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CITY OF MONETT, MISSOURI

TRANSCRIPT OF PROCEEDINGS

AUTHORIZING THE ISSUANCE

OF

\$8,950,000

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
(STATE REVOLVING FUND PROGRAM)  
SERIES 2003

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CITY OF MONETT, MISSOURI

\$8,950,000  
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
(STATE REVOLVING FUND PROGRAM)  
SERIES 2003

CLOSING LIST

Document  
No.

BASIC DOCUMENTS

1. Purchase Agreement among the Authority, DNR and the City.
2. Revolving Fund Agreement among the Authority, the Trustee, DNR and the City.
3. Terms Certificate and Final Numbers.
4. Participant Closing Certificate.

ELECTION PROCEEDINGS

5. Excerpt of Minutes of August 27, 2001 Meeting of the City Council calling bond election; Certificate Regarding Notice of Meeting; Notice of Meeting.
6. Ordinance No. A-7072 calling bond election with Notice of Election attached.
7. Notification of Election Authority of Bond Election.
8. Election Authority's Certificate with the following items attached:
  - A. Official Ballot.
  - B. Abstract of Votes.
  - C. Affidavit of Publication.
9. Excerpt of Minutes of March 20, 2002 Meeting of the City Council combining the existing waterworks system and the existing sewerage system.
10. Ordinance No. 7146 combining the existing waterworks system and the existing sewerage system.

ISSUANCE PROCEEDINGS

11. Certificate Regarding Notice of April 3, 2003 special Meeting of the City Council; Notice of Meeting; and Waiver of Notice of Special Meeting.
12. Excerpt of Minutes of the April 3, 2003 special meeting of the City Council.
13. Bond Ordinance No. 7300 authorizing issuance of Participant Bonds and City Clerk Certification.

14. Cross Receipt for Participant Bonds.

15. Specimen Bond with Bond Counsel Opinion attached.

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STATE ENVIRONMENTAL IMPROVEMENT AND  
ENERGY RESOURCES AUTHORITY

\$39,940,000  
WATER POLLUTION CONTROL AND DRINKING WATER REVENUE BONDS  
(STATE REVOLVING FUNDS PROGRAMS – MASTER TRUST)  
SERIES 2003B

PURCHASE AGREEMENT

Dated as of April 1, 2003

By and Among

STATE ENVIRONMENTAL IMPROVEMENT AND  
ENERGY RESOURCES AUTHORITY,

MISSOURI DEPARTMENT OF NATURAL RESOURCES

and

EACH PARTICIPANT WHICH IS A  
SIGNATORY TO THIS AGREEMENT

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PURCHASE AGREEMENT

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Exhibit A	Forms of Requisition (Form SRFCW-01 and Form SRFDW-01)
Exhibit B	Federal Requirements
Exhibit C	Additional Definitions
Schedule 1	Loan Proceeds, Eligible Costs and Costs of Issuance
Schedule 2	Participant Ordinances/Resolutions

## PURCHASE AGREEMENT

THIS AGREEMENT (this "Purchase Agreement" or "Agreement"), dated as of April 1, 2003, by and among the STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY, a body corporate and politic and a governmental instrumentality of the State of Missouri (the "Authority"), duly organized and existing under the laws of the State of Missouri, the MISSOURI DEPARTMENT OF NATURAL RESOURCES, a department of the State of Missouri ("DNR"), and each PARTICIPANT which is a signatory to this Agreement (each a "Participant").

### RECITALS

1. The Federal Water Quality Act of 1987, 33 U.S.C. Section 1381 *et seq.*, and the Federal Safe Drinking Water Act, 42 U.S.C. Section 300f *et seq.* (the "Federal Acts"), authorize the Administrator of the United States Environmental Protection Agency, including its Region VII office located in the City of Kansas City, Kansas (the "EPA"), to make capitalization grants to states for deposit in state revolving funds to provide assistance for constructing publicly owned wastewater treatment facilities and publicly and privately owned drinking water treatment facilities and for certain other purposes.

2. Section 644.122 of the Missouri Clean Water Law, Sections 644.006 through 644.141, RSMo, establishes "The Water and Wastewater Loan Fund" in the Treasury of the State. Section 640.107, RSMo, establishes the "Drinking Water Revolving Fund" as a subfund within The Water and Wastewater Loan Fund.

3. Section 644.122, RSMo, and Section 640.107, RSMo, require that all moneys received from the EPA capitalization grant program and state matching funds (other than appropriated general state revenues) be deposited in The Water and Wastewater Loan Fund and that moneys deposited in the Drinking Water Revolving Fund and appropriated general state revenues constituting state matching funds be used for the purposes of the Federal Safe Drinking Water Act and be accounted for separately.

4. The Authority is authorized pursuant to Sections 260.005 through 260.125, and Appendix B(1), RSMo, as amended (the "Act"), to finance, acquire, construct and equip projects (as defined in the Act) for the purpose of preventing or reducing pollution, disposing of solid waste or sewage or providing water facilities, and to issue revenue bonds for the purpose of paying costs of such projects.

5. By resolutions adopted by the Authority on February 23, 1988 and September 22, 1998 (the "Program Resolutions"), the Authority has approved the development and implementation of the Missouri Leveraged State Water Pollution Control Revolving Fund Program (the "Clean Water SRF Program") and the Missouri Leveraged State Drinking Water Revolving Fund Program (the "Drinking Water SRF Program") and has stated its intent to issue its bonds to finance projects pursuant to the Clean Water SRF Program and the Drinking Water SRF Program, said bonds to be payable solely out of the revenues and receipts derived by the Authority in connection with such projects.

6. Pursuant to the Program Resolutions and the Resolution adopted by the Authority on March 6, 2003 (the "Authorizing Resolution"), the Authority is authorized to enter into this Agreement under which the Authority will loan a portion of the proceeds of its Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs – Master Trust) Series 2003B (the "Bonds") to a Participant in installments (a "Loan") to finance the project described on the Participant's signature page

(the "Project"), the Loan to be evidenced by the bonds of the Participant (the "Participant Bonds") in the form authorized by the Participant's Ordinance (as defined below).

7. The Authority will issue the Bonds in the aggregate principal amount of \$39,940,000, pursuant to a Bond Indenture dated as of April 1, 2003 (the "Indenture") by and between the Authority and UMB Bank, N.A., St. Louis, Missouri, as trustee (the "Trustee"), for the purpose of making the Loans to the Participants.

8. To secure the Bonds the Authority is assigning to the Trustee its right, title and interest in the Participant Bonds (as defined below) and this Agreement (except for certain rights reserved to the Authority as described in Sections 6.4 and 6.7).

9. The Clean Water Commission of the State of Missouri, an administrative agency of the State of Missouri domiciled within DNR (the "Clean Water Commission"), has approved a loan to each Clean Water Participant from The Water and Wastewater Loan Fund to be made by DNR pursuant to the Revolving Fund Agreement. The Safe Drinking Water Commission of the State of Missouri, an administrative agency of the State of Missouri domiciled within DNR (the "Drinking Water Commission"), has approved a loan to each Participant from the Drinking Water Revolving Fund and moneys appropriated by statute from the State's General Revenue Fund (each loan a "Revolving Fund Loan") to be made by DNR pursuant to the Revolving Fund Agreement.

10. The Authority, DNR and each Participant have determined to enter into this Agreement for the purposes of providing the financing for the applicable Project and setting forth their covenants and agreements respecting the application of the proceeds of the Bonds to finance each Participant's Project.

11. Additional provisions or modifications applicable to the Participant are set forth on the Participant's signature page.

## AGREEMENT

### ARTICLE I

#### DEFINITIONS

Section 1.1. Definitions. In addition to words and terms defined in the Recitals and elsewhere in this Agreement, including Exhibit C, 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 3.4(b).

"Applicable SRF Program" means the Clean Water SRF Program or the Drinking Water SRF Program, as applicable, for a Participant.

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

"Construction Account" means the Participant's Construction Account in the Construction Loan Fund.

“Cooperation Agreement” means the Amended and Restated Cooperation Agreement dated as of November 8, 1998, by and among DNR, the Clean Water Commission, the Safe Drinking Water Commission and the Authority, as amended.

“Debt Service Account” means the Participant’s Debt Service Account in the Debt Service Fund.

“Disbursement” means any amount advanced from the Construction Account to the Participant by the Trustee under this Agreement and Section 4.4 of the Indenture to pay Eligible Costs.

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

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

“Fiscal Year” means the Participant’s fiscal year as set forth on the Participant’s signature page to this Agreement, as it may be changed by the Participant upon written notice to DNR and the Trustee.

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

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

“Interest Account” means the Participant’s Interest Account in the Repayment Fund.

“Operating Agreements” means the Operating Agreement dated June 15, 1989, as amended, between DNR and EPA (relating to the Clean Water SRF Program), and the Operating Agreement dated October 31, 1998, between DNR and EPA (relating to the Drinking Water SRF Program).

“Ordinance” means the ordinance or resolution of the Participant described in Schedule 2.

“Participant Bonds” means the Participant’s bonds as described on the Participant’s signature page.

“Participant Representative” means any person designated in writing by a certificate executed by a Participant and filed with the Trustee, the Authority and DNR.

“Principal Account” means the Participant’s Principal Account in the Repayment Fund.

“Project” means the acquisition, construction, improvement and equipping of wastewater treatment or water facilities of the Participant described on the Participant’s signature page, which constitute a project for which the Authority is making the Loan to the Participant pursuant to this Agreement, with changes agreed to in writing by the Participant and DNR, with written notice to the Authority and the Trustee specifying the expected completion date for the Project, as changed.

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

“Regulations” means (i) with respect to the Project for each Clean Water Participant, 10 CSR 20–4.040 through 10 CSR 20–4.050 of the Code of State Regulations, as amended, and (ii) with respect to the Project for each Drinking Water Participant, 10 CSR 60–13.020 through 10 CSR 60–13.060 of the Code of State Regulations, as amended.

“Requisition” means either Form CWSRF-01 or Form DWSRF-01, as applicable, in substantially the form of Exhibit A, with such changes as are approved by DNR with written notice to the Trustee.

“Reserve Account” means the Participant’s Reserve Account in the Reserve Fund.

“System” means the entire wastewater treatment or sanitary sewerage facilities owned and operated by the Participant for the collection, treatment and disposal of sewage, or the entire drinking water treatment facilities owned and operated by the Participant for the acquisition, treatment and distribution of drinking water, or as otherwise described on the Participant’s signature page.

Section 1.2. General Provision. Each reference in this Agreement to the Participant, the Loan, the Ordinance, the Participant Bonds and the Project means each Participant which is a signatory to this Agreement, the Loan made to that Participant pursuant to the provisions of this Agreement, that Participant’s Participant Bonds issued under its Ordinance and that Participant’s Project.

## ARTICLE II

### REPRESENTATIONS AND AGREEMENTS

Section 2.1. Representations by the Authority. The Authority represents and agrees that:

(a) The Authority is a body corporate and politic and a governmental instrumentality duly organized and existing under the laws of the State with the necessary power and authority to enter into this Agreement acting by and through its duly authorized officers.

(b) The Program Resolutions and the Authorizing Resolution have been duly adopted by the Authority and have not been modified, amended or repealed.

(c) This Agreement has been duly authorized, executed and delivered by the Authority and constitutes the legal, valid and binding obligation of the Authority in accordance with its 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.

(d) The execution, delivery and performance of this Agreement by the Authority will not constitute a default under any indenture, mortgage, deed of trust, lease or agreement or other instrument executed by the Authority or by which it or any of its property is bound, its bylaws or any applicable law, rule, regulation or judicial proceeding.

(e) The Authority does not assume responsibility for funding the completion of the Project if the Loan is not sufficient, any future phase of the Project or any other System project.

Section 2.2. Representations and Agreements of Participant. The Participant represents and agrees as follows:

(a) Organization and Authority.

(i) The Participant is a political subdivision or a body corporate and politic 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 its 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 Participant Bonds, to pledge the sources for repayment of the Loan and the Participant Bonds under this Agreement, the Ordinance and the Participant 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 adopted.

(iv) This Agreement, the Revolving Fund Agreement, the Ordinance and the Participant Bonds 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 the Authority in writing on the Participant's application for participation in the Applicable SRF 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 its 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 the Authority in the Participant's application for participation in the Applicable SRF 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 best knowledge of the Participant, after due investigation, the Participant is not in violation of any agreement which 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) [reserved]

(h) Source for Repayment. The Participant has established a dedicated revenue source for the repayment of its obligations under this Agreement. The dedicated source of revenue includes a system of service charges or other source of revenue established under the Ordinance for such purpose.

(i) 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 the Authority and DNR in the timely observance and performance of the respective agreements of the Participant, the Authority and DNR under this Agreement.

(j) Control of System 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.

(k) Bid Solicitations. The Participant agrees that all bid solicitations will include the following statement:

“The prospective participants must certify by submittal of EPA Form 5700-49 “Certification Regarding Debarment, Suspension and Other Responsibility Matters” that, to the best of its knowledge and belief, it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any federal department or agency.”

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 Applicable SRF 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.

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

(m) Affirmative Actions. The Participant agrees to take the affirmative steps in 40 CFR 31.36(e) to contract with minority and women owned businesses; and ensure that its consultants and contractors take affirmative steps to contract with each group during all phases of work funded under this Agreement. Accordingly, the Participant should include the following prescribed information in solicitation documents: EPA Region VII Procedures for Implementation of 40 CFR 31.36(e) and the Minority and Women’s Enterprise Utilization Worksheet. The Participant will submit to DNR a completed Form SF-334 within 15 days after the end of each federal fiscal quarter during which the

Participant or its contractors award any subagreements to a minority or women's business for building and building-related services and supplies.

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

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

(i) to exercise its best efforts in accordance with prudent wastewater or drinking water treatment utility practice to complete the Project in a timely manner in accordance with the projected schedule set forth on the Participant's signature page to this Agreement; 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.

(p) Requests for Disbursements; Use of Proceeds. The Participant will request Disbursements to pay Eligible Costs in accordance with this Agreement to the extent moneys are available for Disbursements 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 by the Authority and is eligible for reimbursement pursuant to the Regulations. All costs will be Eligible Costs which the Authority is authorized to finance pursuant to the Act and the Regulations.

(q) Notice of Completion. The Participant will provide written notice of the completion of construction and Initiation of Operations to the Authority and DNR.

(r) Compliance Certification. 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.

(s) 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 Disbursements. 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.

(t) Operation and Maintenance of System. In accordance with prudent wastewater or drinking water treatment utility practice, the Participant will:

(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 and use ordinance or resolution as approved by DNR prior to the Initiation of Operations and for the life of the System, and

(iv) in accordance with 10 CSR 20–9.020 or 10 CSR 60–13.030 of the Regulations, as applicable, provide a certified operator for the life of the System.

(u) Records and Accounts.

(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”). If the aggregate Disbursements made under this Agreement exceeds \$514,307 for Clean Water Participants and \$731,707 for Drinking Water Participants) during any Fiscal Year of the Participant, or if the Participant receives \$300,000 or more in the aggregate from all federal sources, including the Clean Water SRF Program and the Drinking Water SRF Program, the Participant will complete an audit of its System Records for the fiscal year in accordance with OMB Circular No. A–133, *Audits of States, Local Governments, and Non-Profit Organizations* (which has replaced OMB Circular No. A-128). The System Records and General Accounts will be available for inspection by DNR and the Trustee at any reasonable time, and a copy of the Participant’s annual audit, including all written comments and recommendations of the accountant, will be furnished to DNR and the Trustee within the time period provided in OMB Circular No. A–133. The calculation of the amount of federal assistance under the Clean Water SRF Program and the Drinking Water SRF Program is as follows: multiply the amount of Disbursements during the Fiscal Year by the interest subsidy (70% for Clean Water Participants, 50% for Drinking Water Participants), then multiply this result by the federal assistance percentage (83.33% for Clean Water Participants and 82.00% for Drinking Water Participants).

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

(v) Inspections; Information. The Participant will permit the EPA, the Authority, the Trustee, 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 Authority, the Trustee and DNR may reasonably require in that connection.

(w) 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 or drinking water treatment facilities, insofar as the properties are insurable at a commercially reasonable cost.

(x) Notice of Material Adverse Change. The Participant will promptly notify the Authority and 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.

(y) Completion Required Without Authority Assistance. 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.

(z) Tax Covenants. The proceeds of the Loan do not exceed 100% of the Eligible Costs of the Project plus the Allocable Portion of the Costs of Issuance. No proceeds of the Loan will be used to

finance any portion of the Project which would result in any Bond being a private activity bond within the meaning of Section 141 of the Code.

Section 2.3. Representations and Agreements of DNR. DNR represents and agrees 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 Acts, the Missouri Clean Water Law and Chapter 640, RSMo, and is responsible for the management of the Clean Water SRF Program and the Drinking Water SRF Program. DNR will comply with the terms and conditions of the Operating Agreements and the Cooperation Agreement.

(c) 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.

(d) DNR agrees to request that there be included, in the Governor's budget submitted to the General Assembly of the State, an amount reasonably expected to be payable from The Water and Wastewater Loan Fund, the Drinking Water Revolving Fund and the State's General Revenue Fund during the next fiscal year of the State for the Clean Water SRF Program and the Drinking Water SRF Program (after taking into account any moneys available for this purpose within The Water and Wastewater Loan Fund and the Drinking Water Revolving Fund and from Appropriated Moneys). DNR will take any further action (or cause the same to be taken) that may be necessary or desirable to assure the availability of moneys appropriated for subsequent fiscal years of the State during which disbursements from the Construction Loan Fund may be made. The first request has been approved by the General Assembly of the State under applicable law for the fiscal year of the State commencing July 1, 2002. The General Assembly has made an appropriation in accordance with this request so that the aggregate amount necessary to make the Revolving Fund Loan and amounts for other financings of the Authority under the Applicable SRF Program have been appropriated. Requests for appropriations by DNR will be made in each subsequent fiscal year. In the event that an appropriation has not been passed by the General Assembly and approved by the Governor, DNR will give written notice to the Trustee no later than September 1 of the fiscal year. DNR will not reallocate federal capitalization grant funds and State matching funds which are to be used to fund the Revolving Fund Loan.

(e) DNR will monitor the balances in the Water Pollution Control Fund established under Section 644.520, RSMo, The Water and Wastewater Loan Fund and the Drinking Water Revolving Fund and unexpended Appropriated Moneys, to assure the availability of moneys to meet the State matching fund obligation established under the capitalization grant agreements executed from time to time by EPA and DNR.

(f) DNR will, in a timely manner and, with respect to a Revolving Fund Loan installment for the Reserve Percentage of the amount of the Costs of Issuance financed with the proceeds of Participant Bonds, within five Business Days after the date of issuance of the Bonds, (i) process Requisitions in accordance with this Agreement, (ii) request draws on the federal capitalization grants upon the initial approval of a Requisition and transfers from the Water Pollution Control Fund for deposit to The Water and Wastewater Loan Fund or the Drinking Water Revolving Fund, as applicable, and (iii) request the disbursement of moneys from The Water and Wastewater Loan Fund or the Drinking Water Revolving

Fund, as applicable, and of Appropriated Moneys, in each case to make the Revolving Fund Loan as provided in the Revolving Fund Agreement.

### ARTICLE III

#### EXECUTION OF AGREEMENT; TERMS OF LOAN

Section 3.1. Execution and Delivery of Agreement. On the date of issuance of the Participant Bonds, the Participant will deliver the following to the Trustee:

- (a) a certified copy of the Ordinance;
- (b) the executed Participant Bonds in the original aggregate principal amount as provided in the Ordinance;
- (c) a certificate of the Participant executed by a Participant Representative in a form acceptable to the Authority and DNR; and
- (d) a signed copy of the opinion of bond counsel to the Participant in a form acceptable to the Authority and DNR.

Section 3.2. Loan Proceeds. Subject to the provisions of this Agreement, the Authority will provide proceeds of the Loan in the amount set forth on Schedule 1 to the Participant to pay Eligible Costs of the Project and, if applicable, Costs of Issuance.

Section 3.3. Participant Bonds. The Loan will be evidenced by the Participant Bonds. The Participant acknowledges that the Authority has assigned its right, title and interest in the Participant Bonds to the Trustee to secure the Bonds and that all Bond Payments are to be made directly to the Trustee.

Section 3.4. Disbursements.

(a) The Authority will make Disbursements from the Construction Account to the Participant in accordance with this Section and Section 4.4 of the Indenture. Disbursements can be requested only once each calendar month. The Participant will deliver, by first class mail, postage pre-paid, overnight delivery service, facsimile transmission or other similar means, a completed Requisition to DNR and the Trustee. The Requisition must be executed by the Participant 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 Disbursement is requested are due and payable and constitute Eligible Costs.

(b) DNR will 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 under the Operating Agreements. By the close of business on the tenth Business Day following its receipt of a Requisition, DNR will notify the Trustee of DNR's approval of the Requisition in whole or in part by transmitting to the Trustee the approved Requisition by facsimile transmission. The approved Requisition will not be accompanied by applicable vouchers and statements. Subject to Section 4.4 of the Indenture, the Trustee will pay the Actual Reimbursement Amount to the Participant on the next succeeding 10th or 25th day (or if the day is not a Business Day, the next

succeeding Business Day) of the month which is at least two Business Days after the Trustee's receipt of the approved Requisition. DNR will not approve any Disbursement upon an Event of Default by the Participant or the issuance of a stop-work order by EPA or DNR.

Section 3.5. Completion of Project and Initiation of Operations. The completion of acquisition and construction of the Project shall be evidenced to the Trustee and DNR by a certificate signed by the Participant Representative stating (i) that the acquisition and construction of the Project has been completed in accordance with the plans and specifications therefor, (ii) that all costs and expenses incurred in the acquisition and construction of the Project have been paid except costs and expenses 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 NPDES permit limits, if applicable. The Participant's certificate must be accompanied by a certification by the Consulting Engineer that the Project meets NPDES permit limits, if applicable. 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 3.6. Completion of Disbursements. The Completion of Disbursements will be the date of a certificate signed by the Participant Representative stating that no further disbursements from the Participant's Construction Account will be requested by the Participant and delivered to the Authority, the Trustee and DNR.

#### 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 Participant Bonds is prior to the first anniversary of the Initiation of Operations.

Section 4.2. Additional Payments. The Participant will pay the Administrative Fee, its Allocable Portion of the Master Trustee's Disclosure Fee and its Allocable Portion of the Trustee's Fees in accordance with Section 211 of the Ordinance.

Section 4.3. Disposition of Remaining Moneys. Upon the payment in full of the Participant Bonds, the repayment of the Revolving Fund Loan and the payment of the Administrative Fee, the Allocable Portion of the Master Trustee's Disclosure Fee and the Allocable Portion of the Trustee's Fees and the extraordinary fees and expenses of the Trustee, the Trustee will transfer the moneys and Investment Securities remaining in the Interest Account to the Participant.

## ARTICLE V

### ASSIGNMENTS

Section 5.1. Assignment and Transfer by the Authority. The Participant approves and consents to any assignment or transfer of this Agreement by the Authority in connection with the operation and administration of the Applicable SRF Program.

Section 5.2. 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 a sale, lease, mortgage or other disposition to an entity described in Section 644.122.2(1), RSMo., the Participant will apply the proceeds to either (i) the redemption of Participant Bonds in accordance with the provisions governing repayment of the Participant 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 and grant payments, if any, to the redemption of the Participant Bonds (regardless of the amount of the disposition proceeds). If the Participant 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 (as defined in the Ordinance) pursuant to the defeasance provisions of the Ordinance. The Participant may cease to operate, abandon or otherwise dispose of any property which 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 the Authority, DNR and the Trustee have received an opinion of Bond Counsel, in form and substance satisfactory to them, that under existing law the consummation of the transaction would not cause the interest on the Bonds to become includable in gross income for federal income tax purposes and, if the portion of the System has been financed by an obligation of the Participant payable out of the income and revenues of the System, the obligation is permitted under the provisions of the Ordinance.

Section 5.3. Assignment of Revolving Fund Loan. The Participant assigns all of its right, title and interest in the Revolving Fund Loan to the Trustee, as assignee of the Authority, to secure the obligations of the Participant under this Agreement, the Revolving Fund Agreement, the Ordinance and the Participant Bonds.

## ARTICLE VI

### EVENTS OF DEFAULTS AND REMEDIES

Section 6.1. 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, the Ordinance or the Revolving Fund Agreement, 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 6.2. 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 6.2. Notice of Default. The Participant will give the Authority, the Trustee and DNR prompt telephonic notice of the occurrence of any Event of Default referred to in Section 6.1(d) or (e) and of the occurrence of any other event or condition which, 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 7.5.

Section 6.3. Remedies on Default. Whenever an Event of Default has occurred and is continuing, the Trustee, as assignee of the Authority, and DNR will have the right to take whatever action at law or in equity as provided in Sections 1001 and 1002 of the Ordinance, subject to the provisions of Section 202 of the Ordinance.

Section 6.4. 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 or lapse of time or both, would constitute an Event of Default, the Participant, on demand, will pay to the Authority, the Trustee 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 Authority, the Trustee 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 Authority, the Trustee and DNR will provide written notice to the Participant that it intends to incur fees, costs and expenses. Failure by the Authority, the Trustee or DNR to give the notice will not affect the Authority's, the Trustee's or DNR's right to receive payment for attorney's fees and expenses under this Section 6.4. Upon request by the Participant, the Authority, the Trustee and DNR will provide the Participant with copies of statements evidencing the fees, costs and expenses for which the Authority, the Trustee or DNR is requesting payment. The statements may be edited to maintain the attorney-client privilege. Disclosure under the provisions of this paragraph shall comply with the requirements of Chapter 610, RSMo, as it relates to public records, meetings and votes.

Section 6.5. Application of Moneys. Any moneys collected by the Trustee, as assignee of the Authority, and DNR under Section 6.3 will be applied first, to pay interest on the Participant Bonds then due and payable, second, to pay principal on the Participant Bonds then due and payable, third, to pay the fees, costs and expenses owed by the Participant under Section 6.4, and fourth, to pay any other amounts due and payable under this Agreement.

Section 6.6. No Remedy Exclusive; Waiver; Notice. No remedy conferred upon or reserved to DNR, the Authority or the Trustee, as assignee of the Authority, 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. Neither Authority, the Trustee, as assignee of the Authority, nor DNR are 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.

Section 6.7. Retention of Authority's Rights. Notwithstanding any assignment or transfer of this Agreement, or anything else to the contrary in this Agreement, the Authority will have the right upon the occurrence of an Event of Default to take any action, including bringing an action against the Participant at law or in equity, as the Authority may, in its discretion, deem necessary to enforce the obligations of the Participant to the Authority pursuant to this Agreement.

## ARTICLE VII

### MISCELLANEOUS

#### Section 7.1. Continuing Disclosure.

(a) For purposes of this Section 7.1, the following terms have the following meanings, in addition to capitalized terms defined elsewhere in this Agreement:

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

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

“Material Participant” means any Participant which has outstanding Participant Bonds and other bonds purchased with proceeds of 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.

“NRMSIR” means any information repository recognized by the Securities and Exchange Commission as a nationally recognized municipal securities information repository under Rule 15c2-12.

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

“SID” means any public or private information depository, if any, designated by the State for purposes of Rule 15c2-12.

(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 7.1.

(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 generally accepted accounting principles 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, Part 2 to the Official Statement dated April 4, 2003; 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 generally accepted accounting principles 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, Part 2 to the Official Statement dated April 4, 2003, relating to the 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 each NRMSIR 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) The Material Participant will disseminate to the Master Trustee, the Authority and each Underwriter notice of any of the following events with respect to the Bonds of which the Material Participant has actual knowledge, promptly upon the occurrence thereof:

(i) any principal or interest payment delinquency, including any principal or interest payment delinquency by the Material Participant with respect to the Material Participant’s Participant Bonds;

(ii) any non-payment related default under the Material Participant’s Ordinance or this Agreement;

(iii) any unscheduled draws on the debt service reserves reflecting financial difficulties;

- (iv) any unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) any substitution of credit or liquidity providers, or their failure to perform;
- (vi) any adverse tax opinion or events affecting the tax-exempt status of the Bonds;
- (vii) any modifications to rights of the owner of the Material Participant's Participant Bonds;
- (viii) any call of the Material Participant's Participant Bonds for redemption, in whole or in part (other than mandatory sinking fund redemptions);
- (ix) any defeasance of the Material Participant's Participant Bonds, in whole or in part;
- (x) any release, substitution or sale of property securing repayment of the Material Participant's Participant Bonds; and
- (xi) any rating change.

(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 7.1 are specific enforcement or action in mandamus in a court of equity by any beneficial owner of the Bonds.

(f) Nothing in this Section 7.1 prevents the Material Participant from disseminating any additional information to that required by this Section 7.1. If the Material Participant includes any additional information, the Material Participant will have no obligation to update the additional information or include it in any future report or notice.

(g) The Participant represents that at no time since July 3, 1995 has the Participant failed to comply in any material respect with any of the informational reporting undertakings made by the Participant pursuant to Rule 15c2-12.

Section 7.2. Pledge and Assignment. The Participant acknowledges that the Authority, pursuant to the Indenture, has assigned and pledged all of its rights under the provisions of this Agreement, including the right to receive Bond Payments from the Participant, to the Trustee for the benefit and security of the holders of the Bonds.

Section 7.3. Effect of Breach. Failure on the part of the Authority or 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 the Authority or DNR liable in damages to the Participant or relieve the Participant from making any payment to the Authority or 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 the Authority or DNR of any agreement of the Authority or DNR.

Section 7.4. Termination of Agreement. This Agreement will terminate with respect to the Participant upon the payment in full of the Participant Bonds under the Ordinance and the transfer of balances as set forth in Section 4.3.

Section 7.5. 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:

(a) To the Authority:

State Environmental Improvement and Energy  
Resources Authority  
325 Jefferson Street  
P.O. Box 744  
Jefferson City, Missouri 65102  
Attention: Director  
(573) 635-3486 – FAX

with a copy to:

Lewis, Rice & Fingersh, L.C.  
500 North Broadway, Suite 2000  
St. Louis, Missouri 63102  
Attention: Beverly A. Marcin  
(314) 241-6056 – FAX

(b) To the Trustee and the Master Trustee:

UMB Bank, N.A.  
2 South Broadway, Suite 435  
St. Louis, Missouri 63102  
Attention: Corporate Trust Department  
(314) 612-8499 – FAX

(c) To the Participant as set forth on its signature page to this Agreement;

(d) To DNR:

General:

Missouri Department of Natural Resources  
Water Pollution Control Program  
P.O. Box 176 (zip code 65102)  
205 Jefferson  
Jefferson City, Missouri 65101  
Attention: Chief, Financial Services Section

For Requisitions:

Missouri Department of Natural Resources  
Water Pollution Control Program  
P.O. Box 176 (zip code 65102)  
205 Jefferson  
Jefferson City, Missouri 65101  
Attention: Payment and Account Specialist  
Financial Services Section

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

Section 7.6. Exculpatory Provision. In exercising powers under this Agreement, the Authority, the Clean Water Commission, the Safe Drinking Water Commission, the Trustee, 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 Authority, the Trustee, the Participant or DNR in his or her individual capacity.

Section 7.7. Amendment. This Agreement may be amended by a written instrument executed by the parties to this Agreement, with the prior written consent of the Trustee pursuant to the Indenture.

Section 7.8. 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 7.9. 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 7.10. Applicable Law. This Agreement will be governed exclusively by the laws of the State.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized officers as of April 1, 2003.

STATE ENVIRONMENTAL IMPROVEMENT AND  
ENERGY RESOURCES AUTHORITY

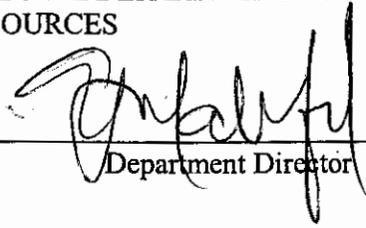
By Charles O. Banks  
Chairman

(SEAL)  
ATTEST:

H. L. Cherry  
Secretary

MISSOURI DEPARTMENT OF NATURAL  
RESOURCES

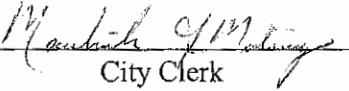
By

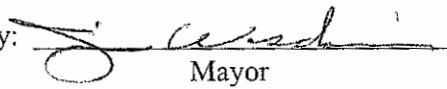


Department Director

[SEAL]  
ATTEST:

CITY OF CARL JUNCTION, MISSOURI

  
City Clerk

By:   
Mayor

Notice Address: 800 East Pennell  
Carl Junction, Missouri 64834  
Attention: Joe Barfield/Maribeth Matney

Taxpayer Identification No.: 44-6000154

Project Description: Construction of two wells and towers, the acquisition, construction and installation of water lines, disinfection equipment, [SCADA] system, and modifications to an existing tank

Estimated Project Schedule:

<u>Event</u>	<u>Projected Date</u>
Advertising for bids	April, 2003
Bid opening	May, 2003
Construction contract award	June, 2003
Initiation of Operations	July, 2004
Construction Completion	July, 2004
Project Completion	August, 2004

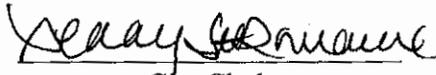
Fiscal Year: May 1 - April 30

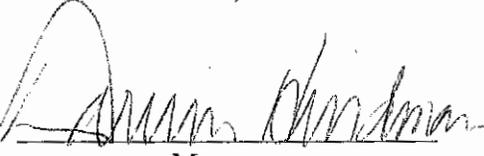
Participant Bonds: Waterworks System Revenue Bonds (State Revolving Fund Program) Series 2003

- Clean Water Participant
- Drinking Water Participant

[SEAL]  
ATTEST:

CITY OF COLUMBIA, MISSOURI

  
City Clerk

By:   
Mayor

Notice Address: 701 East Broadway  
Columbia, Missouri 65201  
Attention: Raymond A. Beck/Lori B. Fleming

Taxpayer Identification No.: 43-6000810

Project Description: Installation of approximately 22,500 linear feet of 8 inch to 36 inch gravity sewers, 500 linear feet of gravity sewers bored and jacked into place inside steel casing, 80 manholes and cleanouts and related appurtenances

Estimated Project Schedule:

<u>Event</u>	<u>Projected Date</u>
Advertising for bids	March, 2003
Bid opening	April, 2003
Construction contract award	May, 2003
Initiation of Operations	May, 2004
Construction Completion	May, 2004
Project Completion	July, 2004

Fiscal Year: October 1 – September 30

Participant Bonds: Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2003A

- Clean Water Participant  
 Drinking Water Participant

[SEAL]  
ATTEST:

CITY OF GLASGOW, MISSOURI

Stephanie Reuss  
City Clerk

By: Howard McMillan  
Mayor

Notice Address: 100 Market Street  
Glasgow, Missouri 65254  
Attention: Howard McMillan

Taxpayer Identification No.: 43-6001425

Project Description: Conversion of the existing supply and treatment plant operations from surface water to groundwater, including construction of two groundwater wells, a 12-inch transmission line to the treatment facility and improvements to the treatment plant. The plant improvements include a new aerator, lime silo and feeder and recarbonation basin with carbon dioxide feeder.

Estimated Project Schedule:

<u>Event</u>	<u>Projected Date</u>
Advertising for bids	December, 2002
Bid opening	January, 2003
Construction contract award	January, 2003
Start Construction	February, 2003
Initiation of Operations	June, 2004
Construction Completion	June, 2004
Project Completion	June, 2004

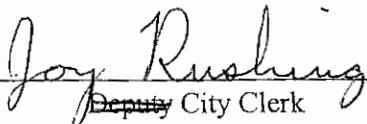
Fiscal Year: July 1 – June 30

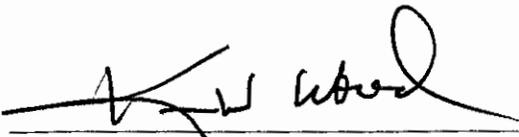
Participant Bonds: Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds (State Revolving Fund Program) Series 2003

- Clean Water Participant
- Drinking Water Participant

[SEAL]  
ATTEST:

CITY OF HARRISONVILLE, MISSOURI

  
\_\_\_\_\_  
Deputy City Clerk

By:   
\_\_\_\_\_  
Mayor

Notice Address: 300 East Pearl  
Harrisonville, Missouri 64701

Taxpayer Identification No.: 44-6000184

Project Description: Design and construction of replacement interceptor sewers, consisting of the removal and replacement of undersized sanitary interceptor sewers along the main tributary drainage courses, including 17,730 linear feet of 10-36 inch gravity sewer lines and the removal and replacement of 75 manholes

Estimated Project Schedule:

<u>Event</u>	<u>Projected Date</u>
Advertising for bids	April, 2003
Bid opening	May, 2003
Construction contract award	June, 2003
Initiation of Operations	April, 2004
Construction Completion	May, 2004
Project Completion	May, 2005

Fiscal Year: January 1 – December 31

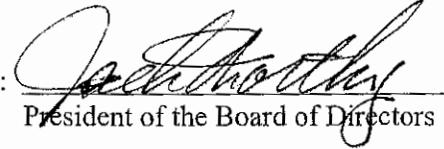
Participant Bonds: Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2003

- Clean Water Participant
- Drinking Water Participant

[SEAL]  
ATTEST:

  
District Clerk

PUBLIC WATER SUPPLY DISTRICT NO. 1  
OF JASPER COUNTY, MISSOURI

By:   
President of the Board of Directors

Notice Address: 126 South Main  
P.O. Box 787 (for regular mail)  
Carl Junction, Missouri 64834  
Attention: Jack Worthy

Taxpayer Identification No.: 23-7011127

Project Description: Construction of two deep wells, two treatment plants and two 250,000 gallon towers, and acquisition and installation of two pumps and installation of mains to connect the towers to existing mains

Estimated Project Schedule:

<u>Event</u>	<u>Projected Date</u>
Advertising for bids	June, 2003
Bid opening	July, 2003
Construction contract award	August, 2003
Initiation of Operations	February, 2004
Construction Completion	March, 2004
Project Completion	April, 2004

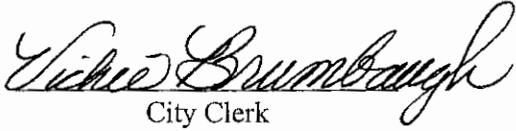
Fiscal Year: January 1 – December 31

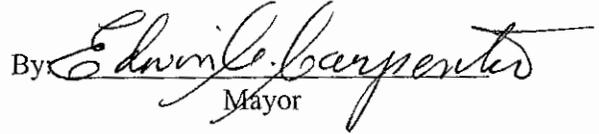
Participant Bonds: Waterworks System Revenue Bonds (State Revolving Fund Program) Series 2003

- Clean Water Participant  
 Drinking Water Participant

[SEAL]  
ATTEST:

CITY OF KIRKSVILLE, MISSOURI

  
City Clerk

By   
Mayor

Notice Address: 201 South Franklin  
Kirksville, Missouri 63501  
Attention: Scot Wrighton, City Manager

Taxpayer Identification No.: 43-6001906

Project Description: Replacement of the D-1 and D-2 pump stations by the construction of a consolidated East Patterson lift station, extension of collection lines to unsewered areas on the east side of the Participant and installation of three force mains .

Estimated Project Schedule:

<u>Event</u>	<u>Projected Date</u>
Advertising for bids	March, 2003
Bid opening	April, 2003
Construction contract award	April, 2003
Initiation of Operations	September, 2003
Construction Completion	October, 2003
Project Completion	November, 2003

Fiscal Year: April 1 – March 31

Participant Bonds: Sewerage System Revenue Bonds (State Revolving Fund) Series 2003

- Clean Water Participant  
 Drinking Water Participant

[SEAL]  
ATTEST:

CITY OF MARIONVILLE, MISSOURI

Claudia White  
City Clerk

By: David Arnsmeier  
Mayor

Notice Address: City Hall, 107 South Central  
Marionville, Missouri 65705  
Attention: David Arnsmeier, Mayor

Taxpayer Identification No.: 43-0889485

Sections 2.2(k) and (m) are applicable only to construction contracts that are entered into after the date of execution of this Agreement.

Project Description: Construction of a wastewater treatment plant, including an oxidation ditch, two clarifiers, four mixers, two mechanical aerators, two basins and a sludge tank, and installation of an irrigation system for land application of treated sludge

Estimated Project Schedule:

<u>Event</u>	<u>Projected Date</u>
Advertising for bids	March, 2003
Bid opening	April, 2003
Construction contract award	May, 2003
Initiation of Operations	November, 2003
Construction Completion	December, 2003
Project Completion	December, 2003

Fiscal Year: January 1 – December 31

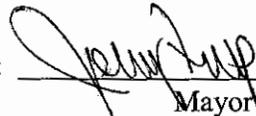
Participant Bonds: Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2003  
Combined Waterworks and Sewerage System Refunding Revenue Bonds (State Revolving Fund Program) Series 2003

- Clean Water Participant  
 Drinking Water Participant

[SEAL]  
ATTEST:

CITY OF MONETT, MISSOURI

  
City Clerk

By:   
Mayor

Notice Address: 217 5<sup>th</sup> Street  
Monett, Missouri 65708  
Attention: Janie Knight, City Clerk

Taxpayer Identification No.: 44-6000225

Project Description: Expansion of the wastewater treatment plant to provide for nutrient removal by increasing capacity to 6 million gallons per day, including activated sludge facilities, clarifiers, sludge handling facilities

Estimated Project Schedule:

<u>Event</u>	<u>Projected Date</u>
Advertising for bids	April, 2003
Bid opening	June, 2003
Construction contract award	July, 2003
Initiation of Operations	August, 2005
Construction Completion	August, 2005
Project Completion	August, 2006

Fiscal Year: April 1 – March 31

Participant Bonds: Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2003

- Clean Water Participant  
 Drinking Water Participant

[SEAL]  
ATTEST:

CITY OF OAK GROVE, MISSOURI

Cathy Smith  
City Clerk

By: Ray W. ...  
Mayor Pro Tem

Notice Address: 1300 South Broadway  
Oak Grove, Missouri 64075  
Attention: Jim Dent, Mayor/Cathy Smith, City Clerk

Taxpayer Identification No.: 44-6000237

Project Description: Construction of a 1.3 million gallons-per-day wastewater treatment plant and installation of 9,000 linear feet of 30-inch diameter interceptor sewer

Estimated Project Schedule:

<u>Event</u>	<u>Projected Date</u>
Advertising for bids	March, 2003
Bid opening	April, 2003
Construction contract award	May, 2003
Initiation of Operations	May, 2004
Construction Completion	May, 2004
Project Completion	May, 2005

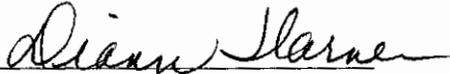
Fiscal Year: July 1 – June 30.

Participant Bonds: Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2003

- Clean Water Participant  
 Drinking Water Participant

[SEAL]  
ATTEST:

CITY OF OSAGE BEACH, MISSOURI

  
City Clerk

By:   
Mayor

Notice Address: 1000 City Parkway  
Osage Beach, Missouri 65065  
Attention: Barbara D. Bramblett

Taxpayer Identification No.: 43-0887515

Project Description: Construction of water mains, fire hydrants, wells and towers.

Section 2.2(j) is deleted. Sections 2.2(k) and (m) are applicable only to construction contracts that remain in effect as of the date of execution of this Purchase Agreement, for which change orders have been obtained.

Section 4.1(b) is modified to read as follows:

(b) The Participant represents that the first scheduled principal payment of the Participant Bonds is prior to the first anniversary of the date of issuance of the Participant Bonds.

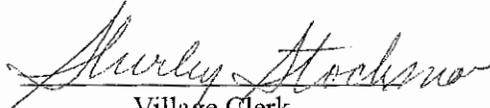
Fiscal Year: January 1 through December 31

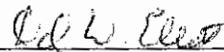
Participant Bonds: Combined Waterworks and Sewerage System Refunding and Improvement Revenue Bonds (State Revolving Fund Program) Series 2003A

- Clean Water Participant  
 Drinking Water Participant

[SEAL]  
ATTEST:

VILLAGE OF WARDSVILLE, MISSOURI

  
Village Clerk

By:   
Chairman of the Board of Trustees

Notice Address: 5805 Wardsville Road  
Jefferson City, Missouri 65101  
Attention: Shirley Stockman

Taxpayer Identification No.: 43-1315151

Project Description: Construction of the first phase of the development of a collection system and wastewater treatment plant, for approximately 20% of the area of the Participant

Estimated Project Schedule:

<u>Event</u>	<u>Projected Date</u>
Advertising for bids	April, 2003
Bid opening	May, 2003
Construction contract award	May, 2003
Initiation of Operations	January, 2004
Construction Completion	January, 2004
Project Completion	February, 2004

Fiscal Year: January 1 – December 31

Participant Bonds: Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2003

- Clean Water Participant  
 Drinking Water Participant

**EXHIBIT A**

**MISSOURI DEPARTMENT OF NATURAL RESOURCES. WATER POLLUTION CONTROL PROGRAM. FSS  
CONSTRUCTION FUND REIMBURSEMENT FORM  
CLEAN WATER STATE REVOLVING LOAN PROGRAM**

1. TYPE OF REQUEST: <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL		3. PAYMENT REQUEST NUMBER: _____ PAGE 1 OF _____	
2. LOAN NUMBER: C295 BOND ISSUE IDENTIFIER: Series 2003 B		4. PERIOD COVERED BY THIS REPORT: from: _____ to: _____	
5. RECIPIENT ORGANIZATION: Name Street City, State, Zip		6. LOAN TRUSTEE: (RESERVE FUND PAYEE) UMB Bank, n.a. In Trust for C295 P.O. Box 321 St. Louis, MO 63166-0321	
7. ELIGIBLE PROJECT COSTS INCURRED (EXCLUDING RETAINAGE) Recipient Project Name and Number Show construction, engineering, administrative costs, etc.		Current Period	Cumulative (This Loan Only)
A.			
B.			
C.			
D.			
E.			
F.			
G.			
H.			
I.			
J.			
K.			
L.			
Z. Total from continuation sheet (lines 7.M. - 7.Y.)		0.00	0.00
AA. Eligible costs incurred to date		0.00	0.00
<b>FOR OFFICE USE ONLY</b>	BB. TOTAL APPROVED ELIGIBLE CONSTRUCTION LOAN FUND COSTS TO DATE:		BB.
	CC. LESS AMOUNT PREVIOUSLY APPROVED FOR PAYMENT BY TRUSTEE:		CC.
	DD. AMOUNT PAYABLE TO CITY BY TRUSTEE (ACTUAL REIMBURSEMENT AMOUNT):		DD.
	EE. COST OF ISSUANCE:		EE.
	FF. TOTAL CONSTRUCTION LOAN FUND AND COST OF ISSUANCE:		FF.
	GG. WATER AND WASTEWATER LOAN FUND RATIO: 70% OF LINE 7.FF.:		GG.
	HH. LESS WATER AND WASTEWATER LOAN FUND PAYMENTS AUTHORIZED TO DATE:		HH.
	II. PAYMENT DUE FROM STATE (RESERVE FUND PAYMENT):		II.
8. CERTIFICATION:  I certify that to the best of my knowledge and belief the billed costs or disbursements are in accordance with the terms of the project and that the payment due represents the amount due which has not been previously requested and that an inspection has been performed and all work is in accordance with the terms of the loan agreement.	<b>RECIPIENT:</b>	Signature of authorized certifying official:	
		Date signed:	Telephone Number
		Typed or printed name and title:	
	<b>DNR REVIEWER: Office Use Only</b>	Signature of review official:	
		Date signed:	
		Typed or printed name and title:	

**MISSOURI DEPARTMENT OF NATURAL RESOURCES. WATER POLLUTION CONTROL PROGRAM. FSS  
CONSTRUCTION FUND REIMBURSEMENT FORM  
CLEAN WATER STATE REVOLVING LOAN PROGRAM**

**CONTINUATION PAGE**

PAGE \_\_\_\_\_ OF \_\_\_\_\_

2. LOAN NUMBER: <b>C295</b> BOND ISSUE IDENTIFIER: Series <b>2003 B</b>		4. PERIOD COVERED BY THIS REPORT: from: _____ to: _____		
5. RECIPIENT ORGANIZATION: Name Street City, State, Zip 0		6. LOAN TRUSTEE: (RESERVE FUND PAYEE) UMB Bank, n.a. In Trust for <span style="float: right;">C295</span> P.O. Box 321 St. Louis, MO 63166-0321		
7. ELIGIBLE PROJECT COSTS INCURRED (EXCLUDING RETAINAGE) Recipient Project Name and Number Show construction, engineering, administrative costs, etc.		Current Period	Cumulative (This Loan Only)	Office Use Only
M.				
N.				
O.				
P.				
Q.				
R.				
S.				
T.				
U.				
V.				
W.				
X.				
Y.				

**MISSOURI DEPARTMENT OF NATURAL RESOURCES. WATER POLLUTION CONTROL PROGRAM. FSS  
CONSTRUCTION FUND REIMBURSEMENT FORM  
DRINKING WATER STATE REVOLVING LOAN PROGRAM**

1. TYPE OF REQUEST: <input type="checkbox"/> PARTIAL <input type="checkbox"/> FINAL		3. PAYMENT REQUEST NUMBER: _____ PAGE 1 OF _____	
2. LOAN NUMBER: DW291 BOND ISSUE IDENTIFIER: Series 2003 B		4. PERIOD COVERED BY THIS REPORT: from: _____ to: _____	
5. RECIPIENT ORGANIZATION: Name Street City, State, Zip		6. LOAN TRUSTEE: (RESERVE FUND PAYEE) UMB Bank, n.a. In Trust for P.O. Box 321 St. Louis, MO 63166-0321 DW291	
7. ELIGIBLE PROJECT COSTS INCURRED (EXCLUDING RETAINAGE) Recipient Project Name and Number Show construction, engineering, administrative costs, etc.		Current Period	Cumulative (This Loan Only)
A.			
B.			
C.			
D.			
E.			
F.			
G.			
H.			
I.			
J.			
K.			
L.			
Z. Total from continuation sheet (lines 7.M. - 7.Y.)		0.00	0.00
AA. Eligible costs incurred to date		0.00	0.00
<b>FOR OFFICE USE ONLY</b>	BB. TOTAL APPROVED ELIGIBLE CONSTRUCTION LOAN FUND COSTS TO DATE:		BB.
	CC. LESS AMOUNT PREVIOUSLY APPROVED FOR PAYMENT BY TRUSTEE:		CC.
	DD. AMOUNT PAYABLE TO CITY BY TRUSTEE (ACTUAL REIMBURSEMENT AMOUNT):		DD.
	EE. COST OF ISSUANCE:		EE.
	FF. TOTAL CONSTRUCTION LOAN FUND AND COST OF ISSUANCE:		FF.
	GG. WATER AND WASTEWATER LOAN FUND RATIO: 33.33% OF LINE 7.FF.:		GG.
	HH. LESS WATER AND WASTEWATER LOAN FUND PAYMENTS AUTHORIZED TO DATE:		HH.
	II. PAYMENT DUE FROM STATE (RESERVE FUND PAYMENT):		II.
8. CERTIFICATION:  I certify that to the best of my knowledge and belief the billed costs or disbursements are in accordance with the terms of the project and that the payment due represents the amount due which has not been previously requested and that an inspection has been performed and all work is in accordance with the terms of the loan agreement.	<b>RECIPIENT:</b>	Signature of authorized certifying official:	
		Date signed:	Telephone Number
		Typed or printed name and title:	
	<b>DNR REVIEWER: Office Use Only</b>	Signature of review official:	
		Date signed:	
		Typed or printed name and title:	

**MISSOURI DEPARTMENT OF NATURAL RESOURCES. WATER POLLUTION CONTROL PROGRAM. FSS  
CONSTRUCTION FUND REIMBURSEMENT FORM  
DRINKING WATER STATE REVOLVING LOAN PROGRAM**

**CONTINUATION PAGE**

PAGE \_\_\_\_\_ OF \_\_\_\_\_

2. LOAN NUMBER: <b>DW291</b> BOND ISSUE IDENTIFIER: Series <b>2003 B</b>		4. PERIOD COVERED BY THIS REPORT: from: _____ to: _____	
5. RECIPIENT ORGANIZATION: Name Street City, State, Zip  0		6. LOAN TRUSTEE: (RESERVE FUND PAYEE) UMB Bank, n.a. In Trust for <b>DW291</b> P.O. Box 321 St. Louis, MO 63166-0321	
7. ELIGIBLE PROJECT COSTS INCURRED (EXCLUDING RETAINAGE) Recipient Project Name and Number Show construction, engineering, administrative costs, etc.		Current Period	Cumulative (This Loan Only)
M.			
N.			
O.			
P.			
Q.			
R.			
S.			
T.			
U.			
V.			
W.			
X.			
Y.			

## EXHIBIT B

### FEDERAL REQUIREMENTS; EQUIVALENCY DESIGNATION

The following Federal Requirements annotated with an asterisk (\*) are applicable to all Projects, whether Equivalency projects or non-Equivalency Projects (within the meaning of the Clean Water Act or the Safe Drinking Water Act and the applicable Regulations), as set forth below. All other Federal Requirements are applicable to only Equivalency projects.

#### ENVIRONMENTAL:

Archeological and Historic Preservation Act of 1974, PL 93-291

Clean Air Act, 42 U.S.C. 7506(c)

Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq.

Coastal Zone Management Act of 1972, PL 92-583, as amended

Endangered Species Act, PL 92-583, as amended

Executive Order 12898, Environmental Justice

Executive Order 11988, Floodplain Management

Executive Order 11990, Protection of Wetlands

Farmland Protection Policy Act, PL 97-98, as amended.

Fish and Wildlife Coordination Act, PL 85-624, as amended

National Historic Preservation Act of 1966, PL 89-665, as amended

Safe Drinking Water Act, PL 92-523, as amended

Wild and Scenic Rivers Act, PL 90-542, as amended

#### ECONOMIC AND MISCELLANEOUS AUTHORITY:

Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754, as amended

Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans

Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, PL 100-590

Uniform Relocation and Real Property Acquisition Policies Act of 1970, PL 91-646

Executive Order 12549, Debarment and Suspension

SOCIAL LEGISLATION:

- \* 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)

Executive Order 11246, Equal Employment Opportunity

Executive Orders 11625, 12138 and 12432, Women's and Minority Business Enterprise

Equivalency Projects: All Drinking Water Participants

Non-Equivalency Projects: All Clean Water Participants

## EXHIBIT C

### ADDITIONAL DEFINITIONS

Section, Article and Exhibit references in the below definitions are to the Indenture unless otherwise specified.

“Account” means any of the accounts established by Section 4.1.

“Act” means Sections 260.005 through 260.125, and Appendix B(1), RSMo, and all future acts supplemental thereto and amendatory thereof.

“Administrative Expense Fund” means the fund so designated established by Section 4.1, which Fund shall not constitute part of the Clean Water SRF Program or the Drinking Water SRF Program.

“Administrative Fee” means Administrative Fee as defined in Section 211 of each Ordinance and as provided for in Section 4.1 of the Revolving Fund Agreement.

“Administrative Office” means (i) with respect to the initial Trustee, for notice and administration purposes, initially, 2 South Broadway, Suite 435, St. Louis, Missouri 63102, Attention: Corporate Trust Department, and (ii) with respect to any successor Trustee, its office for notice and administration purposes designated as such by the successor Trustee.

“Allocable Bond Debt Service” means the amount of the principal of and redemption premium, if any, and interest due on the Bonds on the date of calculation required in this Indenture which is allocable to the Participant and which is equal to the principal of and redemption premium, if any, and interest due on the Participant’s Participant Bonds or Participant Note, as applicable, on such date of calculation.

“Allocable Portion” means for each Participant the ratio of the principal amount of the Participant’s Participant Bonds or Participant Note outstanding to the aggregate principal amount of the Bonds Outstanding as of the date of any calculation required by this Indenture.

“Appropriated Moneys” means moneys appropriated by statute from the State’s General Revenue Fund to DNR for the purpose of partially funding revolving fund loans to Drinking Water Participants under the Revolving Fund Agreement.

“Arbitrage Instructions” means, collectively, the general and supplemental arbitrage instructions attached as exhibits to the Authority’s Tax Certificate delivered on the date of issuance of the Bonds, and any change, modification or amendment thereto.

“Authority” means the State Environmental Improvement and Energy Resources Authority, a body corporate and politic and a governmental instrumentality of the State, or any board, agency, commission, political subdivision, governmental unit, department or officer succeeding to the principal functions thereof or to whom the powers conferred upon the Authority by the Act shall be given by law.

“Authority Representative” means the Chairman, Vice Chairman, Secretary or an Assistant Secretary of the Authority.

“Authorized Denominations” means \$5,000 or any integral multiple thereof.

“Beneficial Owner” has the meaning as set forth in Section 2.10.

“Bond Counsel” means Gilmore & Bell, P.C. or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing approved by the Authority and acceptable to the Trustee.

“Bondholder”, “Bondowner”, “holder” or “owner” or any similar term, when used with reference to a Bond or Bonds means any person who shall be the registered owner of any Outstanding Bond or Bonds.

“Bond Issuance Date” means April 9, 2003, the date of initial issuance and delivery of the Bonds.

“Bond Register” means the registration record maintained by the Bond Registrar under Section 2.6.

“Bond Registrar” means the Trustee.

“Bond Yield” means the yield on the Bonds calculated in accordance with Section 148 of the Code, as set forth in the Arbitrage Instructions.

“Bonds” means the Authority’s Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs – Master Trust) Series 2003B issued in the original aggregate principal amount of \$39,940,000.

“Business Day” means any day other than a Saturday, a Sunday or any other day on which banking institutions in New York, New York or the city or cities in which the Administrative Office or Payment Office of the Trustee is located, are authorized or required to be closed.

“Cede” has the meaning as set forth in Section 2.10.

“Clean Water Participants” means the following (each a “Clean Water Participant”):

City of Columbia	City of Monett
City of Harrisonville	City of Oak Grove
City of Kirksville	Village of Wardsville
City of Marionville	

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations and rulings promulgated thereunder or under the corresponding section of the Internal Revenue Code of 1954, as amended, or any subsequently enacted internal revenue law of the United States of America.

“Completion of Disbursements” means the date, established by a Participant, that no further disbursements from such Participant’s Construction Account will be requested, as evidenced by a written certificate executed by the applicable Participant Representative and filed with DNR, the Trustee and the Authority.

“Construction Loan Fund” means the fund so designated and established by Section 4.1.

“Costs of Issuance” means the costs of issuance of the Bonds as certified by the Authority on the date of issuance of the Bonds.

“Costs of Issuance Fund” means the fund so designated and established by Section 4.1, which fund shall not constitute part of the Clean Water SRF Program or the Drinking Water SRF Program.

“Debt Service Fund” means the fund so designated and established by Section 4.1.

“Defeasance Securities” means:

- (a) Federal Securities;
- (b) obligations of the Resolution Funding Corporation or any successor, but only if the use of the obligations to pay and discharge Bonds pursuant to Article X will cause the discharged Bonds to be rated in the highest long-term rating category by the Rating Agency; or
- (c) obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any state that:
  - (i) are not callable at the option of the obligor prior to maturity or for which irrevocable instructions have been given by the obligor to call on the date specified in the instructions, and
  - (ii) are fully secured as to principal, redemption premium and interest by a fund, consisting of cash or Federal Securities, that:
    - (A) may be applied only to the payment of principal, redemption premium and interest on the obligations, and
    - (B) is sufficient, as verified by a nationally recognized independent certified public accountant, to pay the principal, redemption premium and interest on the obligations.

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

“Drinking Water Participants” means the following (each a “Drinking Water Participant”):

City of Carl Junction  
City of Glasgow  
Public Water Supply District No. 1 of  
Jasper County, Missouri  
City of Osage Beach

“Drinking Water Revolving Fund” means the Drinking Water Revolving Fund created pursuant to Section 640.107, RSMo, as a subfund within the Water and Wastewater Loan Fund.

“DTC” has the meaning as set forth in Section 2.10.

“DTC Participant” shall have the meaning as set forth in Section 2.10.

“Events of Default” means any one or more of the events specified as such in Section 6.1.

“Federal Securities” means any direct obligation of, or obligation the timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America and backed by the full faith and credit thereof.

“Imminent Default” means the determination by the Trustee in accordance with Section 4.6(b) that sufficient moneys to pay the principal of and interest on the Bonds may not be available on an Interest Payment Date.

“Indenture” means this Bond Indenture, as supplemented or amended by any Supplemental Indenture.

“Interest Payment Date” means January 1 and July 1 of each year, beginning on January 1, 2004.

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

“Investment Agreement” means the Investment Agreement dated as of April 9, 2003, between AIG Matched Funding Corp. and the Trustee and the Master Trustee, guaranteed by American International Group, Inc.

“Investment Securities” means any of the following securities legal for the investment of funds of the Authority held pursuant to this Indenture at the time of purchase thereof:

- (a) Federal Securities;
- (b) direct and general obligations of the State, the payment of the principal of and interest on which the full faith and credit of the State is pledged, provided that at the time of their purchase under this Indenture such obligations are rated in either of the two highest rating categories by the Rating Agency;
- (c) deposits which are fully insured by the Federal Deposit Insurance Corporation (“FDIC”) in one or more of the following institutions: banks, trust companies or savings and loan associations (including without limitation, the Trustee or any bank affiliated with the Trustee) organized under the laws of the United States of America or any state thereof;
- (d) federal funds, unsecured certificates of deposit, time deposits and bankers acceptances (having maturities of not more than 365 days) of any bank, the short-term obligations of which are rated in the highest short-term rating category of the Rating Agency;
- (e) unsecured promissory notes of any bank, trust company, national banking association or bank holding company equal in quality to such institution’s outstanding unsecured long-term debt which is rated in the highest rating category by the Rating Agency;
- (f) Tax Exempt Permitted Investments;
- (g) the Investment Agreement or any other investment agreement with a provider which is rated, or whose unsecured, long-term obligations are rated, at least “Aa2” or equivalent by the Rating Agency, or with a provider whose obligations are guaranteed by a guarantor which is rated, or whose unsecured, long-term obligations are rated, at least “Aa2” or equivalent by the Rating Agency;

(h) commercial paper issued by domestic corporations rated in the second highest short-term rating category of the Rating Agency; and

(i) shares in money market mutual funds rated in the highest applicable rating category by the Rating Agency or other nationally recognized rating service.

“Master Trust Agreement” means the Amended and Restated Master Trust Agreement dated as of October 1, 1998, amending and restating the Master Trust Agreement dated as of June 1, 1992, between the Authority and the Master Trustee, as further amended and supplemented, provided a copy of any amendment or supplement thereto is provided to the Trustee.

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

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

“Master Trustee’s Disclosure Fee” means a semiannual amount equal to 0.00003125% of the principal amount of the Bonds Outstanding immediately prior to an Interest Payment Date, constituting partial payment for the Master Trustee’s fees and ordinary expenses for services performed by the Master Trustee.

“Material Participant” has the meaning as set forth in Section 7.1 of the Purchase Agreement.

“Notice Record Date” has the meaning as set forth in Section 2.10.

“Officer’s Certificate” means a certificate signed by an Authority Representative.

“Outstanding” or “outstanding under this Indenture” or “outstanding hereunder”, when used with reference to Bonds, means, at any date as of which the amount of outstanding Bonds is to be determined, the aggregate of all Bonds authorized and issued by the Authority and authenticated and delivered by the Trustee under this Indenture, except:

(a) Bonds cancelled or surrendered to the Trustee for cancellation pursuant to Section 2.8 on or prior to such date;

(b) Bonds deemed to have been paid as provided in Section 10.1; and

(c) Any Bond in lieu of or in substitution for which another Bond or Bonds shall have been issued by the Authority and authenticated and delivered by the Trustee pursuant to this Indenture, unless proof satisfactory to the Trustee is presented that such Bond is held by a bona fide holder in due course.

In determining whether the holders of a requisite aggregate principal amount of Bonds outstanding have concurred in any request, demand, authorization, direction, notice, or waiver under this Indenture, Bonds which are owned by the Authority shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided, however, that for the purpose of determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded.

“Participant” means each of the following political subdivisions of the State:

City of Carl Junction	City of Kirksville
City of Columbia	City of Marionville
City of Glasgow	City of Monett
City of Harrisonville	City of Oak Grove
Public Water Supply District No. 1 of Jasper County, Missouri	City of Osage Beach
	Village of Wardsville

“Participant Bond Payment” means any payment due and payable by a Participant on its Participant Bonds.

“Participant Bonds” means the bonds issued by a Participant and purchased by the Authority pursuant to the Purchase Agreement.

“Participant Representative” means any person designated in writing by a certificate executed by a Participant and filed with the Trustee, the Authority and DNR.

“Paying Agent” means any paying agent for the Bonds (initially, the Trustee) and its successor or successors appointed pursuant to the provisions of this Indenture.

“Payment Office” means, (i) with respect to the initial Trustee, for payment, registration, maintenance of the Bond Register, tender of Bonds and exchange purposes, initially 2401 Grand Boulevard, Suite 200, Kansas City, Missouri 64108, Attention: Corporate Trust Department, and (ii) with respect to any successor Trustee, its office or offices for those purposes designated as such by the successor Trustee.

“Purchase Agreement” means the Purchase Agreement dated as of the date of this Indenture, by and among the Authority, DNR and each Participant.

“Qualified Regulated Investment Company” means a corporation that: (a) is a Regulated Investment Company within the meaning of Section 851(a) of the Code and meets the requirements of Section 852(a) of the Code for the calendar year; (b) has only one class of stock authorized and outstanding; (c) invests all of its assets in tax-exempt bonds to the extent practicable; and (d) has at least 98% of (i) its gross income derived from interest on, or gain from the sale of or other disposition of, tax-exempt bonds, the interest on which is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations or (ii) the weighted average value of its assets represented by investments in tax-exempt bonds, the interest on which is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

“Rating Agency” means Moody’s Investors Service and Fitch Ratings or, if neither rating agency is then maintaining a rating on the Bonds, any other nationally recognized securities rating agency designated by the Trustee with the prior approval of the Authority.

“Rebate Fund” means the fund so designated established by Section 4.1.

“Receipts” means all Payments paid over to or for the account of the Authority and any other payments made to or for the account of the Authority by the Participants under the Purchase Agreement.

“Record Date” means the 15<sup>th</sup> day of the calendar month next preceding each Interest Payment Date.

“Repayment Fund” means the fund so designated and established by Section 4.1, which Fund shall not constitute part of the Clean Water SRF Program or the Drinking Water SRF Program.

“Representation Letter” means the Blanket Issuer Letter of Representations from the Authority to DTC representing such matters as are necessary to initially qualify the Bonds pursuant to Section 2.10.

“Reserve Fund” means the fund so designated and established by Section 4.1.

“Reserve Percentage” means 70% for the Clean Water Participants and 50% for the Drinking Water Participants .

“Reserve Release” means each amount from the Reserve Account on the applicable date as set forth in Exhibit D.

“Reserve Security” means, with respect to each Participant, the sum of (i) the amount on deposit in the applicable Participant’s Reserve Account, plus (ii) the Reserve Percentage of the balance in the Participant’s Construction Account and the Restricted Account.

“Revolving Fund Agreement” means the Revolving Fund Agreement dated as of the date of this Indenture, by and among the Authority, DNR and each Participant.

“Securities Depository” means DTC or any other securities depository selected by the Authority which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds as provided in Section 2.10.

“State” means the State of Missouri.

“Supplemental Agreement” means any agreement supplementing or amending the Purchase Agreement or the Revolving Fund Agreement.

“Supplemental Indenture” or “indenture supplemental hereto” means any indenture supplemental to or amendatory of this Indenture as originally executed which is duly executed in accordance with the provisions of this Indenture.

“Tax Exempt Permitted Investments” means (a) obligations (i) the interest on which is excluded from gross income of the owner thereof for federal income tax purposes under Section 103(a) of the Code and which is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) that are assigned a rating in the two highest long term or the highest short term rating category by the Rating Agency; (b) United States Treasury Certificates of Indebtedness -- State and Local Government Series; and (c) stock in a Qualified Regulated Investment Company that is assigned the highest long term or short term rating by the Rating Agency.

“Trustee” means UMB Bank, N.A., St. Louis, Missouri, a national banking association, and any successor trustee pursuant to Section 7.5 or Section 7.9 at the time serving as Trustee hereunder.

“Trustee’s Fee” means the semiannual Trustee’s fees and ordinary expenses (excluding any extraordinary fees and expenses) in an amount equal to 0.015% of the principal amount of the Bonds Outstanding immediately prior to an Interest Payment Date, payable on each Interest Payment Date for services performed as Trustee, Bond Registrar and Paying Agent under this Indenture, as Paying Agent under the Ordinances and as the Master Trustee (other than the Master Trustee’s Disclosure Fee).

“Water and Wastewater Loan Fund” means The Water and Wastewater Loan Fund created pursuant to Section 644.122, RSMo, and held in the Treasury of the State.

Schedule 1 to Purchase Agreement

LOAN PROCEEDS, ELIGIBLE COSTS AND COSTS OF ISSUANCE

<b>Participant</b>	<b>Loan Proceeds</b>	<b>Eligible Costs</b>	<b>Costs of Issuance</b>
City of Carl Junction	\$1,811,284.80	\$1,761,367.53	\$49,917.27
City of Columbia	3,729,153.15	3,646,141.58	83,011.57
City of Glasgow	2,270,264.55	2,210,370.76	59,893.79
City of Harrisonville	3,413,733.50	3,338,630.95	75,102.55
Public Water Supply District No. 1 of Jasper County, Missouri	1,449,408.30	1,412,400.24	37,008.06
City of Kirksville	1,431,670.90	1,390,217.38	41,453.52
City of Marionville (Combined System)	586,486.50	561,763.57	24,722.93
City of Marionville (Sewerage System)	2,756,485.60	2,666,375.28	90,110.32
City of Monett	9,192,211.05	8,975,029.16	217,181.89
City of Oak Grove	6,808,697.40	6,657,420.11	151,277.29
City of Osage Beach	6,220,817.40	6,076,736.88	144,080.52
Village of Wardsville	1,446,978.30	1,404,105.69	42,872.61
<b>Total:</b>	<b><u>\$41,117,191.45</u></b>	<b><u>\$40,100,559.13</u></b>	<b><u>\$1,016,632.32</u></b>

Schedule 2 to Purchase Agreement

PARTICIPANT ORDINANCES/RESOLUTIONS

<u>Participant</u>	<u>Ordinance/Resolution</u>
City of Carl Junction	Ordinance No. 03-09
City of Columbia	Ordinance No. 017634
City of Glasgow	Ordinance No. 2984
City of Harrisonville	Ordinance No. 2821
Public Water Supply District No. 1 of Jasper County, Missouri	Resolution
City of Kirksville	Ordinance No. 11613
City of Marionville (Combined System)	Ordinance No. 1.03-C
City of Marionville (Sewerage System)	Ordinance No. 1.03-D
City of Monett	Ordinance No. 7300
City of Oak Grove	Ordinance No. 1392
City of Osage Beach	Ordinance No. 03-10
Village of Wardsville	Ordinance No. 124

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STATE ENVIRONMENTAL IMPROVEMENT AND  
ENERGY RESOURCES AUTHORITY

\$39,940,000  
WATER POLLUTION CONTROL AND DRINKING WATER REVENUE BONDS  
(STATE REVOLVING FUNDS PROGRAMS – MASTER TRUST)  
SERIES 2003B

REVOLVING FUND AGREEMENT

Dated as of April 1, 2003

By and Among

STATE ENVIRONMENTAL IMPROVEMENT AND  
ENERGY RESOURCES AUTHORITY,  
MISSOURI DEPARTMENT OF NATURAL RESOURCES

and

EACH PARTICIPANT WHICH IS A  
SIGNATORY TO THIS AGREEMENT

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REVOLVING FUND AGREEMENT

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Exhibit A - Revolving Fund Loans

## REVOLVING FUND AGREEMENT

THIS REVOLVING FUND AGREEMENT (this "Revolving Fund Agreement" or "Agreement"), dated as of April 1, 2003 among the MISSOURI DEPARTMENT OF NATURAL RESOURCES ("DNR"), a department of the State of Missouri, the STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY, a body corporate and politic and a governmental instrumentality of the State of Missouri (the "Authority"), duly organized and existing under the laws of the State of Missouri, and each PARTICIPANT which is a signatory to this Agreement (each a "Participant").

### RECITALS

1. The Federal Water Quality Act of 1987, 33 U.S.C. Section 1381 *et seq.*, and the Federal Safe Drinking Water Act, 42 U.S.C. Section 300f *et seq.* (the "Federal Acts"), authorize the Administrator of the United States Environmental Protection Agency, including its Region VII office located in the City of Kansas City, Kansas (the "EPA"), to make capitalization grants to states for deposit in state revolving funds to provide assistance for constructing publicly owned wastewater treatment facilities and publicly and privately owned drinking water treatment facilities and for certain other purposes.

2. Section 644.122 of the Missouri Clean Water Law, Sections 644.006 through 644.141, RSMo, establishes "The Water and Wastewater Loan Fund" in the Treasury of the State. Section 640.107, RSMo, establishes the "Drinking Water Revolving Fund" as a subfund within The Water and Wastewater Loan Fund.

3. Section 644.122, RSMo, and Section 640.107, RSMo, require that all moneys received from the EPA capitalization grant program and state matching funds (other than appropriated general state revenues) be deposited in The Water and Wastewater Loan Fund and that moneys deposited in the Drinking Water Revolving Fund and appropriated general state revenues constituting state matching funds be used for the purposes of the Federal Safe Drinking Water Act and be accounted for separately.

4. By resolutions adopted by the Authority on February 23, 1988 and by the Clean Water Commission of the State of Missouri, an administrative agency of the State of Missouri domiciled within DNR (the "Clean Water Commission"), on May 10, 1989, the Authority and the Clean Water Commission have approved the development and implementation of the Missouri Leveraged State Water Pollution Control Revolving Fund Program (the "Clean Water SRF Program"), the Authority has stated its intent to issue its bonds to finance projects pursuant to the Clean Water SRF Program, the bonds to be payable solely out of the revenues and receipts derived by the Authority in connection with Clean Water SRF Program projects and the Clean Water Commission has stated its intent to make loans from The Water and Wastewater Loan Fund to provide financial assistance under the Clean Water SRF Program.

5. By resolutions adopted by the Authority on September 22, 1998 and by the Safe Drinking Water Commission of the State of Missouri, an administrative agency of the State of Missouri domiciled within DNR (the "Safe Drinking Water Commission"), on September 23, 1998, the Authority and the Safe Drinking Water Commission have approved the development and implementation of the Missouri Leveraged State Drinking Water Revolving Fund Program (the "Drinking Water SRF Program"). The Authority has further stated its intent to issue its bonds to finance projects pursuant to the Drinking Water SRF Program, the bonds to be payable solely out of the revenues and receipts derived by the Authority in connection with Drinking Water SRF Program projects. The Clean Water Commission has stated its intent to make loans from the Drinking Water Revolving Fund and moneys appropriated by statute from

the State's General Revenue Fund ("Appropriated Moneys") to provide financial assistance under the Drinking Water SRF Program for projects approved by the Safe Drinking Water Commission.

6. The Authority is issuing its Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs – Master Trust) Series 2003B (the "Bonds"), in the aggregate principal amount of \$39,940,000, under a Bond Indenture dated as of April 1, 2003 (the "Indenture") by and between the Authority and UMB Bank, N.A., St. Louis, Missouri, as trustee (the "Trustee") for the purpose of making the Loans to the Participants.

7. The Authority has approved each Participant's application for participation in the Clean Water SRF Program or the Drinking Water SRF Program, as applicable.

8. The Clean Water Commission and, as applicable, the Safe Drinking Water Commission, have authorized DNR to loan to each Participant an amount not to exceed the "Maximum Revolving Fund Loan" set forth in Exhibit A from either The Water and Wastewater Loan Fund or the Drinking Water Revolving Fund and Appropriated Moneys, as applicable, in installments, subject to the provisions of this Agreement (each a "Revolving Fund Loan"), plus amounts transferred by UMB Bank, N.A., as master trustee (the "Master Trustee"), to the Trustee for deposit to a Participant's Reserve Account as provided in the Indenture and the Amended and Restated Master Trust Agreement dated as of October 1, 1998, as amended (the "Master Trust Agreement"), by and between the Authority and the Master Trustee.

9. DNR, the Authority and each Participant have determined to enter into this Agreement for the purpose of making and repaying the Participant's Revolving Fund Loan, providing for the payment of the administrative fee payable in connection with the Clean Water SRF Program or the Drinking Water SRF Program, as applicable, and setting forth their covenants and agreements respecting their participation in the Clean Water SRF Program or the Drinking Water SRF Program, as applicable.

## AGREEMENT

### ARTICLE I

#### DEFINITIONS

Section 1.1. Definitions. In addition to the words and terms defined in the Recitals, elsewhere in this Agreement and in the Purchase Agreement, which definitions are incorporated in this Agreement, capitalized words and terms have the following meanings:

"Event of Default" means "Event of Default" as defined in Article V.

"Purchase Agreement" means the Purchase Agreement dated as of April 1, 2003, by the Authority, DNR and each Participant in connection with the issuance of the Participant Bonds.

### ARTICLE II

#### REPRESENTATIONS BY PARTIES

Section 2.1. Representations by the Parties. Each party to this Agreement represents to each of the others as follows:

a. The party is 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. The execution, delivery and performance of this Agreement by the party will not result in a breach of any of the terms of any indenture, mortgage, deed of trust, lease or agreement or other instrument to which the party is a party or by which it or any of its property is bound, its bylaws or any applicable law, rule, regulation or judicial proceeding.

Section 2.2. General Provision. Each reference in this Agreement to the Participant, the Revolving Fund Loan, the Ordinance, the Participant Bonds and the Reserve Account means each Participant which is a signatory to this Agreement, the Revolving Fund Loan made to that Participant, that Participant's Participant Bonds issued under its Ordinance as provided in the Purchase Agreement and that Participant's Reserve Account.

### ARTICLE III

#### THE REVOLVING FUND LOAN

##### Section 3.1. Revolving Fund Loan.

(a) DNR will make the Revolving Fund Loan to a Clean Water Participant under the Clean Water SRF Program from available moneys in The Water and Wastewater Loan Fund (Capitalization Grant Agreement dated September 27, 2001, identification number CS-29000100-0 and Capitalization Grant Agreement dated September 25, 2002, identification number CS-29000106-0, each between DNR and EPA, are expected to be available for this purpose, but, if not available for any reason, other available moneys in The Water and Wastewater Loan Fund will be made available). DNR will make the Revolving Fund Loan to a Drinking Water Participant under the Drinking Water SRF Program from available moneys in the Drinking Water Revolving Fund (Capitalization Grant Agreement dated September 27, 2001, identification number FS-99762900-0, and Capitalization Grant Agreement dated September 25, 2002, identification number FS-99762901-0, each between DNR and EPA, are expected to be available for this purpose) and Appropriated Moneys. No interest is payable on the Revolving Fund Loan.

(b) The Revolving Fund Loan will be funded in installments as Disbursements are made to the Participant. Each installment of the Revolving Fund Loan will be in an amount equal to the Reserve Percentage of the sum of (i) the Actual Reimbursement Amount approved by DNR in accordance with the Purchase Agreement, plus (ii) for each Participant which has financed Costs of Issuance from the proceeds of its Participant Bonds, the Allocable Portion of the Costs of Issuance. Each installment will be deposited in the Reserve Account. In no event will the sum of an installment, plus other installments previously made, exceed the "Maximum Revolving Fund Loan" for the Participant set forth in Exhibit A.

(c) (i) If DNR receives a notice from the Trustee of an Imminent Default pursuant to Section 4.6(b)(i) of the Indenture or that the balance in the Reserve Account is less than the Reserve Security for the Participant pursuant to Section 4.6(b)(ii) of the Indenture, DNR, within one Business Day after receipt of the notice, will:

(1) request a payment under the capitalization grant agreement in accordance with EPA/DNR automated clearinghouse procedures, for immediate transfer to The Water and Wastewater Loan Fund or the Drinking Water Revolving Fund, as applicable (the "Draw Procedure"), consisting of

(I) the federal capitalization grant payment under the federal electronic funds transfer system equal to 5/6 of

(A) the amount specified by the Trustee pursuant to Section 4.6(b)(i) of the Indenture, or

(B) the amount necessary to fully fund the authorized aggregate principal amount of the Revolving Fund Loan, plus

(II) the State matching fund contribution equal to 1/6 of

(A) the amount specified in (I)(A) above, or

(B) the amount specified in (I)(B) above; and

(2) request that the Office of Administration of the State disburse from The Water and Wastewater Loan Fund, the Drinking Water Revolving Fund and Appropriated Moneys, as applicable, an amount (x) for there to be sufficient moneys held by the Trustee to pay the principal of and interest on the Bonds when due as set forth in the notice of the Trustee pursuant to Section 4.6(b)(i) of the Indenture or (y) to fully fund the Revolving Fund Loan for the Participant.

(ii) DNR will monitor the implementation of the Draw Procedure to assure, to the extent within its power, the timely transfer of moneys from The Water and Wastewater Loan Fund, the Drinking Water Revolving Fund and Appropriated Moneys, as applicable, to the Reserve Account.

Section 3.2. Assignment of Revolving Fund Loan. The Participant assigns its right, title and interest in the Revolving Fund Loan to the Authority to secure the Participant Bonds and its agreements under the Ordinance, the Purchase Agreement and this Agreement.

Section 3.3. Repayment of Revolving Fund Loan. The Participant will repay the Revolving Fund Loan as follows. On the date of each payment of the principal amount of the Participant Bonds or the defeasance thereof, the Trustee will transfer, from the Reserve Account to the Master Trustee, an amount equal to the Reserve Percentage of the principal amount of the Participant Bonds paid or deemed paid within the meaning of the Ordinance. No transfer will result in the Reserve Security being less than the Reserve Percentage of the outstanding principal amount of the Participant Bonds. The outstanding balance of the Revolving Fund Loan is reduced by the amount of the transfer to the Master Trustee.

#### ARTICLE IV

##### ADMINISTRATIVE FEE; ASSIGNMENT

Section 4.1. Administrative Fee. Subject to Section 202 of the Ordinance, the Participant will pay the Administrative Fee. The Administrative Fee will be an amount equal to 0.714% per annum (for Clean Water Participants) and 1.000% (for Drinking Water Participants) of the aggregate amount of the Revolving Fund Loan as of the Business Day preceding each January 1, commencing on the

Administrative Fee Calculation Date set forth in Exhibit A to the Ordinance, and is payable as provided in Section 211 of the Ordinance.

Section 4.2. Assignment by the Participant. This Agreement may not be assigned by the Participant unless the conditions of Section 5.2 of the Purchase Agreement are satisfied.

## ARTICLE V

### EVENTS OF DEFAULTS AND REMEDIES

Section 5.1. Events of Default. Any of the following events will be an "Event of Default" under this Agreement:

(a) Failure by any party to observe and perform any agreement on its part to be performed under this Agreement and the continuation of the failure for a period of 30 days after written notice is given pursuant to Section 5.2. If the failure is by the Participant, DNR may agree in writing to an extension of the cure period prior to its expiration. 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 of a date which is 90 days after the delivery of the original notice. If the failure is by the Authority or DNR, the Trustee must agree in writing to an extension of the cure period prior to its expiration.

(b) Occurrence of an event of default under the Purchase Agreement or the Ordinance.

Section 5.2. Notice of Default. Each party will give notice to the other parties and the Trustee of the occurrence of any event or condition that, with the passage of time or the giving of notice, would constitute an 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. Notice will be given in the manner provided in Section 6.3.

Section 5.3. Remedies on Default. Whenever an Event of Default has occurred and is continuing, the non-defaulting parties and the Trustee will have the right to take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and to become due or to enforce the performance and observance of any agreement. In addition, the Authority and DNR may, by mutual consent, terminate this Agreement upon the payment in full of the Bonds then Outstanding pursuant to the Indenture. If the Authority and DNR terminate this Agreement, the Revolving Fund Loan will become immediately due and payable, subject to the limitations of the Ordinance.

Section 5.4. Attorneys' Fees and Other Expenses.

(a) The defaulting party, on demand, will pay to the non-defaulting parties (but solely from the sources described below), 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 non-defaulting parties in the collection of a repayment of the Revolving Fund Loan or any other sum due under this Agreement or in the enforcement of any other agreements of the parties to this Agreement. The sole source for the payment of the fees and expenses payable by the Authority under this Section are moneys which are on deposit in the Interest Account (but only to the extent not needed to pay the

principal of and interest on the Bonds). Payment by the Participant is subject to Section 202 of the Ordinance. Payment by DNR is subject to applicable law.

(b) Prior to incurring any fees, costs and expenses, a non-defaulting party will provide written notice to the defaulting party that the non-defaulting party intends to incur fees, costs and expenses. Failure by a non-defaulting party to give the notice will not affect the non-defaulting party's right to receive payment for attorney's fees and expenses under this Section 5.4. Upon request by the defaulting party, the non-defaulting party will provide the defaulting party with copies of statements evidencing the fees and expenses for which the non-defaulting party is requesting payment. The statements may be edited to maintain the attorney-client privilege.

Section 5.5. Application of Moneys. Any moneys collected by a non-defaulting party pursuant to Section 5.3 will be applied (a) first, to pay principal due and payable on the Revolving Fund Loan, (b) second, to pay any attorneys' fees or other fees and expenses owed pursuant to Section 5.4, and (c) third, to pay any other amounts due and payable under this Agreement.

Section 5.6. No Remedy Exclusive; Waiver; Notice. No remedy conferred upon or reserved to any non-defaulting party 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. Neither the Authority, the Trustee nor DNR are 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.

Section 5.7. Retention of Authority's Rights. Notwithstanding any assignment or transfer of this Agreement or anything else to the contrary in this Agreement, the Authority will have the right upon the occurrence of an Event of Default to take any action, including bringing an action against any other party at law or in equity, as the Authority may, in its discretion, deem necessary to enforce the obligations of a party to the Authority pursuant to this Agreement.

## ARTICLE VI

### OTHER PROVISIONS

Section 6.1. Effect of Breach. Failure on the part of the Authority or 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 the Authority or DNR liable in damages to the Participant or relieve the Participant from making any payment to the Authority or DNR or fully performing any other agreement under this Agreement. The Participant may pursue any other remedies provided by law for compelling performance by the Authority or DNR of any agreement of the Authority or DNR.

Section 6.2. Termination of Agreement. This Agreement will terminate upon the payment in full of the Bonds pursuant to Article X of the Indenture, the Administrative Fee, the Revolving Fund Loan, and, if an Event of Default has occurred, all obligations under Article V.

Section 6.3. Notices. All notices, filings and other communications will be sent as provided in Section 7.5 of the Purchase Agreement.

Section 6.4. Exculpatory Provision. In exercising powers under this Agreement, the Authority, DNR, the Trustee and the Participant and their members, officers, directors and employees will not be liable to the other parties to this Agreement (i) for any actions taken or omitted by them or their members, officers, directors, employees or agents in good faith and believed by 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, officer, employee or agent of the Authority, DNR, the Trustee or the Participant in his or her individual capacity.

Section 6.5. 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 6.6. Amendment. This Agreement may be amended or supplemented by a written statement executed by the parties, with the prior written consent of the Trustee pursuant to the Indenture.

Section 6.7. 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 6.8. Applicable Law. This Agreement will be governed exclusively by the laws of the State.

*[remainder of this page intentionally left blank]*

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized officers as of April 1, 2003.

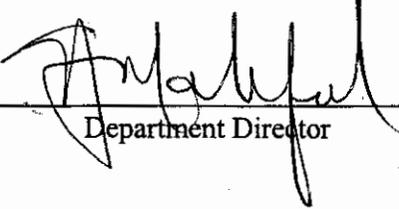
STATE ENVIRONMENTAL IMPROVEMENT AND  
ENERGY RESOURCES AUTHORITY

By Charles D. Banks  
Chairman

(SEAL)  
ATTEST:

H. L. Chung  
Secretary

MISSOURI DEPARTMENT OF NATURAL RESOURCES

By  \_\_\_\_\_  
Department Director

Acknowledged and Accepted:

UMB BANK, N.A., as Trustee

By: \_\_\_\_\_  
\_\_\_\_\_ Vice President

MISSOURI DEPARTMENT OF NATURAL RESOURCES

By \_\_\_\_\_  
Department Director

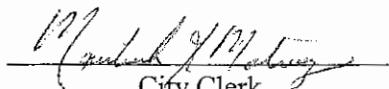
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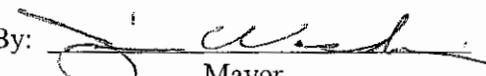
UMB BANK, N.A., as Trustee

By: *Aura Hobers*  
Vice President

[SEAL]  
ATTEST:

CITY OF CARL JUNCTION, MISSOURI

  
City Clerk

By:   
Mayor

[SEAL]  
ATTEST:

*Deanna Williams*  
City Clerk

CITY OF COLUMBIA, MISSOURI

By: *Lee Ann Williams*  
Mayor

[SEAL]  
ATTEST:

Stephanie Lewis  
City Clerk

CITY OF GLASGOW, MISSOURI

By: Harold McMillan  
Mayor

[SEAL]  
ATTEST:

Joy Rushing  
City Clerk

CITY OF HARRISONVILLE, MISSOURI

By: Kw Wood  
Mayor

[SEAL]  
ATTEST:

Collene Clark  
District Clerk

PUBLIC WATER SUPPLY DISTRICT NO. 1  
OF JASPER COUNTY, MISSOURI

By: Jack Morthy  
President of the Board of Directors

[SEAL]  
ATTEST:

CITY OF KIRKSVILLE, MISSOURI

*Tichie Brumbaugh*  
City Clerk

By: *Edwino Carpentier*  
Mayor

[SEAL]  
ATTEST:

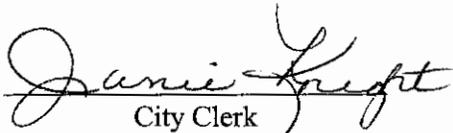
CITY OF MARIONVILLE, MISSOURI

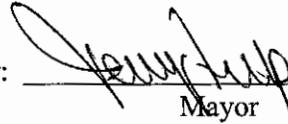
*Claudia White*  
City Clerk

By: *[Signature]*  
Mayor

[SEAL]  
ATTEST:

CITY OF MONETT, MISSOURI

  
City Clerk

By:   
Mayor

[SEAL]  
ATTEST:

Cathy Smith  
City Clerk

CITY OF OAK GROVE, MISSOURI

By: Ray W. Lewis  
Mayor Pro Tem

[SEAL]  
ATTEST:

*Diana Harner*  
City Clerk

CITY OF OSAGE BEACH, MISSOURI

By: *Ray Lynn*  
Mayor

[SEAL]  
ATTEST:

*Murley Stockman*  
Village Clerk

VILLAGE OF WARDSVILLE, MISSOURI

By: *D. L. Elert*  
Chairman of the Board of Trustees

EXHIBIT A

REVOLVING FUND LOANS

<u>Participant</u>	<u>Original Principal Amount</u>	<u>Maximum Revolving Fund Loan</u>
City of Carl Junction	\$1,760,000	\$ 905,642.40
City of Columbia	3,620,000	2,610,407.21
City of Glasgow	2,210,000	1,135,132.28
City of Harrisonville	3,295,000	2,389,613.45
Public Water Supply District No. 1 of Jasper County, Missouri	1,400,000	724,704.15
City of Kirksville	1,385,000	1,002,169.63
City of Marionville (Combined System Bonds)	570,000	410,540.55
City of Marionville (Sewerage System Bonds)	2,660,000	1,929,539.92
City of Monett	8,950,000	6,434,547.74
City of Oak Grove	6,600,000	4,766,088.18
City of Osage Beach	6,075,000	3,110,408.70
Village of Wardsville	<u>1,415,000</u>	<u>1,012,884.81</u>
Total:	\$39,940,000	\$26,431,679.02

TERMS CERTIFICATE

relating to  
Purchase Contract  
regarding  
State Environmental Improvement  
and Energy Resources Authority  
(State of Missouri)  
Water Pollution Control and Drinking Water Revenue Bonds  
(State Revolving Funds Programs-Master Trust)  
Series 2003B

I, the undersigned authorized representative of the City of Monett, Missouri (the "Participant"), do hereby certify and agree as follows:

1. This Terms Certificate (the "Certificate") is being delivered pursuant to the Purchase Contract in connection with the above-referenced Bonds (the "Purchase Contract") between the State Environmental Improvement and Energy Resources Authority (the "Authority") and the underwriters named therein (the "Underwriters"). All capitalized terms used but not defined herein shall have the respective meanings set forth in the Purchase Contract or the Ordinance, as hereinafter defined.

2. The terms of the Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2003 of the Participant (the "Participant Bonds"), in addition to those set forth in the ordinance of the Participant passed on April 3, 2003 authorizing the issuance of the Participant Bonds (the "Ordinance"), are as set forth below (including Schedule A attached hereto). Such description is subject to the provisions of the Ordinance. The Authority Bonds shall be in conformity with such terms of the Participant Bonds. The maturity dates, principal amounts and interest rates are as set forth in Part I of Schedule A. The Participant Bonds are subject to mandatory and optional redemption as provided in the Ordinance. The Participant hereby authorizes the Authority to revise the Official Statement to reflect the terms of the Participant Bonds set forth herein.

3. Aggregate debt service on the Participant Bonds shall be payable as set forth in Part I of Schedule A.

4. The Authority fee to be paid on or before delivery of the Participant Bonds, together with the costs and expenses specified in the Purchase Contract, shall be in the amount set forth on Part II of Schedule A.

5. The Participant represents and warrants to the Authority and the Underwriters as follows:

(a) The Participant is a city of the third class, organized and existing under the Constitution and laws of the State of Missouri and has full legal right, power and authority to enter into the Purchase Agreement and the Revolving Fund Agreement (collectively, the "Agreements") and to carry out and consummate all other transactions contemplated by the Official Statement to be carried out by the Participant.

(b) The Participant has duly authorized and approved the execution and delivery of the Agreements and the consummation of all other transactions contemplated thereby and by the Official Statement to be carried out by the Participant, and no other action on its part,

other than execution, is necessary for such Agreements to constitute, and said Agreements at the time of the Closing will constitute, legal, valid and binding contractual obligations of the Participant.

- (c) To the best of its knowledge, the Participant is not in breach of or in default under any applicable law or administrative regulation of the State of Missouri or the United States of America, or any department, agency or instrumentality thereof, or any applicable judgment or decree or any indenture, ordinance, agreement or other instrument to which the Participant is a party or is otherwise subject, which breach or default would in any way materially adversely affect the authorization, sale or issuance of the Participant Bonds or the Authority Bonds and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute such breach or default under any such instrument. The execution and delivery of the Agreements and the Participant Bonds, and compliance with the provisions of each thereof, will not conflict with or constitute in any material respect a breach of or default under any law, administrative regulation, judgment, decree, indenture, ordinance, agreement or other instrument to which the Participant is a party or is otherwise subject.
- (d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, for which the Participant has been served with process or official notice or, to the best of the Participant's knowledge, threatened against the Participant affecting its corporate existence or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the authorization, sale or issuance of the Participant Bonds or the collection of the revenues and other moneys pledged or to be pledged to pay the principal of and interest on the Participant Bonds, or the pledge thereof by the Authority pursuant to the Indenture, or in any way contesting or affecting the validity or enforceability of the Participant Bonds or the Agreements, contesting the federal tax-exempt status of the Participant Bonds or the Authority Bonds or contesting the powers of the Participant or any authority for the issuance of the Participant Bonds, or the execution or delivery of the Indenture, the Agreements or this Certificate.
- (e) The Participant shall furnish such information, execute such instruments and take such other action as may be necessary to qualify the Authority Bonds for offer and sale under the "Blue Sky" or other securities laws or regulations of such states and other jurisdictions of the United States as the Underwriters may designate; provided, however, that the Participant shall in no event be required to file a general consent to suit or service of process or to qualify as a foreign corporation or as a dealer in securities in any such jurisdiction.
- (f) No further consent, approval, authorization or order of any court or governmental agency or body of the State of Missouri is required by the Participant for the authorization, sale or issuance of the Participant Bonds or the consummation by the Participant of the other transactions effected or contemplated in connection with the issuance of the Authority Bonds or the Participant Bonds.
- (g) The Participant Bonds, when issued and delivered in accordance with the Ordinance, will be validly issued and outstanding obligations entitled to the benefits of the Ordinance; and upon such issuance, authentication and delivery the Ordinance will provide for the benefit of the holders from time to time of the Participant Bonds, a legally valid and

binding pledge of the Net Revenues and the funds and accounts pledged under the Ordinance, subject only to the provisions of the Ordinance permitting the application thereof on the terms and conditions set forth in the Ordinance.

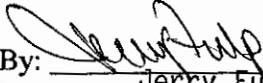
- (h) Between the date of this Certificate and the date of the Closing, the Participant will not, without the prior written consent of the Underwriters, offer or issue any bonds, notes or other obligations for borrowed money in connection with and payable from the Net Revenues of the System, and the Participant will not incur any material liabilities, direct or contingent, in connection with the System.
- (i) The Participant is not now in default nor has it been in default as to principal or interest with respect to any obligation issued by it.
- (j) The Participant acknowledges and agrees that the Authority and the Underwriters are entering into the Purchase Contract in reliance on the representations and warranties contained herein.

The Participant acknowledges that the Authority's commitment to purchase the Participant Bonds shall be solely from the proceeds of the Authority Bonds and the Authority shall have no obligation to purchase the Participant Bonds except from the proceeds of Authority Bonds. In accordance therewith, the obligation of the Authority to purchase the Participant Bonds is subject to purchase of the Authority Bonds by the Underwriters pursuant to the Purchase Contract. In the event that the Underwriters do not purchase the Authority Bonds pursuant to the provisions of Paragraph 10 of the Purchase Contract, then upon written notice delivered to the Participant by the Authority, the Authority may refuse to purchase the Participant Bonds and the obligation of the Participant to deliver the Participant Bonds upon the terms set forth in this Certificate shall terminate; provided that the obligation of the Participant to pay costs and expenses related to printing of the Preliminary Official Statement and the Official Statement relating to the Authority Bonds shall survive any such termination.

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CITY OF MONETT, MISSOURI

Date: April 3, 2003

By:   
Name: Jerry Fulp  
Title: Mayor

State Environmental Improvement and Energy Resources Authority  
(State of Missouri)  
Water Pollution Control Revenue Bonds  
(State Revolving Fund Program)  
Series 2003B  
Monett

## Final Loan Structuring Analysis

## Loan Debt Service

Date	Principal	Coupon	Interest (includes accrued)	Debt Service [Semi-annual]	Debt Service [Fiscal Year] ending 31-Mar
09-Apr-03					
01-Jan-04	\$0.00		\$282,435.09	\$282,435.09	\$282,435.09
01-Jul-04	0.00		194,039.38	194,039.38	--
01-Jan-05	0.00		194,039.38	194,039.38	388,078.76
01-Jul-05	0.00		194,039.38	194,039.38	--
01-Jan-06	275,000.00	2.000%	194,039.38	469,039.38	663,078.76
01-Jul-06	0.00		191,289.38	191,289.38	--
01-Jan-07	280,000.00	2.150%	191,289.38	471,289.38	662,578.76
01-Jul-07	0.00		188,279.38	188,279.38	--
01-Jan-08	285,000.00	2.500%	188,279.38	473,279.38	661,558.76
01-Jul-08	0.00		184,716.88	184,716.88	--
01-Jan-09	295,000.00	2.800%	184,716.88	479,716.88	664,433.76
01-Jul-09	0.00		180,586.88	180,586.88	--
01-Jan-10	300,000.00	3.100%	180,586.88	480,586.88	661,173.76
01-Jul-10	0.00		175,936.88	175,936.88	--
01-Jan-11	310,000.00	3.400%	175,936.88	485,936.88	661,873.76
01-Jul-11	0.00		170,666.88	170,666.88	--
01-Jan-12	325,000.00	3.500%	170,666.88	495,666.88	666,333.76
01-Jul-12	0.00		164,979.38	164,979.38	--
01-Jan-13	335,000.00	3.700%	164,979.38	499,979.38	664,958.76
01-Jul-13	0.00		158,781.88	158,781.88	--
01-Jan-14	345,000.00	3.750%	158,781.88	503,781.88	662,563.76
01-Jul-14	0.00		152,313.13	152,313.13	--
01-Jan-15	435,000.00	5.250%	152,313.13	587,313.13	739,626.26
01-Jul-15	0.00		140,894.38	140,894.38	--
01-Jan-16	460,000.00	5.000%	140,894.38	600,894.38	741,788.76
01-Jul-16	0.00		129,394.38	129,394.38	--
01-Jan-17	480,000.00	5.000%	129,394.38	609,394.38	738,788.76
01-Jul-17	0.00		117,394.38	117,394.38	--
01-Jan-18	505,000.00	5.125%	117,394.38	622,394.38	739,788.76
01-Jul-18	0.00		104,453.75	104,453.75	--
01-Jan-19	530,000.00	5.125%	104,453.75	634,453.75	738,907.50
01-Jul-19	0.00		90,872.50	90,872.50	--
01-Jan-20	555,000.00	5.125%	90,872.50	645,872.50	736,745.00
01-Jul-20	0.00		76,650.63	76,650.63	--
01-Jan-21	585,000.00	5.125%	76,650.63	661,650.63	738,301.26
01-Jul-21	0.00		61,660.00	61,660.00	--
01-Jan-22	615,000.00	4.500%	61,660.00	676,660.00	738,320.00
01-Jul-22	0.00		47,822.50	47,822.50	--
01-Jan-23	645,000.00	4.700%	47,822.50	692,822.50	740,645.00
01-Jul-23	0.00		32,665.00	32,665.00	--
01-Jan-24	680,000.00	4.700%	32,665.00	712,665.00	745,330.00
01-Jul-24	0.00		16,685.00	16,685.00	--
01-Jan-25	710,000.00	4.700%	16,685.00	726,685.00	743,370.00
01-Jul-25	0.00		0.00	0.00	--
01-Jan-26	0.00		0.00	0.00	0.00
01-Jul-26	0.00		0.00	0.00	--
01-Jan-27	0.00		0.00	0.00	0.00
	<u>\$8,950,000.00</u>		<u>\$5,830,678.99</u>	<u>\$14,780,678.99</u>	<u>\$14,780,678.99</u>

State Environmental Improvement and Energy Resources Authority  
(State of Missouri)  
Water Pollution Control Revenue Bonds  
(State Revolving Fund Program)  
Series 2003B

Monett

**Final Loan Structuring Analysis**

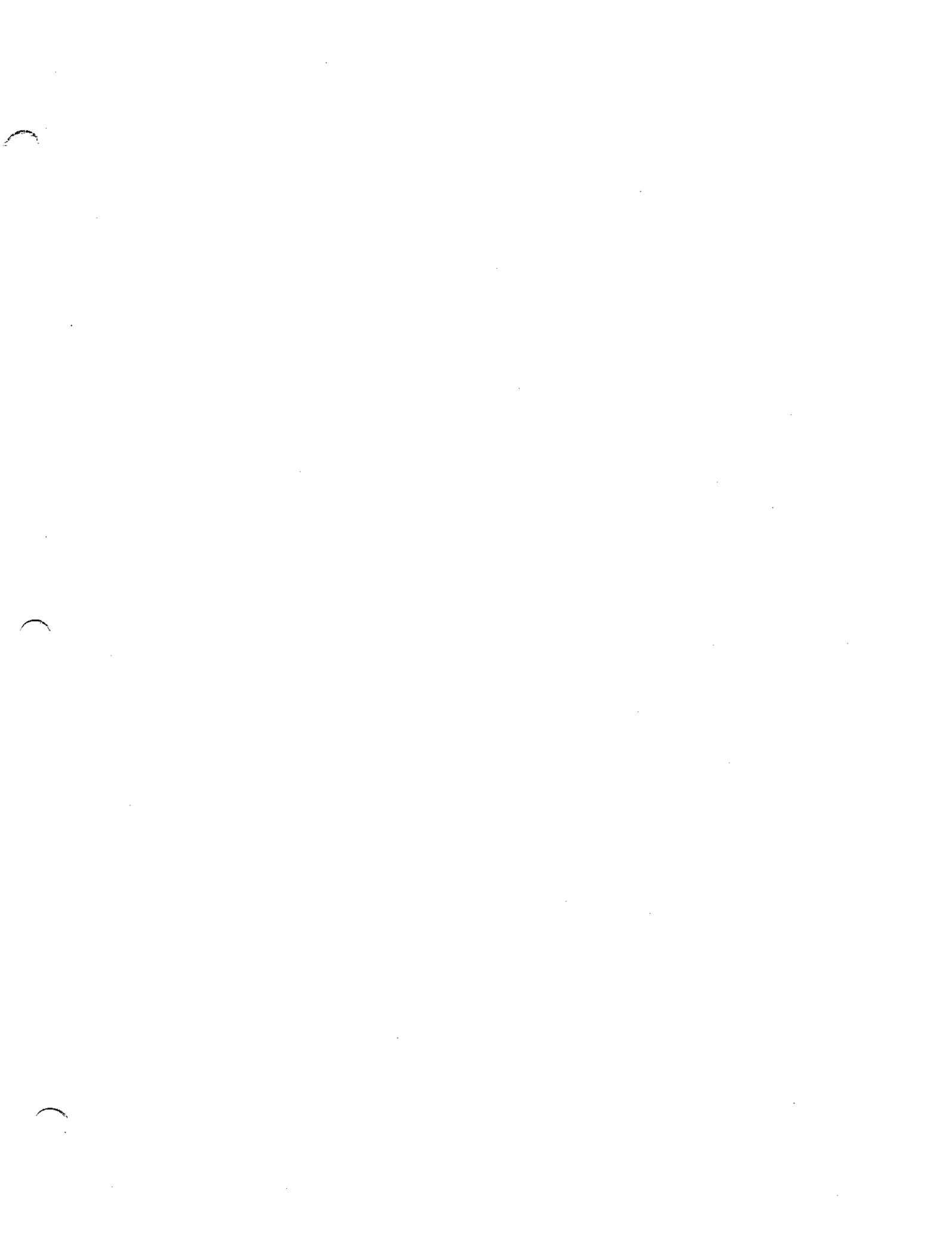
**Sources & Uses of Funds**

**Sources of Funds**

Par Amount of Bonds Issued	\$8,950,000.00
Original Issue Premium/(Discount)	242,211.05
Borrower Contribution	0.00
Federal Capitalization Grant, State Match and other monies	6,434,547.74
Accrued Interest	0.00
<b>Total Sources of Funds:</b>	<u><u>\$15,626,758.79</u></u>

**Uses of Funds**

	<i>Per \$1,000 Bond</i>	
Construction Deposit	--	\$8,975,029.16
Refunding Escrow Deposit	--	0.00
Capitalized Interest Deposit	--	0.00
Program Underwriter's Discount	\$6.14	\$54,924.84
Program Costs of Issuance	13.66	122,257.05
<b>Subtotal: Program Costs:</b>	<u>\$19.80</u>	<u>\$177,181.89</u>
Local Bond Counsel	\$0.87	\$7,750.00
Local Financial Advisor	3.60	32,250.00
Administrative Fee	0.00	0.00
Consulting Fees	0.00	0.00
<b>Subtotal: Local Costs of Issuance:</b>	<u>\$4.47</u>	<u>\$40,000.00</u>
<b>Subtotal: Program Costs and Local Costs of Issuance:</b>	<u>\$24.27</u>	<u>\$217,181.89</u>
Bond Insurance Premium	--	0.00
Accrued Interest	--	0.00
Debt Service Reserve Fund Deposit	--	6,434,547.74
Bond Sizing Contingency	--	0.00
<b>Total Uses of Funds:</b>		<u><u>\$15,626,758.79</u></u>



State Environmental Improvement and Energy Resources Authority  
 (State of Missouri)  
 Water Pollution Control Revenue Bonds  
 (State Revolving Fund Program)  
 Series 2003B  
 Monett

**Final Loan Structuring Analysis**

**Assumptions**

Loan Parameters:		
Loan Par Amount:		\$8,950,000.00
Series 2003 B Arbitrage Yield:		4.113800%
Series 2003 B True Interest Cost:		4.309180%
Series 2003 B All-in True Interest Cost:		4.512637%
Series 2003 B Effective Interest Cost:		3.426075%
Average Coupon:		4.304718%
Subsidized Average Coupon:		1.425058%
Dated Date:		09-Apr-03
Delivery Date:		09-Apr-03
First Interest Payment Date:		01-Jan-04
First Principal Payment Date:		01-Jan-06
Fiscal Year End Date:		31-Mar
Frequency of Principal Amortization ["Annual" or "Semi"]:		Annual
Number of Principal Maturities:		22
Final Maturity Date:		01-Jan-25
Average Life [Years from Delivery Date]:		14.05
	<i>Amount</i>	<i>Bonded</i>
Underwriter's Discount [\$ per \$1,000 Bond]:	\$6.14	Yes
Origination Fee [\$ per \$1,000 Bond; minimum: \$500.00]:	\$18.13	Yes
Local Costs of Issuance [\$]:		Yes
Amortization Pattern ["Level Gross DS" or "Level Net DS" or "Level Principal"]:		Level Net DS
Principal Denominations:		\$5,000.00
Construction Fund Parameters:		
Deposit:		\$8,975,029.16
Earnings Rate [%]:		4.113800%
Capitalized Interest Fund Parameters:		
Include Capitalized Interest [Yes/No]:		No
Deposit [Net of Accrued Interest]:		\$0.00
Date through which Interest is Capitalized:		N/A
Earnings Rate [%]:		2.000000%
Earnings Calculation Method [Simple / Compound]:		Compound
Debt Service Reserve Fund Parameters:		
Deposit [% of ( Par + Original Issue Premium)]:		70.00%
Earnings Rate [%]:		4.113800%
Earnings Rate Equals Truncated Arbitrage Yield of [Loan / Series]:		Series
Scheduled Project Completion Date:		
Bond Insurance Premium [% of Total Debt Service with Accrued Interest]:		0.000%
Series Type: Single / Multiple [Participant]		
[For calculation of Program Bond Counsel's Fee and Program Financial Advisor's Fee]:		Multiple
Comments:		
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State Environmental Improvement and Energy Resources Authority  
 (State of Missouri)  
 Water Pollution Control Revenue Bonds  
 (State Revolving Fund Program)  
 Series 2003B  
 Monett

**Final Loan Structuring Analysis**

**Sources & Uses of Funds**

**Sources of Funds**

Par Amount of Bonds Issued	\$8,950,000.00
Original Issue Premium/(Discount)	242,211.05
Borrower Contribution	0.00
Federal Capitalization Grant, State Match and other monies	6,434,547.74
Accrued Interest	0.00
<b>Total Sources of Funds:</b>	<b>\$15,626,758.79</b>

**Uses of Funds**

	<i>Per \$1,000 Bond</i>	
Construction Deposit	--	\$8,975,029.16
Refunding Escrow Deposit	--	0.00
Capitalized Interest Deposit	--	0.00
Program Underwriter's Discount	\$6.14	\$54,924.84
Program Costs of Issuance	13.66	122,257.05
<b>Subtotal: Program Costs:</b>	<b>\$19.80</b>	<b>\$177,181.89</b>
Local Bond Counsel	\$0.87	\$7,750.00
Local Financial Advisor	3.60	32,250.00
Administrative Fee	0.00	0.00
Consulting Fees	0.00	0.00
<b>Subtotal: Local Costs of Issuance:</b>	<b>\$4.47</b>	<b>\$40,000.00</b>
<b>Subtotal: Program Costs and Local Costs of Issuance:</b>	<b>\$24.27</b>	<b>\$217,181.89</b>
Bond Insurance Premium	--	0.00
Accrued Interest	--	0.00
Debt Service Reserve Fund Deposit	--	6,434,547.74
Bond Sizing Contingency	--	0.00
<b>Total Uses of Funds:</b>		<b>\$15,626,758.79</b>

State Environmental Improvement and Energy Resources Authority  
(State of Missouri)  
Water Pollution Control Revenue Bonds  
(State Revolving Fund Program)  
Series 2003B  
Monett

Final Loan Structuring Analysis

Loan Debt Service

Date	Principal	Coupon	Interest [includes accrued]	Debt Service [Semi-annual]	Debt Service [Fiscal Year] ending 31-Mar
09-Apr-03					
01-Jan-04	\$0.00		\$282,435.09	\$282,435.09	\$282,435.09
01-Jul-04	0.00		194,039.38	194,039.38	--
01-Jan-05	0.00		194,039.38	194,039.38	388,078.76
01-Jul-05	0.00		194,039.38	194,039.38	--
01-Jan-06	275,000.00	2.000%	194,039.38	469,039.38	663,078.76
01-Jul-06	0.00		191,289.38	191,289.38	--
01-Jan-07	280,000.00	2.150%	191,289.38	471,289.38	662,578.76
01-Jul-07	0.00		188,279.38	188,279.38	--
01-Jan-08	285,000.00	2.500%	188,279.38	473,279.38	661,558.76
01-Jul-08	0.00		184,716.88	184,716.88	--
01-Jan-09	295,000.00	2.800%	184,716.88	479,716.88	664,433.76
01-Jul-09	0.00		180,586.88	180,586.88	--
01-Jan-10	300,000.00	3.100%	180,586.88	480,586.88	661,173.76
01-Jul-10	0.00		175,936.88	175,936.88	--
01-Jan-11	310,000.00	3.400%	175,936.88	485,936.88	661,873.76
01-Jul-11	0.00		170,666.88	170,666.88	--
01-Jan-12	325,000.00	3.500%	170,666.88	495,666.88	666,333.76
01-Jul-12	0.00		164,979.38	164,979.38	--
01-Jan-13	335,000.00	3.700%	164,979.38	499,979.38	664,958.76
01-Jul-13	0.00		158,781.88	158,781.88	--
01-Jan-14	345,000.00	3.750%	158,781.88	503,781.88	662,563.76
01-Jul-14	0.00		152,313.13	152,313.13	--
01-Jan-15	435,000.00	5.250%	152,313.13	587,313.13	739,626.26
01-Jul-15	0.00		140,894.38	140,894.38	--
01-Jan-16	460,000.00	5.000%	140,894.38	600,894.38	741,788.76
01-Jul-16	0.00		129,394.38	129,394.38	--
01-Jan-17	480,000.00	5.000%	129,394.38	609,394.38	738,788.76
01-Jul-17	0.00		117,394.38	117,394.38	--
01-Jan-18	505,000.00	5.125%	117,394.38	622,394.38	739,788.76
01-Jul-18	0.00		104,453.75	104,453.75	--
01-Jan-19	530,000.00	5.125%	104,453.75	634,453.75	738,907.50
01-Jul-19	0.00		90,872.50	90,872.50	--
01-Jan-20	555,000.00	5.125%	90,872.50	645,872.50	736,745.00
01-Jul-20	0.00		76,650.63	76,650.63	--
01-Jan-21	585,000.00	5.125%	76,650.63	661,650.63	738,301.26
01-Jul-21	0.00		61,660.00	61,660.00	--
01-Jan-22	615,000.00	4.500%	61,660.00	676,660.00	738,320.00
01-Jul-22	0.00		47,822.50	47,822.50	--
01-Jan-23	645,000.00	4.700%	47,822.50	692,822.50	740,645.00
01-Jul-23	0.00		32,665.00	32,665.00	--
01-Jan-24	680,000.00	4.700%	32,665.00	712,665.00	745,330.00
01-Jul-24	0.00		16,685.00	16,685.00	--
01-Jan-25	710,000.00	4.700%	16,685.00	726,685.00	743,370.00
01-Jul-25	0.00		0.00	0.00	--
01-Jan-26	0.00		0.00	0.00	0.00
01-Jul-26	0.00		0.00	0.00	--
01-Jan-27	0.00		0.00	0.00	0.00
	<u>\$8,950,000.00</u>		<u>\$5,830,678.99</u>	<u>\$14,780,678.99</u>	<u>\$14,780,678.99</u>

State Environmental Improvement and Energy Resources Authority  
 (State of Missouri)  
 Water Pollution Control Revenue Bonds  
 (State Revolving Fund Program)  
 Series 2003B  
 Monett

Final Loan Structuring Analysis

Estimated Net Borrower Debt Service

	Beginning Principal Outstanding	Debt Service [Net of Accrued Interest]	Debt Service Reserve Fund Earnings* @ 4.113800%	Construction Fund Earnings*	Capitalized Interest Fund Draws [Net of Accrued]	Estimated Net Debt Service	DNR Fee Payable @ 0.5000%	Trustee / Dissemination Fee Payable @ 0.01503125%	Total Payment*	Total Payment* [Fiscal Year] ending 31-Mar
09-Apr-03										
01-Jan-04	\$8,950,000.00	\$282,435.09	\$192,646.00	\$0.00	\$0.00	\$89,789.09	\$0.00	\$1,345.30	\$91,134.39	\$91,134.39
01-Jul-04	8,950,000.00	194,039.38	132,352.21	0.00	0.00	61,687.17	0.00	1,345.30	63,032.47	--
01-Jan-05	8,950,000.00	194,039.38	132,352.21	0.00	0.00	61,687.17	0.00	1,345.30	63,032.47	126,064.94
01-Jul-05	8,950,000.00	194,039.38	132,352.21	0.00	0.00	61,687.17	0.00	1,345.30	63,032.47	--
01-Jan-06	8,950,000.00	469,039.38	132,352.21	0.00	0.00	336,687.17	44,750.00	1,345.30	382,782.47	445,814.94
01-Jul-06	8,675,000.00	191,289.38	128,392.68	0.00	0.00	62,896.70	0.00	1,303.96	64,200.66	--
01-Jan-07	8,675,000.00	471,289.38	128,392.68	0.00	0.00	342,896.70	43,375.00	1,303.96	387,575.66	451,776.32
01-Jul-07	8,395,000.00	188,279.38	124,322.91	0.00	0.00	63,956.47	0.00	1,261.87	65,218.34	--
01-Jan-08	8,395,000.00	473,279.38	124,322.91	0.00	0.00	348,956.47	41,975.00	1,261.87	392,193.34	457,411.68
01-Jul-08	8,110,000.00	184,716.88	120,219.39	0.00	0.00	64,497.49	0.00	1,219.03	65,716.52	--
01-Jan-09	8,110,000.00	479,716.88	120,219.39	0.00	0.00	359,497.49	40,550.00	1,219.03	401,266.52	466,983.04
01-Jul-09	7,815,000.00	180,586.88	115,971.89	0.00	0.00	64,614.99	0.00	1,174.69	65,789.68	--
01-Jan-10	7,815,000.00	480,586.88	115,971.89	0.00	0.00	364,614.99	39,075.00	1,174.69	404,864.68	470,654.36
01-Jul-10	7,515,000.00	175,936.88	111,652.40	0.00	0.00	64,284.48	0.00	1,129.60	65,414.08	--
01-Jan-11	7,515,000.00	485,936.88	111,652.40	0.00	0.00	374,284.48	37,575.00	1,129.60	412,989.08	478,403.16
01-Jul-11	7,205,000.00	170,666.88	107,188.93	0.00	0.00	63,477.95	0.00	1,083.00	64,560.95	--
01-Jan-12	7,205,000.00	495,666.88	107,188.93	0.00	0.00	388,477.95	36,025.00	1,083.00	425,585.95	490,146.90
01-Jul-12	6,880,000.00	164,979.38	102,509.48	0.00	0.00	62,469.90	0.00	1,034.15	63,504.05	--
01-Jan-13	6,880,000.00	499,979.38	102,509.48	0.00	0.00	397,469.90	34,400.00	1,034.15	432,904.05	496,408.10
01-Jul-13	6,545,000.00	158,781.88	97,686.05	0.00	0.00	61,095.83	0.00	983.80	62,079.63	--
01-Jan-14	6,545,000.00	503,781.88	97,686.05	0.00	0.00	406,095.83	32,725.00	983.80	439,804.63	501,884.26
01-Jul-14	6,200,000.00	152,313.13	92,718.64	0.00	0.00	59,594.49	0.00	931.94	60,526.43	--
01-Jan-15	6,200,000.00	587,313.13	92,718.64	0.00	0.00	494,594.49	31,000.00	931.94	526,526.43	587,052.86
01-Jul-15	5,765,000.00	140,894.38	86,455.38	0.00	0.00	54,439.00	0.00	866.55	55,305.55	--
01-Jan-16	5,765,000.00	600,894.38	86,455.38	0.00	0.00	514,439.00	28,825.00	866.55	544,130.55	599,436.10
01-Jul-16	5,305,000.00	129,394.38	79,200.24	0.00	0.00	50,194.14	0.00	797.41	50,991.55	--
01-Jan-17	5,305,000.00	609,394.38	79,200.24	0.00	0.00	530,194.14	26,525.00	797.41	557,516.55	608,508.10
01-Jul-17	4,825,000.00	117,394.38	71,792.76	0.00	0.00	45,601.62	0.00	725.26	46,326.88	--
01-Jan-18	4,825,000.00	622,394.38	71,792.76	0.00	0.00	550,601.62	24,125.00	725.26	575,451.88	621,778.76
01-Jul-18	4,320,000.00	104,453.75	64,056.23	0.00	0.00	40,397.52	0.00	649.35	41,046.87	--
01-Jan-19	4,320,000.00	634,453.75	64,056.23	0.00	0.00	570,397.52	21,600.00	649.35	592,646.87	633,693.74
01-Jul-19	3,790,000.00	90,872.50	55,913.75	0.00	0.00	34,958.75	0.00	569.68	35,528.43	--
01-Jan-20	3,790,000.00	645,872.50	55,913.75	0.00	0.00	589,958.75	18,950.00	569.68	609,478.43	645,006.86
01-Jul-20	3,235,000.00	76,650.63	47,443.40	0.00	0.00	29,207.23	0.00	486.26	29,693.49	--
01-Jan-21	3,235,000.00	661,650.63	47,443.40	0.00	0.00	614,207.23	16,175.00	486.26	630,868.49	660,561.98
01-Jul-21	2,650,000.00	61,660.00	38,572.06	0.00	0.00	23,087.94	0.00	398.33	23,486.27	--
01-Jan-22	2,650,000.00	676,660.00	38,572.06	0.00	0.00	638,087.94	13,250.00	398.33	651,736.27	675,222.54
01-Jul-22	2,035,000.00	47,822.50	29,300.54	0.00	0.00	18,521.96	0.00	305.89	18,827.85	--
01-Jan-23	2,035,000.00	692,822.50	29,300.54	0.00	0.00	663,521.96	10,175.00	305.89	674,002.85	692,830.70
01-Jul-23	1,390,000.00	32,665.00	20,013.64	0.00	0.00	12,651.36	0.00	208.93	12,860.29	--
01-Jan-24	1,390,000.00	712,665.00	20,013.64	0.00	0.00	692,651.36	6,950.00	208.93	699,810.29	712,670.58
01-Jul-24	710,000.00	16,685.00	10,222.79	0.00	0.00	6,462.21	0.00	106.72	6,568.93	--
01-Jan-25	710,000.00	726,685.00	10,222.79	0.00	0.00	716,462.21	3,550.00	106.72	720,118.93	726,687.86
01-Jul-25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	--
01-Jan-26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
01-Jul-26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	--
01-Jan-27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	\$14,780,678.99	\$3,729,321.16	\$0.00	\$0.00	\$11,051,357.83	\$551,575.00	\$37,199.34	\$11,640,132.17	\$11,640,132.17	

\* Earnings are applied in current period.

\*\* Average annual payment: \$535,725.85

State Environmental Improvement and Energy Resources Authority  
(State of Missouri)  
Water Pollution Control Revenue Bonds  
(State Revolving Fund Program)  
Series 2003B  
Monett

Final Loan Structuring Analysis  
Debt Service Reserve Fund

Date	Deposit @ 70.00% of (Par + Premium)	Withdrawals	Balance	Earnings @ 4.113800%	Earnings Applied Against Current Debt Service Payment*
09-Apr-03	\$6,434,547.74		\$6,434,547.74		
01-Jan-04	0.00	\$0.00	6,434,547.74	\$192,646.00	\$192,646.00
01-Jul-04	0.00	0.00	6,434,547.74	132,352.21	132,352.21
01-Jan-05	0.00	0.00	6,434,547.74	132,352.21	132,352.21
01-Jul-05	0.00	0.00	6,434,547.74	132,352.21	132,352.21
01-Jan-06	0.00	192,500.00	6,242,047.74	132,352.21	132,352.21
01-Jul-06	0.00	0.00	6,242,047.74	128,392.68	128,392.68
01-Jan-07	0.00	197,859.55	6,044,188.19	128,392.68	128,392.68
01-Jul-07	0.00	0.00	6,044,188.19	124,322.91	124,322.91
01-Jan-08	0.00	199,500.00	5,844,688.19	124,322.91	124,322.91
01-Jul-08	0.00	0.00	5,844,688.19	120,219.39	120,219.39
01-Jan-09	0.00	206,500.00	5,638,188.19	120,219.39	120,219.39
01-Jul-09	0.00	0.00	5,638,188.19	115,971.89	115,971.89
01-Jan-10	0.00	210,000.00	5,428,188.19	115,971.89	115,971.89
01-Jul-10	0.00	0.00	5,428,188.19	111,652.40	111,652.40
01-Jan-11	0.00	217,000.00	5,211,188.19	111,652.40	111,652.40
01-Jul-11	0.00	0.00	5,211,188.19	107,188.93	107,188.93
01-Jan-12	0.00	227,500.00	4,983,688.19	107,188.93	107,188.93
01-Jul-12	0.00	0.00	4,983,688.19	102,509.48	102,509.48
01-Jan-13	0.00	234,500.00	4,749,188.19	102,509.48	102,509.48
01-Jul-13	0.00	0.00	4,749,188.19	97,686.05	97,686.05
01-Jan-14	0.00	241,500.00	4,507,688.19	97,686.05	97,686.05
01-Jul-14	0.00	0.00	4,507,688.19	92,718.64	92,718.64
01-Jan-15	0.00	304,500.00	4,203,188.19	92,718.64	92,718.64
01-Jul-15	0.00	0.00	4,203,188.19	86,455.38	86,455.38
01-Jan-16	0.00	352,722.00	3,850,466.19	86,455.38	86,455.38
01-Jul-16	0.00	0.00	3,850,466.19	79,200.24	79,200.24
01-Jan-17	0.00	360,128.48	3,490,337.71	79,200.24	79,200.24
01-Jul-17	0.00	0.00	3,490,337.71	71,792.76	71,792.76
01-Jan-18	0.00	376,125.56	3,114,212.15	71,792.76	71,792.76
01-Jul-18	0.00	0.00	3,114,212.15	64,056.23	64,056.23
01-Jan-19	0.00	395,861.86	2,718,350.29	64,056.23	64,056.23
01-Jul-19	0.00	0.00	2,718,350.29	55,913.75	55,913.75
01-Jan-20	0.00	411,801.83	2,306,548.46	55,913.75	55,913.75
01-Jul-20	0.00	0.00	2,306,548.46	47,443.40	47,443.40
01-Jan-21	0.00	431,296.55	1,875,251.91	47,443.40	47,443.40
01-Jul-21	0.00	0.00	1,875,251.91	38,572.06	38,572.06
01-Jan-22	0.00	450,751.89	1,424,500.02	38,572.06	38,572.06
01-Jul-22	0.00	0.00	1,424,500.02	29,300.54	29,300.54
01-Jan-23	0.00	451,500.00	973,000.02	29,300.54	29,300.54
01-Jul-23	0.00	0.00	973,000.02	20,013.64	20,013.64
01-Jan-24	0.00	476,000.00	497,000.02	20,013.64	20,013.64
01-Jul-24	0.00	0.00	497,000.02	10,222.79	10,222.79
01-Jan-25	0.00	497,000.02	0.00	10,222.79	10,222.79
01-Jul-25	0.00	0.00	0.00	0.00	0.00
01-Jan-26	0.00	0.00	0.00	0.00	0.00
01-Jul-26	0.00	0.00	0.00	0.00	0.00
01-Jan-27	0.00	0.00	0.00	0.00	0.00
	<u>\$6,434,547.74</u>	<u>\$6,434,547.74</u>		<u>\$3,729,321.16</u>	<u>\$3,729,321.16</u>

\* Only five-sixths of DSRF earnings are applied against debt service payments made through the first interest payment date after the Scheduled Project Completion Date:

State Environmental Improvement and Energy Resources Authority  
 (State of Missouri)  
 Water Pollution Control Revenue Bonds  
 (State Revolving Fund Program)  
 Series 2003B

Monett

**Final Loan Structuring Analysis**

**Bond Pricing**

<u>Maturity</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Price</u>	<u>Premium (Discount)</u>
<b>Serial Bonds:</b>					
01-Jan-04	\$0.00	2.000%	1.000%	100.722	\$0.00
01-Jan-05	0.00	2.000%	1.250%	101.277	0.00
01-Jan-06	275,000.00	2.000%	1.600%	101.062	2,920.50
01-Jan-07	280,000.00	2.150%	2.150%	100.000	0.00
01-Jan-08	285,000.00	2.500%	2.500%	100.000	0.00
01-Jan-09	295,000.00	2.800%	2.870%	99.630	(1,091.50)
01-Jan-10	300,000.00	3.100%	3.170%	99.575	(1,275.00)
01-Jan-11	310,000.00	3.400%	3.420%	99.861	(430.90)
01-Jan-12	325,000.00	3.500%	3.570%	99.475	(1,706.25)
01-Jan-13	335,000.00	3.700%	3.720%	99.833	(559.45)
01-Jan-14	345,000.00	3.750%	3.770%	99.820	(621.00)
01-Jan-15	435,000.00	5.250%	3.870%	111.092	48,250.20
01-Jan-16	460,000.00	5.000%	3.970%	108.238	37,894.80
01-Jan-17	480,000.00	5.000%	4.070%	107.403	35,534.40
01-Jan-18	505,000.00	5.125%	4.150%	107.732	39,046.60
01-Jan-19	530,000.00	5.125%	4.250%	106.905	36,596.50
01-Jan-20	555,000.00	5.125%	4.340%	106.168	34,232.40
01-Jan-21	585,000.00	5.125%	4.430%	105.437	31,806.45
01-Jan-22	615,000.00	4.500%	4.540%	99.492	(3,124.20)
01-Jan-23	645,000.00	4.700%	4.755%	99.250	(4,837.50)
01-Jan-24	680,000.00	4.700%	4.755%	99.250	(5,100.00)
01-Jan-25	710,000.00	4.700%	4.755%	99.250	(5,325.00)
<b>Total:</b>	<b>\$8,950,000.00</b>				<b>\$242,211.05</b>

PARTICIPANT CLOSING CERTIFICATE  
CITY OF MONETT, MISSOURI

We, the undersigned, duly authorized officials of the City of Monett, Missouri (the "Participant"), in connection with the issuance of \$8,950,000 principal amount (the "Original Principal Amount") of Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2003 (the "Bonds"), hereby certify as follows:

1. Organization and Authority. The Participant is a municipal corporation and city of the third class organized and existing under the Constitution and laws of the State of Missouri. The Participant has complied with all provisions of the Constitution and the laws of the State of Missouri, and has full power and authority to consummate all transactions contemplated by the herein described Terms Certificate, the Bonds, Ordinance No. 7300 passed on April 3, 2003, authorizing the issuance of the Bonds (the "Bond Ordinance"), and any and all other agreements relating thereto.

2. Transcript of Proceedings. The executed counterparts or copies of the proceedings of the Participant relating to the authorization and issuance of the Bonds as set forth in the supplemental transcript of proceedings (the "Transcript") prepared in connection with the issuance of the Authority Bonds (as defined in the Bond Ordinance) are true and correct copies or executed counterparts of such proceedings, originals or executed counterparts of which are on file in the official records of the Participant; none of such proceedings have been modified, amended or repealed; and such facts as are stated therein still exist.

3. Meetings. All meetings of the governing body of the Participant as shown in the Transcript were regular meetings, or meetings held pursuant to regular adjournment at the next preceding meeting, or special meetings duly called and held as shown in the Transcript, and for all such meetings, where required, proper notice was given in the manner required by law, including Chapter 610 of the Revised Statutes of Missouri, as amended.

4. Incumbency. The following named persons are the duly qualified and acting members of the governing body and officers of the Participant during the proceedings described herein:

<b>Name</b>	<b>Title</b>
Jerry Fulp	Mayor
Jerry Dierker	Commissioner
Ron Overeem	Commissioner
Janie Knight	City Clerk

5. Execution of Bonds. We have duly signed and executed the Bonds consisting of one fully registered bond in the denomination of the Original Principal Amount, numbered R-1. On the date of the Bonds, and on the date when the Bonds were duly executed by us, we were and at the date hereof we are the officials indicated by our signatures on the Bonds and by our signatures to this Certificate, respectively.

6. Signatures and Seal. The signatures of us and each of us, as such officials, respectively, on the Bonds, are our true and genuine signatures, and the seal affixed or imprinted on the Bonds at the time of their execution was and is the duly authorized seal of the Participant and was thereto affixed by the authority and direction of the governing body of the Participant, and is the seal affixed to this Certificate.

7. Due Authorization and Execution of Documents. The Participant has duly authorized all necessary action to be taken by the Participant for (i) the due authorization, adoption and performance of the following documents (the "Bond Documents"):

- (a) Purchase Agreement dated as of April 1, 2003 (the "Purchase Agreement"), among the State Environmental Improvement and Energy Resources Authority (the "Authority"), the Participant and the Missouri Department of Natural Resources ("DNR"), and
- (b) Revolving Fund Agreement dated as of April 1, 2003 (the "Revolving Fund Agreement"), among the Authority, the Participant and DNR, and acknowledged and accepted by the Trustee;

(ii) the execution of the Terms Certificate dated April 3, 2003 from the Participant (the "Terms Certificate") in connection with the Purchase Contract dated April 4, 2003 (the "Purchase Contract"), among the Authority, the Participant and George K. Baum & Company, Fahnestock & Co., A.G. Edwards & Sons, Inc., U.S. Bancorp Piper Jaffray Inc. and Ramirez & Co., Inc. (the "Underwriters"); (iii) the due authorization, execution and delivery of the Bond Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by the Participant in order to carry out, give effect to and consummate the transactions contemplated by the Bond Ordinance; and (iv) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Bond Ordinance. The undersigned have duly executed the Bond Documents and the undersigned Mayor has executed the Terms Certificate.

8. No Litigation. There is no controversy, suit or other proceeding of any kind pending, or to our knowledge threatened, wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way (a) the legal organization of the Participant or its boundaries, or (b) the right or title of any of its officers to their respective offices, or (c) the legality of any of its official acts shown to have been done in the transcript furnished to the purchaser of the Bonds, or (d) the constitutionality or validity of the obligations represented by the Bonds, or the validity of the Bonds, or any of the proceedings had in relation to the authorization, issuance or sale of the Bonds, or any agreement or instrument to which the Participant is a party and which is used or contemplated for use in the consummation of the transactions contemplated by the Bond Ordinance.

9. Receipt of Purchase Price; Deposit of Proceeds and Other Moneys.

(a) The Participant acknowledges receipt from the Authority of payment in full of the purchase price for the Bonds in the amount of \$9,192,211.05, plus accrued interest. The Participant further acknowledges that the Authority has in all respects complied with and satisfied all of its obligations to the Participant as set forth in the Purchase Agreement and required to be complied with and satisfied on or prior to the date of delivery of and payment for the Bonds.

(b) The Paying Agent, in its role as Trustee under the Indenture (as defined in the Bond Ordinance), is further authorized and directed to deposit and apply such sums, into the Funds and Accounts established under the Indenture as follows:

(i) \$217,181.89 from the proceeds of the sale of the Bonds shall be deposited into the Costs of Issuance Fund for application as provided in Section 4.3 of the Indenture; and

(ii) \$8,975,029.16, the balance of the proceeds of the sale of the Bonds, shall be deposited into the Participant's Construction Account in the Construction Loan Fund for application as provided in Section 4.4 of the Indenture.

(c) Immediately upon receipt of these moneys, the Trustee shall invest all amounts in the Participant's Construction Account in the Investment Agreement. The Trustee is directed to transfer the amount of \$2,500 from the Costs of Issuance Fund to the Participant for reimbursement of the Participant's application fee to the Authority and the balance of the amount deposited pursuant to (ii) above for the payment of the Participant's costs of issuance.

10. Terms Certificate. The Participant has duly performed all of its obligations required to be performed at or prior to the date of this Closing Certificate by the Terms Certificate and each of the Participant's representations and warranties contained in the Terms Certificate are true and correct as of the date hereof.

11. No Violation of Law. To the best knowledge of the undersigned, the execution and delivery of the Bond Documents, the Bonds and the Bond Ordinance, and compliance with the provisions thereof, will not conflict with or constitute on the part of the Participant a violation, a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which it is subject or by which the Participant is or may be bound.

12. No Default. At the date of this Closing Certificate, no event has occurred and is continuing which, with the passage of time or the giving of notice, would constitute a breach of or an event of default under the Bond Ordinance or any Bond Document.

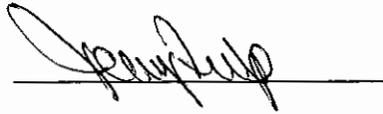
13. Outstanding Revenue Obligations. As of the date hereof, the Participant does not have outstanding any bonds or other obligations payable out of the net income and revenues derived from the operation of its combined waterworks and sewerage system other than the Bonds and the Sewerage System Refunding Revenue Bonds (State Revolving Fund Program) Series 1992A (the "Series 1992A Bonds"), dated June 1, 1992, in the original principal amount of \$815,000, of which \$570,000 remains outstanding. No event has occurred and is continuing which, with the passage of time or the giving of notice, would constitute a breach of an event of default under the ordinance which authorized the Series 1992A Bonds.

14. Request to Authenticate and Deliver Bonds. UMB Bank, N.A., as Paying Agent, is hereby requested and authorized, pursuant to Section 207 of the Bond Ordinance, to authenticate the Bonds in the Original Principal Amount and to deliver the Bonds to, or at the direction of, the Authority, upon payment to the Paying Agent for the account of the Participant of the purchase price for the Bonds specified in paragraph 9.

WITNESS our hands and the seal of the City of Monett, Missouri this 9th day of April, 2003.

Signature

Official Title

  
\_\_\_\_\_

Mayor

(Seal)

  
\_\_\_\_\_

City Clerk



EXCERPT OF MINUTES OF MEETING

The City Council of Monett, Missouri, met in special session on August 27, 2001, at 9:30 A.M. at the City Hall. The following officers were present or absent as indicated:

	<u>Present/Absent</u>
Jerry Fulp, Mayor	<u>Present</u>
Jerry Dierker, Commissioner	<u>Present</u>
Ron Overeem, Commissioner	<u>Present</u>
Janie Knight, City Clerk	<u>Present</u>

The Mayor declared that a quorum was present and called the meeting to order.

\* \* \* \* \*

(Other Proceedings)

\* \* \* \* \*

The matter of calling a special election on a revenue bond question came on for consideration. Commissioner Dierker introduced Bill No. A-7072, being for an ordinance entitled as follows:

**AN ORDINANCE CALLING A SPECIAL ELECTION ON A REVENUE BOND QUESTION IN MONETT, MISSOURI.**

The City Clerk reported that copies of the proposed ordinance had been made available for public inspection prior to the time the Bill was introduced and under consideration by the City Council.

On motion duly made and seconded, the Bill was placed on its first reading and was read by title, considered and discussed, and was duly passed by unanimous vote.

On motion duly made and seconded, the Bill was placed upon its second reading and final passage and was read by title, considered and discussed. Thereupon, the question was put to a roll call vote, and the vote thereon was as follows:

Aye: Mayor - Jerry Fulp - Commissioner - Jerry Dierker  
Commissioner - Ron Overeem

Nay: none

The Mayor declared said Bill duly passed and the Bill was then duly numbered Ordinance No. A-7072, and was signed and approved by the Mayor and attested by the City Clerk.

\*\*\*\*\*

(Other Proceedings)

\*\*\*\*\*

There being no other business to come before the meeting, on motion duly made, seconded, and carried, the meeting was adjourned.

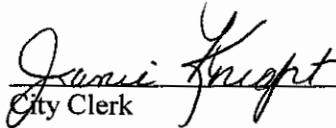


*Jamie Knight*  
\_\_\_\_\_  
City Clerk

## CERTIFICATE REGARDING NOTICE OF MEETING

I hereby certify that the attached notice of the meeting held on August 27, 2001, by the City Council of Monett, Missouri, (1) was posted at least 24 hours (excluding weekends and holidays) prior to the commencement of the meeting on a bulletin board or other prominent place which is easily accessible to the public and clearly designated for posting notices at the principal office and meeting place of the City Council, and (2) was made available at least 24 hours (excluding weekends and holidays) prior to the commencement of said meeting to any representative of the news media who requested notice of the meeting.

DATED: August 27, 2001.

  
\_\_\_\_\_  
City Clerk

## NOTICE OF MEETING

The Monett City Council will meet in special session, Monday, August 27, 2001 at 9:30 a.m. in the Monett City Hall Council room. The following is a tentative agenda for that meeting.

Consideration and/or approval of the following items:

Yearly City Audit for the year 2000-2001

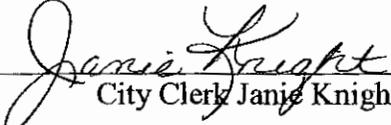
Acceptance of bids for city vehicle fuel and dry cleaning service for Police Department

An ordinance to amend Section 340.320 of City Code pertaining to Driving While Intoxicated or With Excessive Blood Alcohol Content

An ordinance approving agreement with McLiney and Company to act as Bond Counsel for City of Monett in connection with proposed sewer revenue bonds

An ordinance calling for a bond election in the City of Monett on the question whether to issue sewerage system revenue bonds for the purpose of wastewater treatment facility improvements

-----  
A representative from the National Resources Conservation Service will be in attendance to make a presentation on Kelly Creek Flood Management.

  
City Clerk Janie Knight

**AN ORDINANCE CALLING A SPECIAL ELECTION ON A REVENUE BOND QUESTION IN MONETT, MISSOURI.**

---

**BE IT ORDAINED BY THE CITY COUNCIL OF MONETT, MISSOURI, AS FOLLOWS:**

**Section 1.** The City Council finds it necessary and hereby declares its intent to borrow \$8,950,000 for the purpose of extending and improving the sewerage system (the "Project") and to evidence such borrowing by the issuance of combined waterworks and sewerage system revenue bonds (the "Bonds") of the City in the amount of \$8,950,000.

**Section 2.** A special bond election is hereby ordered to be held in Monett, Missouri, on Tuesday, November 6, 2001, on the following question:

**QUESTION**

**Shall Monett, Missouri, issue its combined waterworks and sewerage system revenue bonds in the amount of \$8,950,000 for the purpose of extending and improving the sewerage system, the cost of operation and maintenance of said combined waterworks and sewerage system and the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its combined waterworks and sewerage system, including all future improvements and extensions thereto?**

The authorization of the Bonds will authorize the City to fix, establish, maintain and collect rates and charges for the services provided by the City through its combined waterworks and sewerage system, including all extensions and improvements thereto hereafter constructed or acquired by the City, in addition to the other rates and charges for such services provided by law, as will produce income and revenues sufficient to provide funds to pay the costs of operation and maintenance of said combined waterworks and sewerage system and the principal of and interest on the Bonds as they become due and to provide for the establishment of reasonable reserves therefor.

**Section 3.** The form of Notice of Special Election showing said question, a copy of which is attached hereto and made a part hereof, is hereby approved.

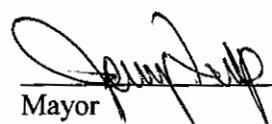
**Section 4.** The City Clerk is hereby authorized and directed to notify the County Clerk of Barry County, Missouri, and the County Clerk of Lawrence County, Missouri, of the passage of this Ordinance no later than 5:00 P.M. on Tuesday, August 28, 2001, and to include in said notification all of the terms and provisions required by Chapter 115, RSMo, as amended.

**Section 5.** The City expects to make expenditures on and after the date of passage of this Ordinance in connection with the Project, and the City intends to reimburse itself for such expenditures with the proceeds of the Bonds. The maximum principal amount of Bonds expected to be issued for the Project is \$8,950,000.

**Section 6.** This Ordinance shall be in full force and effect from and after its passage and approval.

**PASSED** by the City Council and **APPROVED** by the Mayor this 27th day of August, 2001.

(SEAL)

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk



NOTICE OF SPECIAL ELECTION

MONETT, MISSOURI

Notice is hereby given to the qualified voters of Monett, Missouri, that the City Council of the City has called a special election to be held in the City on Tuesday, November 6, 2001, commencing at 6:00 A.M. and closing at 7:00 P.M., on the question contained in the following sample ballot:

---

OFFICIAL BALLOT  
SPECIAL ELECTION  
MONETT, MISSOURI

TUESDAY, NOVEMBER 6, 2001

QUESTION

Shall Monett, Missouri, issue its combined waterworks and sewerage system revenue bonds in the amount of \$ 8,950,000 for the purpose of extending and improving the sewerage system, the cost of operation and maintenance of said combined waterworks and sewerage system and the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its combined waterworks and sewerage system, including all future improvements and extensions thereto?

YES   
NO

**INSTRUCTIONS TO VOTERS:** If you are in favor of the question, place an X in the box opposite "YES." If you are opposed to the question, place an X in the box opposite "NO."

---

The election will be held at the following polling places in the City:

PRECINCT

POLLING PLACE

MONETT WARDS  
#144 - #2

MONETT CITY HALL

DATED: AUGUST 27, 2001.

Dary Youngblood  
County Clerk of Barry County, Missouri

**NOTIFICATION OF ELECTION AUTHORITY**

August 27, 2001

To: Mr. Gary Youngblood, County Clerk  
Barry County Courthouse  
700 Main, Suite 2  
Cassville, Missouri 65625

Re: Special Election in Monett, Missouri

Dear Mr. Youngblood:

In accordance with Section 115.125, RSMo, you are hereby notified that Monett, Missouri, by Ordinance passed by the City Council, has called a special election to be held in the City on November 6, 2001. A copy of the Ordinance along with the form of the legal Notice of Special Election is enclosed.

We are advised by our bond counsel that since *The Monett Times* is the only newspaper published within the bounds of the City, then publication of the Notice of Special Election in *The Monett Times* on October 24 and October 31 will meet the requirements of Section 115.127(2), RSMo, as amended. If any of the above statements regarding the newspapers are incorrect or if your office intends to use any different newspapers or publication dates, please contact Al Wilken, Gilmore & Bell, P.C., Kansas City, Missouri (816-221-1000), bond counsel, to confirm the proposed changes in the publication plans.

We understand that as a result of this Notification, your office will be responsible for publication of the Notice of Special Election and for the conduct of the election in Barry County, and that you and the County Clerk of Lawrence County will make arrangements for the conduct of the election for City voters residing in Lawrence County.

We enclose several copies of this Notification and request that you sign the receipt at the bottom of each copy, retain one copy and return the remaining copies to us.

Bond Counsel has advised us that approval by a simple majority of the voters voting on the question will be required. Upon successful conclusion of the election, please send us five original affidavits of publication from the newspaper in which the Notice of Special Election was published and five copies of the election ballot and the abstract of votes.

If you have any questions, please let us know.

**MONETT, MISSOURI**

Filed in my office at 2:10 P.M.,  
on August 27, 2001.

Gary Youngblood  
County Clerk of Barry County, Missouri

By: Jamie Knight  
City Clerk

**NOTIFICATION OF ELECTION AUTHORITY**

August 27, 2001

To: Mr. Bob Bartelsmeyer, County Clerk  
Lawrence County Courthouse  
1 Courthouse Square  
Mt. Vernon, Missouri 65712

Re: Special Election in Monett, Missouri

Dear Mr. Bartelsmeyer:

In accordance with Section 115.125, RSMo, you are hereby notified that Monett, Missouri, by Ordinance passed by the City Council, has called a special election to be held in the City on November 6, 2001. A copy of the Ordinance along with the form of the legal Notice of Special Election is enclosed.

We understand that Barry County, Missouri, has the greatest proportion of the City's registered voters and that the County Clerk of Barry County will be responsible for publication of the Notice of Election. We also understand that you will either conduct the election within your jurisdiction or contract with the County Clerk of Barry County for the conduct of the election pursuant to Section 115.023(3), RSMo.

We enclose several copies of this Notification and request that you sign the receipt at the bottom of each copy, retain one copy and return the remaining copies to us.

Bond Counsel has advised us that approval by a simple majority of the voters voting on the question will be required. Upon successful conclusion of the election, please send us five copies of the election ballot and the abstract of votes cast in your County.

If you have any questions, please let us know.

**MONETT, MISSOURI**

By: Jamie Knight  
City Clerk

Filed in my office at 1:20 P.M.,

on August 27, 2001.

Bob Bartelsmeyer  
County Clerk of Lawrence County Missouri

## ELECTION AUTHORITY'S CERTIFICATE

I, the undersigned, hereby certify as follows:

1. Prior to 5:00 P.M. on August 28, 2001, and pursuant to Section 115.125, RSMo, I received notification of the special election held in Monett, Missouri, on November 6, 2001.
2. In accordance with Section 115.023(3), RSMo, the County Clerk of Lawrence County and I agreed by contract that this office would conduct said election for the portion of the City located in said county.
3. Attached hereto as **Exhibit A** is a full, true and correct copy of the ballot used at said election.
4. Attached hereto as **Exhibit B** is a full, true and correct copy of the abstract of votes cast at said election, said abstract of votes is the final and last abstract of votes for said election, and said abstract of votes constitutes the official returns of the election pursuant to Section 115.507(2), RSMo.
5. The election was duly and regularly held at the polling places specified in the Notice of Special Election, the polls were open from and between the hours of 6:00 A.M. and 7:00 P.M., the judges of said election were duly sworn and performed their duties as required by law, and the election was duly conducted and the returns of said election were duly canvassed in accordance with the statutes of the State of Missouri.
6. Barry County contains the greater proportion of the City's registered voters, and pursuant to Section 115.023(2), RSMo, I caused the Notice of Special Election to be published in accordance with the requirements of Section 115.127(2), RSMo, in *The Monett Times*, a daily Republican newspaper published within the bounds of the City. No other legally qualified newspapers are published within the bounds of the City. Attached hereto as **Exhibit C** is the affidavit of publication of the Notice of Special Election from such newspaper.

DATED: January 7, 2002.

(SEAL)

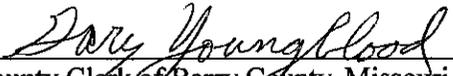
  
\_\_\_\_\_  
County Clerk of Barry County, Missouri

EXHIBIT A

[BALLOT]

--	--

JUDGES' INITIALS

OFFICIAL BALLOT  
BARRY COUNTY, MISSOURI  
SPECIAL ELECTION  
TUESDAY, NOVEMBER 6, 2001

INSTRUCTIONS TO VOTER

**TO VOTE, DARKEN THE OVAL COMPLETELY NEXT TO YOUR CHOICE, LIKE THIS: ●.**

If you are in favor of any question submitted upon this ballot, darken the oval to the left of the word "YES". If you are opposed to any question submitted upon this ballot, darken the oval to the left of the word "NO".

**If you tear, deface or make a mistake and wrongfully mark any ballot, you must return it to the election board and receive a new ballot.**

MONETT, MISSOURI

QUESTION

Shall Monett, Missouri, issue its combined waterworks and sewerage system revenue bonds in the amount of \$8,950,000 for the purpose of extending and improving the sewerage system, the cost of operation and maintenance of said combined waterworks and sewerage system and the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its combined waterworks and sewerage system, including all future improvements and extensions thereto?

YES

NO

EXHIBIT B

[ABSTRACT OF VOTES]

ELECTION RESULTS REPORT  
\*\*\*\*\*  
Barry Co. Missouri  
Special Election  
DATE: 11/06/01 TYPE: G  
POLL CTR: 1A00

TIME: 19:00:59 11/06/01

\*\*\*\*\*  
\*\* PRECINCT: 1 \*\*  
\*\*\*\*\*  
BALLOTS CAST 413  
\*\*\*\*\*  
City of Monett  
RACE # 10

YES 351  
NO 62

\*\*\*\*\*  
WE, THE UNDERSIGNED,  
DO HEREBY CERTIFY THE  
ELECTION WAS CONDUCTED  
IN ACCORDANCE WITH THE  
LAWS OF THE STATE.

\*\*\*\* SIGNATURES \*\*\*\*

*Judy F. Berger*  
*Janice Anderson*  
*Andrew H. Selzer, Rep.*  
*Lucille M. Alvey, Dem.*  
*Wendee Martin, Rep.*  
*William J. Lilegar, Dem.*

.....  
.....

EXHIBIT C

[AFFIDAVIT(S) OF PUBLICATION]

**NOTICE  
OF  
SPECIAL  
ELECTION**

**BARRY COUNTY, MISSOURI**

In accordance with Chapter 115 of the laws of Missouri, notice is hereby given that a Special Election will be held in the following District on Tuesday, November 6, 2001. At said election all registered voters residing within the District will be given the opportunity to vote. The polling place for the said election will open at 6:00 a.m. and close at 7:00 p.m.

**CITY OF MONETT**

**OFFICIAL BALLOT  
SPECIAL ELECTION  
BARRY COUNTY, MISSOURI  
TUESDAY, NOVEMBER 6, 2001**

**INSTRUCTIONS TO VOTERS**  
To vote, completely darken in the oval(s) next to your choice(s), like this:  
To vote in favor of any question submitted upon this ballot, completely darken the oval opposite the word "YES".  
If you are opposed to any question submitted upon this ballot, completely darken the oval opposite the word "NO".  
If you tear, deface, or make a mistake and wrongfully mark any ballot, you must return it to the election board and receive a new ballot.

**MONETT, MISSOURI**

**QUESTION**

Shall Monett, Missouri, issue its combined waterworks and sewerage system revenue bonds in the amount of \$8,950,000 for the purpose of extending and improving the sewerage system and the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its combined waterworks and sewerage system, including all future improvements and extensions thereto?

YES  
 NO

**NOTICE OF VOTER REGISTRATION ACCESSIBILITY**  
FURTHER NOTICE IS GIVEN that no less than one-half of the sites provided for voter registration shall be accessible to handicapped persons (RSMo 115.140). In addition, a disabled or elderly citizen may register to vote by alternative means including registration by mail and curbside registration.  
FOR MORE INFORMATION ON REGISTRATION AND VOTING: Persons may contact their local election authority by telephone at 417-847-2762 or 417-847-2561 or by mail at 700 Main, Suite 2, Camilla, MO 65625

(Note to the Publisher: This form is to be executed in duplicate and both copies notarized.)

**AFFIDAVIT OF PUBLICATION**

State of Missouri }  
County of Barry .....

I, Michael L. Stubbs, being duly sworn according to law, state that I am the publisher of the Monett Times, a daily newspaper of general circulation in the county of Barry, where located; which has been admitted to the post office as second-class matter in the city of Monett, MO., the city of publication; which newspaper has been published regularly and consecutively for a period of three years and has a list of bona fide subscribers voluntarily engaged as such who have paid or agreed to pay a stated price for a subscription for a definite period of time, and that such newspaper has complied with the provisions of Section 14,968 Revised Statutes of Missouri, 1939. The affixed notice appeared in said newspaper on the following consecutive weeks (issues).

From.....October 23..... 2001.....to.....October 30..... 20 01.....  
First Insertion..... October 23..... 20 01.....  
Second Insertion..... October 30..... 20 01.....  
Third Insertion..... 20.....  
Fourth Insertion..... 20.....  
Fifth Insertion..... 20.....

(Signed) *Michael L. Stubbs* Publisher

Subscribed and sworn to before me this 26<sup>th</sup> day of November.....2001.....

*Janet Lynn Corb* Notary Public  
Commission expires 8-28-05

Filed and Recorded this ..... day of ....., 20.....

Printer's Fee \$.....

receive a new ballot.

**MONETT, MISSOURI**

**QUESTION**

Monett, Missouri, issue its combined waterworks and sewerage system revenue bonds in the amount of \$8,950,000 for the purpose of extending and improving the sewerage system and the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its combined waterworks and sewerage system, including all future improvements and extensions thereto?

YES  
 NO

**NOTICE OF VOTER REGISTRATION ACCESSIBILITY**

FURTHER NOTICE IS GIVEN that no less than one-half of the sites provided for voter registration shall be accessible to handicapped persons(RSMo 115.140). In addition, a disabled or elderly citizen may register to vote by alternative means including registration by mail and curbside registration.

FOR MORE INFORMATION ON REGISTRATION AND VOTING: Persons may contact their local election authority by telephone at 417-847-2762 or 417-847-2561 or by mail at 700 Main, Suite 2, Cassville, MO 65625.

The Missouri Secretary of State's Office provides a toll free number for persons with hearing impairments who have access to a Telecommunications Device for the Deaf (TDD). TDD users may call 1-800-669-8683 to obtain information on voter registration, polling place location and accessibility, absentee balloting, and other election-related services available in their local jurisdictions and from the State of Missouri.

**CERTIFICATION**

STATE OF MISSOURI )

) ss.

COUNTY OF BARRY )

I, GARY YOUNGBLOOD, Barry County Clerk, within and for the County of Barry, State of Missouri, hereby certify that the attached form of Official Ballot is in compliance with requirement of section 116.230 of 1984 Cumulative Supplement of the Missouri Revised Statutes.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Seal of my office. Done at the city of Cassville this 19 day of October 2001.

*Gary Youngblood*

Gary Youngblood  
Barry County Clerk

Second Insertion...October 30..... 20 01

Third Insertion..... 20.....

Fourth Insertion..... 20.....

Fifth Insertion..... 20.....

(Signed) *Michael Blatts* Publisher

Subscribed and sworn to before me this ..... 21<sup>th</sup> ..... day of

.....November.....2001.

*Janet Lynn Corb* Notary Public  
Commission expires 8-28-05

Filed and Recorded this ..... day of ....., 20.....

Printer's Fee \$.....

POLLING PLACE SHALL BE: Monett City Hall: Monett City residents only.

This is to certify that the foregoing notice is a true copy of the certification of election notice filed in this office on August 27, 2001, by Janie Knight, City Clerk for

EXCERPT OF MINUTES OF MEETING

The City Council of Monett, Missouri, met in regular session on March 20, 2002, 2001, at 9:30 a.M. at the City Hall. The following officers were present or absent as indicated:

	<u>Present/Absent</u>
Jerry Fulp, Mayor	<u>present</u>
Jerry Dierker, Commissioner	<u>present</u>
Ron Overeem, Commissioner	<u>present</u>
Janie Knight, City Clerk	<del>present</del>

The Mayor declared that a quorum was present and called the meeting to order.

\* \* \* \* \*

(Other Proceedings)

\* \* \* \* \*

Commissioner Overeem introduced Bill No. 7146, being for an ordinance entitled as follows:

**AN ORDINANCE COMBINING THE EXISTING WATERWORKS SYSTEM AND THE EXISTING SEWERAGE SYSTEM IN MONETT, MISSOURI, AND ALL FUTURE IMPROVEMENTS AND EXTENSIONS THERETO, AND PROVIDING FOR THE OPERATION AND MAINTENANCE THEREOF AS A COMBINED WATERWORKS AND SEWERAGE SYSTEM.**

The City Clerk reported that copies of the proposed ordinance had been made available for public inspection prior to the time the Bill was introduced and under consideration by the City Council.

On motion duly made and seconded, the Bill was placed on its first reading and was read by title, considered and discussed, and was duly passed by unanimous vote.

On motion duly made and seconded, the Bill was placed upon its second reading and final passage and was read by title, considered and discussed. Thereupon, the question was put to a roll call vote, and the vote thereon was as follows:

Aye: Jerry Fulp  
Ron Overeem and Jerry Dierker

Nay: none

The Mayor declared said Bill duly passed and the Bill was then duly numbered Ordinance No. 7146, and was signed and approved by the Mayor and attested by the City Clerk.

\*\*\*\*\*

(Other Proceedings)

\*\*\*\*\*

There being no other business to come before the meeting, on motion duly made, seconded, and carried, the meeting was adjourned.

(SEAL)

  
\_\_\_\_\_  
City Clerk

**AN ORDINANCE COMBINING THE EXISTING WATERWORKS SYSTEM AND THE EXISTING SEWERAGE SYSTEM IN MONETT, MISSOURI, AND ALL FUTURE IMPROVEMENTS AND EXTENSIONS THERETO, AND PROVIDING FOR THE OPERATION AND MAINTENANCE THEREOF AS A COMBINED WATERWORKS AND SEWERAGE SYSTEM.**

---

**WHEREAS**, the City of Monett, Missouri, now owns and operates its waterworks system and its sewerage system and may hereafter make or construct improvements or extensions to said waterworks or to said sewerage system, or to both; and

**WHEREAS**, the City is authorized by Chapter 250, RSMo, to adopt an ordinance declaring that its existing waterworks system and its existing sewerage system shall henceforth be operated and maintained as a combined waterworks and sewerage system; and

**WHEREAS**, the City Council of the City deems it to be necessary for the public health, safety, welfare and benefit of said City and its inhabitants that the existing waterworks system and the existing sewerage system of said City and all future improvements or extensions thereto shall henceforth be operated and maintained as a combined waterworks and sewerage system;

**BE IT ORDAINED BY THE CITY COUNCIL OF MONETT, MISSOURI, AS FOLLOWS:**

**Section 1.** It is hereby found, determined and declared to be necessary for the public health, safety, welfare and benefit of the City of Monett, Missouri, and its inhabitants, that the existing waterworks system and the existing sewerage system of said City, and all future improvements and extensions thereto, be combined and that they shall henceforth be operated and maintained as a combined waterworks and sewerage system.

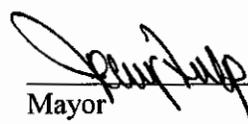
**Section 2.** From and after the final passage of this Ordinance, the existing waterworks system and the existing sewerage system of the City of Monett, Missouri, and all future improvements and extensions thereto, whether to the waterworks system or to the sewerage system or to both, shall be and the same are combined and it is hereby declared that said waterworks system and said sewerage system, and all future improvements and extensions thereto as aforesaid, henceforth be operated and maintained as a combined waterworks and sewerage system.

**Section 3.** This Ordinance shall be in full force and effect from and after its passage and approval.

**PASSED** by the City Council and **APPROVED** by the Mayor this 20<sup>th</sup> day of March, 2001. 2002

(SEAL)

ATTEST:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
City Clerk

**CERTIFICATE REGARDING NOTICE OF MEETING**

I, the undersigned, hereby certify that the attached notice of the meeting held on April 3, 2003, by the City Council of Monett, Missouri, (1) was posted at least 24 hours (excluding weekends and holidays) prior to the commencement of the meeting on a bulletin board or other prominent place which is easily accessible to the public and clearly designated for posting notices at the principal office and meeting place of the City Council, and (2) was made available at least 24 hours (excluding weekends and holidays) prior to the commencement of said meeting to any representative of the news media who requested notice of the meeting.

DATED: April 3, 2003.

  
\_\_\_\_\_  
City Clerk

## NOTICE OF MEETING

The Monett City Council will meet in special session, Thursday, April 3, 2003 at 9:30 a.m. in the Monett City Hall Council room. The following is a tentative agenda for that meeting.

Consideration and/or Approval of the following:

An ordinance authorizing the issuance of combined waterworks and sewerage system revenue bonds (State Revolving Fund Program) Series 2003 of the City of Monett for the purpose of extending and improving the City's combined waterworks and sewerage system, prescribing the form and details of the bonds and the agreements made by the City to facilitate and protect their payment, and authorizing a no-interest loan from the water and wastewater loan fund of the State of Missouri and prescribing other related matters.

An ordinance authorizing the Mayor to enter into a rental contract for the gymnastic building.

An ordinance authorizing the Mayor to accept property located in Barry County Missouri

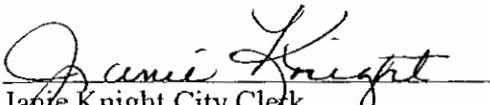
An ordinance accepting a bid for construction of the Marlan Avenue sewer line extension

**First Reading** of the following:

An ordinance repealing subsection 130.073 (c) of the Monett City Code and replacing the same with a new section 130.073 (c) (Personnel sick leave)

An ordinance amending Section 525.010 of the City Code Storm Water Management Plan General Provisions. (requirements for storm water detention)

An ordinance amending Section 400.072 of the City Code Height and Area Regulations of the MD District.

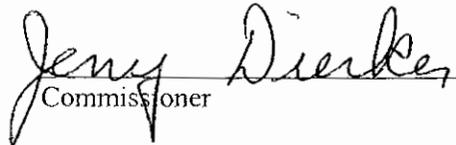
  
Jamie Knight City Clerk  
3-31-03

**SIGNATURES REQUIRED FROM ANY ABSENT MEMBERS**

**WAIVER OF NOTICE OF SPECIAL MEETING**

I, the undersigned, as a member of the City Council of Monett, Missouri, hereby waive any and all notice of the time, place and purposes of the April 3, 2003, special meeting of the City Council, and consent and agree to such meeting and to the transaction of any and all business presented at such meeting.

DATED: April 3, 2003.

  
Commissioner

**EXCERPT OF MINUTES OF MEETING**

The City Council of Monett, Missouri, met in special session at the City Hall in Monett, Missouri, on April 3, 2003, at 9:30 A.M., and the following officials were present or absent as indicated:

	<u>Present/Absent</u>
Jerry Fulp, Mayor	<u>present</u>
Jerry Dierker, Commissioner	<u>absent</u>
Ron Overeem, Commissioner	<u>present</u>
Janie Knight, City Clerk	<u>present</u>

The Mayor declared that a quorum was present and called the meeting to order.

**\* \* \* (Other Proceedings) \* \* \***

The matter of authorizing the issuance and delivery of an issue of Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2003, came on for consideration and was discussed.

There was then presented Bill No. 7300, being for an Ordinance entitled as follows:

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS (STATE REVOLVING FUND PROGRAM) SERIES 2003 OF THE CITY OF MONETT, MISSOURI, FOR THE PURPOSE OF EXTENDING AND IMPROVING THE CITY'S COMBINED WATERWORKS AND SEWERAGE SYSTEM; PRESCRIBING THE FORM AND DETAILS OF THE BONDS AND THE AGREEMENTS MADE BY THE CITY TO FACILITATE AND PROTECT THEIR PAYMENT; AND AUTHORIZING A NO-INTEREST LOAN FROM THE WATER AND WASTEWATER LOAN FUND OF THE STATE OF MISSOURI AND PRESCRIBING OTHER RELATED MATTERS; AND DECLARING AN EMERGENCY.**

The City Clerk reported that copies of the proposed ordinance had been made available for public inspection prior to the time the Bill was introduced and under consideration by the City Council.

On motion duly made and seconded, the Bill was placed on its first reading and was read by title, considered and discussed, and, thereupon, was duly passed by unanimous vote.

On motion duly made and seconded, the Bill was placed on its second reading and final passage and was read by title, considered and discussed. Thereupon, the question was put to a roll call vote, the vote thereon being as follows:

Aye: Jerry Fulp  
Ron Overeem

Nay: NONE

Thereupon, the Mayor declared the Bill duly passed and the Bill was then duly numbered Ordinance No. 7300, and was signed and approved by the Mayor and attested by the City Clerk.

**\*\*\* (Other Proceedings) \*\*\***

There being no other business to come before the City Council at this time, upon motion duly made, seconded and carried, the meeting thereupon was adjourned.

(SEAL)

  
  
City Clerk

CERTIFICATE

I, the undersigned, City Clerk of the City of Monett, Missouri, hereby certify that attached to this Certificate is a true and correct copy of Ordinance No. 7300 passed by the City Council of the City at a special meeting held, after proper notice, on April 3, 2003; that the Ordinance has not been amended and is in full force and effect as of this date; and that the Ordinance is on file in my office.

WITNESS my hand and official seal this 3<sup>RD</sup> day of April, 2003.

(Seal)

  
\_\_\_\_\_  
City Clerk

*[Faint, illegible handwritten text]*

*[Small handwritten mark]*

---

BILL NO. 7300

ORDINANCE NO. 7300

OF THE

CITY OF MONETT, MISSOURI

PASSED APRIL 3, 2003

AUTHORIZING:

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS  
(STATE REVOLVING FUND PROGRAM)  
SERIES 2003

---

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Exhibit A – Additional Provisions

Exhibit B – Form of Bond

AN ORDINANCE AUTHORIZING THE ISSUANCE OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS (STATE REVOLVING FUND PROGRAM) SERIES 2003 OF THE CITY OF MONETT, MISSOURI, FOR THE PURPOSE OF EXTENDING AND IMPROVING THE CITY'S COMBINED WATERWORKS AND SEWERAGE SYSTEM; PRESCRIBING THE FORM AND DETAILS OF THE BONDS AND THE AGREEMENTS MADE BY THE CITY TO FACILITATE AND PROTECT THEIR PAYMENT; AND AUTHORIZING A NO-INTEREST LOAN FROM THE WATER AND WASTEWATER LOAN FUND OF THE STATE OF MISSOURI AND PRESCRIBING OTHER RELATED MATTERS; AND DECLARING AN EMERGENCY.

---

WHEREAS, the City of Monett, Missouri (the "City") is a city of third class, organized and existing under the constitution and laws of the State of Missouri; and

WHEREAS, the City now owns and operates a revenue producing combined waterworks and sewerage system serving the City, its inhabitants and others within its service area, including connected and related appurtenances and facilities and extensions, improvements, additions and enlargements made or acquired by the City after the date of this Ordinance (the "System"), including a revenue producing sewerage system serving the City, its inhabitants and others within its service area, including connected and related appurtenances and facilities and extensions, improvements, additions and enlargements made or acquired by the City after the date of this Ordinance (the "Sewer System"); and

WHEREAS, the City desires to make extensions and improvements to the System to be financed in whole or in part by the issuance, pursuant to this Ordinance, of its Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2003 (the "Bonds") in the Original Principal Amount as set forth in Exhibit A; and

WHEREAS, to provide the most cost effective financing of the extensions and improvements to the System the City desires to participate in the Missouri Leveraged State Water Pollution Control Revolving Fund Program (the "SRF Clean Water Program") of the Missouri Department of Natural Resources ("DNR") and the State Environmental Improvement and Energy Resources Authority (the "Authority"); and

WHEREAS, under the provisions of Chapter 250 of the Revised Statutes of Missouri (the "Act") the City is authorized to issue and sell revenue bonds for the purpose of paying all or part of the cost of extending and improving the System, with the cost of operation and maintenance of the System and the principal of and interest on revenue bonds payable solely from the Net Revenues (as defined below); and

WHEREAS, pursuant to the Act, a special bond election was duly held in the City on November 6, 2001 on the following question:

#### QUESTION

Shall Monett, Missouri, issue its combined waterworks and sewerage system revenue bonds in the amount of \$8,950,000 for the purpose of extending and improving

the sewerage system, the cost of operation and maintenance of said combined waterworks and sewerage system and the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its combined waterworks and sewerage system, including all future improvements and extensions thereto?

and it was found and determined that more than a simple majority of the qualified electors of the City voting on the question had voted in favor of the question, the vote having been 351 votes for the question and 62 votes against the question; and

WHEREAS, the City Council (the "Governing Body") of the City has caused plans and specifications for extensions and improvements to the System and a cost estimate to be made by the Consulting Engineer (as defined below); and

WHEREAS, the plans and specifications and the cost estimate are accepted and approved and are on file in the office of the City Clerk, the amount of the estimated cost being not less than the Original Principal Amount; and

WHEREAS, none of the bonds so authorized have been issued and the City finds and determines that it is necessary and advisable and in the best interest of the City and of its inhabitants to issue the Bonds in the Original Principal Amount; and

WHEREAS, by Ordinance No. A5523 adopted on June 10, 1992 (the "Outstanding Senior Bond Ordinance"), the City has issued its Sewerage System Refunding Revenue Bonds (State Revolving Fund Program) Series 1992A (the "Outstanding Senior Bonds"), dated June 1, 1992, in the original principal amount of \$815,000, of which \$570,000 remains outstanding as of the date of adoption of this Ordinance; and

WHEREAS, the City, upon the issuance of the Bonds, will not have outstanding any other bonds or other obligations payable from the Net Revenues or any portion thereof other than the Outstanding Senior Bonds and the Bonds; and

WHEREAS, under the provisions of the Outstanding Senior Bond Ordinance, the City may issue additional bonds payable out of the revenues of the Sewer System that are junior and subordinate to the Outstanding Senior Bonds, if certain conditions are met; and

WHEREAS, it is hereby found and determined that it is necessary and advisable and in the best interest of the City and its inhabitants that revenue bonds be issued and secured in the form and manner provided in this Ordinance and be sold to the Authority under the SRF Program, subject to the conditions of the Outstanding Senior Bond Ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MONETT, MISSOURI, AS FOLLOWS:

## ARTICLE I

### DEFINITIONS

Section 101. Definitions of Words and Terms. Capitalized words and terms not otherwise defined in this Ordinance have the meanings set forth in the Purchase Agreement (defined below). In

addition to the foregoing and words and terms defined in the Recitals and elsewhere in this Ordinance, capitalized words and terms have the following meanings in this Ordinance:

“Administrative Fee” means the fee payable to DNR equal to 0.714% of the outstanding principal amount of the Revolving Fund Loan on each Administrative Fee Calculation Date in Exhibit A.

“Authority Bonds” means the Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs – Master Trust) Series 2003B of the Authority.

“Authority Program Bonds” means the Authority Bonds and any other bonds of the Authority issued under the SRF Program, all or a portion of the proceeds of which are loaned to the City pursuant to the SRF Program.

“Authorized Representative” means the representative of the City designated by the City in accordance with the Regulations.

“Bondowner” means the Authority or its assigns.

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

“Consultant” means the Consulting Engineer, an independent certified public accountant or a firm of independent certified public accountants.

“Consulting Engineer” means each independent engineer or engineering firm with experience in designing and constructing wastewater treatment, sanitary sewerage or water pollution control facilities or, if applicable, water production and transmission facilities and retained by the City.

“Current Expenses” means all reasonable and necessary expenses of ownership, operation, maintenance and repair of the System and keeping the System in good repair and working order, determined in accordance with generally accepted accounting principles, including current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic Consultant’s reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term obligations incurred and payable within a particular Fiscal Year, obligations incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the ownership and operation of the System, but excluding interest paid on System Revenue Bonds, depreciation and amortization charges (including payments into the Depreciation and Replacement Account), and all general administrative expenses of the City not related to the operation of the System.

“Defeasance Securities” means:

- (a) Federal Securities;
- (b) obligations of the Resolution Funding Corporation or any successor, but only if the use of the obligations to pay and discharge Bonds pursuant to Article XI will cause the discharged Bonds to be rated in the highest long-term rating category by the Rating Agency; or

(c) obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any state that:

(i) are not callable at the option of the obligor prior to maturity or for which irrevocable instructions have been given by the obligor to call on the date specified in the instructions, and

(ii) are fully secured as to principal, redemption premium and interest by a fund, consisting of cash or Federal Securities, that:

(A) may be applied only to the payment of principal, redemption premium and interest on the obligations, and

(B) is sufficient, as verified by a nationally recognized independent certified public accountant, to pay the principal, redemption premium and interest on the obligations.

“Depreciation and Replacement Account” means the fund or account created or ratified and confirmed by Section 401.

“Federal Securities” means any direct obligation of, or obligation the timely payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America and backed by its full faith and credit.

“Interest Payment Date” means each January 1 and July 1, commencing January 1, 2004.

“Net Revenues” means Revenues less (1) Sewer System Revenues as long as the Outstanding Senior Bonds remain outstanding and (2) Current Expenses (excluding Current Expenses paid from the Sewerage System Revenue Fund so long as the Outstanding Senior Bonds remain outstanding).

“Operation and Maintenance Account” means the fund or account created or ratified and confirmed by Section 401.

“Ordinance” means this Ordinance as from time to time amended in accordance with its terms.

“Outstanding” means, as of the date of determination, all Bonds issued and delivered under this Ordinance, except:

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

(2) Bonds for the payment of the principal or redemption price of and interest on which money or Defeasance Securities are held under Section 1101;

(3) Bonds in exchange for which, or in lieu of which, other Bonds have been registered and delivered pursuant to this Ordinance; and

(4) Bonds allegedly mutilated, destroyed, lost, or stolen and paid under Section 208.

“Owner” means the Bondowner.

“Parity Bonds” means any parity bonds issued under Section 902 payable from the Net Revenues on a parity basis with the Bonds.

“Parity Ordinances” means the Ordinances under which any other Parity Bonds are issued.

“Purchase Agreement” means the Purchase Agreement dated as of April 1, 2003, by and among the City, the Authority and DNR.

“Record Date” means the 15th day (whether or not a Business Day) of the calendar month next preceding the applicable Interest Payment Date.

“Revenue Fund” means the fund or account created or ratified and confirmed by Section 401.

“Revenues” means all income and revenues derived by the City from the System, determined in accordance with generally accepted accounting principles, including investment and rental income, net proceeds from business interruption insurance, sales tax revenues which have been annually appropriated by the City or which are limited solely to the payment of improvements to or expenses of the System and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of facilities to be applied during the period of determination to pay interest on System Revenue Bonds, but excluding any profits or losses on developer-financed System assets contributed to the City, the early extinguishment of debt or the sale or other disposition of investments or fixed or capital assets not in the ordinary course of business.

“Revolving Fund Agreement” means the Revolving Fund Agreement dated as of April 1, 2003, by and among the City, the Authority and DNR.

“Revolving Fund Loan” means the no-interest loan to the City by DNR from The Water and Wastewater Loan Fund under the Revolving Fund Agreement.

“Sewer System Revenues” means all income and revenues derived by the City from the Sewer System portion of the System, including investment and rental income, net proceeds from business interruption insurance, sales tax revenues which have been annually appropriated by the City or which are limited solely to the payment of improvements to or expenses of the Sewer System portion of the System or to make debt service payments under the Outstanding Senior Bond Ordinance, and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of facilities to be applied during the period of determination to pay interest on the Outstanding Senior Bonds, but excluding any profits or losses on developer-financed System assets (with respect to the Sewer System portion of the System) contributed to the City, the early extinguishment of debt or the sale or other disposition of investments or fixed or capital assets not in the ordinary course of business.

“SRF Program” means, collectively, the SRF Clean Water Program and the Missouri Leveraged State Drinking Water Revolving Fund Program.

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

“SRF Subsidy” means the amount of investment earnings which will accrue on the Reserve Account during each Fiscal Year (taking into account scheduled transfers from the Reserve Account which will occur upon the payment of principal on the Authority Program Bonds and assuming that the construction for the applicable project has been completed), if the Reserve Security is equal to the Reserve

Percentage of the principal amount of the SRF Program Bonds outstanding, the Reserve Account is invested in an investment agreement at a fixed interest rate during the calculation period and earnings are reduced by the Administrative Fee payable to DNR. Administrative Fee, Reserve Account, Reserve Percentage and Reserve Security as used in this definition have the respective meanings set forth in the bond indentures for the applicable Authority Program Bonds.

“State” means the State of Missouri.

“Surplus Account” means the fund or account created or ratified and confirmed by Section 401.

“System Revenue Bonds” means collectively the Bonds, the Parity Bonds and all other revenue bonds which are payable from the Net Revenues.

“Terms Certificate” means the Terms Certificate of the City, dated the date of adoption of this Ordinance, related to a purchase contract for the Authority Bonds.

“Trustee” means the trustee acting at any time as Trustee under the Indenture.

“User Charge Ordinance” means Ordinance No. A-5271, adopted on July 10, 1990, as amended by Ordinance No. A-7123, adopted on February 25, 2002, and Ordinance No. A-7290, adopted on March 7, 2003, as further amended, supplemented or replaced and approved by DNR.

Section 102. Additional Provisions. Additional provisions are set forth in Exhibit A.

## ARTICLE II

### AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds. The Bonds are authorized and directed to be issued in the Original Principal Amount for the purposes of this Ordinance.

Section 202. Security for Bonds.

(a) The Bonds are special, limited obligations of the City payable solely from, and secured by a pledge of, the Net Revenues. The taxing power of the City is not pledged to the payment of the Bonds. The Bonds do not constitute a general obligation of the City or an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

(b) The Bonds are junior and subordinate to the Outstanding Senior Bonds with respect to payment of principal and interest from the Sewer System Revenues and in all other respects concerning the Sewer System Revenues. In the event of any default in the payment of the Outstanding Senior Bonds, the Sewer System Revenues will be applied solely as provided in the Outstanding Senior Bond Ordinance until the default is cured.

Section 203. Description of Bonds. The Bonds consist of fully registered bonds without coupons, numbered from R-1 consecutively upward, in the denomination of \$1,000 or any integral multiple of \$1,000. The Bonds will be issued in substantially the form of Exhibit B and will be registered, transferred and exchanged as provided in Section 206. The Bonds are dated the Dated Date as

set forth on the Bonds. The Bonds become due on the dates and in the principal amounts (subject to optional and mandatory redemption prior to maturity as provided in Article III) and bear interest at the annual rates set forth in Exhibit A. Interest is computed on the basis of a 360-day year of twelve 30-day months from the Dated Date or from the most recent Interest Payment Date to which interest has been paid or provided for and is payable on each Interest Payment Date.

Section 204. Designation of Paying Agent. The Trustee is designated as the City's paying agent for the payment of the Bonds and bond registrar for the registration, transfer and exchange of Bonds (the "Paying Agent"). The Paying Agent will not be paid any additional fees for its services under this Ordinance.

Section 205. Method and Place of Payment of Bonds.

(a) Payment of the Bonds will be made with any coin or currency that is legal tender for the payment of debts due the United States of America on the payment date.

(b) Each payment of principal of and redemption premium, if any, on each Bond will be made at maturity or upon earlier redemption to the Owner shown in the Bond Register, upon presentation and surrender of the Bond at the principal office of the Paying Agent. The interest on the Bonds will be paid on each Interest Payment Date to the person in whose name this Bond is registered on the registration books maintained by the Paying Agent at the close of business on the Record Date. The principal of and redemption premium, if any, and interest on the Bonds is payable by electronic transfer in immediately available federal funds to a bank in the continental United States of America pursuant to instructions from any Owner received by the Paying Agent prior to the Record Date.

(c) The Paying Agent will keep a record of payment of principal of, redemption premium, if any, and interest on all Bonds and, at least annually at the request of the City, will forward a copy or summary of the record of payments to the City.

Section 206. Registration, Transfer and Exchange of Bonds.

(a) The City will cause the Paying Agent to keep the Bond Register. Each Bond when issued will be registered in the name of the Owner on the Bond Register. Bonds will be transferred and exchanged only upon the Bond Register.

(b) Upon surrender of any Bond at the principal office of the Paying Agent, the Paying Agent will transfer or exchange the Bond for a new Bond or Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount as the Bond which was presented for transfer or exchange. All Bonds presented for transfer or exchange must be accompanied by a written instrument of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Owner or by the Owner's authorized agent. All Bonds presented for transfer or exchange must be surrendered to the Paying Agent for cancellation.

(c) For every exchange or transfer of Bonds the City or the Paying Agent may levy a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid for the exchange or transfer. The charge must be paid by the person requesting the exchange or transfer. Payment of the charge is a condition precedent to the exchange or transfer.

(d) The City and the Paying Agent will treat the person in whose name any Bond is registered as the absolute owner of the Bond, whether or not payment of the Bond is overdue, for the purpose of receiving payment of the principal of, redemption premium, if any, and interest on the Bond

and for all other purposes. All payments made to any Owner or upon the Owner's order will be valid and effectual to satisfy and discharge the City's liability for payment of the Bond to the extent of the sum or sums paid. Neither the City nor the Paying Agent will be affected by any notice to the contrary.

(e) At reasonable times and under reasonable rules established by the Paying Agent, the Owners of 25% or more in principal amount of the Outstanding Bonds, or their representative designated in a manner satisfactory to the Paying Agent, may inspect and copy the Bond Register.

Section 207. Execution, Authentication and Delivery of Bonds.

(a) Each Bond must be signed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and have the official seal of the City affixed or imprinted. If any officer whose manual or facsimile signature appears on any Bond ceases to be an officer before the delivery of any Bond signed by the officer, the manual or facsimile signature on the Bond will be valid and sufficient for all purposes of this Ordinance.

(b) The Mayor and the City Clerk are directed to prepare and execute the Bonds as specified in this Article, and when executed, to deliver the Bonds to the Paying Agent for authentication. Upon authentication, the Paying Agent will deliver the Bonds to the Bondowner, upon payment of the purchase price for the Bonds.

(c) Each Bond will be authenticated by any authorized officer or employee of the Paying Agent. No Bond is entitled to any security or benefit under this Ordinance or be valid or obligatory for any purpose until authenticated by the Paying Agent.

Section 208. Mutilated, Destroyed, Lost and Stolen Bonds.

(a) If (i) any mutilated Bond is surrendered to the Paying Agent, or the City and the Paying Agent receive evidence to their satisfaction of the mutilation, destruction, loss or theft of any Bond, and (ii) there is delivered to the City and the Paying Agent security or indemnity as required by them, in the absence of notice to the City or the Paying Agent that the Bond has been acquired by a bona fide purchaser, the City will execute and the Paying Agent will register and deliver, in exchange for or in lieu of any mutilated, destroyed, lost or stolen Bond, a new Bond of the same maturity and of like tenor and principal amount. If the Bond has become or is about to become due, the City may pay the Bond instead of issuing a new Bond.

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

(c) Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Bond will constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost or stolen Bond is enforceable by anyone at any time, and will be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

Section 209. Cancellation and Destruction of Bonds Upon Payment. All Bonds which have been paid or redeemed or which have otherwise been surrendered to the Paying Agent, either at or before maturity, will be cancelled immediately upon the payment or redemption and the Paying Agent's receipt of the Bonds. Cancelled Bonds will be periodically destroyed by the Paying Agent. The Paying Agent will execute a certificate in duplicate describing the destroyed Bonds and file an executed counterpart of the certificate with the City.

Section 210. Sale of the Bonds; Authorization and Execution of Documents.

(a) The Bonds will be sold to the Bondowner at the purchase price set forth in Exhibit A, plus accrued interest, if any, under the terms of the Terms Certificate and the Purchase Agreement.

(b) The City is authorized to enter into the Purchase Agreement and the Revolving Fund Agreement, in substantially the forms presented to the Governing Body. The Mayor is authorized to execute the Purchase Agreement, the Revolving Fund Agreement and the Terms Certificate for and on behalf of and as the act and deed of the City, with changes approved by the Mayor, which approval will be conclusively evidenced by the Mayor's signature. The Mayor is further authorized and directed to execute other documents, certificates and instruments that are necessary or desirable to carry out the intent of this Ordinance. The City Clerk is authorized and directed to attest the execution of the Purchase Agreement and the Revolving Fund Agreement and any other documents, certificates and instruments that are necessary or desirable to carry out the intent of this Ordinance and the Terms Certificate.

Section 211. Administrative Fee and Other Fees; Revolving Fund Loan.

(a) Subject to Section 202, the City will pay to the Trustee for deposit in the Administrative Expense Fund, within 30 days after receipt of a statement from the Trustee (i) the Administrative Fee, (ii) the City's Allocable Portion of the Master Trustee's Disclosure Fee, and (iii) the City's Allocable Portion of the Trustee's Fee.

(b) The City is authorized to receive the Revolving Fund Loan under the terms of the Revolving Fund Agreement. By this Ordinance, the City assigns the proceeds of the Revolving Fund Loan, as and when received, to the Authority.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Mandatory Sinking Fund Redemption. The Term Bonds defined in Exhibit A will be redeemed in part on the dates and in the principal amounts in Exhibit A, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the redemption date.

Section 302. Optional Redemption. At the option of the City, certain Bonds may be called for redemption and payment prior to maturity in whole or in part on the dates and at the redemption prices set forth in Exhibit A. Bonds will be optionally redeemed in part in integral multiples of \$5,000 (unless otherwise approved in writing by the Bondowner) from the maturities selected by the City with the prior written consent of the Bondowner. Upon redemption, the sinking fund redemption amounts for each Term Bond in Exhibit A will be proportionately reduced (unless otherwise directed by the City with the prior written consent of the Bondowner), subject to rounding to integral multiples of \$5,000 (unless otherwise approved in writing by the Bondowner). The City will give written notice to the Trustee designating the amount of each maturity redeemed and the reduction in each sinking fund redemption amount, subject to verification by the Trustee. In exercising its option to redeem the Bonds, the City will deposit with the Paying Agent, prior to the redemption date, an additional premium equal to 30-days' interest on the Bonds to be redeemed.

Section 303. Selection of Bonds to Be Redeemed. If all Outstanding Bonds are held by the Bondowner, the redemption of the Bonds in part will be reflected in the records maintained by the Paying

Agent. If the Bonds are held by any Owner other than the Bondowner, the City, with the prior written consent of the Paying Agent and the Owners, will establish procedures for the selection of Bonds upon partial redemption.

Section 304. Notice and Effect of Call for Redemption.

(a) If all Outstanding Bonds are held by the Bondowner, no notice of the mandatory sinking fund redemption of Bonds is required to be given. If the Bonds are held by any Owner other than the Bondowner or if Bonds are being optionally redeemed, notice of redemption will be given in the manner described below. Unless waived by any Owner of Bonds to be redeemed, the Paying Agent, on behalf of the City, will give notice by mailing a redemption notice by registered or certified mail, at least 45 days prior to the date fixed for redemption, to the Owner of Bonds to be redeemed at the address shown on the Bond Register.

(b) All redemption notices will be dated and include the following information:

(1) the redemption date,

(2) the redemption price, consisting of the principal amount, redemption premium, if any, and interest to the redemption date,

(3) if less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) a statement that on the redemption date the redemption price will become due and payable upon each Bond or portion of a Bond called for redemption, and that interest ceases to accrue on the redeemed amount from and after the redemption date, and

(5) the address of the principal office of the Paying Agent where the Bonds must be surrendered for payment of the redemption price.

(c) If notice of redemption has been given or waived, the Bonds or portions to be redeemed will become due and payable on the redemption date at the redemption price specified in the notice. From and after the redemption date (unless the City defaults in the payment of the redemption price), the called Bonds will cease to bear interest. Upon the surrender of Bonds for payment of the redemption price in accordance with the notice, the Paying Agent will pay the redemption price to the applicable Owners. Upon the Paying Agent's receipt of any Bond being partially redeemed, the Paying Agent will prepare a new Bond or Bonds of the same maturity in the amount of the unpaid principal.

ARTICLE IV

RATIFICATION AND ESTABLISHMENT OF FUNDS AND ACCOUNTS

Section 401. Ratification and Establishment of Funds and Accounts.

(a) The separate fund created in, or ratified and confirmed or acknowledged by, the Outstanding Senior Bond Ordinance, in connection with the Sewer System portion of the System, known as the "Sewerage System Revenue Fund" is acknowledged, ratified and confirmed, and the Revenue

Fund is re-named the Sewer System Revenue Account (the "Sewer System Revenue Account") for purposes of this Ordinance.

- (b) Separate funds and accounts to be known respectively as the:
  - (1) Combined Waterworks and Sewerage System Revenue Fund (the "Revenue Fund"), including within such Fund the Sewer System Revenue Account re-named in Section 401(a);
  - (2) Combined Waterworks and Sewerage System Operation and Maintenance Account (the "Operation and Maintenance Account");
  - (3) Combined Waterworks and Sewerage System Depreciation and Replacement Account (the "Depreciation and Replacement Account"); and
  - (4) Combined Waterworks and Sewerage System Surplus Account (the "Surplus Account")

are established in the treasury of the City.

Section 402. Administration of Funds and Accounts. The funds and accounts described in Section 401(b) will be maintained and administered by, or on behalf of, the City under this Ordinance while any of the Bonds are outstanding. The Sewer System Revenue Account described in Section 401(a) and all other funds and accounts established by the Outstanding Senior Bond Ordinance will be maintained and administered by the City while the Outstanding Senior Bonds are outstanding. At such time as the Outstanding Senior Bonds are no longer outstanding, the Sewer System Revenue Account and all other funds and accounts established in the Outstanding Senior Bond Ordinance will be eliminated.

Section 403. Acknowledgment of Accounts.

(a) The City acknowledges the creation of the following accounts for the City held by the Trustee under the Indenture:

- (1) Construction Account;
- (2) Reserve Account;
- (3) Debt Service Account;
- (4) Principal Account; and
- (5) Interest Account.

(b) The City further acknowledges that certain amounts will be transferred to the Costs of Issuance Fund and the Administrative Expense Fund under the Indenture in satisfaction of certain City obligations under this Ordinance, the Purchase Agreement and the Revolving Fund Agreement.

## ARTICLE V

### APPLICATION OF BOND PROCEEDS

Section 501. Disposition of Bond Proceeds. The proceeds received from the sale of the Bonds, including any premium and accrued interest, will be deposited simultaneously with the delivery of the Bonds, as follows:

- (1) into the Costs of Issuance Fund an amount equal to the Costs of Issuance in Exhibit A;
- (2) into the Interest Account the accrued interest, if any, on the Bonds; and
- (3) into the Construction Account the remaining proceeds of the Bonds.

Section 502. Assignment and Application of Moneys in the Construction Account.

(a) By this Ordinance, the City assigns the proceeds of the Bonds held in the Construction Account to the Bondowner to secure the City's obligations under this Ordinance. Moneys in the Construction Account will be disbursed to the City for the sole purpose of paying the cost of extending and improving the System in accordance with the plans and specifications prepared by the Consulting Engineer, previously approved by the Governing Body and DNR and on file in the office of the City Clerk, including any alterations in or amendments to the plans and specifications approved by the Governing Body and DNR with the advice of the Consulting Engineer.

(b) Requisitions will be submitted for withdrawals from the Construction Account in accordance with Article III of the Purchase Agreement.

## ARTICLE VI

### APPLICATION OF REVENUES

Section 601. Revenue Fund. The City covenants and agrees that from and after the delivery of the Bonds, all Revenues derived and collected by the City will be deposited into the Revenue Fund when received. The Revenues will be segregated from all other moneys, revenues, funds and accounts of the City. The Revenue Fund will be administered and applied solely for the purposes and in the manner provided in the Outstanding Senior Bond Ordinance, this Ordinance and any Parity Ordinance.

Section 602. Application of Moneys in Funds and Accounts.

(a) The City will apply moneys in the Revenue Fund on the dates, in the amounts and in the order as follows:

- (1) on the first day of each month so long as the Outstanding Senior Bonds remain outstanding and unpaid to the Sewer System Revenue Account all Sewer System Revenues;
- (2) on the first day of each month to the Operation and Maintenance Account an amount sufficient to pay the estimated cost of operating and maintaining the System during the month (taking into account costs of operation and maintenance of the Sewer System paid

pursuant to the Outstanding Senior Bond Ordinance so long as the Outstanding Senior Bonds remain outstanding and unpaid);

(3) on the 25th day of each month, the following amounts to the Trustee for credit to the Interest Account and the Principal Account:

(A) on May 25, 2003 to and including December 25, 2003, to the Interest Account 1/8 of the amount of interest on the Bonds due on January 1, 2004 less accrued interest, if any, deposited to the Interest Account; and on January 25, 2004 and thereafter 1/6 of the amount of interest due on the Bonds on the next Interest Payment Date, with these monthly payments to be reduced as follows:

(I) the balance in the Debt Service Account on an Interest Payment Date after the payment of the principal of and interest due on the Authority Bonds on the Interest Payment Date will be credited against the next succeeding monthly payment or payments; and

(II) the projected investment earnings on the Construction Account and the Reserve Account for the current Interest Period and actual investment earnings for the prior Interest Period reduced by estimated earnings for the preceding Interest Period that were previously credited, as set forth in the Trustee's semiannual notice to the City, will be credited in equal installments against the monthly payments due prior to the next Interest Payment Date; and

(B) on January 25, 2005 and each monthly payment date thereafter, to the Principal Account 1/12 of the principal due on the Bonds on the next succeeding principal payment date, whether at maturity or upon mandatory sinking fund redemption. If the Initiation of Operation specified in the certificate delivered by the City under Section 3.5 of the Purchase Agreement is earlier than the expected Initiation of Operation on the City's signature page to the Purchase Agreement, (i) the first monthly installment of principal will be paid no later than the monthly payment date which is not more than 12 months after the Initiation of Operation, and (ii) on the monthly payment date which is not more than 20 years after the Initiation of Operation, all remaining unpaid principal installments will be paid;

(4) on the dates required by Section 211(a), to the Trustee, for deposit to the Administrative Expense Fund, the amount required to pay the Administrative Fee, the City's Allocable Portion of the Trustee's Fee and the City's Allocable Portion of the Master Trustee's Disclosure Fee;

(5) on the first day of each month, in the event the Trustee has withdrawn moneys from the Reserve Account (other than investment earnings or the amount transferred from the Reserve Account upon the payment of principal on the Bonds), to the Reserve Account all available moneys until the Reserve Account has been replenished;

(6) on the first day of each month, to the Depreciation and Replacement Account, the amount required by the User Charge Ordinance (taking into account deposits to the Depreciation and Replacement Account paid pursuant to the Outstanding Senior Bond Ordinance so long as the Outstanding Senior Bonds remain outstanding and unpaid); and

(7) on the first day of each month the remaining balance to the Surplus Account.

(b) Except as provided in Section 603, moneys in the Depreciation and Replacement Account will be used by the City for the purpose of making replacements and repairs to the System in order to keep the System in good repair and working order and to assure the continued effective and efficient operation of the System.

(c) Moneys in the Surplus Account are to be expended for the following purposes as determined by the Governing Body:

(1) paying the cost of the operation, maintenance and repair of the System to the extent necessary after the application of the moneys held in the Operation and Maintenance Account and in the Depreciation and Replacement Account;

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

(3) preventing default in, anticipating payments into or increasing the amounts in the accounts confirmed or established in Section 401, the Principal Account, the Interest Account, the Reserve Account or the Depreciation and Replacement Account, or establishing or increasing the amount of any debt service account or debt service reserve account created by the City for the payment of any System Revenue Bonds subsequently issued; or

(4) redeeming and paying prior to maturity, or, at the option of the City, purchasing in the open market at the best price obtainable not exceeding the call price (if any bonds are callable), the Bonds, the Outstanding Senior Bonds or any other System Revenue Bonds of the City hereafter issued under the conditions hereinafter specified and standing on a parity with the Bonds, including principal, redemption premium, if any, and interest.

(d) All amounts paid and credited to the Operation and Maintenance Account will be expended solely for the purpose of paying the Current Expenses of the System.

(e) No moneys derived by the City from the System will be diverted to the general governmental or municipal functions of the City.

(f) If the deposits to the Operation and Maintenance Account (the "OM Deposits") required under this Section are greater than the OM Deposits required in the User Charge Ordinance, the OM Deposits under the User Charge Ordinance will be deemed a credit toward OM Deposits required under this Section. If the OM Deposits required under this Section are less than those required in the User Charge Ordinance, OM Deposits under this Section will be deemed a credit to OM Deposits required under the User Charge Ordinance.

#### Section 603. Deficiency of Payments into Funds and Accounts.

(a) If the Revenues are insufficient to make any payment on any date specified in this Article, the City will make good the amount of the deficiency by making additional payments out of the first available Revenues for application in the order specified in Section 602.

(b) If the moneys in the Principal Account, the Interest Account or the Reserve Account are not sufficient to pay the principal of and interest on the Bonds as and when the same become due, the City will apply moneys in the Surplus Account and the Depreciation and Replacement Account to the Principal Account and the Interest Account to prevent any default in the payment of the principal of and interest on the Bonds.

Section 604. Transfer of Funds to Paying Agent. The Director of Finance is authorized and directed to make the payments to the Principal Account and the Interest Account as provided in Section 602, and, to the extent necessary to prevent a default in the payment of the Bonds, from the Reserve Account, the Surplus Account and the Depreciation and Replacement Account as provided in Sections 602 and 603, sums sufficient to pay the Bonds when due, and to forward amounts to the Paying Agent in a manner which ensures the Paying Agent will have sufficient available funds on or before the second Business Day immediately preceding the dates when payments on the Bonds are due. Upon the payment of all principal and interest on the Bonds, the Paying Agent will return any excess funds to the City. Except as otherwise provided in the Indenture, all moneys deposited by the City with the Paying Agent are subject to the provisions of this Ordinance.

## ARTICLE VII

### DEPOSIT AND INVESTMENT OF MONEYS

#### Section 701. Investment of Moneys.

(a) Moneys in the Interest Account, the Principal Account, the Construction Account, the Debt Service Account and the Reserve Account are assigned by the City to the Authority to secure the City's obligations under this Ordinance and the City acknowledges that moneys in the Interest Account, the Principal Account, the Construction Account, the Debt Service Account and the Reserve Account will be invested by the Authority, subject to the Arbitrage Instructions, in Investment Securities in accordance with Section 4.9 of the Indenture. Moneys in each of the other funds and accounts created or ratified and confirmed by this Ordinance may be invested by the City in obligations as may be permitted by law, but no investment will be made for a period extending longer than the date when the moneys invested may be needed. All earnings on any investments held in any fund or account will accrue to the applicable fund or account. In determining the amount held in any fund or account under this Ordinance, obligations will be valued at the lower of cost or market value. If the amount in any fund or account held within the Treasury of the City is greater than the required amount, the City may transfer the excess to the Revenue Fund.

(b) If the Outstanding Senior Bonds are outstanding, any investments made pursuant to this Section are subject to the applicable restrictions in the Outstanding Senior Bond Ordinance.

## ARTICLE VIII

### PARTICULAR COVENANTS OF THE CITY

Section 801. Efficient and Economical Operation. The City will continuously own and will operate the System in an efficient and economical manner and will keep and maintain the System in good repair and working order.

Section 802. Rate Covenant. The City will fix, establish, maintain and collect rates and charges for the use and services furnished by or through the System to produce income and revenues sufficient to (a) pay the costs of the operation and maintenance of the System; (b) pay the principal of and interest on the Bonds as and when due; (c) enable the City to have in each Fiscal Year Net Revenues of not less than 110% of the amount required to be paid by the City in the Fiscal Year on account of both principal of and interest on all System Revenue Bonds at the time outstanding, provided that interest on any SRF Program Bonds will be reduced by the SRF Subsidy, if any; and (d) provide reasonable and adequate reserves for

the payment of the Bonds and the interest thereon and for the protection and benefit of the System as provided in this Ordinance. The City will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges.

Section 803. Reasonable Charges for all Services. None of the facilities or services provided by the System will be furnished to any user (excepting the City itself) without a reasonable charge being made therefor. If the income and revenues derived by the City from the System are insufficient to pay the reasonable expenses of operation and maintenance of the System and the principal of and interest on the Bonds when due, the City will pay into the Revenue Fund a fair and reasonable payment in accordance with effective applicable rates and charges for all services or other facilities furnished to the City or any of its departments by the System.

Section 804. Annual Budget. Prior to the commencement of each Fiscal Year, the City will cause a budget setting forth the estimated receipts and expenditures of the System for the next succeeding Fiscal Year to be prepared and filed with the City Clerk. The City Clerk, within 30 days after the end of the current Fiscal Year, will mail a copy of the budget to the Bondowner and the Trustee. The annual budget will be prepared in accordance with the laws of the State.

Section 805. Annual Audit.

(a) Promptly after the end of each Fiscal Year, the City will cause an audit of the System for the preceding Fiscal Year to be made by a certified public accountant or firm of certified public accountants employed for that purpose and paid from the Revenues. The annual audit will cover in reasonable detail the operation of the System during the Fiscal Year.

(b) Within 180 days after the end of the City's Fiscal Year, a copy of the annual audit will be filed in the office of the City Clerk, and a duplicate copy of the audit will be mailed to the Bondowner and the Trustee. The annual audit will be open to examination and inspection during normal business hours by any taxpayer, any user of the services of the System, any Owner of the Bonds, or anyone acting for or on behalf of the taxpayer, user or Owner.

(c) As soon as possible after the completion of the annual audit, the Governing Body will review the annual audit, and if the annual audit reveals any breach of this Ordinance, the City agrees to promptly cure the breach.

Section 806. Performance of Duties. The City will faithfully and punctually perform all duties and obligations with respect to the operation of the System now or hereafter imposed upon the City by the Constitution and laws of the State and the provisions of this Ordinance.

Section 807. Tax Covenants.

(a) The City will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion of interest on the Authority Bonds from gross income for federal income tax purposes. The City will not use or permit the use of any proceeds of the Bonds or any other funds of the City, nor take or permit any other action, or fail to take any action, which would adversely affect the exclusion of interest on the Authority Bonds from gross income for federal income tax purposes. The City will adopt ordinances or resolutions and take other actions necessary to comply with the Code and with other applicable future law, in order to ensure that the interest on the Authority Bonds will remain excluded from federal gross income.

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

(c) The City will not use any portion of the proceeds of the Bonds, including any investment income earned on the proceeds, directly or indirectly, (1) in a manner that would cause any Bond to be a "private activity bond" within the meaning of Section 141(a) of the Code, or (2) to make or finance a loan to any person.

(d) The City will pay to the Trustee, for deposit to the Interest Account and subsequent transfer as provided in the Indenture, an amount equal to arbitrage rebate and the costs incurred in connection with determining arbitrage rebate, at the times required by the Arbitrage Instructions. The provisions of this paragraph will survive the payment in full or defeasance of the Bonds.

## ARTICLE IX

### ADDITIONAL BONDS

Section 901. Prior Lien Bonds. Except as provided in Section 904, the City will not issue any debt obligations payable out of the Net Revenues which are superior in lien, security or otherwise to the Bonds.

Section 902. Parity Lien Bonds or Obligations.

(a) The City will not issue any additional bonds or other long-term obligations payable out of the Net Revenues of the System which stand on a parity or equality with the Bonds unless the following conditions are met:

(1) the City is not in default in the payment of principal or interest on the Bonds or any Parity Bonds or in making any deposit into the funds and accounts under this Ordinance or any Parity Ordinance; and

(2) the City provides to the Bondowner and the Trustee a certificate showing either of the following:

(A) the average annual Net Revenues as set forth in the two most recent annual audits for Fiscal Years preceding the issuance of additional bonds, are at least 110% of the average annual debt service on the System Revenue Bonds, including the additional bonds proposed to be issued, to be paid out of the Net Revenues in all succeeding Fiscal Years. Interest to be paid on any SRF Program Bonds may be reduced by the SRF Subsidy, if any. If the City has made any increase in rates for the use and services of the System and the increase has not been in effect during all of the two Fiscal Years for which annual audits are available, the City may add the additional Net Revenues which would have resulted if the rate increase had been in effect for the entire period to the audited Net Revenues, as certified by the Consultant; or

(B) the estimated average annual Net Revenues for the two Fiscal Years immediately following the Fiscal Year in which the improvements to the System being financed by the additional bonds are to be in commercial operation, as certified by the

Consultant, is at least 110% of the average annual debt service on the System Revenue Bonds, including the additional bonds proposed to be issued, to be paid out of the Net Revenues in succeeding Fiscal Years following the commencement of commercial operation of the improvements. Interest to be paid on any SRF Program Bonds may be reduced by the SRF Subsidy, if any. In determining the amount of estimated Net Revenues for the purpose of this subsection, the Consultant may adjust the estimated net income and revenues by adding the estimated increase in Net Revenues resulting from any increase in rates for the use and services of the System approved by the City.

(b) If the conditions set forth in this Section are satisfied, the City (i) may issue additional revenue bonds or other obligations of the City on a parity with the Bonds and that enjoy complete equality of the lien on the Net Revenues with the Bonds, (ii) may make equal provision for paying the additional revenue bonds or other obligations from the Revenue Fund, and (iii) may secure the additional revenue bonds or other obligations by funding reasonable System debt service accounts and debt service reserve accounts from the Net Revenues.

Section 903. Junior Lien Bonds. Nothing in this Article prohibits or restricts the right of the City to issue additional revenue obligations, including revenue bonds, for the purpose of extending, improving, enlarging, repairing or altering the System, that are subordinate to the Bonds if at the time of the issuance of the additional revenue obligations the City is not in default in the performance of any covenant or agreement in this Ordinance. If the City is in default in paying either interest on or principal of the Bonds, or if the Reserve Account is not fully funded, the City shall not make any payments on the subordinate revenue obligations until the default is cured. Subject to the limitations in this Section, the City may make provision for paying the principal of and interest on the subordinate revenue bonds or obligations from moneys in the Revenue Fund.

Section 904. Refunding Bonds.

(a) The City may, without complying with the provisions of Section 902, refund any of the Bonds in a manner which provides debt service savings to the City, and the refunding bonds so issued will be on a parity with any of the Bonds that are not refunded. If the Bonds are refunded in part and the refunding bonds bear a higher average rate of interest or become due on a date earlier than that of the Bonds which are refunded, the City must obtain the prior written consent of the Bondowner and DNR to the issuance of the refunding bonds.

(b) The City may, without complying with the provisions of Section 902, refund any of the Outstanding Senior Bonds in a manner which provides debt service savings to the City in each subsequent Fiscal Year, and the refunding bonds so issued may have a priority lien on the Sewer System Revenues.

## ARTICLE X

### DEFAULT AND REMEDIES

Section 1001. Event of Default. If (i) the City defaults in the payment of the principal of or interest on any of the Bonds, or (ii) the City or its Governing Body or any of its officers, agents or employees fails or refuses to comply with any provision of this Ordinance, the Constitution or statutes of the State, the Purchase Agreement or the Revolving Fund Agreement and default continues for a period of 60 days after written notice specifying the non-payment default has been given to the City by the Trustee, the Authority, DNR or the Owner of any Bond then Outstanding, at any time thereafter and while the

default continues, the City shall pay to DNR the penalties assessed by DNR in accordance with the Regulations. The penalties will be assessed as a reduction in the credit provided in Section 602(a)(3)(A).

Section 1002. Remedies.

(a) The provisions of this Ordinance constitute a contract between the City and the Owners of the Bonds. The Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding have the right for the equal benefit and protection of all Owners of Bonds similarly situated:

(1) by any proceeding at law or in equity to enforce the rights of the Owner or Owners against the City and its officers, agents and employees, and to compel the performance by the City of its duties and obligations under this Ordinance, the Constitution and the laws of the State;

(2) by any proceeding at law or in equity to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and

(3) by any proceeding at law or in equity to enjoin any act or thing which is unlawful or in violation of the rights of the Owners of the Bonds.

(b) Any amounts paid on the Bonds to the Owners will be applied first to interest and second to principal, to the extent due and payable.

Section 1003. Limitation on Rights of Bondowners. No Owner has any right in any manner whatever by the Owner's action to affect, disturb or prejudice the security granted and provided for in, or enforce any right under, this Ordinance, except in the manner provided in this Ordinance. All proceedings at law or in equity will be for the equal benefit of all Owners.

Section 1004. Remedies Cumulative. No remedy conferred upon the Owners is intended to be exclusive of any other remedy. Each remedy is in addition to every other remedy and may be exercised without exhausting any other remedy conferred under this Ordinance. No waiver by any Owner of any default or breach of duty or contract of the City under this Ordinance will affect any subsequent default or breach of duty or contract by the City or impair any rights or remedies thereon. No delay or omission of any Owner to exercise any right or power accruing upon any default will impair any right or power or will be construed to be a waiver of any default. Every substantive right and every remedy conferred upon the Owners of the Bonds by this Ordinance may be enforced and exercised from time to time and as often as may be expedient. If any Owner discontinues any proceeding or the decision in the proceeding is against the Owner, the City and the Owners of the Bonds will be restored to their former positions and rights under this Ordinance.

Section 1005. No Obligation to Levy Taxes. Nothing in this Ordinance imposes any duty or obligation on the City to levy any taxes either to meet any obligation incurred under this Ordinance or to pay the principal of or interest on the Bonds.

ARTICLE XI

DEFEASANCE

Section 1101. Defeasance. When all of the Bonds have been paid and discharged, the provisions of this Ordinance (other than Section 807) will terminate. Bonds will be treated as paid and discharged

within the meaning of this Ordinance if the City has deposited with the Paying Agent, or other bank or trust company located in the State, having full trust powers and meeting the requirements of a successor Trustee under the Indenture, (i) moneys and non-callable Defeasance Securities which, together with interest to be earned, as evidenced by the written report of an independent certified public accountant, will be sufficient for the payment of the principal and redemption premium, if any, of and interest to accrue on the Bonds to the date of maturity or redemption, plus an additional premium on Bonds being optionally redeemed equal to interest that would otherwise accrue on the Bonds for an additional 30-day period, and (ii) an opinion of Bond Counsel, addressed to the Authority and the Trustee, that providing for the payment of the Bonds by depositing moneys or Defeasance Securities with the Paying Agent in accordance with this Section will not cause the interest on the Authority Bonds to be included in gross income for federal income tax purposes. If any Bonds will be redeemed prior to maturity, the City must have given irrevocable instructions to the Paying Agent to redeem the Bonds. Any moneys and obligations which at any time are deposited with the Paying Agent or other bank by or on behalf of the City, for the purpose of paying and discharging any of the Bonds, are assigned, transferred and set over in trust for the applicable Owners, and the moneys and obligations are irrevocably appropriated to the payment and discharge of the applicable Bonds.

## ARTICLE XII

### AMENDMENTS

#### Section 1201. Amendments.

(a) Any provision of the Bonds or of this Ordinance may be amended by an ordinance with the written consent of the Authority and the Trustee. Consent must be evidenced by an instrument executed by the Authority and the Trustee, acknowledged or proved in the manner of a deed to be recorded, and filed with the City Clerk. In addition, the prior written consent of the Bondowner and DNR is required for any amendment which would:

- (1) extend the maturity of any payment of principal or interest on any Bond;
- (2) reduce the amount of principal or interest payable on any Bond; or
- (3) permit the priority of any Bond over any other Bond.

(b) No amendment will be effective until (i) the City has delivered to the Bondowner, the Trustee and DNR an opinion of Bond Counsel stating that the amendment is permitted by this Ordinance and the Act, complies with their respective terms, is valid and binding upon the City in accordance with its terms and does not adversely affect the exclusion of interest on the Authority Bonds from gross income for federal income tax purposes, and (ii) the City Clerk has on file a copy of the amendment and all required consents.

## ARTICLE XIII

### MISCELLANEOUS PROVISIONS

Section 1301. Further Authority. The officers of the City, including the Mayor, the Director of Finance and the City Clerk, are authorized and directed to execute all documents and take the actions as are necessary or advisable in order to carry out and perform the purposes of this Ordinance and to make

ministerial changes in the documents approved by this Ordinance which they may approve. The execution of any document or taking of any related action constitutes conclusive evidence of the necessity or advisability of the action or change.

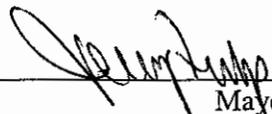
Section 1302. Severability. If any section or other part of this Ordinance is for any reason held invalid, the invalidity will not affect the validity of the other provisions of this Ordinance.

Section 1303. Governing Law. This Ordinance is governed by and will be construed in accordance with the laws of the State.

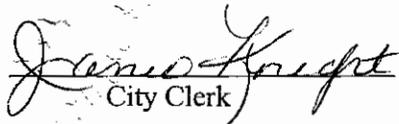
Section 1304. Effective Date. This Ordinance is in full force and effect from and after its passage by the City Council and approval by the Mayor.

Section 1305. Declaration of Emergency; Effective Date. The City Council finds and declares that this Ordinance constitutes an emergency because it pertains to improvement of the sanitary sewer system thereby affecting the preservation of the public health and safety. Therefore, this Ordinance is in full force and effect from and after its passage.

PASSED by the City Council of the City of Monett, Missouri this 3rd day of April, 2003.

  
\_\_\_\_\_  
Mayor

(Seal)  
ATTEST:

  
\_\_\_\_\_  
City Clerk

APPROVED by the Mayor this 3<sup>rd</sup> day of April, 2003.

  
\_\_\_\_\_  
Mayor

(Seal)  
ATTEST:

  
\_\_\_\_\_  
City Clerk

EXHIBIT A

ADDITIONAL PROVISIONS

1. Original Principal Amount – Section 201. \$8,950,000
2. Maturity Schedule – Section 203.

<u>Maturity January 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2006	\$275,000	2.000%
2007	280,000	2.150
2008	285,000	2.500
2009	295,000	2.800
2010	300,000	3.100
2011	310,000	3.400
2012	325,000	3.500
2013	335,000	3.700
2014	345,000	3.750
2015	435,000	5.250
2016	460,000	5.000
2017	480,000	5.000
2018	505,000	5.125
2019	530,000	5.125
2020	555,000	5.125
2021	585,000	5.125
2022	615,000	4.500
2025	2,035,000	4.700

3. Purchase Price – Section 210. \$9,192,211.05.

4. Administrative Fee Calculation Dates – Section 211. The Business Day preceding each January 1, commencing on the Business Day preceding January 1, 2006.

5. Mandatory Redemption – Section 301.

January 1, 2025 Term Bonds

<u>January 1</u>	<u>Principal Amount</u>
2023	\$645,000
2024	680,000
2025*	710,000

\*Maturity

6. Optional Redemption – Section 302.

At the option of the City, Bonds maturing on January 1, 2014 and thereafter may be called for redemption and payment prior to maturity in whole or in part on any date with the consent of the Bondowner, or on each June 1 and December 1, commencing December 1, 2012, at the redemption price of 100% of the principal amount of the Bonds redeemed, plus accrued interest to the redemption date.

7. Costs of Issuance – Section 501. \$217,181.89.

EXHIBIT B

FORM OF BOND

[THIS BOND IS TRANSFERABLE ONLY TO ANY SUCCESSOR TO THE  
STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY  
RESOURCES AUTHORITY OR ITS ASSIGNS]

UNITED STATES OF AMERICA  
STATE OF MISSOURI

Registered  
No. R-\_\_

Registered  
\$ \_\_\_\_\_

CITY OF MONETT, MISSOURI

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND  
(STATE REVOLVING FUND PROGRAM)  
SERIES 2003

Interest Rates  
See Schedule I

Maturity Dates  
See Schedule I

Dated Date  
April \_\_, 2003

REGISTERED OWNER: STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY  
RESOURCES AUTHORITY

PRINCIPAL AMOUNT: \*\* \_\_\_\_\_ DOLLARS\*\*

THE CITY OF MONETT, MISSOURI, a city of third class and political subdivision of the State of Missouri (the "City"), for value received, hereby promises to pay to the Owner shown above, or registered assigns, the Principal Amount shown above in installments in the amounts and on the Maturity Dates referenced above, and to pay interest thereon at the annual Interest Rates referenced above (computed on the basis of a 360-day year of twelve 30-day months), payable semiannually on January 1 and July 1 in each year, commencing January 1, 2004 (each an "Interest Payment Date"), from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for until the Principal Amount has been paid.

The principal of and redemption premium, if any, on this Bond will be paid at maturity or upon earlier redemption to the person in whose name this Bond is registered at the maturity or redemption date, upon presentation and surrender of this Bond at the principal office of UMB BANK, N.A. in the City of St. Louis, Missouri (the "Paying Agent"). The interest payable on this Bond on any Interest Payment Date will be paid to the person in whose name this Bond is registered on the registration books maintained by the Paying Agent at the close of business on the Record Date. The Record Date is the fifteenth day (whether or not a business day) of the calendar month next preceding the Interest Payment Date. The principal of and redemption premium, if any, and interest on the Bonds is payable by electronic transfer in immediately available federal funds to a bank in the continental United States of America pursuant to instructions from the Owner received by the Paying Agent prior to the Record Date. The

principal of, redemption premium, if any, and interest on this Bond is payable in lawful money of the United States of America.

This Bond is one of a duly authorized series of bonds of the City designated "Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2003" aggregating the principal amount of \$\_\_\_\_\_ (the "Bonds"), issued by the City for the purpose of extending and improving its combined waterworks and sewerage system (together with all future improvements and extensions, the "System"), under the authority of and in full compliance with Chapter 250 of the Revised Statutes of Missouri and pursuant to an election duly held in the City and an ordinance adopted by the governing body of the City (the "Ordinance").

Certain Bonds are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Ordinance, at a redemption price equal to 100% of the principal amount plus accrued interest to the redemption date.

At the option of the City, certain Bonds may be called for redemption and payment prior to maturity in whole or in part on any date with the consent of the Bondowner, as provided in the Ordinance.

Bonds will be optionally redeemed in part in integral multiples of \$5,000 (unless otherwise approved in writing by the Bondowner) from the maturities selected by the City with the prior written consent of the Bondowner. Upon redemption, the sinking fund redemption amounts for each maturity will be proportionately reduced, subject to rounding to integral multiples of \$5,000 (unless otherwise approved in writing by the Bondowner). The City will give written notice to the Paying Agent, as trustee (the "Trustee"), designating the amount of each maturity redeemed and the reduction in each sinking fund installment, subject to verification by the Trustee. In exercising its option to redeem the Bonds, the City will deposit with the Paying Agent, in addition to the principal of, premium, if any, and interest on the Bonds, an additional premium equal to 30-days' interest on the Bonds to be redeemed for an additional 30-day period.

The Paying Agent will give notice of redemption, unless waived, by mailing a redemption notice by registered or certified mail at least 45 days prior to the date fixed for redemption, to the Owner of each Bond to be redeemed at the address shown on the Bond Register. If notice of redemption has been given or waived, the Bonds or portions of Bonds called for redemption will become due and payable on the redemption date at the redemption price specified in the notice. From and after the redemption date the Bonds called for redemption will cease to bear interest unless the City defaults in the payment of the redemption price.

The Bonds are limited obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues (as defined in the Ordinance). The taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. The Bonds do not constitute a general obligation of the City or an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. Under the conditions set forth in the Ordinance, the City has the right to issue additional parity bonds payable from, and secured by, the Net Revenues.

The Bonds are subordinate with respect to payment of principal and interest from the Sewer System Revenues (as defined in the Ordinance) and in all other respects with regard to the Sewer System Revenues to the Outstanding Senior Bonds (as defined in the Ordinance). In the event of any default in the payment of either principal of or interest on any of the Outstanding Senior Bonds, all Sewer System Revenues will be applied solely to the payment of the principal of and interest on the Outstanding Senior Bonds until the default is cured.

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

The Bonds are issuable in the form of fully registered Bonds without coupons in the denomination of \$1,000 or any integral multiple of \$1,000.

This Bond may be transferred or exchanged, as provided in the Ordinance, only upon the registration books kept for that purpose at the above-mentioned office of the Paying Agent. Upon surrender of any Bond at the principal office of the Paying Agent, the Paying Agent will transfer or exchange the Bond for a new Bond or Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount as the Bond which was presented for transfer or exchange. All Bonds presented for transfer or exchange must be accompanied by a written instrument of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Owner or by the Owner's authorized agent. All Bonds presented for transfer or exchange must be surrendered to the Paying Agent for cancellation. For every exchange or transfer of Bonds the City or the Paying Agent may levy a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid for the exchange or transfer. The charge must be paid by the person requesting the exchange or transfer. Payment of the charge is a condition precedent to the exchange or transfer.

This Bond will not be valid or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication has been executed by the Paying Agent.

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

IN WITNESS WHEREOF, the City of Monett, Missouri, has executed this Bond by causing it to be signed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, with its official seal affixed or imprinted.

(SEAL)

CITY OF MONETT, MISSOURI

ATTEST:

\_\_\_\_\_  
City Clerk

By \_\_\_\_\_  
Mayor

CERTIFICATE OF AUTHENTICATION

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

Registration Date: \_\_\_\_\_

UMB BANK, N.A., Paying Agent

By \_\_\_\_\_  
Authorized Signatory



RECORD OF PRINCIPAL PAYMENTS AND PREPAYMENTS

Under the provisions of the Ordinance, payments of the principal installments of this Bond and partial prepayments of the principal of this Bond may be made directly to the Bondowner without surrender of this Bond to the Paying Agent. Accordingly, any purchaser or other transferee of this Bond should verify with the Paying Agent the principal of this Bond outstanding prior to any purchase or transfer, and the records of the Paying Agent are conclusive.



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ASSIGNMENT

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

UMB BANK, N.A.  
Print or Type Name of Transferee

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

STATE ENVIRONMENTAL IMPROVEMENT  
AND ENERGY RESOURCES AUTHORITY

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Charles D. Banks, Chairman

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

Signature Guaranteed By:

\_\_\_\_\_, Authorized Signatory  
UMB Bank, N.A.

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17Ad-15 (17 CFR 240.17Ad-15).

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SCHEDULE I TO

CITY OF MONETT, MISSOURI

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND  
(STATE REVOLVING FUND PROGRAM)  
SERIES 2003

[insert Maturity Schedule from paragraph 2 of Exhibit A]

CROSS RECEIPT FOR PARTICIPANT OBLIGATIONS

April 9, 2003

The undersigned Chairman of the State Environmental Improvement and Energy Resources Authority (the "Authority") hereby acknowledges receipt on the date hereof from the Participants set forth in Schedule 1, the aggregate principal amount of bonds as set forth in Schedule I (the "Participant Bonds"), the Participant Bonds, consisting of fully registered bonds without coupons, dated the date of this Certificate, signed by the manual signatures of the authorized signatories of each Participant with the official corporate seal of the Participant affixed thereon, authenticated by an authorized signatory of UMB Bank, N.A., as Paying Agent, and assigned by the undersigned to UMB Bank, N.A., as Trustee.

STATE ENVIRONMENTAL IMPROVEMENT AND  
ENERGY RESOURCES AUTHORITY

By *Charles D. Beach*  
Title: Chairman

The undersigned, UMB Bank, N.A. (the "Trustee"), as Trustee under the Bond Indenture dated as of April 1, 2003 (the "Indenture"), between the Trustee and the State Environmental Improvement and Energy Resources Authority (the "Authority"), authorizing the issuance of Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs – Master Trust) Series 2003B of the Authority, hereby acknowledges receipt on the date hereof from the Authority of the Participant Bonds as set forth in Schedule 1.

UMB BANK, N.A., as Trustee

By Rebecca Dengler  
Title: Rebecca Dengler  
Assistant Vice President

[THIS BOND IS TRANSFERABLE ONLY TO ANY SUCCESSOR TO THE  
STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY  
RESOURCES AUTHORITY OR ITS ASSIGNS]

UNITED STATES OF AMERICA  
STATE OF MISSOURI

Registered  
No. R-1

Registered  
\$8,950,000

CITY OF MONETT, MISSOURI

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND  
(STATE REVOLVING FUND PROGRAM)  
SERIES 2003

Interest Rates  
See Schedule I

Maturity Dates  
See Schedule I

Dated Date  
April 9, 2003

REGISTERED OWNER: STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY  
RESOURCES AUTHORITY

PRINCIPAL AMOUNT: EIGHT MILLION NINE HUNDRED FIFTY THOUSAND DOLLARS

THE CITY OF MONETT, MISSOURI, a city of third class and political subdivision of the State of Missouri (the "City"), for value received, hereby promises to pay to the Owner shown above, or registered assigns, the Principal Amount shown above, in installments in the amounts and on the Maturity Dates referenced above, and to pay interest thereon at the annual Interest Rates referenced above (computed on the basis of a 360-day year of twelve 30-day months), payable semiannually on January 1 and July 1 in each year, commencing January 1, 2004 (each an "Interest Payment Date"), from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for until the Principal Amount has been paid.

The principal of and redemption premium, if any, on this Bond will be paid at maturity or upon earlier redemption to the person in whose name this Bond is registered at the maturity or redemption date, upon presentation and surrender of this Bond at the principal office of UMB BANK, N.A. in the City of St. Louis, Missouri (the "Paying Agent"). The interest payable on this Bond on any Interest Payment Date will be paid to the person in whose name this Bond is registered on the registration books maintained by the Paying Agent at the close of business on the Record Date. The Record Date is the fifteenth day (whether or not a business day) of the calendar month next preceding the Interest Payment Date. The principal of and redemption premium, if any, and interest on the Bonds is payable by electronic transfer in immediately available federal funds to a bank in the continental United States of America pursuant to instructions from the Owner received by the Paying Agent prior to the Record Date. The principal of, redemption premium, if any, and interest on this Bond is payable in lawful money of the United States of America.

This Bond is one of a duly authorized series of bonds of the City designated "Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2003" aggregating the principal amount of \$8,950,000 (the "Bonds"), issued by the City for the purpose of extending and improving its combined waterworks and sewerage system (together with all future improvements and extensions, the "System"), under the authority of and in full compliance with Chapter 250 of the Revised Statutes of Missouri and pursuant to an election duly held in the City and an ordinance adopted by the governing body of the City (the "Ordinance").

Certain Bonds are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Ordinance, at a redemption price equal to 100% of the principal amount plus accrued interest to the redemption date.

At the option of the City, certain Bonds may be called for redemption and payment prior to maturity in whole or in part on any date with the consent of the Bondowner, as provided in the Ordinance.

Bonds will be optionally redeemed in part in integral multiples of \$5,000 (unless otherwise approved in writing by the Bondowner) from the maturities selected by the City with the prior written consent of the Bondowner. Upon redemption, the sinking fund redemption amounts for each maturity will be proportionately reduced, subject to rounding to integral multiples of \$5,000 (unless otherwise approved in writing by the Bondowner). The City will give written notice to the Paying Agent, as trustee (the "Trustee"), designating the amount of each maturity redeemed and the reduction in each sinking fund installment, subject to verification by the Trustee. In exercising its option to redeem the Bonds, the City will deposit with the Paying Agent, in addition to the principal of, premium, if any, and interest on the Bonds, an additional premium equal to 30-days' interest on the Bonds to be redeemed for an additional 30-day period.

The Paying Agent will give notice of redemption, unless waived, by mailing a redemption notice by registered or certified mail at least 45 days prior to the date fixed for redemption, to the Owner of each Bond to be redeemed at the address shown on the Bond Register. If notice of redemption has been given or waived, the Bonds or portions of Bonds called for redemption will become due and payable on the redemption date at the redemption price specified in the notice. From and after the redemption date the Bonds called for redemption will cease to bear interest unless the City defaults in the payment of the redemption price.

The Bonds are limited obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues (as defined in the Ordinance). The taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. The Bonds do not constitute a general obligation of the City or an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. Under the conditions set forth in the Ordinance, the City has the right to issue additional parity bonds payable from, and secured by, the Net Revenues.

The Bonds are subordinate with respect to payment of principal and interest from the Sewer System Revenues (as defined in the Ordinance) and in all other respects with regard to the Sewer System Revenues to the Outstanding Senior Bonds (as defined in the Ordinance). In the event of any default in the payment of either principal of or interest on any of the Outstanding Senior Bonds, all Sewer System Revenues will be applied solely to the payment of the principal of and interest on the Outstanding Senior Bonds until the default is cured.

The City covenants with the Owner of this Bond to keep and perform all covenants and agreements contained in the Ordinance, and the City will fix, establish, maintain and collect rates, fees

and charges for the use and services furnished by or through the System to produce Revenues sufficient to pay the operation and maintenance costs of the System, pay the principal of and interest on the Bonds and provide reasonable and adequate reserve funds. Reference is made to the Ordinance for a description of the agreements made by the City with respect to the collection, segregation and application of the Revenues, the nature and extent of the security for the Bonds, the rights, duties and obligations of the City with respect to the Bonds, and the rights of the Owners.

The Bonds are issuable in the form of fully registered Bonds without coupons in the denomination of \$1,000 or any integral multiple of \$1,000.

This Bond may be transferred or exchanged, as provided in the Ordinance, only upon the registration books kept for that purpose at the above-mentioned office of the Paying Agent. Upon surrender of any Bond at the principal office of the Paying Agent, the Paying Agent will transfer or exchange the Bond for a new Bond or Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount as the Bond which was presented for transfer or exchange. All Bonds presented for transfer or exchange must be accompanied by a written instrument of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Owner or by the Owner's authorized agent. All Bonds presented for transfer or exchange must be surrendered to the Paying Agent for cancellation. For every exchange or transfer of Bonds the City or the Paying Agent may levy a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid for the exchange or transfer. The charge must be paid by the person requesting the exchange or transfer. Payment of the charge is a condition precedent to the exchange or transfer.

This Bond will not be valid or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication has been executed by the Paying Agent.

*[Remainder of this page intentionally left blank]*

**SPRING**

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

IN WITNESS WHEREOF, the City of Monett, Missouri, has executed this Bond by causing it to be signed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, with its official seal affixed or imprinted.

(SEAL)

CITY OF MONETT, MISSOURI

ATTEST:

*Janice Knight*  
City Clerk

By *[Signature]*  
Mayor

CERTIFICATE OF AUTHENTICATION

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

Registration Date: \_\_\_\_\_

UMB BANK, N.A., Paying Agent

By \_\_\_\_\_  
Authorized Signatory

RECORD OF PRINCIPAL PAYMENTS AND PREPAYMENTS

Under the provisions of the Ordinance, payments of the principal installments of this Bond and partial prepayments of the principal of this Bond may be made directly to the Bondowner without surrender of this Bond to the Paying Agent. Accordingly, any purchaser or other transferee of this Bond should verify with the Paying Agent the principal of this Bond outstanding prior to any purchase or transfer, and the records of the Paying Agent are conclusive.

ASSIGNMENT

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

UMB BANK, N.A.

Print or Type Name of Transferee

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

STATE ENVIRONMENTAL IMPROVEMENT  
AND ENERGY RESOURCES AUTHORITY

Dated: \_\_\_\_\_

By: \_\_\_\_\_

*Charles D. Banks*

Charles D. Banks, Chairman

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

Signature Guaranteed By:

\_\_\_\_\_, Authorized Signatory  
UMB Bank, N.A.

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17Ad-15 (17 CFR 240.17Ad-15).

SCHEDULE I TO

CITY OF MONETT, MISSOURI

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND  
(STATE REVOLVING FUND PROGRAM)  
SERIES 2003

<u>Maturity</u> <u>January 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2006	\$275,000	2.000%
2007	280,000	2.150
2008	285,000	2.500
2009	295,000	2.800
2010	300,000	3.100
2011	310,000	3.400
2012	325,000	3.500
2013	335,000	3.700
2014	345,000	3.750
2015	435,000	5.250
2016	460,000	5.000
2017	480,000	5.000
2018	505,000	5.125
2019	530,000	5.125
2020	555,000	5.125
2021	585,000	5.125
2022	615,000	4.500
2025	2,035,000	4.700

SPECIAL

# GILMORE & BELL

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

2405 GRAND BOULEVARD, SUITE 1100

KANSAS CITY, MISSOURI 64108-2521

816-221-1000  
FAX: 816-221-1018  
WWW.GILMOREBELL.COM

ST. LOUIS, MISSOURI  
WICHITA, KANSAS  
LINCOLN, NEBRASKA

April 9, 2003

City of Monett, Missouri

State Environmental Improvement  
and Energy Resources Authority  
Jefferson City, Missouri

UMB Bank, N.A., as Trustee  
St. Louis, Missouri

George K. Baum & Company,  
as representative of the Underwriters  
Kansas City, Missouri

Re: \$8,950,000 Combined Waterworks and Sewerage System Revenue Bonds  
(State Revolving Fund Program) Series 2003 of the City of Monett,  
Missouri

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Monett, Missouri (the "City"), of the above-captioned bonds (the "Bonds"), pursuant to an Ordinance adopted by the governing body of the City (the "Ordinance"). The Bonds are being purchased by the State Environmental Improvement and Energy Resources Authority (the "Authority") in accordance with a Purchase Agreement dated as of April 1, 2003 (the "Purchase Agreement"), by and among the Authority, the Department of Natural Resources ("DNR") and the City, and a Revolving Fund Agreement dated as of April 1, 2003 (the "Revolving Fund Agreement"), by and among the Authority, DNR and the City and acknowledged and accepted by UMB Bank, N.A., as trustee (the "Trustee"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Ordinance.

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion. As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds have been duly authorized, executed and delivered by the City and are valid and legally binding special obligations of the City, payable solely from the Net Revenues (as defined in the Ordinance) derived by the City from the ownership and operation of the System, after providing for the costs of operation and maintenance thereof and on a parity with any Parity Bonds issued or to be issued as provided in the Ordinance. The Bonds do not constitute general obligations of the City nor do they constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds.
2. The Ordinance has been duly adopted by the City and constitutes a valid and legally binding obligation of the City enforceable against the City.
3. The Bonds are junior and subordinate with respect to the payment of principal and interest and in all other respects with regard to Sewer System Revenues to the Sewerage System Refunding Revenue Bonds (State Revolving Fund Program) Series 1992A of the City.
4. The Purchase Agreement and the Revolving Fund Agreement have been duly authorized, executed and delivered by the City, and, assuming the due execution and delivery of the Purchase Agreement and the Revolving Fund Agreement by the Authority and DNR, each constitutes a valid and legally binding agreement of the City.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Ordinance, the Purchase Agreement and the Revolving Fund Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable and their enforcement may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

