for a U.S. Treasury Interest Subsidy may be reduced by the amount of the U.S. Treasury Interest Subsidy. In determining the amount of estimated Net Revenues for the purpose of this subsection, a Consultant may adjust said estimated Net Revenues by adding thereto any estimated increase in Net Revenues resulting from any increase in rates for the use and services of the System which have been approved by the City.

Additional combined waterworks and sewerage system revenue bonds of the City issued under the conditions set forth in this Section shall stand on a parity with the Bonds and shall enjoy complete equality of lien on and claim against the Net Revenues with the Bonds, 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 Article 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 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 the City shall not be 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 Bonds so that if at any time the City shall be in default in paying either interest on or principal of the Bonds, or if the City shall be in default in making any payments required to be made by it under the provisions of paragraphs (a), (b) and (c) of **Section 602** of this Ordinance, 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 for paying said obligations out of moneys in the Revenue Fund.

Section 904. Refunding Bonds. The City shall have the right, without complying with the provisions of **Section 902** hereof, to refund any of the Bonds under the provisions of any law then available, and the refunding bonds so issued shall enjoy complete equality of pledge with any of the Bonds which are not refunded, if any, upon the Net Revenues of the System; provided, however, that if only a portion of the Bonds are refunded and if said Bonds are refunded in such manner that the aggregate amount of principal and interest scheduled to become due on the refunding bonds in any fiscal year (taking into account scheduled mandatory redemptions) exceeds the aggregate amount of principal and interest scheduled to become due on the refunded Bonds in said fiscal year (taking into account scheduled mandatory redemptions), then said Bonds may be refunded without complying with the provisions of **Section 902** hereof only by and with the written consent of the Registered Owners of a majority in principal amount of the Bonds not refunded.

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 any of the Bonds as the same shall 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 any Bond then Outstanding, then, at any time thereafter and while such default continues, the Registered Owners of 25% in principal amount of the Bonds then Outstanding 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 principal of all Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said Bonds shall become and be immediately due and payable, anything in this Ordinance or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of said Outstanding Bonds has been so declared to be due and payable, all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds has 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 Owners of a majority in principal amount of the Bonds then Outstanding, 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 Owners of the Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Registered Owners of Bonds similarly situated:

- (a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Registered Owner or Owners 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 Owners of the Bonds.

Section 1003. Limitation on Rights of Bondowners. No one or more Bondowners secured hereby shall have any right in any manner whatever by his or their 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, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Bonds.

Section 1004. Remedies Cumulative. No remedy conferred herein upon the Bondowners 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 any 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 any 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 Owners of the Bonds 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 any Bondowner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or shall have been determined adversely to such Bondowner, then, and in every such case, the City and the Registered Owners of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Bondowners 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 Bonds.

ARTICLE XI

DEFEASANCE

Section 1101. Defeasance. When any or all of the Bonds or the interest payments thereon shall 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 Bonds or interest payments so paid and discharged. Bonds 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 the Paying Agent or other 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 Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys 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 Bonds, and/or interest to accrue on such Bonds 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 any such Bonds shall be redeemed prior to the Stated Maturity thereof, (1) the City shall have elected to redeem such Bonds, 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 Bonds in compliance with **Section 302(a)** of this Ordinance. Any moneys and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging any of the Bonds or the interest payments thereon, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Registered Owners of such Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All moneys and Defeasance Obligations deposited with the Paying Agent or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201. Amendments. The rights and duties of the City and the Bondowners, and the terms and provisions of the Bonds or of this Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Registered Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;
- (b) effect a reduction in the amount which the City is required to pay by way of principal of or interest on any Bond;
- (c) permit the creation of a lien on the Net Revenues of the System prior or equal to the lien of the Bonds or Parity Bonds;
- (d) permit preference or priority of any Bonds over any other Bonds; or
- (e) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Ordinance.

Any provision of the Bonds or of this Ordinance may, however, be amended or modified by ordinance duly adopted by the governing body of the City at any time in any respect with the written consent of the Registered Owners of all of the Bonds at the time Outstanding.

Without notice to or the consent of any Bondowners, the City may amend or supplement the 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 Bondowners.

Every amendment or modification of the provisions of the Bonds or of this Ordinance to which the written consent of the Bondowners is given, as above provided, 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. 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 herein provided for, duly certified, as well as proof of any required consent to such modification by the Registered Owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification. A certified copy of every such amendatory or supplemental proceedings and a certified copy of this Ordinance shall be made available for inspection by the Registered Owner of any Bond or a prospective purchaser or owner of any 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 proceedings or of this Ordinance will be sent by the City Clerk to any such Bondowner or prospective Bondowner.

The City shall furnish to the Paying Agent a copy of any amendment to the Bonds 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 Bondowners. Any notice, consent, request, direction, approval, objection or other instrument required by this Ordinance to be signed and executed by the Bondowners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondowners 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 Bonds, other than the assignment of ownership of a 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 Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

In determining whether the Registered Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Ordinance, Bonds owned by the City shall be disregarded and deemed not to be Outstanding under this Ordinance, except that, in determining whether the Bondowners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Bondowners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Bondowners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the City.

Section 1203. Further Authority. The officers of the City, including the Mayor 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, shall for any reason be 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. Electronic Transactions. The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means.

Section 1207. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the City Council and approval by the Mayor.

PASSED by the City Council of the City of Kirksville, Missouri, on June 21, 2010.

(SEAL)

Mayor

ATTEST:

City Clerk

APPROVED by the Mayor of the City of Kirksville, Missouri, on June 21, 2010.

(SEAL)

Mayor

ATTEST:

City Clerk

**EXHIBIT A
TO ORDINANCE**

FORM OF BOND

EXCEPT AS OTHERWISE PROVIDED IN THE ORDINANCE (DESCRIBED HEREIN), THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (DESCRIBED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

**Registered
No. _____**

**Registered
\$ _____**

CITY OF KIRKSVILLE, MISSOURI

**TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND
(RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)
SERIES 2010**

Interest Rate

Maturity Date

Dated Date

CUSIP Number

June _____, 2010

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

The **CITY OF KIRKSVILLE, MISSOURI**, a city of the third class and a political subdivision of the State of Missouri (the "City"), for value received, hereby promises to pay to the Registered Owner shown above, or registered assigns, but solely from the source and in the manner herein specified, the Principal Amount shown above on the Maturity Date shown above, unless called for redemption prior to said Maturity Date, and to pay interest thereon, but solely from the source and in the manner herein specified, at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months) from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable semiannually on January 1 and July 1 in each year, beginning on January 1, 2011, until said Principal Amount has been paid.

The Principal Amount or Redemption Price of this Bond shall be paid at Maturity or upon earlier redemption by check or draft to the Person in whose name this Bond is registered at the Maturity or Redemption Date thereof, upon presentation and surrender of this Bond at the principal payment office of **BANK OF KANSAS CITY, N.A.**, Kansas City, Missouri, as paying agent (the "Paying Agent"). The interest payable on this Bond on any Interest Payment Date shall be paid to the Person in whose name this Bond is registered 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 or, in the case of an interest payment to any Registered Owner of \$500,000 or more in aggregate principal amount of Bonds, by electronic transfer to such Registered Owner upon written notice signed by such Registered Owner and given to the Paying Agent not less than 15 days prior to the Record Date for such interest containing the electronic transfer instructions including the bank (which shall be in the continental United States), address, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed.

This Bond is one of a duly authorized series of bonds of the City designated “Taxable Combined Waterworks and Sewerage System Revenue Bonds (Recovery Zone Economic Development Bonds), Series 2010,” aggregating the principal amount of \$2,274,000 (the “Bonds”), issued by the City for the purpose of paying a portion of the cost of improving the combined waterworks and sewerage system of the City, including acquiring rights of way, constructing, extending and improving storm water sewers (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, RSMo, and pursuant to an ordinance duly passed by the City Council 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.

At the option of the City, Bonds or portions thereof may be called for redemption and payment prior to the Stated Maturity thereof on July 1, [2020], and any date thereafter, in whole or in part, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date.

The Bonds shall be subject to extraordinary optional redemption prior to their Stated Maturity at the option of the City, in whole or in part upon the occurrence of an Event of Subsidy Loss, at a Redemption Price equal to the greater of:

- (i) 100% of the principal amount of the Bonds to be redeemed; or
- (ii) the sum of the present values of the remaining scheduled payments of principal and interest to the Stated Maturity of such Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the sum of (A) the Treasury Rate plus (B) 100 basis points;

plus, in each case, accrued and unpaid interest on such Bonds to be redeemed to the Redemption Date.

Bonds maturing on July 1, 2021, are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Ordinance on July 1, 2011, and on each July 1 thereafter prior to maturity, at a redemption price equal to 100% of the Principal Amount thereof plus accrued interest to the redemption date.

Bonds maturing on July 1, 2030, are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Ordinance on July 1, 2022, and on each July 1 thereafter prior to maturity, at a redemption price equal to 100% of the Principal Amount thereof plus accrued interest to the redemption date.

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 Redemption Date, to the original purchaser of the Bonds and to each Registered Owner of each of the Bonds to be redeemed at the address shown on the Bond Register. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds 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 defaults in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Ordinance. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or with the Paying Agent as the Securities Depository's "FAST" Agent. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The City, the Bond Registrar and the Paying Agent will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfers of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfers of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The City, the Bond Registrar and the Paying Agent will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of and interest on this Bond shall be made in accordance with existing arrangements among the City, the Bond Registrar and the Securities Depository.

EXCEPT AS OTHERWISE PROVIDED IN THE ORDINANCE, THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

The Bonds are issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof, except for one Bond which may be in the denomination of \$4,000 or multiples of \$5,000 added thereto. This Bond may be exchanged at the office of the Paying Agent for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations upon the terms provided in the Ordinance.

This Bond may be transferred or exchanged, as provided in the Ordinance, only on the Bond Register kept for that purpose at the principal payment 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 or Bonds in any authorized denomination having the same Maturity Date and in the same aggregate 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.

The Bonds are special obligations 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 Bonds either as to principal or interest. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. The Bonds are (i) junior and subordinate to the Outstanding Senior Sewer Bonds with respect to the payment of principal and interest from the Sewer Net Revenues and (ii) junior and subordinate to the Outstanding Senior Water Bonds with respect to the payment of principal and interest from the Water Net Revenues. The Bonds stand on a parity and are equally and ratably secured with respect to the payment of principal and interest from the Net Revenues and in all other respects with the Outstanding Parity Bonds. Under the conditions set forth in the Ordinance, the City has the right to issue additional bonds and other obligations 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 and agrees 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 Bonds 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 Bonds, the rights, duties and obligations of the City with respect thereto, and the rights of the Registered Owners thereof.

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 has 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 the Bonds have existed, happened and been performed in due time, form and manner as required by law, and that before the issuance of the Bonds, provision has been duly made for the collection and segregation of the Revenues of the System and for the application of the same as provided in the Ordinance.

IN WITNESS WHEREOF, THE CITY OF KIRKSVILLE, 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.

CERTIFICATE OF AUTHENTICATION

CITY OF KIRKSVILLE, MISSOURI

This Bond is one of the Bonds of the issue described in the within-mentioned Ordinance.

By: _____
Mayor

Registration Date: _____

BANK OF KANSAS CITY, N.A.,
Paying Agent

(SEAL)

ATTEST:

By: _____
Authorized Signatory

City Clerk

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 Bond Register 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 as defined by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15))

By: _____
Title: _____

**EXHIBIT B
TO ORDINANCE**

PRELIMINARY OFFICIAL STATEMENT

**EXHIBIT C
TO ORDINANCE**

BOND PURCHASE AGREEMENT

**EXHIBIT D
TO ORDINANCE**

CONTINUING DISCLOSURE AGREEMENT

**EXHIBIT E
TO ORDINANCE**

LETTER OF REPRESENTATIONS

**EXHIBIT F
TO ORDINANCE**

FEDERAL TAX CERTIFICATE

**EXHIBIT G
TO ORDINANCE**

**CERTIFICATE OF FINAL TERMS FOR
TAXABLE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
(RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)
SERIES 2010
OF THE CITY OF KIRKSVILLE, MISSOURI**

1. Original Principal Amount (not to exceed \$2,274,000) – **Section 201** and **Section 202**: \$ _____

2. Maturity Schedule and Interest Rates for the Bonds - **Section 202**:

Stated Maturity <u>July 1</u>	Principal <u>Amount</u>	Annual Rate <u>of Interest</u>
_____	\$ _____	_____ %

3. True interest cost on the Bonds calculated pursuant to Section 108.170(6), RSMo (not to exceed 4.40%, net of U.S. Treasury Interest Subsidy) - **Section 202**: %

4. Weighted Average Maturity (not less than 11 years and not more than 13 years) – **Section 202**: years

5. First and Final Stated Maturity of the Bonds (first maturity or mandatory sinking fund redemption to be not earlier than July 1, 2011; final maturity to be not later than July 1, 2030) – **Section 202**:

First Maturity or Mandatory Sinking Fund Redemption:	July 1, 20__
Final Maturity	July 1, 20__

6. Underwriting discount (not to exceed 1% of Original Principal Amount) – **Section 202** and **Section 210**: \$ _____

7. Net proceeds available for the Project, excluding Costs of Issuance (to be not less than \$2,228,520) – **Section 202** and **Section 502**: \$ _____

8. Purchase Price - **Section 210**: \$ _____ (Original Principal Amount and less an underwriting discount of \$ _____), which is _____% of Original Principal Amount, together with accrued interest to the date of delivery and payment.

9. Optional Redemption – **Section 301(a)**: At the option of the City, Bonds or portions thereof may be called for redemption and payment prior to the Stated Maturity thereof on July 1, _____ [not later than 2020], and any date thereafter, in whole or in part, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date.

The Bonds are also subject to extraordinary optional redemption as provided in **Section 301(b)** of the Ordinance.

10. Mandatory Redemption - Section 301(c):

Term Bonds Maturing on July 1, 20
Year Principal Amount

Term Bonds Maturing on July 1, 20
Year Principal Amount

APPROVED this ____ day of June, 2010.

(SEAL)

Mayor

ATTEST:

City Clerk