

GILMORE & BELL, P.C.
DRAFT – JANUARY 26, 2016
FOR DISCUSSION PURPOSES ONLY

PURCHASE AGREEMENT

Dated as of February 1, 2016

by and between the

MISSOURI DEPARTMENT OF NATURAL RESOURCES

and the

CITY OF KIRKSVILLE, MISSOURI

relating to

**NOT TO EXCEED \$18,000,000
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
(STATE OF MISSOURI – DIRECT LOAN PROGRAM)
SERIES 2016**

OF THE

CITY OF KIRKSVILLE, MISSOURI

PURCHASE AGREEMENT

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PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this “Agreement”), dated as of February 1, 2016, is by and between the **MISSOURI DEPARTMENT OF NATURAL RESOURCES**, a department of the State of Missouri, its successors and assigns (“DNR”), and the **CITY OF KIRKSVILLE, MISSOURI**, a city of the third class and political subdivision of the State of Missouri (the “Participant”).

RECITALS

1. Pursuant to 10 CSR 20-4.010, 10 CSR 20-4.040 through 10 CSR 20-4.041 and 10 CSR 20-4.050 of the Code of State Regulations, DNR, in cooperation with the Clean Water Commission of the State of Missouri (the “Commission”), has developed and implemented the State of Missouri Direct Loan Program (the “Direct Loan Program”) and has stated its intent to make loans to political subdivisions of the State of Missouri.

2. The Commission has approved a loan in the maximum principal amount of \$18,000,000 (the “Loan”) to the Participant to be made by DNR pursuant to this Agreement.

3. DNR and the Participant have determined to enter into this Agreement for the purposes of providing a portion of the financing for publicly owned wastewater treatment facilities (the “Project” as further described in this Agreement) and setting forth their covenants and agreements respecting the application of the net proceeds of the Loan to finance the Project.

4. The Loan will be evidenced by the Bonds (defined below) of the Participant in the form authorized by the Ordinance (defined below) delivered to DNR, as owner of the Bonds (the “Owner” as defined in the Ordinance).

5. As a condition to the execution and delivery of this Agreement, DNR has required that the Participant enter into the Escrow Agreement (defined below) with UMB Bank, N.A., as paying agent and escrow agent (the “Paying Agent”).

6. The Participant has passed the User Charge Ordinance (defined below) and DNR has reviewed and approved the User Charge Ordinance.

7. DNR and the Participant have determined to enter into this Agreement for the purposes of providing the financing for the Project and setting forth their covenants and agreements respecting the application of the net proceeds of the Bonds to finance the Project under the Direct Loan Program.

AGREEMENT

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. In addition to words and terms defined in the Recitals, elsewhere in this Agreement, including Article V, and in the Ordinance, capitalized words and terms have the following meanings in this Agreement:

“Actual Reimbursement Amount” means the amount of a Requisition approved for payment in accordance with Section 3.3.

“Authorized Representative” means any person designated in writing by a certificate executed by the Participant and filed with the Paying Agent and DNR.

“Bond Counsel” means Gilmore & Bell, P.C., or another attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing approved by a written instrument from DNR to the Participant and the Paying Agent.

“Bond Payments” means the amounts required to be paid by the Participant in repayment of the Bonds pursuant to Section 4.1.

“Bonds” means the Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2016 issued by the Participant pursuant to the Ordinance.

“Business Day” means any day other than a Saturday, a Sunday or any other day on which banking institutions in the State are authorized or required to be closed.

“Closing Date” means the date of the initial issuance and delivery of the Bonds.

“Completion of Funding” means the date, established by the Participant, that no further Requisitions will be submitted by the Participant, and therefore no further Purchase Price Installments will be funded by DNR, as evidenced by a written certificate executed by the Authorized Representative and filed with DNR and the Paying Agent.

“Costs of Issuance” means the costs of issuing the Bonds as certified by the Participant and the Master Trust Bonds Expense deposit made to the Administrative Expense Fund on the Closing Date.

“Disbursement” means each amount advanced from the Construction Fund to the Participant by the Paying Agent under this Agreement and Section 7 of the Escrow Agreement to pay Eligible Costs and Costs of Issuance, in an amount equal to the applicable Purchase Price Installment deposited by DNR pursuant to Section 3.3.

“Eligible Costs” means Project Costs determined by DNR to be eligible under the Regulations.

“EPA” means the Environmental Protection Agency.

“Escrow Agreement” means the Escrow Trust Agreement dated as of February 1, 2016, between the Participant and the Paying Agent, as supplemented, modified or amended in accordance with its terms.

“Event of Default” means an “Event of Default” as defined in Article VII.

“Federal Act” means the Federal Water Quality Act of 1987, 33 U.S.C. Section 1381, *et seq.*, as amended.

“Fiscal Year” means the fiscal year of the Participant, currently January 1 to December 31.

“Funding Sources” means the sources identified by DNR from time to time to fund the Loan, initially as described in Section 2.2.

“Ineligible Costs” means Project Costs that are not Eligible Costs.

“Initiation of Operations” means the date on which the operation (within the meaning of the Regulations) of the first operable segment of the Project commenced.

“Interest Period” means each six-month period from January 1 through June 30 and July 1 through December 31.

“Loan” means the loan by DNR to the Participant, funded in installments from the Funding Sources in accordance with, and subject to the terms and conditions of, this Agreement. The Loan is evidenced by the Bonds.

“Master Trust Agreement” means, as applicable, the Amended and Restated Master Trust Agreement dated as of March 1, 2004 or the Master Trust Agreement dated as of November 1, 2010, each between the Authority (as defined in Section 5.1) and the Master Trustee, as amended, supplemented or restated from time to time.

“Master Trust Bonds” means bonds of the Authority at any time outstanding and secured under the Master Trust Agreement.

“Master Trust Bonds Expense” means the amount of \$108,000.00, included in the amount deposited on the Closing Date in the Administrative Expense Fund.

“Master Trustee” means UMB Bank, N.A., St. Louis, Missouri, as master trustee under the applicable Master Trust Agreement, and any successor master trustee pursuant to a Master Trust Agreement.

“Maximum Principal Amount” means \$18,000,000.

“Ordinance” means the Ordinance of the Participant, passed on February 1, 2016, as supplemented, modified or amended in accordance with its terms.

“Project” means the acquisition, construction, improvement and equipping of wastewater facilities of the Participant further described as follows:

The expansion of the current treatment plant from a design average flow of 3.16 MGD to 4.0 MGD and upgrades including a new influent pump station, new headworks, 2 new aeration basins, 2 new secondary clarifiers, new sludge/scum pump station, and modifications to the existing sludge basins and operations building; and all the necessary appurtenances to complete the work.

The Project also includes all changes agreed to in writing by the Participant and DNR.

“Project Costs” means all costs or expenses which are necessary, incident or directly attributable to the Project, consisting of Eligible Costs and Ineligible Costs, if any.

“Project Schedule” means the schedule for completion of the Project that is estimated by the Participant to be the following as of the date of execution of this Agreement:

| <u>Event</u> | <u>Projected Date (month/year)</u> |
|-----------------------------|------------------------------------|
| Advertising for bids | September 2015 |
| Bid opening | November 2015 |
| Construction contract award | February 2016 |
| Initiation of Operations | August 2017 |
| Construction completion | September 2017 |
| Project completion | October 2017 |

“Regulations” means 10 CSR 20-4.010, 10 CSR 20-4.040 through 10 CSR 20-4.041 and 10 CSR 20-4.050 of the Code of State Regulations, as amended.

“Requisition” means a Clean Water Reimbursement Form in substantially the form of Exhibit A, with such changes as are approved by DNR with written notice to the Participant and the Paying Agent.

“State” means the State of Missouri.

“Supplemental Agreement” means any agreement supplementing or amending this Agreement pursuant to Section 8.6.

“User Charge Ordinance” means the applicable provisions of Chapter 25 of the Code of Ordinances of the City of Kirksville, Missouri, as amended by Ordinance No. 12176 adopted on October 19, 2015, as further amended, supplemented, consolidated or replaced.

Section 1.2 Interpretation.

(a) The words “herein,” “hereof” and “hereunder” and words of similar import, without reference to any particular section or subdivision, refer to this Agreement as a whole rather than to any particular section or subdivision of this Agreement.

(b) References in this Agreement to any particular article, section or subdivision hereof are to the designated article, section or subdivision of this Agreement as originally executed.

(c) The Table of Contents and titles of articles and sections herein are for convenience of reference only and are not a part of this Agreement, and shall not define or limit the provisions of this Agreement.

(d) Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa.

(e) Words importing person shall include partnerships, limited liability companies, associations and corporations, including public bodies, as well as natural persons.

(f) Articles, sections, subsections and clauses mentioned by number only are those so numbered which are contained in this Agreement.

(g) Any opinion of counsel required under this Agreement shall be a written opinion of such counsel.

(h) Wherever an item or items are listed after the word “including,” such listing is not intended to be a listing that excludes items not listed.

- (i) When used in this Agreement, “day” means “calendar day.”

Section 1.3 DNR Actions. All approvals, notices, consents and other actions of DNR under this Agreement (other than the execution of this Agreement and any amendments hereto) will be executed by the Director, Financial Assistance Center, Water Protection Program (“WPP”) of DNR or any other person designated from time to time by the Director of DNR by a written instrument filed with the Participant and the Paying Agent.

ARTICLE II

REPRESENTATIONS AND COVENANTS

Section 2.1 Representations and Covenants of Participant. The Participant represents to and covenants with DNR, as follows:

(a) Organization and Authority.

(i) The Participant is a city of the third class duly created and validly existing under the laws of the State and has the necessary power and authority to own its properties and carry on its governmental functions as now being conducted.

(ii) The Participant has full legal right and authority and all necessary licenses and permits required as of the date of this Agreement to own, operate and maintain the System, to carry on its activities relating to the System, to undertake and complete the Project, to execute and deliver this Agreement, to issue the Bonds, to pledge the sources for repayment of the Loan and the Bonds under this Agreement, the Ordinance and the Bonds, and to carry out its agreements under this Agreement.

(iii) The proceedings of the Participant’s Governing Body approving this Agreement and authorizing the Participant to undertake and complete the Project have been duly and lawfully passed.

(iv) This Agreement, the Bonds, the Ordinance, the User Charge Ordinance and all other ordinances of the Participant authorizing the Participant to undertake and complete the Project have been duly authorized, executed and delivered by the Participant, and constitute the legal, valid and binding obligations of the Participant enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and to the exercise of judicial discretion in accordance with general principles of equity.

(b) Full Disclosure. To the best knowledge of the Participant, after due investigation, there is no fact that the Participant has not disclosed to DNR in writing on the Participant’s application for participation in the Direct Loan Program, or otherwise, that materially and adversely affects or that will materially and adversely affect the properties or activities of the Participant or the System, or the ability of the Participant to make all Bond Payments and otherwise observe and perform its agreements under this Agreement.

(c) Pending Litigation. To the best knowledge of the Participant, after due investigation, there are no proceedings pending or, to the knowledge of the Participant, threatened against or affecting the Participant, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the properties, activities, prospects or

condition (financial or otherwise) of the Participant or the System, or the ability of the Participant to make all Bond Payments and otherwise observe and perform its agreements under this Agreement, that have not been disclosed in writing to DNR in the Participant's application for participation in the Direct Loan Program or otherwise.

(d) Compliance with Existing Laws and Agreements. The agreements of the Participant in this Agreement will not constitute a default under any indenture, mortgage, deed of trust, lease or agreement or other instrument executed by the Participant or by which it or any of its property is bound or any applicable law, rule, regulation or judicial proceeding.

(e) No Defaults. No event has occurred and no condition exists that constitutes or, with the giving of notice or the lapse of time, would constitute an Event of Default. To the knowledge of the Participant, after due investigation, the Participant is not in violation of any agreement that would materially adversely affect the ability of the Participant to make all Bond Payments or otherwise observe and perform its agreements under this Agreement.

(f) Governmental Consent. To the best of its knowledge, the Participant has made all filings which it is obligated to make with, and has obtained all permits, licenses, franchises, consents, authorizations and approvals required to date from, all federal, state and local regulatory agencies having jurisdiction to the extent, if any, required by applicable laws and regulations to be made or to be obtained in undertaking the Project or this Agreement. To the best of its knowledge, the Participant has complied with all applicable provisions of law requiring any notification to any governmental body or officer in connection with this Agreement or with the undertaking, completion or financing of the Project.

(g) Source for Repayment. The Participant has established a dedicated revenue source for the repayment of the Loan. The dedicated source of revenue includes a system of service charges or other source of revenue established under the Ordinance for such purpose.

(h) Performance Under Agreement. The Participant covenants and agrees:

(i) to comply with all applicable State and federal laws, rules and regulations in the performance of this Agreement, including federal laws and executive orders referenced in Exhibit B to the extent applicable; and

(ii) to cooperate with DNR in the timely observance and performance of the respective agreements of the Participant and DNR under this Agreement.

(i) Control of Project Site. The Participant will provide, or has provided, written assurance to DNR, signed by an attorney, that the Participant has proper title, easements, and rights-of-way to the property on or through which the Project is to be constructed. This written assurance will be provided prior to construction contract award.

(j) Bid Solicitations. Executive Order 12549 – Debarment and Suspension establishes procedures which require EPA to deny any individual, organization, or unit of government the opportunity to participate in federally-assisted programs because of misconduct or poor performance. All records from CCR/FedReg, ORCA, and EPLS, active or expired, were moved to the System for Award Management (SAM). The Participant can search these records and filter the results. The following paragraph must be included in the Instructions to Bidders:

“The Code of Federal Regulations at Title 2, Part 180, prohibits participation in EPA funded contracts by persons excluded or disqualified from doing business with the federal government.

Bidders are responsible for advising the Owner if they are excluded or disqualified, and to check whether subcontractors they intend to use are excluded or disqualified. All tiers of subcontractors have the same responsibility to notify the one for which they are providing services if they are excluded or disqualified, and to check the status of any subcontractors they intend to use. Status can be checked on the System for Award Management (SAM) located on the Internet at <https://www.sam.gov/portal/public/SAM/>. All subcontracts at any tier should include this language.”

The Participant acknowledges that doing business with any party appearing in the “List of Parties Excluded from Federal Procurement or Non Procurement Programs” may result in the termination of the Participant’s participation in the Direct Loan Program and may also result in suspension or debarment under the Regulations. The Participant will obtain the written approval of DNR before advertising for bids.

(k) Buy American Iron and Steel Products. In accordance with Sec. 608.(a) of the Federal Water Pollution Control Act, the Participant assures that it, as well as its contractors and subcontractors, will only use iron and steel products in the Project which are produced in the United States in a manner consistent with United States obligations under international agreements. The term “iron and steel products” means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. The Participant understands that this requirement may only be waived by the applicable federal agency in limited situations as set out in Sec. 608.(d) of the Federal Water Pollution Control Act.

(l) Performance and Payment Bonds. The Participant will require any Project contractor to post a separate performance bond and a separate payment bond or other security approved by DNR, each in the amount of the bid.

(m) Disadvantaged Business Enterprises (“DBEs”).

(1) The Participant will ensure that DBEs have the opportunity to compete as sources for the procurement of supplies, equipment, construction and services related to this Agreement. The Participant agrees to include information about these requirements in solicitation documents, including the following:

(A) the prime contractor must pay its subcontractor for satisfactory performance no more than 30 days from the prime contractor’s receipt of payment from the Participant;

(B) the Participant must be notified in writing by its prime contractor prior to any termination of a DBE subcontractor for convenience by the prime contractor;

(C) if a DBE subcontractor fails to complete work under its subcontract for any reason, the prime contractor must employ the “six good faith efforts” described in subparagraph (2) if soliciting a replacement subcontractor; and

(D) the prime contractor is to employ the “six good faith efforts” even if the prime contractor has achieved its “fair share goals” (the current “fair share goals” are 10% for Minority Business Enterprises and 10% for Women Business Enterprises).

(2) The “six good faith efforts” are:

(A) ensuring DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities, including placing qualified DBEs on solicitation lists whenever they are potential sources;

(B) making information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process, including, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before bid or proposal closing date;

(C) dividing total requirements, when economically feasible, into small tasks or quantities to permit maximum participation by DBEs in the competitive process;

(D) encouraging contracting with a consortium of DBEs when a contract is too large for any one DBE to handle on its own;

(E) using the services of the Small Business Administration and the Minority Business Development Agency of the U.S. Department of Commerce; and

(F) requiring any prime contractor or other recipient, if it is awarding subcontracts, to take the affirmative steps in clauses (A) through (E) of this subparagraph.

The Participant will submit a completed DBE utilization report to DNR’s project officer upon the Participant’s request for DNR’s concurrence in the award of any construction contract pertaining to the Project.

(n) Davis-Bacon Act Requirements. The Participant will require any Project contractor and subcontractor to pay all laborers and mechanics employed by the contractor or subcontractor at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with Subchapter IV of Chapter 31 of Title 40, United States Code (Davis-Bacon Act), as required by Sec. 602(b)(6) of the Federal Water Pollution Control Act. The Participant agrees to include information about these requirements in solicitation documents.

(o) Contract Award. The Participant, with the prior written concurrence of DNR, will award any construction contract or contracts for the Project to the lowest responsive and responsible bidder.

(p) Completion of Project and Provision of Moneys. The Participant agrees:

(i) to exercise its best efforts in accordance with prudent wastewater collection and treatment utility practice to complete the Project in a timely manner in accordance with the Project Schedule; and

(ii) subject to the provisions of the Ordinance, to provide from its own financial resources all moneys in excess of the amount available under this Agreement required to complete the Project.

(q) Requests for Funding; Use of Proceeds. The Participant will request the funding of Purchase Price Installments to pay Eligible Costs in accordance with this Agreement to the extent the sum of Purchase Price Installments and Costs of Issuance has not exceeded the Maximum Principal Amount, in

order to provide for the prompt payment of the contractors. The Participant will apply the Disbursements to finance a portion of the Project Costs, and, where applicable, to reimburse the Participant for a portion of the Project Costs, which portion was paid or incurred in anticipation of reimbursement from moneys held in the Construction Fund and is eligible for reimbursement pursuant to the Regulations. All costs will be Eligible Costs that DNR is authorized to finance pursuant to the Federal Act and the Regulations.

(r) Notice of Completion. The Participant will provide written notice of the Initiation of Operations and the completion of construction of the Project to DNR within 45 days after the occurrence of each of these events.

(s) Compliance Certification. This paragraph is applicable if DNR notifies the Participant in writing that the actions described in this paragraph are required. On the first anniversary of the Initiation of Operations the Participant will certify to DNR whether the Project meets the Project performance standards. Any statement of noncompliance must be accompanied by a corrective action report containing an analysis of the cause of the Project's failure to meet performance standards, the actions necessary to bring it into compliance and a projected date for positive certification of the Project. Timely corrective action will be implemented by the Participant.

(t) Retention of Project Records. The Participant will retain all Project records related to the planning, design and construction of the Project for a minimum period of four years following the Completion of Funding. The Participant will retain all Project records related to post-construction activities for a minimum period of four years following the repayment of the Loan.

(u) Operations and Maintenance of System; User Charge Ordinance. The Participant will, in accordance with prudent wastewater collection and treatment utility practice,

(i) at all times operate the System in an efficient manner,

(ii) maintain the System in good repair, working order and operating condition over the structural and design life of the System,

(iii) implement the User Charge Ordinance as approved by DNR prior to the Initiation of Operations and for the term of the Loan, and

(iv) in accordance with 10 CSR 20-9.020(2) of the Regulations provide a certified operator for the life of the System.

(v) Records and Accounts; Audits.

(i) The Participant will keep accurate records and accounts for the System (the "System Records") separate and distinct from its other records and accounts (the "General Accounts"). The System Records and General Accounts will be available for inspection by DNR at any reasonable time.

(ii) The Participant will maintain the System Records in accordance with accounting principles generally accepted in the United States of America as codified in the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards (Codification)*.

(A) The Participant will use the accrual or modified accrual basis of accounting (in order to provide an effective measure of costs and expenditures) for the System Records.

(B) The Participant may use an accounting method other than accounting principles generally accepted in the United States of America for its General Accounts.

(iii) The Participant will comply with OMB Circular No. A-133 or OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grants Guidance), governing the audit of state and local governments, as determined by the EPA's Guidance Letter dated December 24, 2014, if the Participant expends during any Fiscal Year an aggregate amount of \$500,000 (or \$750,000, if OMB's Uniform Grants Guidance is applicable) or more of federal assistance (1) under the SRF Leveraged Program and the Direct Loan Program and (2) from other federal sources.

(A) A copy of the Participant's annual audit, including the written comments and recommendations of the Participant's auditor, will be furnished to DNR within the time period provided in OMB Circular No. A-133 or in OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grants Guidance), as applicable.

(B) The amount of federal assistance to the Participant under the SRF Leveraged Program and Direct Loan Program for each Fiscal Year will be identified in each payment review letter transmitted to the Participant by DNR.

(iv) In accordance with, and subject to the requirements of, Section 29.235, RSMo, the Participant will (A) make available to the State auditor, or his designee, all books, accounts, records, reports, vouchers and other documents relating to the Project and the Loan and (B) permit the examination and inspection of all property, equipment and facilities constituting the Project.

(w) Inspections; Information. The Participant will permit the EPA, the Paying Agent, DNR and any party designated by DNR to examine, visit and inspect the Project at any reasonable time and to inspect and make copies of any accounts, books and records, including its records regarding receipts, disbursements, contracts, investments, its financial condition and other related matters, and will supply the reports and information as the EPA, the Paying Agent and DNR may reasonably require in that connection.

(x) Insurance. The Participant will carry and maintain the amount of all risk insurance on the properties and operations of the System as would be carried by similar municipal operators of wastewater collection and treatment facilities, insofar as the properties are insurable at a commercially reasonable cost.

(y) Notice of Material Adverse Change. The Participant will promptly notify DNR of any material and adverse change in the activities, prospects or condition (financial or otherwise) of the System or in the ability of the Participant to make the Bond Payments and otherwise observe and perform its agreements under this Agreement.

(z) Completion Required Without Regard to Sufficiency of Loan. Subject to the provisions of the Ordinance, the Participant agrees to complete the Project whether or not the Loan is sufficient to complete the Project.

Section 2.2 Representations of DNR. DNR represents as follows:

- (a) DNR is a department of the State and a governmental instrumentality duly organized and existing under the laws of the State with lawful power and authority to enter into this Agreement acting by and through its duly authorized officers.
- (b) DNR is the State's administrative body responsible for the enforcement of the Federal Act and Chapter 644 RSMo, and is responsible for the management of the Direct Loan Program. DNR will comply with the terms and conditions of its agreements with EPA applicable to the Direct Loan Program.
- (c) DNR commits to fund the Loan from the following sources (provided DNR may modify the sources if DNR has the legal authority to commit the replacement sources to the funding of the Loan):
 - (i) Grant Agreement dated September 14, 2015, identification number CS-29000120-0; and
 - (ii) The Water and Wastewater Loan Revolving Fund.
- (d) The execution, delivery and performance of this Agreement by DNR will not result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or agreement or other instrument to which DNR is a party or by which it or any of its property is bound or any applicable law, rule or regulation.

ARTICLE III

EXECUTION OF AGREEMENT; TERMS OF LOAN

Section 3.1 Execution and Delivery of Agreement. Simultaneously with the execution of this Agreement, the Participant will deliver the following:

- (a) to DNR and the Paying Agent, a certified copy of the Ordinance and an excerpt from the minutes of the meeting of the Participant's Governing Body showing the passage of the Ordinance;
- (b) to the Paying Agent, the executed Bonds in the maximum principal amount of \$18,000,000, to be held by the Paying Agent in trust on behalf of the Owners;
- (c) to DNR and the Paying Agent, an executed counterpart of this Agreement and the Escrow Agreement;
- (d) to DNR and the Paying Agent, a certificate of the Participant executed by the Authorized Representative in form and substance satisfactory to DNR; and
- (e) to DNR and the Paying Agent, a signed copy of the opinion of Bond Counsel to the Participant to the effect that the execution and delivery of this Agreement, the Escrow Agreement, and the Bonds have been duly authorized by the Participant in accordance with the Act; this Agreement, the Escrow Agreement and the Bonds have been duly and validly executed and delivered by the Participant and constitute valid and binding obligations of the Participant enforceable in accordance with their terms; and the Bonds are valid and binding limited obligations payable solely from the net income and revenues derived by the Participant from the operation of the System, after providing for the costs of operation and maintenance thereof; and will address

whether the Bonds are issued on parity with, or are junior and subordinate to, any outstanding bonds of the Participant. In rendering the foregoing opinion, Bond Counsel may take an exception on account of bankruptcy, insolvency and other laws affecting creditors' rights generally and to the exercise of judicial discretion in accordance with general equitable principles.

Section 3.2 Maximum Principal Amount of Loan. Subject to the provisions of this Agreement, DNR will make the Loan in installments to the Participant in the maximum aggregate principal amount of \$18,000,000 to pay Eligible Costs of the Project and to pay Costs of Issuance. The Maximum Principal Amount may be reduced without revision of any other terms, provisions or conditions of this Agreement to reflect reductions in the estimated or actual total Eligible Costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments. The Loan is evidenced by the Bonds.

Section 3.3 Funding of Purchase Price Installments and Disbursements.

(a) DNR will fund Purchase Price Installments and moneys will be disbursed from the Construction Fund to the Participant only once each calendar month in accordance with this Section and the Escrow Agreement. DNR will not fund a Purchase Price Installment in the months of June and December after the date that is two Business Days prior to the 15th calendar day of those months, unless (i) the Participant has made special arrangements with DNR and the Paying Agent to assure that interest on the Bonds payable on the following Interest Payment Date will be calculated and payment received by the Paying Agent not less than two Business Days prior to the Interest Payment Date, and (ii) DNR and the Paying Agent have agreed to the special arrangements, in their sole discretion.

(b) The Participant will deliver, by overnight delivery or regular mail service, a completed Requisition to DNR. The Requisition must be executed by the Authorized Representative, set forth the amounts due and payable to the payees identified in signed invoices or statements attached to the Requisition submitted to DNR, and contain any additional information requested by DNR. The execution and delivery of a Requisition will constitute a representation by the Participant that, to the best of its knowledge, the amounts for which a Requisition is submitted are due and payable and constitute Eligible Costs and/or Costs of Issuance.

(c) DNR will use its best efforts to review a Requisition within ten Business Days after its receipt to determine if any Project Costs are Ineligible Costs. This determination will be conclusive, unless determined otherwise by EPA in its annual oversight reviews. DNR will notify the Paying Agent of DNR's approval of the Requisition in whole or in part by transmitting to the Paying Agent the approved Requisition by facsimile transmission. The approved Requisition will not be accompanied by applicable vouchers and statements. DNR will not approve any Requisition upon an Event of Default by the Participant or the issuance of a stop-work order by EPA or DNR.

(d) Upon DNR's approval of a Requisition, DNR will fund a Purchase Price Installment of the Bonds in an amount equal to the Actual Reimbursement Amount by electronic transfer of funds to the Paying Agent for deposit by the Paying Agent in the Construction Fund.

(e) Subject to Section 7 of the Escrow Agreement, the Paying Agent will pay the Actual Reimbursement Amount to the Participant within two Business Days after the Paying Agent's receipt of the approved Requisition.

Section 3.4 Completion of Project and Initiation of Operations. The completion of the Project shall be evidenced to the Paying Agent and DNR by a certificate signed by the Authorized Representative stating (i) that the Project has been completed in accordance with the plans and specifications therefor, (ii) that all Project Costs have been paid, except Project Costs the payment of which is not yet due or is being

retained or contested in good faith by the Participant, (iii) the Initiation of Operations, and (iv) that the Project meets National Pollution Discharge Elimination System (“NPDES”) permit limits, if applicable. The Participant’s certificate must be accompanied by a certification by the Consulting Engineer that the Project was constructed in accordance with the approved plans and specifications and, if applicable, meets NPDES permit limits. The Participant’s certificate may state that it is given without prejudice to any rights of the Participant against third parties which exist at the date of the certificate or which may subsequently come into being.

Section 3.5 Completion of Funding.

(a) The Completion of Funding will be the date of a certificate signed by the Authorized Representative stating that no further funding of installments of the Bonds will be requested by the Participant and delivered to the Paying Agent and DNR. DNR may direct the Participant to sign and deliver a Completion of Funding certificate in appropriate circumstances. Appropriate circumstances include, but are not limited, to the following:

(i) the Participant appears to have satisfied or is in a position to satisfy the conditions set forth in Section 3.4 for completion of the Project and/or has filed the certificate described in Section 3.4 but has not filed the Completion of Funding certificate in a timely manner;

(ii) the Participant has not submitted a Requisition for a significant period of time or otherwise demonstrated that the Participant is proceeding with due diligence to complete the Project; or

(iii) Completion of Funding has not occurred by the third anniversary of the Closing Date, unless the Participant, by written request to DNR, requests an extension and establishes to the satisfaction of DNR that Completion of Funding will occur within a reasonable period thereafter.

(b) Within 10 Business Days after the Participant has delivered the Completion of Funding certificate, DNR will provide a final debt service schedule and replacement Exhibit B (Mandatory Sinking Fund Redemption Schedule) to the Ordinance.

ARTICLE IV

PAYMENTS

Section 4.1 Bond Payments.

(a) The Participant will repay the Loan by making the Bond Payments in accordance with the Ordinance.

(b) The Participant represents that the first scheduled principal payment of the Bonds is prior to the first anniversary of the expected Initiation of Operations.

Section 4.2 Additional Payments. The Participant will pay the Administrative Fee and the Paying Agent’s fees and expenses pursuant to Section 211 of the Ordinance.

Section 4.3 Disposition of Remaining Moneys. Upon the payment in full of the Bonds and the payment of the Administrative Fee, the Paying Agent’s Fee and expenses and the extraordinary fees and

expenses of the Paying Agent, if any, the Paying Agent will disburse the moneys and Investment Securities remaining in the Repayment Fund to the Participant.

ARTICLE V

TAX REPRESENTATIONS AND COVENANTS

Section 5.1 Meaning of Words and Terms. Words and phrases used in this Article generally have the meanings assigned in §§ 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the “Code”), in the applicable regulations and rulings issued by the U.S. Treasury Department (the “Treasury Regulations”), and in Article I. In addition to words and terms defined in this Agreement, the following words and terms used in this Article have the following meanings:

“Annual Compliance Checklist” means a questionnaire and/or checklist that is completed each year for the Bonds by the Participant, as set forth in the Tax Compliance Procedure, initially in the form set forth in Exhibit C, executed by the Participant Bond Compliance Officer.

“Authority” means the State Environmental Improvement and Energy Resources Authority, a body corporate and politic and a governmental instrumentality of the State.

“Authority Bond Compliance Officer” means the Deputy Director of the Authority or any successor officer tasked with post-issuance compliance duties pursuant to the Tax Compliance Procedure.

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

“Bond Year” means each one-year period (or shorter period for the first Bond Year) ending July 1.

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

“Final Written Allocation” means the Final Written Allocation of Bond proceeds prepared pursuant to Section 5.9.

“Financed Facility” means the portion of the Project consisting of property financed or refinanced with the proceeds of the Bonds as described in this Agreement. If there is more than one “Project” described in the definition of “Project” in Article I, for this Article V “Financed Facility” means the Bond-financed portion of each “Project” described in Article I.

“Investment” means any security, obligation, annuity contract or other investment-type property that is purchased directly with, or otherwise allocated to, gross proceeds of the Bonds. This term does not include a tax-exempt bond, except for “specified private activity bonds” as defined in Code § 57(a)(5)(C), but it does include the investment element of most interest rate caps.

“Issue Date” means the date of issuance of the Bonds, which is the first date that the sum of the initial installment of the Bonds and subsequent Purchase Price Installments is greater than \$50,000.

“Measurement Period” means, with respect to each item of property financed as part of the Financed Facility, the period beginning on the later of (a) the Issue Date or (b) the date the property is placed in service and ending on the earlier of (i) the final maturity date of the Bonds or (ii) the expected economic useful life of the property.

“Non-Qualified User” means a person other than a Qualified User.

“Opinion of Bond Counsel” means the written opinion of a firm of nationally recognized Bond Counsel acceptable to the Authority to the effect that the proposed action or the failure to act will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

“Participant Bond Compliance Officer” means the Participant’s Director of Finance or any successor to the duties of such official.

“Post-Issuance Tax Requirements” means those requirements related to the use of proceeds of the Bonds, the use of the Financed Facility and the investment of gross proceeds of the Bonds after the Issue Date.

“Qualified User” means a State, territory, a possession of the United States, the District of Columbia, or any political subdivision thereof or any instrumentality of such unit. The term “Qualified User” does not include the United States or any agency or instrumentality thereof.

“Tax Compliance Procedure” means the Authority’s State Revolving Funds Programs Tax Compliance Procedure dated as of July 25, 2013, attached as Exhibit D.

Section 5.2 General. The Bonds are being issued for the purpose of providing funds to pay the costs of the Financed Facility. The Participant acknowledges and agrees that, in order to induce DNR to provide favorable financing through the Program by the purchase of the Bonds and the Authority to issue its Master Trust Bonds from time to time, the Participant makes the representations and covenants related to the Post-Issuance Tax Requirements as set forth in this Article for the benefit of DNR and the Authority.

Section 5.3 Authority and Purpose for Bonds. The Bonds are being issued for the purpose of providing funds to pay the costs of the Financed Facility.

Section 5.4 Proceeds of Bonds; Other Sources.

(a) *Amount of Bond Proceeds*. The total maximum proceeds to be received by the Participant from the sale of the Bonds will be \$18,000,000, funded in installments, as follows: (i) the initial purchase price installment of the Bonds paid to the Paying Agent on the Closing Date in the amount of \$139,000.00, and (ii) the balance funded from time to time pursuant to the Purchase Agreement and deposited in the Construction Fund in accordance with the Escrow Agreement. The Participant expects to request the funding of additional installments in the months and the amounts as set forth in the Participant’s due diligence questionnaire filed with DNR.

(b) *Other Sources*. In addition to proceeds of the Bonds disbursed from time to time pursuant to the Purchase Agreement, the Participant will allocate \$3,049,972.00, representing a cash contribution by the Participant, to pay a portion of the costs of the Project.

Section 5.5 Governmental Bond Tests and Related Requirements.

(a) *General*. The Participant will not use any portion of the Bond proceeds, including any Investment earnings on Bond proceeds, directly or indirectly, nor permit the use of any portion of the Financed Facility, in a manner that would cause any Bond to be a “private activity bond” as defined in Code § 141.

(b) *Use of Financed Facility.* The Bond proceeds will be used to finance or refinance the Financed Facility. Throughout the Measurement Period, all property comprising the Financed Facility will be owned by the Participant. Not more than 10% of the proceeds of the Bonds will be used in a manner that constitutes a “private business use” during the Measurement Period. In making the foregoing representations the Participant acknowledges that (i) use of the property comprising the Financed Facility is determined annually throughout the Measurement Period; (ii) the use of the Financed Facility is treated as the direct use of proceeds of the Bonds; (iii) the term “private business use” generally means ownership or lease by, or other use in the trade or business of, a Non-Qualified User; (iv) any activity carried on by a Non-Qualified User other than a natural person is treated as a trade or business; (v) the Financed Facility is treated as being used for a private business use if it is leased to a Non-Qualified User and subleased to a Qualified User, or leased to a Qualified User and then subleased to a Non-Qualified User, if the Non-Qualified User’s use is in a trade or business; and (vi) in most cases, use of the Financed Facility constitutes private business use only if a Non-Qualified User has special legal entitlements to use the Financed Facility under an arrangement with the Participant.

(c) *Private Security or Payment.* The payment of principal and interest on the Bonds will not be (under the terms of the Bonds or any underlying arrangement) directly or indirectly:

(1) secured by (i) any interest in property used or to be used for a private business use, or (ii) any interest in payments in respect of such property; or

(2) derived from payments (whether or not such payments are made to the Participant in respect of property or borrowed money) used or to be used for a private business use.

For purposes of the foregoing, taxes of general application are not treated as a private payment or as private security so long as no taxpayer enters into any “impermissible agreement” with respect to the collection or payment of the tax as described in Treasury Regulations § 1.141-4(e)(4)(ii). The Participant will use revenues derived from the operation of the Financed Facility to pay the debt service on the Bonds. All revenues will be derived from rates that are generally applicable and uniformly applied, and which do not convey priority rights or other preferential benefits for use of the Financed Facility.

(d) *No Private Loan.* No proceeds of the Bonds will be loaned directly or indirectly to any Non-Qualified User. Special assessments may be used as a source of repayment of the Bonds so long as the assessments meet the criteria set out in Treasury Regulations § 1.141-5(d).

(e) *No Federal Guarantees.* The Participant will not take any action or permit any action to be taken which would cause the Bonds to be “federally guaranteed” within the meaning of Code § 149(b).

(f) *Management Contracts.* The Participant has not entered into any “Management Contract” (defined below) with any Non-Qualified User and will not enter into or renew any Management Contract with any Non-Qualified User without first obtaining an Opinion of Bond Counsel, addressed to the Participant and the Owner, that the Management Contract will not adversely affect the exclusion of the interest on the applicable Master Trust Bonds from gross income for federal income tax purposes. The term “Management Contract” is defined in Treasury Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facility, such as a contract to manage the Financed Facility or any portion thereof. Contracts for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing, or similar services) are not treated as management contracts.

(g) *Leases.* The Participant has not entered into any lease with a Non-Qualified User and will not enter into or renew a lease of all or any portion of the Financed Facility with any Non-Qualified User, without first obtaining an Opinion of Bond Counsel, addressed to the Participant and the Owner, that such lease will not adversely affect the exclusion of the interest on the applicable Master Trust Bonds from gross income for federal income tax purposes. Use of portions of the Financed Facility by members of the general public on a short-term basis in the ordinary course of the Participant's operation of the Financed Facility is disregarded.

Section 5.6 Sinking Funds. The Participant is required under the Ordinance to make periodic payments in amounts sufficient to pay the principal of and interest on the Bonds. The Participant will deposit these payments with the Paying Agent into the Principal Account and the Interest Account held by the Paying Agent. Except for the Principal Account and the Interest Account and the Debt Service Fund, the Participant has not established, and does not expect to establish, any sinking fund or other similar fund expected to be used directly or indirectly to pay principal of or interest on the Bonds. The Repayment Fund and the Debt Service Fund are used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year and the Participant expects that the Repayment Fund and the Debt Service Fund will qualify as a "bona fide debt service fund," as that term is defined in the Treasury Regulations.

Section 5.7 No Replacement Funds. None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility, and that have been or will be used to acquire higher yielding Investments. Except for the Principal Account and the Interest Account, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the Participant encounters financial difficulty.

Section 5.8 Reimbursement of Expenditures. On January 7, 2013, the Participant's Governing Body passed an ordinance declaring the intent of the Participant to borrow to finance costs of the Financed Facility for the Participant, and to reimburse the Participant for expenditures made for the Financed Facility prior to the issuance of obligations evidencing the borrowing (the "Reimbursement Action"). A copy of the Reimbursement Action is contained in the Transcript. No portion of the Net Proceeds of the Bonds will be used to reimburse an expenditure paid by the Participant more than 60 days prior to the date the Reimbursement Action was passed.

Section 5.9 Final Written Allocation. The Participant agrees that its file of all Requisitions and supporting invoices provided to DNR pursuant to Article III will constitute the Participant's Final Written Allocation of the application of proceeds of the Bonds to the Financed Facility. The Participant may, with at least 60 days' prior written notice to, and the written consent of DNR, deliver a revised Final Written Allocation to DNR if the revised Final Written Allocation is accompanied by an Opinion of Bond Counsel. However, no revised Final Written Allocation will be made more than 18 months following the later of (A) the date of the expenditure or (B) the date the Financed Facility was placed in service, unless an Opinion of Bond Counsel is delivered to DNR.

Section 5.10 Hedge Bonds. The Participant expects that at least 85% of the net sale proceeds of the Bonds will be used to carry out the governmental purpose of the Bonds within three years after the Issue Date.

Section 5.11 Post-Issuance Compliance with Federal Tax Matters. The Participant acknowledges that the investment and expenditure of proceeds of the Bonds are primarily within its control and that substantially all of the net proceeds of the Bonds will be used to finance property that is owned and controlled by the Participant. For these reasons, the Participant agrees to complete the Annual

Compliance Checklist and deliver the Annual Compliance Checklist to the Authority Bond Compliance Officer in accordance with the Tax Compliance Procedure. To the extent within its power and control, the Participant will take any action requested in writing by the Authority Bond Compliance Officer that is necessary to cause interest on the Master Trust Bonds to remain excludable from gross income for federal income tax purposes.

Section 5.12 Records.

(a) The Participant recognizes that (i) investors purchase the Master Trust Bonds with the expectation that interest on the Master Trust Bonds is and will remain excludable from gross income for federal income tax purposes, (ii) the tax-exempt status of interest on the Master Trust Bonds depends in part on the accuracy of the Participant's representations and the satisfaction of the Participant's agreements contained in this Article, many of which relate to matters that will occur after the Issue Date, and (iii) as part of its ongoing tax-exempt bond audit program the Internal Revenue Service requires that records be created and maintained with respect to the following matters:

- (1) documentation evidencing the expenditure of the Bonds in sufficient detail to determine the date of the expenditure, the asset acquired or the purpose of the expenditure;
- (2) documentation evidencing the use of the Financed Facility by public and private persons (for example, copies of management contracts or leases); and
- (3) documentation evidencing all sources of payment or security for the Bonds.

(b) The Participant has procedures in place or will establish procedures to create and retain these records. Unless otherwise specifically instructed in a written Opinion of Bond Counsel, the Participant will retain and maintain these records related to the Post-Issuance Tax Requirements until three years following the final maturity of (i) the Bonds or (ii) any obligation issued to refund the Bonds. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (1) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (2) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (3) exhibit a high degree of legibility and readability both electronically and in hardcopy, (4) provide support for other books and records of the Participant, and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the Participant's premises.

ARTICLE VI

ASSIGNMENTS

Section 6.1 Assignment by DNR. The Participant acknowledges that DNR may assign the Bonds and its right, title and interest in this Agreement, in whole or in part, including the right to receive Bond Payments from the Participant, to the Authority or a bond trustee under the SRF Leveraged Program, to secure Master Trust Bonds or otherwise.

Section 6.2 Assignment by the Participant.

(a) The Participant may sell, lease, mortgage or otherwise dispose of the Project or any material part with an original value greater than \$5,000 if it is replaced by other similar property of at least equal value or, if it ceases to be necessary for the efficient operation of the Project or the System, with the

prior written consent of DNR. In the event of sale, lease, mortgage or other disposition of the Project to a county, instrumentality of the state, state entity, municipality, public sewer district, public water supply district or combination of the same, the Participant will apply the proceeds to either (i) the redemption of Bonds in accordance with the provisions governing redemption of the Bonds in advance of maturity, or (ii) replacement of the property sold, leased, mortgaged or disposed of by other property the revenues of which are incorporated into the System. In the event of sale, lease or other disposition to any other entity the Participant will apply an amount equal to the original acquisition cost of the property financed with Disbursements, if any, to the redemption of the Bonds (regardless of the amount of the disposition proceeds). If the Bonds are required to be redeemed as provided above, the proceeds of the sale, lease, mortgage or other disposition will be deposited into a separate escrow account to be established by the Participant with the Paying Agent pursuant to the defeasance provisions of the Ordinance. The Participant may cease to operate, abandon or otherwise dispose of any property that has become obsolete, unproductive or otherwise unusable to the advantage of the Participant.

(b) The provisions of paragraph (a) will not prohibit, restrain or restrict any sale, lease or other disposition of any portion of the Project which has not been financed with Disbursements, if DNR and the Paying Agent have received an opinion of Bond Counsel, in form and substance satisfactory to them, that, if the portion of the System has been financed by an obligation of the Participant payable out of the Revenues, the obligation is permitted under the provisions of the Ordinance.

ARTICLE VII

EVENTS OF DEFAULTS AND REMEDIES

Section 7.1 Events of Default. Any of the following events will be an “Event of Default” under this Agreement:

(a) failure by the Participant to pay, or cause to be paid, any Bond Payment required to be paid when due;

(b) failure by the Participant to observe and perform any agreement under this Agreement or the Ordinance, other than as referred to in paragraph (a) of this Section, and the continuation of the failure for a period of 30 days after written notice is given pursuant to Section 7.2. If the failure stated in the notice is correctable but cannot be corrected within the applicable period and corrective action is instituted and diligently pursued by the Participant, DNR may not unreasonably withhold its consent to an extension to the date which is 90 days after the delivery of the original notice;

(c) any representation made by or on behalf of the Participant in this Agreement or the Ordinance, or in any instrument furnished in compliance with or with reference to this Agreement, is determined by DNR to be false or misleading in any material respect;

(d) a petition is filed by or against the Participant under any federal or state bankruptcy or insolvency law or other similar law, unless any petition filed against the Participant is dismissed within 30 days after filing and the dismissal is final and not subject to appeal; and

(e) the Participant generally fails to pay its debts as they become due.

Section 7.2 Notice of Default. The Participant will give DNR and the Paying Agent prompt telephonic notice of the occurrence of any Event of Default referred to in Section 7.1(d) or (e) and of the occurrence of any other event or condition that, with the passage of time or the giving of notice, would

constitute an Event of Default. Telephonic notice will be immediately followed by written notice of the Event of Default. Notice of default given to the Participant will specify the event or condition, state that the event or condition constitutes an Event of Default if not remedied, and request that the event or condition be remedied. Except as provided in the first sentence of this Section, notice will be given in the manner provided in Section 8.4.

Section 7.3 Remedies on Default. Whenever an Event of Default has occurred and is continuing, DNR will have the right to take whatever action at law or in equity as provided in Sections 901 and 902 of the Ordinance, subject to the provisions of Section 202 of the Ordinance, and as otherwise provided by law, including, to the extent permitted by law, pursuant to Section 644.125, RSMo.

Section 7.4 Attorneys' Fees and Other Expenses.

(a) Upon (i) an Event of Default or (ii) the occurrence and continuance of any event which, with the giving of notice, lapse of time, or both, would constitute an Event of Default, the Participant, on demand, will pay to the Paying Agent and DNR the reasonable fees and expenses of attorneys and other reasonable costs and expenses (including the reasonably allocated costs of in-house counsel and legal staff) incurred by the Paying Agent and DNR in the collection of Bond Payments or the enforcement of any agreements of the Participant.

(b) Prior to incurring any fees, costs and expenses, the Paying Agent and DNR will provide written notice to the Participant that it intends to incur fees, costs and expenses. Failure by the Paying Agent or DNR to give the notice will not affect the Paying Agent's or DNR's right to receive payment for attorneys' fees and expenses under this Section 7.4. Upon request by the Participant, the Paying Agent and DNR will provide the Participant with copies of statements evidencing the fees, costs and expenses for which the Paying Agent or DNR is requesting payment. The statements may be edited to maintain the attorney-client privilege.

Section 7.5 Application of Moneys. Any moneys collected by the Paying Agent and DNR under Section 7.3 will be applied first, to pay interest on the Bonds then due and payable, second, to pay principal on the Bonds then due and payable, third, to pay the fees, costs and expenses owed by the Participant under Section 7.4, and fourth, to pay any other amounts due and payable under this Agreement.

Section 7.6 No Remedy Exclusive; Waiver; Notice. No remedy conferred upon or reserved to DNR or the Paying Agent is intended to be exclusive and every remedy is cumulative and in addition to every other remedy given under this Agreement or existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default will impair any right, remedy or power or will be construed as a waiver. Any right, remedy or power may be exercised from time to time and as often as may be deemed expedient. The Paying Agent or DNR are not required to give notice to the Participant in advance of the exercise of any right, remedy or power reserved to them in this Article, except as expressly provided in this Article.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Continuing Disclosure.

(a) For purposes of this Section 8.1, the following terms have the following meanings, in addition to capitalized terms defined elsewhere in this Agreement and the Ordinance:

“Beneficial Owner” means any registered owner of Master Trust Bonds and any other person who, directly or indirectly, has the investment power with respect to any Master Trust Bonds.

“Dissemination Agent” means the Master Trustee.

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

“Material Participant” means the Participant if it has outstanding bonds purchased with proceeds of Master Trust Bonds and/or assigned by DNR to secure Master Trust Bonds in the aggregate principal amount which constitutes 10% or more of the aggregate principal amount of all Master Trust Bonds outstanding as of each December 15 or to be outstanding upon the issuance of a series of Master Trust Bonds, with written notice given by the Authority to the Master Trustee by December 31 or 30 days after the issuance of the Master Trust Bonds, respectively.

“MSRB” means the Municipal Securities Rulemaking Board.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

(b) If the Participant is notified by the Authority or the Master Trustee that the Participant is a Material Participant, the Participant will comply with the provisions of this Section 8.1.

(i) The Material Participant will furnish to the Master Trustee:

(A) within 30 days after notification that it is a Material Participant, a copy of its most recent financial statements prepared in accordance with accounting principles generally accepted in the United States of America and audited by its independent auditors, and the operating data of the Material Participant, through the previous fiscal year, in substantially the scope and form contained in Appendix A to the official statement with respect to a series of Master Trust Bonds; and

(B) within 180 days after the close of the fiscal year of the Material Participant following notification that it is a Material Participant and each subsequent fiscal year, a copy of the financial statements of the Material Participant prepared in accordance with accounting principles generally accepted in the United States of America and audited by its independent auditors (or if not available as of that date, the unaudited financial statements of the Material Participant and, as soon thereafter as available, the audited financial statements of the Material Participant), and the operating data of the Material Participant, updated for the fiscal year then ended, in substantially the scope and form contained in Appendix A to the official statement with respect to a series of Master Trust Bonds.

(ii) Any of the financial information or operating data required by this paragraph (b) may be incorporated by reference from other documents, including official statements of the Material Participant’s debt issues that have been filed with the MSRB, through EMMA, or the Securities and Exchange Commission, and in the case of a final official statement, that is available from the MSRB. The Material Participant will clearly identify in each annual report submitted to the Master Trustee each document incorporated by reference and the source from which it is available.

(c) No later than 10 Business days after the occurrence of any of the following events, the Material Participant will disseminate to the Master Trustee and the Authority notice of the occurrence of any of the following events with respect to the Bonds or the System (“Material Events”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds or Master Trust Bonds, proceeds of which have been allocated to the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Material Participant;
- (13) the consummation of a merger, consolidation, or acquisition involving the System or the sale of all or substantially all of the assets of the System, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional paying agent or the change of name of the paying agent, if material.

(d) The Material Participant’s obligations under paragraphs (b) and (c) will terminate upon the Material Participant’s receipt of a notification from the Authority or the Master Trustee that the Material Participant is no longer a Material Participant.

(e) The sole remedies for a failure to comply with the provisions of this Section 8.1 are specific enforcement or action in mandamus in a court of equity by any Beneficial Owner.

(f) Nothing in this Section prevents the Material Participant from disseminating any additional information, or including any other information in any report or notice made under this Section, in addition to that required by this Section. If the Material Participant chooses to include any information in any report or notice made under this Section in addition to that which is specifically required by this Section, the Material Participant will have no obligation to update the additional information or include it in any future report or notice.

Section 8.2 Effect of Breach. Failure on the part of DNR in any instance or under any circumstances to observe or fully perform any obligation assumed by or imposed upon it by this Agreement

or by law will not make DNR liable in damages to the Participant or relieve the Participant from making any payment to DNR or fully performing any other agreement under this Agreement. The Participant may have and pursue any other remedies provided by law for compelling performance by DNR of any agreement of DNR.

Section 8.3 Termination of Agreement. This Agreement will terminate upon the payment in full of the Bonds under the Ordinance and the transfer of balances as set forth in Section 4.3.

Section 8.4 Notices. All notices, filings and other communications will be given by first class mail, postage pre-paid, or sent by telegram, teletype or telex or other similar communication or delivered by a reputable private courier or overnight delivery service, addressed as follows, provided that notice to the Paying Agent shall be effective only upon receipt:

Participant:

City of Kirksville, Missouri
201 South Franklin Street
Kirksville, Missouri 63501
Attention: City Manager

DNR:

General

Missouri Department of Natural Resources
Water Protection Program
P.O. Box 176 (Zip Code 65102)
1101 Riverside Drive
Jefferson City, Missouri 65101
Attention: Director, Financial Assistance Center

For Requisitions:

Missouri Department of Natural Resources
Water Protection Program
P.O. Box 176 (Zip Code 65102)
1101 Riverside Drive
Jefferson City, Missouri 65101
Attention: Financial Assistance Center

Paying Agent:

UMB Bank, N.A.
2 South Broadway, Suite 600
St. Louis, Missouri 63102
Attention: Corporate Trust Department

Each party may change its address by giving written notice of the new address to the other parties.

Section 8.5 Exculpatory Provision. In exercising powers under this Agreement, the Paying Agent, the Participant and DNR and their members, directors, officers, employees and agents will not be liable to any other party to this Agreement (i) for any actions taken or omitted by it or its members, officers, directors, employees or agents in good faith and believed by it or them to be authorized or within their discretion or rights or powers conferred upon them, or (ii) for any claims based on this Agreement against

any member, director, officer, employee or agent of the Paying Agent, the Participant or DNR in his or her individual capacity.

Section 8.6 Amendment. This Agreement may be amended or supplemented by a written instrument executed by the parties, subject to the requirements of the Federal Act and regulatory authority of EPA that The Water and Wastewater Loan Fund be operated in a manner which preserves The Water and Wastewater Loan Fund in perpetuity for its designated purposes and to provide necessary and ongoing assistance to communities to attain and maintain compliance with the Federal Act.

Section 8.7 Electronic Transactions. The transactions described in this Agreement may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 8.8 Severability of Invalid Provisions. If any agreement provided in this Agreement is contrary to law, that agreement will be severable from the remaining agreements and will not affect the validity of the other provisions of this Agreement.

Section 8.9 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which will be regarded for all purposes as one original and constitute one and the same instrument.

Section 8.10 Applicable Law. This Agreement will be governed exclusively by the laws of the State.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed by their duly authorized officers or signatories and dated as of the day and year first above written.

**MISSOURI DEPARTMENT OF NATURAL
RESOURCES**

By: _____
Department Director

[SEAL]
ATTEST:

CITY OF KIRKSVILLE, MISSOURI

City Clerk

By: _____
Mayor

Taxpayer Identification No.: 43-6001906

EXHIBIT A

FORM OF REQUISITION

MISSOURI DEPARTMENT OF NATURAL RESOURCES, WATER PROTECTION PROGRAM, FAC REIMBURSEMENT FORM SRF DIRECT LOAN

| | | | | |
|---|--|---|-----------------|---------------|
| 1. TYPE OF REQUEST: _____ PARTIAL _____ FINAL | | 3. PAYMENT REQUEST NUMBER: _____ PAGE 1 OF _____ | | |
| 2. PROJECT NUMBER: C295250-11 | | 4. PERIOD COVERED BY THIS REPORT: FROM: _____ TO: _____ | | |
| 5. RECIPIENT ORGANIZATION: CITY OF KIRKSVILLE 201 SOUTH FRANKLIN STREET KIRKSVILLE, MO 63501 | | 6. LOAN TRUSTEE: UMB BANK, NA IN TRUST FOR CITY OF KIRKSVILLE 2 S. BROADWAY, SUITE 600 ST. LOUIS, MO 63102 C295250-11 | | |
| 7. ELIGIBLE PROJECT COSTS INCURRED (EXCLUDING RETAINAGE) Recipient Project Name and Number Show construction, engineering, administrative costs, etc. | Current Period | Cumulative | Office Use Only | |
| A. | | | | |
| B. | | | | |
| C. | | | | |
| D. | | | | |
| E. | | | | |
| F. | | | | |
| G. | | | | |
| H. | | | | |
| I. | | | | |
| J. | | | | |
| K. | | | | |
| L. | | | | |
| Z. Total from continuation sheet (lines 7.M. - 7.Y.) | | | | |
| AA. Eligible costs incurred to date | | | | |
| FOR OFFICE USE ONLY | BB. TOTAL APPROVED ELIGIBLE COSTS TO DATE: | | BB. | |
| | CC. LESS AMOUNT PREVIOUSLY APPROVED: | | CC. | |
| | DD. AMOUNT PAYABLE TO RECIPIENT (ACTUAL REIMBURSEMENT AMOUNT): | | DD. | |
| 8. CERTIFICATION: By signing this reimbursement form, I certify that to the best of my knowledge and belief: 1) Billed costs or disbursements are in accordance with the terms of the project; 2) Payment due represents the amount due which has not been previously requested; 3) An inspection has been performed; and 4) All work is in accordance with the terms of the funding agreement. | RECIPIENT: | SIGNATURE OF AUTHORIZED REPRESENTATIVE: | | |
| | | DATE SIGNED: | | PHONE NUMBER: |
| | | TYPED OR PRINTED NAME: | | |
| | DNR REVIEWER: Office Use Only | SIGNATURE OF REVIEW OFFICIAL: | | |
| | | DATE SIGNED: | | |
| | | TYPED OR PRINTED NAME AND TITLE: | | |

DNR-WPP-FAC, SRF

**MISSOURI DEPARTMENT OF NATURAL RESOURCES, WATER PROTECTION PROGRAM, FAC
REIMBURSEMENT FORM
SRF DIRECT LOAN
CONTINUATION PAGE**

PAGE _____ OF _____

| | | | |
|---|---|------------|-----------------|
| 2. PROJECT NUMBER: C295250-11 | 4. PERIOD COVERED BY THIS REPORT: FROM: _____ TO: _____ | | |
| 5. RECIPIENT ORGANIZATION: CITY OF KIRKSVILLE 201 SOUTH FRANKLIN STREET KIRKSVILLE, MO 63501 | 6. LOAN TRUSTEE: UMB BANK, NA IN TRUST FOR CITY OF KIRKSVILLE 2 S. BROADWAY, SUITE 600 ST. LOUIS, MO 63102 C295250-11 | | |
| 7. ELIGIBLE PROJECT COSTS INCURRED (EXCLUDING RETAINAGE) Recipient Project Number and Name Show construction, engineering, administrative costs, etc. | Current Period | Cumulative | Office Use Only |
| M. | | | |
| N. | | | |
| O. | | | |
| P. | | | |
| Q. | | | |
| R. | | | |
| S. | | | |
| T. | | | |
| U. | | | |
| V. | | | |
| W. | | | |
| X. | | | |
| Y. | | | |

DNR-WPP-FAC, SRF

EXHIBIT B

FEDERAL REQUIREMENTS

The following Federal Requirements are applicable:

Age Discrimination Act, PL 94–135

Civil Rights Act of 1964, PL 88–352

Prohibition against sex discrimination under Section 13 of the Federal Water Pollution Control Act, PL 92–500

Section 504 of the Rehabilitation Act of 1973, PL 93–112 (including Executive Orders 11914 and 11250)

Davis-Bacon Act, subchapter IV of chapter 31 of title 40, United States Code, as required by PL 111-88

EXHIBIT C

INITIAL FORM OF ANNUAL COMPLIANCE CHECKLIST

| | |
|--|---|
| Name of Participant: | City of Kirksville, Missouri |
| Name of bonds (“Bonds”) financing the Financed Assets: | Combined Waterworks and Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2016 |
| Financed Assets: [NOTE: insert Project as defined in Purchase Agreement unless modified during construction] | |
| Issue Date of Bonds: | [**CLOSING DATE**] |
| Placed in service date of the Financed Assets: | |
| Name of Bond Compliance Officer: | |
| Period covered by request (“Annual Period”): | January 1, ____ – December 31, ____ |

| Item | Question | Response |
|------------------------|--|---|
| 1 Ownership | Were all of the Financed Assets owned by the Participant during the entire Annual Period? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | If answer above was “No,” was an Opinion of Bond Counsel obtained prior to the transfer? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File. | <input type="checkbox"/> Yes <input type="checkbox"/> No |

| | | |
|--|---|---|
| 2 Leases and Other Rights to Possession | During the Annual Period, were any of the Financed Assets or any part of a Financed Asset leased at any time pursuant to a lease or similar agreement for more than 50 days (e.g., has the Participant entered into an agreement permitting a cell phone tower on a Bond-financed facility)? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | If answer above was “Yes,” was an Opinion of Bond Counsel obtained prior to entering into the lease or other arrangement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File. | <input type="checkbox"/> Yes <input type="checkbox"/> No |

| Item | Question | Response |
|---|---|---|
| 3 Management or Service Agreements | During the Annual Period, has the Participant entered into an agreement with another entity to manage the operation of the Financed Assets? (for example, does a private entity operate the System on behalf of the Participant) | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into a management agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File. | <input type="checkbox"/> Yes <input type="checkbox"/> No |

| | | |
|------------------------------|--|---|
| 4 Other Use | Was any agreement entered into with an individual or entity that grants special legal rights to the Financed Asset (e.g., has the Participant entered into a take or pay contract or similar agreement related to output from the Financed Assets)? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File. | <input type="checkbox"/> Yes <input type="checkbox"/> No |

Participant Bond Compliance Officer: _____

Date: _____

EXHIBIT D

AUTHORITY'S TAX COMPLIANCE PROCEDURE

[Attached]

**STATE ENVIRONMENTAL IMPROVEMENT AND
ENERGY RESOURCES AUTHORITY**

**STATE REVOLVING FUNDS PROGRAMS
TAX COMPLIANCE PROCEDURE**

Dated as of July 25, 2013

July 25, 2013

**STATE REVOLVING FUNDS PROGRAMS
TAX COMPLIANCE PROCEDURE**

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**STATE REVOLVING FUNDS PROGRAMS
TAX COMPLIANCE PROCEDURE**

ARTICLE I

DEFINITIONS

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

“**Authority Annual Compliance Checklist**” means a questionnaire and/or checklist described in **Section 6.2** and in the form attached as **Exhibit B**, or any replacement form as requested by Bond Counsel and approved by the Bond Compliance Officer, to be completed each year by the Bond Compliance Officer.

“**Authority**” means the State Environmental Improvement and Energy Resources Authority, a body corporate and politic and a governmental instrumentality of the State of Missouri.

“**Bond Compliance Officer**” means the Authority’s Deputy Director or, if the position of Deputy Director is vacant, the person filling the responsibilities of the Deputy Director for the Authority.

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

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

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

“**Clean Water Commission**” means the Clean Water Commission of the State of Missouri.

“**Clean Water Loan**” means a loan made to Clean Water Participants pursuant to the Clean Water SRF Direct Loan Program or the Clean Water SRF Leveraged Loan Program.

“**Clean Water Participant**” means a Missouri governmental entity that participates in the Clean Water SRF Direct Loan Program or the Clean Water SRF Leveraged Loan Program.

“**Clean Water SRF Direct Loan Program**” means DNR’s State of Missouri Direct Loan Program created in cooperation with the Clean Water Commission to provide financial assistance to Clean Water Participants to finance publicly owned wastewater treatment and sanitary sewerage facilities.

“**Clean Water SRF Leveraged Loan Program**” means the Missouri Leveraged State Clean Water Revolving Fund Program created by cooperative agreement among the Authority, DNR and the Clean Water Commission to provide financial assistance to Clean Water Participants to finance publicly owned wastewater treatment and sanitary sewerage facilities.

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

“**Compliance Procedure**” means this State Revolving Funds Programs Tax Compliance Procedure.

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

“**DNR**” means the Missouri Department of Natural Resources, a department of the State of Missouri.

“**Drinking Water Commission**” means the Safe Drinking Water Commission of the State of Missouri.

“**Drinking Water Loan**” means a loan made to a Drinking Water Participant pursuant to the Drinking Water SRF Direct Loan Program or the Drinking Water SRF Leveraged Loan Program.

“**Drinking Water Participant**” means a Missouri governmental entity or nonprofit corporation that participates in the Drinking Water SRF Direct Loan Program or the Drinking Water SRF Leveraged Loan Program.

“**Drinking Water SRF Direct Loan Program**” means DNR’s State of Missouri Direct Loan Program created in cooperation with the Drinking Water Commission to provide financial assistance to Drinking Water Participants to finance publicly and privately owned drinking water treatment facilities.

“**Drinking Water SRF Leveraged Loan Program**” means the Missouri Leveraged State Drinking Water Revolving Fund Program created by cooperative agreement among the Authority, DNR and the Safe Drinking Water Commission to provide financial assistance to Drinking Water Participants to finance publicly and privately owned drinking water treatment facilities.

“**Final Written Allocation**” means the Final Written Allocation of Tax-Exempt Bond proceeds pursuant to **Section 7.4** or of Participant Loan proceeds pursuant to **Section 5.3**.

“**Financed Facility**” means that part of a Project Facility treated as financed with proceeds of a Participant Loan as reflected in a Final Written Allocation or, if no Final Written Allocation was prepared, the accounting records of the Trustee, the Authority or the Participant, as the case may be, and the Tax Compliance Agreement for the Tax-Exempt Bonds.

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

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

“**Participant**” means a Clean Water Participant or a Drinking Water Participant.

“**Participant Annual Compliance Checklist**” means a questionnaire and/or checklist described in **Section 5.4** and in the form attached as **Exhibit C**, or any replacement form as requested by Bond Counsel and approved by the Bond Compliance Officer, which is completed each year by a Participant.

“**Participant Bond Compliance Officer**” means the individual officer or employee of the Participant named as the primary individual responsible for post-issuance tax compliance by the Participant in connection with its Participant Loan.

“**Participant Closing Certificate**” means the closing certificate executed by the Participant in connection with the closing of the Participant Loan.

“Participant Loan” means a Clean Water Loan or a Drinking Water Loan.

“Placed In Service” means the date when the Project Facility is substantially complete and in operation at substantially its design level, as determined by the Participant Bond Compliance Officer or, in the absence of appropriate action by the Participant Bond Compliance Officer, by [DNR][the Bond Compliance Officer in consultation with DNR].

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

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

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

“Requisition” means a Clean Water Reimbursement Form or Drinking Water Reimbursement Form, submitted by a Participant and approved by DNR for each disbursement of Participant Loan proceeds.

“State Revolving Funds Programs” means, collectively, the Clean Water SRF Direct Loan Program, the Clean Water SRF Leveraged Loan Program, the Drinking Water SRF Direct Loan Program and the Drinking Water SRF Leveraged Loan Program.

“Tax Compliance Agreement” means a Federal Tax Certificate, Tax Compliance Agreement, Arbitrage Agreement, or other written certification or agreement of the Authority or the Participant (including Article V or similar article of a Purchase Agreement between the Participant and DNR or Exhibit to a Participant Closing Certificate), setting out representations and covenants for satisfying the post-issuance tax compliance requirements for the Tax-Exempt Bonds.

“Tax-Exempt Bonds” means any bond, note, installment sale agreement, lease or certificate intended to be a debt obligation of the Authority, the proceeds of which are to be loaned or otherwise made available to DNR to finance Participant Loans, and the interest on which is excludable from gross income for federal income tax purposes. A list of all Tax-Exempt Bonds outstanding and subject to this Compliance Procedure as of July 1, 2013, is attached as **Exhibit A**.

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

- (a) Intent Resolution. (Duplicate Copy Maintained by Bond Compliance Officer)
- (b) Bond Transcript. (Duplicate Copy Maintained by Bond Compliance Officer)
- (c) For each Participant Loan, a Final Written Allocation and/or all available accounting records related to the Financed Facility showing expenditures allocated to the proceeds of the Participant Loan and expenditures (if any) allocated to other sources of funds.
- (d) All rebate and yield reduction payment calculations performed by the Rebate Analyst and all investment records provided to the Rebate Analyst for purposes of preparing the calculations.
- (e) Forms 8038-T together with proof of filing and payment of rebate. (Duplicate Copy Maintained by Bond Compliance Officer)
- (f) Investment agreement bid documents (unless included in the Bond Transcript) including:

- (1) bid solicitation, bid responses, certificate of broker;
- (2) written summary of reasons for deviations from the terms of the solicitation that are incorporated into the investment agreement; and
- (3) copies of the investment agreement and any amendments.
- (g) Any item required to be maintained by the terms of the Tax Compliance Agreement and Participant's Tax Compliance Agreement involving the use of the Financed Facility or expenditures related to tax compliance for the Tax-Exempt Bonds.
- (h) Any opinion of Bond Counsel regarding the Tax-Exempt Bonds not included in the Bond Transcript. (Duplicate Copy Maintained by Bond Compliance Officer)
- (i) Amendments, modifications or substitute agreements to any agreement contained in the Bond Transcript. (Duplicate Copy Maintained by Bond Compliance Officer)
- (j) Any correspondence with the IRS relating to the Tax-Exempt Bonds including all correspondence relating to an audit by the IRS of the Tax-Exempt Bonds or any proceedings under the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP). (Duplicate Copy Maintained by Bond Compliance Officer)
- (k) All completed Authority Annual Compliance Checklists and Participant Annual Compliance Checklists and any other questionnaires or correspondence substantiating compliance with the post-issuance tax requirements.
- (l) For refunding bond issues, the Tax-Exempt Bond File for the refunded Tax-Exempt Bonds.

“Trustee” means the corporate trustee named in a trust indenture or other similar document included in the Bond Transcript for the Tax-Exempt Bonds or the “Paying Agent” within the meaning of the documents executed by a Participant, DNR and the Paying Agent in connection with a Participant Loan made under the Clean Water SRF Direct Loan Program or the Drinking Water SRF Direct Loan Program.

ARTICLE II

PURPOSE AND SCOPE

Section 2.1. Purpose of Compliance Procedure.

- (a) Authority's Use of Tax-Exempt Bonds. The Authority issues Tax-Exempt Bonds and funds Participant Loans or makes the proceeds available to DNR to fund, or reimburse DNR for funding of, certain Participant Loans, the proceeds of which finance Costs of a Project Facility. The Authority understands that in exchange for the right to issue Tax-Exempt Bonds at favorable interest rates and terms, the Code and Regulations impose ongoing requirements related to the proceeds of the Tax-Exempt Bonds and the Financed Facility financed by the Tax-Exempt Bonds. These requirements focus on the investment, use and expenditure of proceeds of the Tax-Exempt Bonds and related funds as well as restrictions on the use of the Project Facility.
- (b) IRS Recommends Separate Written Procedures. The Authority recognizes that the IRS has stated that all issuers of Tax-Exempt Bonds should have separate written procedures regarding ongoing compliance with the federal tax requirements for Tax-Exempt Bonds.
- (c) Authority Commitment. The Authority is committed to full compliance with the federal tax law requirements for all of its outstanding and future issues of Tax-Exempt Bonds. This Compliance Procedure is adopted by the Authority to comply with IRS directives and to improve federal tax law compliance and documentation. Because each Participant is primarily responsible for the expenditure and investment of proceeds of its Participant Loan and the use of its Project Facility, this Compliance Procedure provides that each Participant will assume substantially all obligations related to post-issuance compliance for its Participant Loan. The Authority will assume responsibility for annually monitoring each Participant's

compliance with the post-issuance tax requirements through use of the Participant Annual Compliance Checklists. The Authority will assume responsibility for ensuring compliance with the remaining post-issuance tax requirements for all Tax-Exempt Bonds primarily consisting of compliance with the arbitrage and rebate requirements.

Section 2.2. Scope of Compliance Procedure; Conflicts. This Compliance Procedure applies to all Participant Loans, both currently outstanding and issued in the future, and all Tax-Exempt Bonds, both currently outstanding and issued in the future. If the provisions of this Compliance Procedure conflict with a Tax Compliance Agreement or any specific written instructions of Bond Counsel, the terms of the Tax Compliance Agreement or specific written instructions of Bond Counsel will supersede and govern in lieu of this Compliance Procedure. Any exception to this Compliance Procedure required by Bond Counsel as part of a future issue of Tax-Exempt Bonds will be incorporated in the Tax Compliance Agreement for the future issue. Any requirements imposed on the Authority or a Participant in the Tax Compliance Agreement will be noted by the Bond Compliance Officer and incorporated into the Authority Annual Compliance Checklist and/or the Participant Annual Compliance Checklist.

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

ARTICLE III

BOND COMPLIANCE OFFICER; TRAINING

Section 3.1. Bond Compliance Officer Duties. The Bond Compliance Officer is responsible for implementing this Compliance Procedure. The Bond Compliance Officer will work with the Participants through each Participant Bond Compliance Officer, DNR and the Trustee to assist in implementing this Compliance Procedure. The Bond Compliance Officer will consult with Participants, DNR, Bond Counsel, legal counsel to the Authority, accountants, tax return preparers and other outside experts to the extent necessary to carry out the purposes of this Compliance Procedure. The Bond Compliance Officer will report to the Authority as necessary, and at least annually, regarding implementation of this Compliance Procedure and any recommended changes or amendments to this Compliance Procedure.

Section 3.2. Training.

(a) Training Programs. When appropriate, the Bond Compliance Officer and/or other employees of the Authority under the direction of the Bond Compliance Officer will attend training programs offered by the IRS or other industry professionals regarding Tax-Exempt Bonds that are relevant to the Authority.

(b) Change in Bond Compliance Officer. Any time an individual acting as the Bond Compliance Officer passes the responsibilities for carrying out the provisions of this Compliance Procedure to another individual, the Authority will ensure the incoming individual acting as Bond Compliance Officer is trained on how to implement the policies and procedures included in this Compliance Procedure to ensure the Authority's continued compliance with the provisions of this Compliance Procedure and all Tax Compliance Agreements for any outstanding Tax-Exempt Bonds.

ARTICLE IV

COMPLIANCE PROCEDURE FOR PARTICIPANT LOANS CURRENTLY OUTSTANDING

Section 4.1. Participant Loans Covered by Article IV Procedures. This Article IV applies to all Participant Loans issued prior to the date of this Compliance Procedure that are currently outstanding.

Section 4.2. Participant Contact. As soon as reasonably practical the Bond Compliance Officer will send to each Participant a copy of the Participant's Tax Compliance Agreement along with a letter reminding the Participant that pursuant to the Participant's Tax Compliance Agreement the Participant is responsible for post-issuance tax compliance related to record keeping, use of Participant Loan proceeds, and use of the Financed Facility.

Section 4.3. Annual Certification From Each Participant. As soon as practical following the adoption of this Compliance Procedure, the Bond Compliance Officer will request each Participant to confirm annually in writing its compliance with the terms of the Participant's Closing Certificate for the Participant Loan through use of a Participant Annual Compliance Checklist. The Bond Compliance Officer will use reasonable efforts to obtain a completed Participant Annual Compliance Checklist from each Participant and will retain the completed Participant Annual Compliance Checklist in the Tax-Exempt Bond File for the longer of the term of the Participant Loan or the Tax-Exempt Bond allocable to financing the Participant Loan (if any) plus three years.

Section 4.4. Correcting Prior Deficiencies in Compliance. If a Participant informs the Bond Compliance Officer of a deficiency in compliance with Participant's Tax Compliance Agreement for an outstanding Participant Loan allocable to an outstanding Tax-Exempt Bond listed on **Exhibit A**, the Bond Compliance Officer will consult with Bond Counsel and, as necessary or appropriate, follow the procedures described in the Regulations or the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP) to remediate the noncompliance. If remediation of the noncompliance requires the Authority to submit a request under VCAP, the Bond Compliance Officer will undertake this step only after reporting the violation to the Director of the Authority and obtaining the approval of the Director and/or the Authority, as deemed appropriate.

ARTICLE V

COMPLIANCE PROCEDURE FOR NEW PARTICIPANT LOANS

Section 5.1. Application. This Article V applies to Participant Loans made on or after the date of this Compliance Procedure.

Section 5.2. Prior to Issuance of Participant Loan.

(a) Intent Resolution. Prior to or as a part of the Participant Loan authorization process, the Participant may adopt an Intent Resolution. The Authority expects that Participants will usually adopt an Intent Resolution as part of their election call proceedings.

(b) Participant's Tax Compliance Agreement. For each Participant Loan, a Participant's Tax Compliance Agreement, including covenants related to the Participant's compliance with the post-issuance tax requirements, will be signed by the Participant Bond Compliance Officer or other duly authorized officer of the Participant. The Participant's Tax Compliance Agreement will (1) describe the Project Facility and the anticipated Financed Facility, (2) for new money financings, require the Participant to complete a Final Written Allocation, and (3) contain a form of the Participant Annual Compliance Checklist

for the Participant Loan. The Participant Bond Compliance Officer is expected to confer with the Bond Compliance Officer and Bond Counsel or local bond counsel to the Participant regarding the meaning and scope of each representation and covenant contained in the Participant's Tax Compliance Agreement.

(c) Participant Loans; Preliminary Cost Allocations. The Participant Bond Compliance Officer in consultation with DNR, will prepare a preliminary cost allocation plan for the Project Facility to be funded from proceeds of a Participant Loan. The preliminary cost allocation plan will identify the assets and expected costs for the Project Facility, and when necessary, will break-out the portions of Costs that are expected to be financed with proceeds of the Participant Loan and the portions, if any, expected to be financed from other sources.

Section 5.3. Final Written Allocation of Participant Loan Proceeds. The Participant's Tax Compliance Agreement will include the Participant's agreement that its file of all Requisitions and supporting invoices provided to DNR with respect to the use of Participant Loan proceeds constitutes the Participant's Final Written Allocation of the application of proceeds of the Participant Loan to the Financed Facility. In addition, the Bond Compliance Officer may access DNR's compilation of Requisitions and supporting invoices to document the Participant's Final Written Allocation absent receipt of documentation from the Participant. The Participant may, with at least 60 days' prior written notice to, and the written consent of DNR, deliver a revised written reimbursement allocation to DNR if the revised allocation is accompanied by an Opinion of Bond Counsel. However, no revised reimbursement allocation will be made more than 18 months following the later of (A) the date of the expenditure or (B) the date the Financed Facility was Placed In Service, unless an Opinion of Bond Counsel is delivered to DNR and the Authority. For Participant Loans issued only to refund a prior Participant Loan, the Participant Bond Compliance Officer will work with the Bond Compliance Officer or Bond Counsel to prepare and/or document the Final Written Allocation for the Financed Facility financed by the refunded Participant Loan and include it as an attachment to the Participant's Tax Compliance Agreement or in the Tax-Exempt Bond File.

Section 5.4. Participant Annual Compliance Checklists; Reviews.

(a) Participant Annual Compliance Checklists. The Participant Bond Compliance Officer will be responsible for assembling and maintaining the information necessary to accurately complete the Participant Annual Compliance Checklist. Each Participant Bond Compliance Officer will be required to provide a completed Participant Annual Compliance Checklist, together with any supporting documentation, to the Director, Financial Assistance Center of DNR (and subsequently forwarded by the Director to the Bond Compliance Officer) or directly to the Authority.

(b) Review of Participant Annual Compliance Checklist. Each Participant Annual Compliance Checklist will be reviewed by legal counsel to the Participant or the Participant's local bond counsel for sufficiency and compliance with the Participant's Tax Compliance Agreement and this Compliance Procedure. Following the completion of the review, the Participant Bond Compliance Officer will execute the Participant's Annual Compliance Checklist.

ARTICLE VI

COMPLIANCE PROCEDURE FOR TAX-EXEMPT BONDS CURRENTLY OUTSTANDING

Section 6.1. Tax-Exempt Bonds Covered by Article VI Procedures. This Article VI applies to all Tax-Exempt Bonds issued prior to the date of this Compliance Procedure that are currently outstanding. These Tax-Exempt Bonds are listed on **Exhibit A**.

Section 6.2. Tax-Exempt Bond File; Annual Compliance Checklists. As soon as practical, the Bond Compliance Officer will attempt to assemble as much of the Tax-Exempt Bond File as is available for the Tax-Exempt Bonds listed on **Exhibit A**. As soon as practical, the Bond Compliance Officer will complete an Authority Annual Compliance Checklist for each outstanding Tax-Exempt Bond issue. The Bond Compliance Officer will use reasonable efforts to obtain a completed Participant Annual Compliance Checklist from each Participant. The Bond Compliance Officer will retain the completed Participant Annual Compliance Checklist and Authority Annual Compliance Checklist in the Tax-Exempt Bond File for the longer of the term of the Participant Loan or the Tax-Exempt Bond allocable to financing the Participant Loan (if any) plus three years.

Section 6.3. Correcting Prior Deficiencies in Compliance. In the event of a deficiency in compliance with the Tax Compliance Agreement for an outstanding Tax-Exempt Bond listed on **Exhibit A**, the Bond Compliance Officer will consult with Bond Counsel and, as necessary, follow the procedures described in the Regulations or the Tax-Exempt Bonds Voluntary Closing Agreement Program (VCAP) to remediate the noncompliance. If remediation of the noncompliance requires the Authority to submit a request under VCAP, the Bond Compliance Officer will undertake this step only after reporting the violation to the Authority and obtaining its approval.

ARTICLE VII

COMPLIANCE PROCEDURE FOR NEW TAX-EXEMPT BONDS

Section 7.1. Application. This **Article VII** applies to Tax-Exempt Bonds issued on or after the date of this Compliance Procedure.

Section 7.2. Prior to Issuance of Tax-Exempt Bonds.

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

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

(c) Tax Compliance Agreement. For each Tax-Exempt Bond, the Authority will enter into a Tax Compliance Agreement including covenants related to compliance with the post-issuance tax requirements that will be signed by the Bond Compliance Officer or other duly authorized officer of the Authority. The Tax Compliance Agreement will (1) identify the Participant Loans being financed with proceeds of the Tax-Exempt Bond, (2) identify all Bond Restricted Funds and provide for arbitrage and rebate compliance, (3) for new money financings, assure each Participant is required to complete a Final Written Allocation, and (4) contain a form of the Authority Annual Compliance Checklist. The Bond Compliance Officer will review the Authority's Tax Compliance Agreement and, if deemed appropriate, confer with Bond Counsel and the Authority's counsel regarding the meaning and scope of each representation and covenant contained in the Authority's Tax Compliance Agreement.

(d) Preliminary Cost Allocations. For each Tax-Exempt Bond issuance, the Bond Compliance Officer will assure a preliminary cost allocation plan is prepared. The preliminary cost allocation plan will identify the Participant Loans or portions thereof to be financed with proceeds of the Tax-Exempt Bonds and the portions of the Participant Loans, if any, expected to be financed from other sources together with the proceeds expected to be used to finance costs of issuing or credit enhancement for the Tax-Exempt Bonds, including funding any reserve funds.

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

Section 7.3. Accounting and Recordkeeping. The Bond Compliance Officer will assure the accounting for the investment and allocation of proceeds of the Tax-Exempt Bonds is accomplished. The Bond Compliance Officer may use accounts established pursuant to a trust indenture for the Tax-Exempt Bonds to assist it in accounting for the investment and expenditure of Tax-Exempt Bonds. For Tax-Exempt Bonds that are issued to refund prior Tax-Exempt Bonds, the Tax Compliance Agreement will set out special accounting and allocation procedures for the proceeds of the financing, and if necessary proceeds of the refinanced Tax-Exempt Bonds. The Bond Compliance Officer will be responsible for assembling and maintaining the Tax-Exempt Bond File.

Section 7.4. Final Allocation of Bond Proceeds.

(a) Preparation of Final Written Allocation; Timing. The Bond Compliance Officer will assure a written allocation of Tax-Exempt Bond proceeds to Participant Loans and other expenditures is prepared. This process will be memorialized in the Final Written Allocation. For a new money financing, the Bond Compliance Officer will commence this process as of the earliest of (1) the requisition of all Participant Loan proceeds from any segregated Tax-Exempt Bond funded account, (2) the date the Project Facilities have been substantially completed or (3) four and one-half years following the issue date of the Tax-Exempt Bonds. For Tax-Exempt Bonds issued only to refund a prior issue of Tax-Exempt Bonds, the Participant Bond Compliance Officer will work with the Participants and Bond Counsel to prepare and/or document the Final Written Allocation for the Financed Facility financed by the refunded Tax-Exempt Bonds and include it in the Tax Compliance Agreement.

(b) Contents and Procedure. The Bond Compliance Officer will consult the Tax Compliance Agreement and, if necessary, contact Bond Counsel to seek advice regarding any special allocation of Tax-Exempt Bond proceeds and other money to Participant Loans and other expenditures. If no special allocation is required or recommended, the Bond Compliance Officer will allocate proceeds of the Tax-Exempt Bonds in accordance with the Authority's accounting records. Each Final Written Allocation will contain the following: (1) a reconciliation of the actual sources and uses to fund Participant Loans, (2) the percentage of each Participant Loan financed with proceeds of the Tax-Exempt Bonds and (3) any special procedures to be followed in completing the Authority Annual Compliance Checklist.

(c) Finalize Authority Annual Compliance Checklist. As part of the preparation of the Final Written Allocation, the Bond Compliance Officer will update the draft Authority Annual Compliance Checklist contained in the relevant Tax Compliance Agreement. The Bond Compliance Officer will include

reminders for all subsequent arbitrage rebate computations required for the Tax-Exempt Bonds in the Authority Annual Compliance Checklist.

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

ARTICLE VIII

ONGOING MONITORING PROCEDURES

Section 8.1. Annual Compliance Checklists. Participant Annual Compliance Checklists and the Authority Annual Compliance Checklist are to be completed annually. Each Participant Annual Compliance Checklist and Authority Annual Compliance Checklist will be designed and completed for the purpose of identifying potential noncompliance with the terms of the Participant's Tax Compliance Agreement, the Authority's Tax Compliance Agreement and this Compliance Procedure and obtaining documents (such as investment records, arbitrage calculations, or other documentation for the Financed Facility) that are required to be incorporated in the Tax-Exempt Bond File. The Bond Compliance Officer will refer any responses indicating a violation of the terms of the Tax Compliance Agreement to legal counsel to the Authority and Bond Counsel and, if recommended by counsel, will follow the procedure set out in **Section 6.3** to remediate the non-compliance.

Section 8.2. Arbitrage and Rebate Compliance. The Bond Compliance Officer will monitor the investment of Bond Restricted Funds and cause the Trustee to provide investment records to the Rebate Analyst on a timely basis. The Bond Compliance Officer will follow the directions of the Rebate Analyst with respect to the preparation of and the timing of rebate or yield reduction computations.

ADOPTED BY THE AUTHORITY
July 25, 2013

EXHIBIT A

LIST OF TAX-EXEMPT BONDS COVERED BY THIS COMPLIANCE PROCEDURE

| Series | Dated Issued | Final Maturity Date | Original Principal Amount | Description |
|---------------|---------------------|----------------------------|----------------------------------|--|
| 1993A | 9/8/1993 | 7/1/2015 | \$ 22,425,000 | Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series) |
| 1994A | 8/18/1994 | 7/1/2015 | 12,215,000 | Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series) |
| 1994B | 12/1/1994 | 7/1/2016 | 43,230,000 | Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series) |
| 1995A | 5/2/1995 | 7/1/2016 | 17,450,000 | Water Pollution Control Revenue Bonds (State Revolving Fund Program - City of Branson Project) |
| 1995C | 6/29/1995 | 1/1/2016 | 30,000,000 | Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series) |
| 1995D | 6/29/1995 | 1/1/2017 | 11,462,661 | Capital Appreciation Water Pollution Control Revenue Bonds (State Revolving Fund Program - City of Cape Girardeau Project) |
| 1995E | 11/14/1995 | 7/1/2016 | 26,410,000 | Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series) |
| 1996B | 4/25/1996 | 1/1/2017 | 4,545,000 | Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series) |
| 1996D | 6/12/1996 | 1/1/2019 | 14,185,000 | Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series) |
| 1996E | 12/19/1996 | 1/1/2019 | 23,600,000 | Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series) |
| 1997D | 6/5/1997 | 1/1/2019 | 24,060,000 | Water Pollution Control Revenue Bonds (State Revolving Fund Program - Multiple Participant Series) |
| 1997E | 12/3/1997 | 1/1/2019 | 14,015,000 | Water Pollution Control Revenue Bonds (State Revolving Fund Program - Master Trust) |
| 1997F | 12/3/1997 | 1/1/2018 | 2,500,000 | Water Pollution Control Revenue Bonds (State Revolving Fund Program - Master Trust) |
| 1998A | 4/22/1998 | 1/1/2019 | 16,480,000 | Water Pollution Control Revenue Bonds (State Revolving Fund Program - Master Trust) |
| 1998B | 12/2/1998 | 1/1/2020 | 45,875,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs - Master Trust) |
| 1999A | 6/3/1999 | 1/1/2020 | 47,970,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs - Master Trust) |

| Series | Dated Issued | Final Maturity Date | Original Principal Amount | Description |
|---------------|---------------------|----------------------------|----------------------------------|--|
| 1999B | 12/2/1999 | 7/1/2020 | 13,870,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs - Master Trust) |
| 2000A | 4/12/2000 | 7/1/2021 | 52,640,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs - Master Trust) |
| 2000B | 11/21/2000 | 7/1/2021 | 41,485,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs - Master Trust) |
| 2001A | 4/18/2001 | 1/1/2022 | 13,930,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs - Master Trust) |
| 2001B | 6/26/2001 | 1/1/2019 | 122,060,000 | Water Pollution Control Revenue Refunding Bonds (State Revolving Fund Program - Master Trust) |
| 2001C | 11/20/2001 | 7/1/2023 | 112,280,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs - Master Trust) |
| 2002A | 5/8/2002 | 1/1/2023 | 29,545,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs - Master Trust) |
| 2002B | 11/7/2002 | 7/1/2023 | 103,065,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs - Master Trust) |
| 2003A | 1/30/2003 | 1/1/2024 | 88,915,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs - Master Trust) |
| 2003B | 4/9/2003 | 1/1/2025 | 39,940,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs - Master Trust) |
| 2003C | 11/20/2003 | 7/1/2025 | 27,895,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) |
| 2004A | 3/23/2004 | 7/1/2021 | 77,625,000 | Water Pollution Control and Drinking Water Refunding Revenue Bonds (State Revolving Funds Programs) |
| 2004B | 5/28/2004 | 1/1/2027 | 179,780,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) |
| 2004C | 12/9/2004 | 1/1/2026 | 39,895,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) |
| 2005A | 5/19/2005 | 7/1/2026 | 53,060,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) |
| 2005C | 11/30/2005 | 7/1/2027 | 85,210,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) |
| 2006A | 4/27/2006 | 7/1/2027 | 87,505,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) |

| Series | Dated Issued | Final Maturity Date | Original Principal Amount | Description |
|---------------|---------------------|----------------------------|----------------------------------|---|
| 2006B | 11/16/2006 | 7/1/2027 | 22,105,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) |
| 2007A | 5/1/2007 | 1/1/2028 | 57,430,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) |
| 2007B | 11/15/2007 | 1/1/2029 | 56,720,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) |
| 2008A | 10/30/2008 | 1/1/2029 | 69,435,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) |
| 2010A | 2/17/2010 | 1/1/2024 | 205,420,000 | Water Pollution Control and Drinking Water Refunding Revenue Bonds (State Revolving Funds Programs) |
| 2010B | 11/17/2010 | 7/1/2030 | 65,920,000 | Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) |
| 2011A | 11/30/2011 | 1/1/2025 | 106,830,000 | Water Pollution Control and Drinking Water Refunding Revenue Bonds (State Revolving Funds Programs) |

EXHIBIT B

**SAMPLE ANNUAL COMPLIANCE CHECKLIST
(AUTHORITY)**

| | |
|---|-------|
| Name of tax-exempt bonds (“Bonds”): | _____ |
| Issue Date of Bonds: | _____ |
| Name of Bond Compliance Officer: | _____ |
| Period covered by request (“Annual Period”): | _____ |

| Item | Question | Response |
|--|--|---|
| 1 Receipt of Participant Annual Compliance Checklists | Has the Bond Compliance Officer received a completed Participant Annual Compliance Checklist from each Participant for the above referenced Tax-Exempt Bond issue for the Annual Period? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | <p>If the Bond Compliance Officer has not received a completed Participant Annual Compliance Checklist from a Participant, contact the applicable Participant and obtain a completed Participant Annual Compliance Checklist, review the Participant Annual Compliance Checklist for any responses which may raise a question regarding compliance with the Post-Issuance Tax Requirements and include a copy of the completed Participant Annual Compliance Checklist in the Tax-Exempt Bond File.</p> <p>If a response from any Participant raises a question regarding compliance with the Post-Issuance Tax Requirements, contact the Authority’s legal counsel or Bond Counsel and include description of resolution in the Tax-Exempt Bond File.</p> | |
| 2 Participant Final Written Allocation | For each Participant Project that has been Placed In Service, has a Final Written Allocation been completed for the Participant Project? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | <p>If “Yes”, include a copy of the final Participant Requisition in the Tax-Exempt Bond File.</p> <p>If “No”, contact DNR and the applicable Participant Bond Compliance Officer to prepare a Final Written Allocation for the Participant’s Project and include a copy of the final Participant Requisition in the Tax-Exempt Bond File.</p> | |
| 3 Arbitrage & Rebate | Have all rebate and yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | If No, contact Rebate Analyst and incorporate report or include description of resolution in the Tax-Exempt Bond File. | |

Bond Compliance Officer: _____

Date Completed: _____

EXHIBIT C

**SAMPLE ANNUAL COMPLIANCE CHECKLIST
(PARTICIPANT)**

| | |
|--|--|
| Name of Participant: | |
| Name of bonds (“Bonds”) financing the Financed Assets: | |
| Financed Assets: [NOTE: insert Project as defined in Purchase Agreement unless modified during construction] | |
| Issue Date of Bonds: | |
| Placed in service date of the Financed Assets: | |
| Name of Participant Bond Compliance Officer: | |
| Period covered by request (“Annual Period”): | |

| Item | Question | Response |
|------------------------|--|---|
| 1 Ownership | Were all of the Financed Assets owned by the Participant during the entire Annual Period? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | If answer above was “No,” was an Opinion of Bond Counsel obtained prior to the transfer? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File. | <input type="checkbox"/> Yes <input type="checkbox"/> No |

| | | |
|--|---|---|
| 2 Leases and Other Rights to Possession | During the Annual Period, were any of the Financed Assets or any part of a Financed Asset leased at any time pursuant to a lease or similar agreement for more than 50 days (e.g., has the Participant entered into an agreement permitting a cell phone tower on a Bond-financed facility)? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | If answer above was “Yes,” was an Opinion of Bond Counsel obtained prior to entering into the lease or other arrangement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File. | <input type="checkbox"/> Yes <input type="checkbox"/> No |

| Item | Question | Response |
|---|---|---|
| 3 Management or Service Agreements | During the Annual Period, has the Participant entered into an agreement with another entity to manage the operation of the Financed Assets? (for example, does a private entity operate the System on behalf of the Participant) | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into a management agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File. | <input type="checkbox"/> Yes <input type="checkbox"/> No |

| | | |
|------------------------------|--|---|
| 4 Other Use | Was any agreement entered into with an individual or entity that grants special legal rights to the Financed Asset (e.g., has the Participant entered into a take or pay contract or similar agreement related to output from the Financed Assets)? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| | If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File. | <input type="checkbox"/> Yes <input type="checkbox"/> No |

Participant Bond Compliance Officer: _____

Date: _____