
TRANSCRIPT OF PROCEEDINGS

\$1,351,800

**CITY OF ASHLAND, MISSOURI
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2016**

Closing: June 1, 2016

Legal Opinion:

**Gilmore & Bell, P.C.
Kansas City, Missouri**

CLOSING MEMORANDUM

\$1,351,800
CITY OF ASHLAND, MISSOURI
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2016

This Memorandum sets forth the actions to be taken in connection with the sale and delivery of \$1,351,800 principal amount of the City of Ashland, Missouri Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 (the "Bonds"). The documents and actions described herein and in the Closing List attached hereto are to be delivered and taken as a condition precedent to the sale and delivery of the Bonds. Such delivery of documents and actions shall be deemed to have taken place simultaneously at the closing, and no delivery of documents, payments of moneys or other actions with respect to the foregoing transaction will be considered to have been completed until all such deliveries, payments or other actions have been made or taken.

The closing is scheduled for 10:00 a.m. on June 1, 2016, at the offices of Gilmore & Bell, P.C., Kansas City, Missouri. The items set forth on the Closing List will be examined, assembled and incorporated in the transcripts evidencing the authorization and issuance of the Bonds. Copies of the transcript will be prepared and distributed to the following:

1. City of Ashland, Missouri ("City").
2. First Bank of Missouri ("Paying Agent").
3. D.A. Davidson & Co. ("Placement Agent").
4. Gilmore & Bell, P.C. ("Bond Counsel").
5. Pinnacle Public Finance, Inc. ("Purchaser").

\$1,351,800
CITY OF ASHLAND, MISSOURI
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2016

Closing: June 1, 2016

CLOSING LIST

Document
No.

BASIC DOCUMENTS:

1. Bond Ordinance.
2. Federal Tax Certificate, with Form 8038-G attached.
3. Specimen Bond.

ELECTION PROCEEDINGS – 2006 QUESTION:

4. Minutes of Meetings showing passage of ordinance calling a bond election; Notice of Meeting.
5. Ordinance Calling Bond Election.
6. Notification of Election Authority.
7. Election Authority's Certificate with Ballot, Abstract of Votes and Affidavits of Publication attached.
8. Excerpt of Minutes of Meeting showing passage of ordinance declaring results of bond election; Certificate Regarding Notice of Meeting; Notice of Meeting.
9. Ordinance Declaring Results of Bond Election.

ELECTION PROCEEDINGS – 2014 QUESTION:

10. Minutes of Meetings showing passage of ordinance calling a bond election.
11. Ordinance Calling Bond Election.
12. Notification of Election Authority.
13. Election Authority's Certificate with Ballot, Abstract of Votes and Affidavits of Publication attached.
14. Ordinance Declaring Results of Bond Election (See Bond Ordinance Section 210).

CLOSING DOCUMENTS:

- 15. Excerpt of Minutes of Meeting of the Board of Aldermen showing adoption of Bond Ordinance; Waiver of Notice of Special Meeting.
- 16. City's Closing Certificate with Uniform Facsimile Signature Affidavits, Notice of Meeting attached.
- 17. Paying Agent's Closing Certificate.
- 18. Purchaser's Receipt for Bonds and Representations.
- 19. Certificate of the Placement Agent.
- 20. Parity Certificate.

LEGAL OPINION:

- 21. Opinion of Bond Counsel.

* * * *

NOTICE OF MEETING

AGENDA ITEM

An ordinance authorizing the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 2016.

WAIVER OF NOTICE OF SPECIAL MEETING

We, the undersigned, being the Mayor and all of the members of the Board of Aldermen of the City of Ashland, Missouri, hereby waive any and all notice of the time, place and purposes of the special meeting of the Board of Aldermen to be held at City Hall in Bolivar, Missouri, on May 24, 2016, at 7:00 p.m., and consent and agree that the Board of Aldermen shall meet at said time and place and consent to the transaction of any and all business that may come before such meeting.

DATED: May 24, 2016.

Gene Rhorer, Mayor

Jesse Bronson, Alderman

George Campbell, Alderman

Danny Clay, Alderman

Jim Fasciotti, Alderman

Fred Klippel, Alderman

Rick Lewis, Alderman

EXCERPT OF MINUTES OF MEETING

The Board of Aldermen of the City of Ashland, Missouri, met in special session on May 24, 2016, at 7:00 P.M., at City Hall in Ashland, Missouri, and the following officials were present or absent as indicated:

	Present/Absent
Gene Rhorer, Mayor	_____
Jesse Bronson, Alderman	_____
George Campbell, Alderman	_____
Danny Clay, Alderman	_____
Jim Fasciotti, Alderman	_____
Fred Klippel, Alderman	_____
Rick Lewis, Alderman	_____
Darla Sapp, City Clerk	_____

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 Combined Waterworks and Sewerage System Revenue Bonds, Series 2016, of the City came on for consideration and was discussed.

Alderman _____ introduced Bill No. _____, being for an Ordinance entitled as follows:

**AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$1,351,800
PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016, OF THE CITY
OF ASHLAND, MISSOURI; AUTHORIZING CERTAIN ACTIONS AND
DOCUMENTS AND PRESCRIBING OTHER MATTERS RELATING
THERE TO.**

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 Board of Aldermen.

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.

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, and the vote thereon was as follows:

Aye: _____.

Nay: _____.

Thereupon, the Mayor declared the Bill duly passed and the Bill was then duly numbered Ordinance No. _____, 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 Board of Aldermen at this time, upon motion duly made, seconded and carried, the meeting thereupon was adjourned.

(Seal)

City Clerk

CITY'S CLOSING CERTIFICATE

\$1,351,800
City of Ashland, Missouri
Combined Waterworks and Sewerage System Revenue Bonds
Series 2016

We, the undersigned, are duly qualified and authorized officials of the City of Ashland, Missouri (the "City"), and we hereby certify in connection with the issuance of the above-described bonds (the "Bonds"), as follows:

1. Meaning of Words and Terms. Capitalized words and terms used herein, unless otherwise defined herein or the context requires otherwise, shall have the same meanings ascribed to such words and terms in the Ordinance of the City authorizing the Bonds (the "Ordinance").

2. Organization and Authority. The City is a legally constituted fourth class city and political subdivision organized and existing under the laws of the State of Missouri. The City 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 Ordinance and any and all other agreements relating thereto.

3. Transcript of Proceedings. The transcript of proceedings (the "Transcript") relating to the authorization and issuance of the Bonds furnished to the purchaser of the Bonds is to the best of our knowledge, information and belief full, correct and complete; none of such proceedings have been modified, amended or repealed; and such facts as are stated in the Transcript still exist.

4. Incumbency of Officers. The following named persons were and are the duly qualified and acting officials of the City at all times during which such persons participated in the proceedings authorizing the Bonds as shown in the Transcript:

Name	Title
Gene Rhorer	Mayor
Jesse Bronson	Alderman
George Campbell	Alderman
Danny Clay	Alderman
Jim Fasciotti	Alderman
Fred Klippel	Alderman
Rick Lewis	Alderman
Darla Sapp	City Clerk

5. Meetings. All meetings of the governing body of the City as shown in the Transcript were regular meetings, or meetings held pursuant to regular adjournment at the next preceding meeting, or special meetings called and held as shown in the Transcript. All such meetings were open to the public and a quorum was present and acted throughout, and proper notice of all such meetings was given in the manner required by law, including Chapter 610 of the Revised Statutes of Missouri, as amended. The notice of meeting of the Board of Aldermen of the City attached hereto as **Exhibit A** was posted at least 24 hours prior to the commencement of the meeting held on May 24, 2016, on a bulletin board or other

prominent place which is easily accessible to the public and clearly designated for posting notices at City Hall in Ashland, Missouri, the principal office and meeting place of the Board of Aldermen, and was made available at least 24 hours prior to the commencement of said meeting to any representative of the news media who requested notice of the meeting. Copies of all proposed ordinances introduced for consideration by the Board of Aldermen at said meeting were made available for public inspection at the office of the City Clerk prior to the time of said meeting.

6. Execution of Bonds. The Bonds in the principal amount of \$1,351,800, dated their date of delivery, consisting of a single fully registered bond in the denomination of \$1,351,800, numbered R-1, have been duly signed and executed by the facsimile signatures of the Mayor and City Clerk as the duly qualified, constituted and authorized officials of the City. On the date of the Bonds, and on the date when the Bonds were executed, such officials were and at the date hereof are the officials indicated by their signatures on the Bonds and on this Certificate, respectively. The signatures of such officials on the Bonds are their true and genuine signatures, and the seal affixed or imprinted on the Bonds was and is the duly authorized seal of the City and was affixed on the Bonds by the authority and direction of the governing body of the City, and is the seal affixed to this Certificate. Affidavits containing the respective signatures of the Mayor and City Clerk, copies of which are attached hereto as **Exhibit B**, have been filed in the Office of the Secretary of State of Missouri pursuant to the provisions of the Uniform Facsimile Signatures of Public Officials Law, RSMO. Section 105.274, and we hereby ratify, confirm and adopt our respective facsimile signatures on the Bonds as a proper execution of said Bonds.

7. Execution of Documents. The Federal Tax Certificate has been executed and delivered in the name and on behalf of the City by its duly authorized officers and said document has not been amended, modified or rescinded and is in full force and effect as of the date hereof.

8. Sale of Bonds. The Bonds have been sold on a negotiated basis at a rate not exceeding 10% per annum, and at a price not less than 95% of the par value thereof, in compliance with the requirements of § 108.170, RSMO, as amended.

9. Non-Litigation. There is no litigation, suit or other proceeding of any kind pending, or to our knowledge threatened, (a) seeking to restrain or enjoin the issuance or delivery of the Bonds, or (b) contesting, disputing or affecting in any way (1) the legal organization of the City or its boundaries, (2) the right or title of any of its officers to their respective offices, (3) the legality of any of its official acts shown to have been done in the Transcript, (4) the constitutionality or validity of the Bonds or the obligations represented by the Bonds, or any of the proceedings had in relation to the authorization, issuance or sale thereof, (5) the legality, validity or enforceability of the Ordinance or any of the other transaction documents, (6) the imposition and collection of rates and charges to pay the principal of and interest on the Bonds, or (7) the federal or state tax-exempt status of the interest on the Bonds, or (c) that could have a material adverse effect on the financial condition or operations of the City or its ability to make payments on the Bonds or to perform its agreements and obligations under the Ordinance or any of the other transaction documents.

10. Outstanding Revenue Obligations. The City does not have outstanding any bonds or other obligations payable out of the net income and revenues derived from the operation of its System, other than the Bonds now in the process of issuance, the Series 2002 Bonds, the Series 2007 Bonds, the Series 2008 Bonds and the Series 2013 Bonds.

11. Authorized Bonds. In a special bond election on November 7, 2006, the qualified electors of the City approved \$3,000,000 of combined waterworks and sewerage system revenue bonds (the "2006 Voted Authority") for the purpose of extending and improving the System. From the 2006

Voted Authority, the City issued its Series 2007 Bonds in the principal amount of \$1,000,000 and its Series 2008 Bonds in the principal amount of \$1,240,000, leaving \$760,000 of the 2006 Voted Authority unissued. In a special bond election on August 5, 2014, the qualified electors of the City approved \$7,000,000 of combined waterworks and sewerage system revenue bonds (the "2014 Voted Authority") for the purpose of extending and improving the System. Through the issuance of the Bonds, the City is issuing the remaining \$760,000 of the 2006 Voted Authority and \$591,800 of the 2014 Voted Authority. The Bonds are allocated to the 2006 Voted Authority and the 2014 Voted Authority as shown on **Exhibit C** hereto.

12. Request to Authenticate and Deliver Bonds. The Paying Agent is hereby requested and authorized to authenticate the Bonds in the principal amount of \$1,351,800 in authorized denominations under the Ordinance and registered in such name as shall be specified by the Purchaser, and to deliver the Bonds to the Purchaser upon payment for the account of the City of the purchase price for the Bonds.

13. Receipt for Purchase Price. The City received on the date hereof from the Purchaser the full purchase price of an issue of the Bonds, the purchase price of said Bonds being hereby acknowledged to be calculated as follows:

Principal Amount	<u>\$1,351,800</u>
Total Purchase Price	<u>\$1,351,800</u>

14. M.A.P. Filing Authorization. The City hereby authorizes Gilmore & Bell, P.C. to file the information required by Section 37.850 of the Revised Statutes of Missouri on the Missouri Accountability Portal website maintained by the State of Missouri Office of Administration.

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DATED: June 1, 2016.

Signature

Official Title

Mayor
Gene Rhorer

(Seal)

City Clerk
Darla Sapp

EXHIBIT A
NOTICE OF MEETING

EXHIBIT B

UNIFORM FACSIMILE SIGNATURE AFFIDAVITS

EXHIBIT C

ALLOCATION OF BONDS TO FINANCING PURPOSES

<u>Maturity</u> <u>Date</u>	<u>2006</u> <u>Voted Authority</u>	<u>2014</u> <u>Voted Authority</u>	<u>Total</u>
07/01/2036	\$760,000	\$591,800	\$1,351,800

CERTIFICATE OF THE PLACEMENT AGENT

\$1,351,800
City of Ashland, Missouri
Combined Waterworks and Sewerage System Revenue Bonds
Series 2016

The undersigned, as Placement Agent with respect to the above-referenced Bonds (the "Bonds"), of the City of Ashland, Missouri (the "City"), hereby certifies as follows, as of June 1, 2016:

1. Receipt of Proceeds. On the date hereof, the Placement Agent received Bond proceeds in the amount of \$38,836 from the Purchaser, for the purpose of paying all costs of issuance relating to the Bonds. The Placement Agent shall pay all costs of issuance relating to the Bonds without seeking reimbursement from the City.

2. Application of Proceeds. The Placement Agent shall apply the Bond proceeds described above, as follows:

Placement Agent fee	\$27,036
Bond Counsel fee	11,500
Paying Agent fee	<u>300</u>
Total	<u>\$38,836</u>

D.A. DAVIDSON & CO.

By: _____
Name:
Title:

PAYING AGENT'S CLOSING CERTIFICATE

First Bank of Missouri, Gladstone, Missouri (the "Bank"), in connection with \$1,351,800 principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 (the "Bonds"), authorized by an Ordinance (the "Ordinance") passed on May 24, 2016, by the City of Ashland, Missouri (the "City"), states and certifies as follows:

1. Acceptance. The Bank hereby accepts the appointment as Paying Agent and the duties and obligations imposed upon it by the Ordinance, and agrees to act in the capacity of Paying Agent.

2. Power and Authority. The Bank is a state banking corporation duly organized and existing under the laws of the State of Missouri and has full power and authority to act as Paying Agent as provided in the Ordinance.

3. Authentication of Bonds. Pursuant to and in accordance with the provisions of the Ordinance, prior to the delivery of the Bonds, the Certificate of Authentication on the Bonds so delivered was signed on behalf of the Bank, as Paying Agent, by a duly elected or appointed, qualified and acting officer or signatory of the Bank, duly authorized to perform the acts referred to in this paragraph.

4. Receipt of Proceeds. On the date hereof, the Paying Agent received the following proceeds from the Purchaser, which were deposited in the Project Fund in accordance with **Section 502** of the Ordinance, as follows:

Deposit to 2006 Question Subaccount	\$738,166
Deposit to 2014 Question Subaccount	<u>574,798</u>
Total Amount Received from Purchaser	<u>\$1,312,964</u>

DATED: June 1, 2016.

FIRST BANK OF MISSOURI

By: _____
Authorized Signatory

RECEIPT FOR BONDS AND REPRESENTATION

\$1,351,800

City of Ashland, Missouri

Combined Waterworks and Sewerage System Revenue Bonds

Series 2016

The undersigned, as Purchaser of the above-referenced Bonds (the "Bonds"), of the City of Ashland, Missouri (the "City"), hereby certifies as follows, as of June 1, 2016:

1. Receipt for Bonds. We acknowledge receipt on the date hereof of the Bonds, consisting of a single fully registered Bond numbered R-1 in the denomination of \$1,351,800. The Bond has been signed by the facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk, with the City's official seal affixed or imprinted thereon, and has been authenticated by the manual signature of an authorized officer or signatory of the Paying Agent.

2. Additional Representations. The Purchaser makes the following additional representations with respect to the Bonds:

(a) The Purchaser has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bonds in particular, to enable the Purchaser to evaluate the risks involved in an investment in the Bonds.

(b) The Purchaser confirms that its investment in the Bonds constitutes an investment that is suitable for and consistent with its investment program and that the Purchaser is able to bear the economic risk of an investment in the Bonds, including a complete loss of such investment. The Purchaser is fully aware of the terms and risks of the Bonds, including the nature of the security provided under the Ordinance authorizing the Bonds.

(c) The Purchaser is purchasing the Bonds solely for its own account for investment purposes only, and not with a view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof (subject to the understanding that disposition of Purchaser's property will remain at all times within its control).

(d) The City has (i) furnished to the Purchaser such information as the Purchaser deems necessary in order for it to make an informed investment decision with respect to the purchase of the Bonds, (ii) made available to the Purchaser, during the course of the transaction, ample opportunity to ask questions of, and to receive answers from, appropriate officers of the City regarding the City and the terms and conditions of the offering of the Bonds, and (iii) provided to the Purchaser all additional information which it has requested.

This certificate may be relied upon by the City in executing and delivering its Federal Tax Certificate, and by Gilmore & Bell, P.C., Bond Counsel, in rendering its opinion relating to the exclusion from gross income of the interest on the Bonds.

PINNACLE PUBLIC FINANCE, INC.

By: _____
Title:



**CITY OF ASHLAND
109 EAST BROADWAY
ASHLAND, MISSOURI 65010
BOARD OF ALDERMEN SPECIAL MEETING AGENDA
MAY 24, 2016 AT NOON**

Call special meeting to order

Roll Call

COUNCIL BILLS

1. Council Bill No. 2016-026, an ordinance authorizing the issuance of \$1,351,800 principal amount of combined waterworks and sewerage system revenue bonds, Series 2016 of the City of Ashland, Missouri; authorizing certain action and documents and prescribing other matters relating thereto. First reading by title only. **Action:** _____
2. Council Bill No. 2016-027, an ordinance authorizing the Mayor to enter into an agreement with Rhad Baker Construction, LL for the Ash Street Sidewalk and Water Improvement Project; providing for compliance with the prevailing wage law and state-mandated construction safety training. First Reading by title only. **Action:** _____
3. Council Bill No. 2016-028, an ordinance authorizing the Mayor to enter into an agreement with APAC-Missouri Inc. for compliance with the prevailing wage law and state mandated construction safety training. First Reading by title only. **Action:** _____
4. Council Bill No. 2016-029, an ordinance amending the 2017 Budget to include a line item for the 1.3 Million Dollar revenue bond. First Reading by title only. **Action:** _____

ORDINANCES

5. Ordinance No. 1071, an ordinance authorizing the issuance of \$1,351,800 principal amount of combined waterworks and sewerage system revenue bonds, Series 2016 of the City of Ashland, Missouri; authorizing certain action and documents and prescribing other matters relating thereto. **Action:** _____
6. Ordinance No. 1072, an ordinance authorizing the Mayor to enter into an agreement with Rhad Baker Construction, LL for the Ash Street Sidewalk and Water Improvement Project; providing for compliance with the prevailing wage law and state-mandated construction safety training. **Action:** _____

7. Ordinance No. 1073, an ordinance authorizing the Mayor to enter into an agreement with APAC-Missouri Inc. for compliance with the prevailing wage law and state mandated construction safety training. **Action:** _____
8. Ordinance No. 1074, an ordinance amending the 2017 Budget to include a line item for the 1.3 Million Dollar revenue bond. **Action:** _____

Vote to adjourn the meeting

The City of Ashland wants to make certain our meeting is accessible to all citizens. If you require any accommodations (signing, interpreter, translator, etc.) that we do not normally have at our meetings, please let Darla Sapp, City Clerk know of your needs. (If possible 48 hours in advance of the meeting)

Posted: 5-20-2016

City Hall and website: www.ashlandmo.us

CITY OF ASHLAND, MISSOURI

ORDINANCE NO. 1071

PASSED MAY 24, 2016

AUTHORIZING

\$1,351,800

**COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2016**

ORDINANCE

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AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$1,351,800 PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016, OF THE CITY OF ASHLAND, MISSOURI; AUTHORIZING CERTAIN ACTIONS AND DOCUMENTS AND PRESCRIBING OTHER MATTERS RELATING THERETO.

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

2. The City has outstanding the following series of revenue bonds payable out of the revenues derived from the operation of the System:

<u>Series of Bonds</u>	<u>Date of Bonds</u>	<u>Amount Outstanding</u>
Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 (the "Series 2002 Bonds")	4/08/2002	\$151,000
Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2007 (the "Series 2007 Bonds")	5/01/2007	640,000
Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2008 (the "Series 2008 Bonds")	10/30/2008	855,000
Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2013 (the "Series 2013 Bonds")	9/26/2013	300,000

The City desires to finance the costs of certain extensions and improvements to the System and is authorized under the provisions of the Act to issue and sell revenue bonds for the purpose of providing funds for such purpose, upon obtaining the required voter approval and provided that the principal of and interest on such revenue bonds shall be payable solely from the revenues derived from the operation of the System.

3. Pursuant to such authority, a special bond election was duly held in the City on November 7, 2006 on the following question (the "2006 Question"):

2006 QUESTION

Shall the City of Ashland, Missouri, issue its combined waterworks and sewerage system revenue bonds in the amount of \$3 million dollars for the purpose of extending and improving its combined

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

and it was found and determined that more than a simple majority of the qualified electors of the City voting on the question had voted in favor of the issuance of said revenue bonds for the purpose aforesaid, the vote on said question having been 817 votes for said question to 294 votes against said question.

4. Based on the voted authority from the 2006 Question, the City issued its Series 2007 Bonds in the principal amount of \$1,000,000 and its Series 2008 Bonds in the principal amount of \$1,240,000, leaving \$760,000 of the bonds so authorized by the 2006 Question unissued at the date of this Ordinance.

5. Pursuant to the Act, a special bond election was duly held in the City on August 5, 2014 on the following question (the "2014 Question"):

2014 QUESTION

Shall the City of Ashland, Missouri, issue its combined waterworks and sewerage system revenue bonds in the amount of 7 million dollars for the purpose of purchasing, constructing, extending and improving the combined waterworks and sewerage system of the City and acquiring any land and easements necessary therefor, and the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its combined waterworks and sewerage system, including all future extensions and improvements thereto?

and it was found and determined that more than a simple majority of the qualified electors of the City voting on the question had voted in favor of the issuance of said revenue bonds for the purpose aforesaid, the vote on said question having been 487 votes for said question to 151 votes against said question.

6. None of the bonds so authorized by the 2014 Question have been issued at the date of this Ordinance.

7. Plans and specifications for extensions and improvements of the System and an estimate of the cost thereof have been prepared and made by the City's engineers and the same are hereby accepted and approved and are on file in the office of the City Clerk, the amount of said estimated cost being not less than \$1,351,800.

8. The City now proposes to issue the remaining \$760,000 of the bonds authorized by the 2006 Question and to issue the first \$591,800 of the bonds authorized by the 2014 Question to provide funds for such purposes.

9. The City does not have outstanding any bonds or other obligations payable from the revenues derived from the operation of the System other than the Bonds, the Series 2002 Bonds, the Series 2007 Bonds, the Series 2008 Bonds and the Series 2013 Bonds.

10. It is hereby found and determined that it is necessary and advisable and in the best interest and will promote the general health and welfare of the City and of its inhabitants at this time to authorize

the issuance and delivery of revenue bonds pursuant to the Act as herein provided to provide funds for such purposes.

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

ARTICLE I

DEFINITIONS

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

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

“Arbitrage Instructions” means the arbitrage investment and rebate instructions included in the City’s Federal Tax Certificate related to the Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

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

“Bond Payment Date” means any date on which principal of or interest on any Bond is payable.

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

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

“Bonds” means the City’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 authorized and issued pursuant to this Ordinance.

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

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

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

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

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

“Debt Service Requirements” means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and net interest or interest-like payments (after taking into account any applicable Subsidy Payments) on all System Revenue Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company qualified to do business in the State of Missouri and having full trust powers.

“Defaulted Payments” means principal or interest on any Bond which is payable but not paid on any Bond Payment Date.

“Defeasance Obligations” means any of the following obligations:

- (a) Cash.
- (b) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – “SLGS”).
- (c) Direct obligations of the Treasury which have been stripped by the Treasury itself.
- (d) The interest component of Resolution Funding Corporation (REFCORP) strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form.
- (e) Pre-refunded municipal bonds rated in the highest rating category by a nationally recognized rating service, pre-refunded with cash, direct U.S. obligations or obligations guaranteed by the U.S. as to full and timely payment.

“Determination of Taxability” means the enactment of legislation, the adoption of final regulations, the issuance of a statutory notice of deficiency, a ruling by the Internal Revenue Service, or a final decision of a court of competent jurisdiction, which holds in effect that the interest payable on any Bond is not excludable from the gross income of the Owner thereof for federal income tax purposes for any reason; provided, however, that no Determination of Taxability shall occur until the expiration or waiver of all periods for appeal. In addition, if the City attempts to contest a Determination of Taxability in the name of the Owner, and the Owner refuses to permit the City to take such action, then no Determination of Taxability will occur.

“Expenses” means all reasonable and necessary expenses of operation, maintenance and repair of the System and keeping the System in good repair and working order, determined in accordance with accounting principles generally accepted in the United States of America, including without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic Consultant’s reports, properly allocated share of charges for insurance, properly allocable reimbursement to the City’s General Fund for general administrative expenses applicable to the System, the cost of purchased water, gas and power, if any, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short term obligations incurred and payable within a particular fiscal year, other obligations or indebtedness incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the System, but shall exclude interest paid on,

and swap, hedge or other interest-like payments made with respect to, System Revenue Bonds, depreciation, amortization and other noncash charges (including payments into any depreciation and replacement fund), and all general administrative expenses of the City not related to the operation of the System.

“Event of Default” means the occurrence of the circumstances described in subparagraph (a), (b) or (c) of **Section 1001** of this Ordinance.

“Insurance Consultant” means an independent individual or firm selected by the City qualified to survey risks and to recommend insurance coverage for entities engaged in operations similar to those of the System and having a favorable reputation for skill and experience in making such surveys and recommendations.

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

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

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

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

- (a) Bonds theretofore cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of **Section 1101** hereof; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered hereunder.

“Parity Bonds” means the Series 2002 Bonds, the Series 2007 Bonds, the Series 2008 Bonds, the Series 2013 Bonds and any additional parity bonds or other long-term obligations payable out of the net income and revenues of the System hereafter issued or incurred in accordance with the provisions of this Ordinance and standing on a parity and equality with the Parity Bonds with respect to the payment of principal and interest out of the net income and Revenues of the System, so long as any such bonds remain outstanding and unpaid or until provision is made for the payment and defeasance of such bonds.

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

“Paying Agent” means First Bank of Missouri, Gladstone, Missouri, and any successors and assigns serving as paying agent hereunder.

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

- (a) United States Government Obligations;

- (b) bonds, notes or other obligations of the State of Missouri, or any political subdivision of the State of Missouri, that at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service;
- (c) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States or any state, that are continuously and fully secured by any one or more of the securities described in clause (a), (b) or (d) and have a market value at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City;
- (d) obligations of Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Corporation, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks and Farmers Home Administration;
- (e) certificates of deposit or time deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clauses (a) through (d) above, inclusive, which shall have a market value at all times at least equal to the principal amount of such certificates of deposit or time deposits;
- (f) money market mutual funds (1) that invest in Government Obligations or that are registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and (2) that are rated in either of the two highest categories by a nationally recognized rating service; and
- (g) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State of Missouri.

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

“Purchaser” means Pinnacle Public Finance, Inc., the purchaser of the Bonds.

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

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

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

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

“Replacement Bonds” means Bonds issued to the beneficial owners of the Bonds in accordance with **Section 209(b)** hereof.

“Requisition” means a completed and executed requisition certificate in the form attached to this Ordinance as **Exhibit B**.

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

“Revenues” means all income and revenues derived from the operation of the System, determined in accordance with accounting principles generally accepted in the United States of America, including investment and rental income, net proceeds from business interruption insurance, moneys appropriated on an annual basis for deposit in the Revenue Fund or which are limited solely to the payment of debt service on System Revenue Bonds 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 the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets.

“Series 2002 Bonds” means the City’s Combined Waterworks and Sewerage System Revenue Bonds, Series 2002.

“Series 2007 Bonds” means the City’s Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2007.

“Series 2008 Bonds” means the City’s Combined Waterworks and Sewerage System Revenue Bonds (State Revolving Fund Program), Series 2008.

“Series 2013 Bonds” means the City’s Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 2013.

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

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

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

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

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

undivided interest in such obligations, and such obligations are held in a custodial or trust account for the benefit of the City.

ARTICLE II

AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds. The City is authorized and directed to issue a series of bonds of the City, designated “Combined Waterworks and Sewerage System Revenue Bonds, Series 2016,” in the principal amount of \$1,351,800 (the “Bonds”), for the purpose of financing the costs to extend and improve the System and paying the costs of issuing the Bonds.

Section 202. Description of Bonds.

(a) The Bonds shall consist of a single-fully registered bond without coupons, numbered **R-1**, in the denomination of **\$100,000** or any integral multiple of **\$100** in excess thereof. The Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be substantially in the form set forth in **Exhibit A** attached hereto and shall be subject to registration, transfer and exchange as provided in **Section 205** hereof. The Bonds shall be dated their date of delivery, shall be due and payable on the dates and in the amounts (subject to redemption prior to stated maturity as provided in **Article III** hereof), and shall bear interest at the rates per annum, as follows, except as such rates may be adjusted in accordance with **Section 202(c)**:

TERM BONDS

<u>Stated Maturity</u> <u>July 1</u>	<u>Principal</u> <u>Amount</u>	<u>Annual Rate</u> <u>of Interest</u>
2036	\$1,351,800	2.84%

(b) The Bonds shall bear interest at the above-specified rate (computed on the basis of a 360-day year of 12 30-day months) from the date thereof or from the most recent Bond Payment Date to which interest has been paid or duly provided for, payable semiannually on January 1 and July 1 in each year, beginning on July 1, 2017.

(c) From and after a Determination of Taxability, the interest rate for the Bonds shall be increased to 4.37%. From the occurrence and during the continuance of any Event of Default under this Ordinance, the interest rate for the Bonds shall be increased to 6.0% (or 7.0% if a Determination of Taxability has also occurred).

Section 203. Designation of Paying Agent. First Bank of Missouri, Gladstone, Missouri, is hereby designated as the City’s paying agent for the payment of principal of and interest on the Bonds and bond registrar with respect to the registration, transfer and exchange of Bonds (herein called the “Paying Agent”).

The City will at all times maintain a Paying Agent meeting the qualifications herein described for the performance of the duties hereunder. The City reserves the right to appoint a successor Paying Agent by (1) filing with the bank or trust company then performing such function a certified copy of the proceedings giving notice of the termination of such bank or trust company and appointing a successor, and (2) causing notice of the appointment of the successor paying agent to be given by first class mail to each Bondowner. The Paying Agent may resign upon giving written notice by first class mail to the City

and the Bondowners not less than 60 days prior to the date such resignation is to take effect. No resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of the Paying Agent.

Each Paying Agent appointed hereunder shall at all times be a commercial banking association or corporation or trust company authorized to do business in the State of Missouri organized and in good standing and doing business under the laws of the United States of America or of the State of Missouri, authorized under such laws to exercise trust powers and subject to supervision or examination by federal or state regulatory authority and has a reported capital and surplus of not less than \$25,000,000.

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

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

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

The principal and interest payable on each Bond on any Bond Payment Date shall be paid to the Registered Owner of such Bond as shown on the Bond Register at the close of business on the Record Date for such payment by check or draft mailed by the Paying Agent to such Registered Owner at the address shown on the Bond Register or (at the option of the Registered Owner) by electronic transfer to such Registered Owner upon written notice signed by the Registered Owner given to the Paying Agent by such Registered Owner not less than 5 days prior to the Record Date for such payment, containing the electronic transfer instructions including the bank (which shall be in the continental United States), address, ABA routing number and account name and account number to which such Registered Owner wishes to have such transfer directed.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on all Bonds (and the current principal amount outstanding with respect to each Outstanding Bond, taking into account principal payments resulting from mandatory sinking fund redemptions pursuant to Article III hereof) and shall at least annually, upon the written request of the City, forward a copy or summary of such records to the City. The Paying Agent shall, upon written request of any Registered Owner, provide information regarding the amount of principal then outstanding with respect to each Bond held by such Registered Owner. The records maintained by the Paying Agent shall be the official record of the outstanding principal amount of each Bond at any time. Bondowners shall not be required to present Bonds for action by the Paying Agent, as bond registrar, with respect to each payment of principal on the Bonds resulting from mandatory sinking fund redemptions pursuant to **Article III** hereof (except for the final payment of principal, as described above); provided that, the Paying Agent shall note each such payment of principal as a reduction of the outstanding amount of the respective Bond or Bonds in the records maintained by the Paying Agent.

Notwithstanding the foregoing provisions of this Section, any Defaulted Payments with respect to any Bond shall cease to be payable to the Registered Owner of such Bond on the relevant Record Date and shall be payable to the Registered Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Payments, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The City shall notify the Paying Agent in writing of the amount of Defaulted Payments proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit

with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Payments or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds, the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Payments which shall be not more than **15** nor less than **10** days prior to the date of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Payments and the Special Record Date therefor to be mailed by first class mail, postage prepaid, to each Registered Owner of a Bond entitled to such notice at the address of such Registered Owner as it appears on the Bond Register not less than **10** days prior to such Special Record Date.

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

Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Bond at the payment office of the Paying Agent, the Paying Agent shall transfer or exchange such Bond for a new Bond or Bonds, each in the denomination of \$100,000 or any integral multiple of \$100 in excess thereof, of the same Stated Maturity and in the remaining outstanding principal amount (per the records maintained by the Paying Agent pursuant to **Section 204**) of the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent.

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

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

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

At reasonable times and under reasonable regulations established by the Paying Agent, the Bond Register may be inspected and copied by the Registered Owners (or a designated representative thereof) of 10% or more in principal amount of the Bonds then Outstanding or any designated representative of such Registered Owners whose authority is evidenced to the satisfaction of the Paying Agent.

Section 206. Execution, Authentication and Delivery of Bonds. The Mayor of the City and City Clerk are hereby authorized and directed to prepare and execute the Bonds as herein specified, and when duly executed, to deliver the Bonds to the Paying Agent for authentication.

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

The Bonds shall have endorsed thereon a certificate of authentication substantially in the form set forth in **Exhibit A** attached hereto, which shall be manually executed by an authorized signatory of the Paying Agent, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Ordinance or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Paying Agent. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Ordinance. Upon authentication, the Paying Agent shall deliver the Bonds to, or upon the order of, the Purchaser, upon payment to or for the benefit of the City of the purchase price of the Bonds.

Section 207. Mutilated, Destroyed, Lost and Stolen Bonds. If (a) any mutilated Bond is surrendered to the Paying Agent or the Paying Agent receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the City and the Paying Agent such security or indemnity as may be required by the Paying Agent, then, in the absence of notice to the City or the Paying Agent that such Bond has been acquired by a bona fide purchaser, the City shall execute and the Paying Agent shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and in the remaining outstanding principal amount (per the records maintained by the Paying Agent pursuant to **Section 204**) of the mutilated, destroyed, lost or stolen Bond.

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

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

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

Section 208. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before

maturity, shall be cancelled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent and applicable record retention laws. The Paying Agent shall execute a certificate describing the Bonds so cancelled and shall file an executed counterpart of such certificate with the City.

Section 209. Sale of Bonds. The City is authorized to sell the Bonds to the Purchaser at a purchase price equal to the par amount of the Bonds. Delivery of the Bonds shall be made to the Purchaser as soon as practicable after the adoption of this Ordinance, upon payment therefor in accordance with the terms of sale.

Section 210. Recognition of Election Results. It is hereby found and declared that the vote on the 2014 Question was 487 votes for said question to 151 votes against said question, that more than a majority of the qualified voters of the City voting on the question at said election voted in favor of said question, and that it thereby passed.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Bonds.

(a) *Optional Redemption.* At the option of the City, the Bonds may be called for redemption and payment prior to maturity in whole, but not in part, on July 1, 2024, or on any date thereafter, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date.

(b) *Excess Proceeds Optional Redemption.* At the option of the City, the Bonds may be called for redemption and payment prior to maturity in part in an equal pro rata share, at any time prior to and including July 1, 2019, at the redemption price of 100% of the Bonds so redeemed, plus accrued interest to the Redemption Date, from amounts held for such purpose in accordance with **Section 503(d)** of this Ordinance.

(c) *Mandatory Sinking Fund Redemption.* The Bonds will be subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements set forth below at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. The payments which are to be deposited into the Debt Service Fund pursuant to **Section 602** hereof shall be sufficient to redeem, and the City shall redeem on January 1 and July 1 in each year, the following principal amounts of such Term Bonds:

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<u>Date</u>	<u>Principal Amount</u>
07/01/2017	\$4,600
01/01/2018	27,000
07/01/2018	27,400
01/01/2019	27,800
07/01/2019	28,100
01/01/2020	28,500
07/01/2020	29,000
01/01/2021	29,400
07/01/2021	29,800
01/01/2022	30,200
07/01/2022	30,600
01/01/2023	31,100
07/01/2023	31,500
01/01/2024	32,000
07/01/2024	32,400
01/01/2025	32,900
07/01/2025	33,300
01/01/2026	33,800
07/01/2026	34,300
01/01/2027	34,800
07/01/2027	35,300
01/01/2028	35,800
07/01/2028	36,300
01/01/2029	36,800
07/01/2029	37,300
01/01/2030	37,900
07/01/2030	38,400
01/01/2031	38,900
07/01/2031	39,500
01/01/2032	40,000
07/01/2032	40,600
01/01/2033	41,200
07/01/2033	41,800
01/01/2034	42,400
07/01/2034	43,000
01/01/2035	43,600
07/01/2035	44,200
01/01/2036	44,800
07/01/2036	45,500 *

*Final Maturity

Section 302. Selection of Bonds to Be Redeemed.

(a) The Paying Agent shall call Bonds for redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Paying Agent at least 45 days prior to the Redemption Date of written instructions of the City specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. If the Bonds are refunded more than 90 days in advance of such Redemption Date, any escrow agreement entered into by the City in connection with such refunding shall provide that such written instructions to the Paying Agent shall be given by or on behalf of the City not less than 45 days prior to the Redemption Date. The Paying Agent may in its discretion waive such notice period so long as the notice requirements set forth in **Section 303** are met. The foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Bonds hereunder, and Bonds shall be called by the Paying Agent for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the City and whether or not the Paying Agent holds moneys available and sufficient to effect the required redemption.

(b) Bonds shall be redeemed only in the principal amount of \$100 or any integral multiple thereof. When less than all of the Outstanding Bonds are to be redeemed, such Bonds shall be redeemed from Stated Maturities selected by the City, and Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in \$100 units of principal amount by lot or in such other equitable manner as the Paying Agent may determine.

(c) In the case of a partial redemption of Bonds when Bonds of denominations greater than \$100 are then Outstanding, then for all purposes in connection with such redemption each \$100 of face value shall be treated as though it were a separate Bond of the denomination of \$100. If it is determined that one or more, but not all, of the \$100 units of face value represented by any Bond are selected for redemption, then upon notice of intention to redeem such \$100 unit or units, the Registered Owner of such Bond or the Registered Owner's duly authorized agent shall present and surrender such Bond to the Paying Agent (1) for payment of the Redemption Price and any accrued interest to the Redemption Date of such \$100 unit or units of face value called for redemption, and (2) for exchange, without charge to the Registered Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Registered Owner of any such Bond fails to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the redemption date to the extent of the \$100 unit or units of face value called for redemption (and to that extent only). Notwithstanding anything in this **Section 302** to the contrary, no optional redemption under **Section 301(a) or (b)** shall be effected in a manner that leaves any Bond Outstanding after partial redemption in a denomination less than \$100,000.

Section 303. Notice and Effect of Call for Optional Redemption.

Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any optional redemption shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 30 days prior to the Redemption Date to each Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register.

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

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) if less than all Outstanding Bonds of a maturity are to be redeemed, the identification (such identification to include interest rates, maturities, CUSIP numbers and such

additional information as the Paying Agent may reasonably determine) of the Bonds to be redeemed;

(d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and

(e) the place where such Bonds are to be surrendered for payment of the Redemption Price, which shall be the payment office of the Paying Agent.

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

Prior to any Redemption Date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial optional redemption of any Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bonds that have been surrendered for redemption shall be cancelled and destroyed by the Paying Agent as provided herein and shall not be reissued.

In addition to the foregoing notice, further notice shall be given by the Paying Agent on behalf of the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if official notice thereof is given as above prescribed.

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (1) the CUSIP numbers of all Bonds being redeemed (if any); (2) the date of issue of the Bonds as originally issued; (3) the rate of interest borne by each Bond being redeemed; (4) the maturity date of each Bond being redeemed; and (5) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least one day before the mailing of notice to Bondowners by first class, registered or certified mail or overnight delivery, as determined by the Paying Agent, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

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

Section 304. Mandatory Redemption Procedures. The mandatory redemption of Bonds pursuant to **Section 301(c)** shall be carried out by the Paying Agent without notice to the Registered Owners of the Bonds and, except for the final mandatory redemption on the Maturity date of the Bonds, without presentation

or surrender of the Bonds for payment. Payment of the principal amounts so redeemed shall be made in accordance with **Section 204** of this Ordinance to the Persons who are Registered Owners of the Bonds on the Record Date for such payment. Selection of Bonds to be redeemed shall be in accordance with **Section 302** of this Ordinance. The Paying Agent shall maintain records pursuant to **Section 204** of the principal amounts redeemed by operation of the mandatory redemption provisions of this Ordinance as reductions of the outstanding principal amounts of the affected Bond or Bonds.

ARTICLE IV

SECURITY FOR BONDS

Section 401. Security for Bonds. The Bonds are special obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the net income and revenues derived from the operation of the System, after providing for the costs of operation and maintenance thereof, including operating income, investment income, gifts, bequests, contributions, grants and other moneys made available to the City with respect to the System from sources other than funds raised by taxation. The City hereby pledges said net income and revenues to the payment of the principal of and interest on the Bonds. The Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds, either as to principal or interest.

The covenants and agreements of the City contained in this Ordinance and in the Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in this Ordinance. The Bonds shall stand on parity and be equally and ratably secured with respect to the payment of principal and interest from the net income and revenues derived from the operation of the System and in all other respects with any Parity Bonds. The Bonds shall not have any priority with respect to the payment of principal or interest from said net income and revenues or otherwise over the Parity Bonds and the Parity Bonds shall not have any priority with respect to the payment of principal or interest from said net income and revenues or otherwise over the Bonds.

ARTICLE V

FUNDS; DEPOSIT AND APPLICATION OF BOND PROCEEDS

Section 501. Establishment of Funds. There are hereby created or ratified and ordered to be established and maintained in the treasury of the City (or, with respect to the Project Fund, in the custody of the Paying Agent) the following separate funds to be known respectively as the:

- (a) Combined Waterworks System Revenue Fund (the "Revenue Fund").
- (b) Debt Service Fund for the Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 (the "Debt Service Fund").
- (c) Project Fund for the Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 (the "Project Fund").

The funds referred to in paragraphs (a) and (b) of this Section shall be maintained and administered by the City solely for the purposes and in the manner as provided in this Ordinance and in the Parity Ordinances so long as any of the Bonds or Parity Bonds remain Outstanding within the meaning of this Ordinance and the Parity Ordinances. The Project Fund shall be maintained and administered by the Paying Agent as provided in this Ordinance.

Section 502. Deposit of Bond Proceeds. From the proceeds received from the sale of the Bonds, and simultaneously with the delivery of the Bonds, the following deposits and transfers shall be made:

(a) \$738,166 shall be deposited in a subaccount of the Project Fund established for proceeds of the Bonds relating to the 2006 Question;

(b) \$574,798 shall be deposited in a subaccount of the Project Fund established for proceeds of the Bonds relating to the 2014 Question; and

(c) \$38,836 shall be transferred directly to D.A. Davidson & Co., the placement agent for the Bonds, for payment of all costs of issuance relating to the Bonds.

Section 503. Application of Moneys in the Project Fund.

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

(b) Disbursements from the Project Fund shall be made by the Paying Agent to the City (or as directed by the City in the applicable Requisition) within five business days of receipt of each Requisition. The City shall submit Requisitions only when authorized by the Board of Aldermen. The Paying Agent shall provide to the Purchaser by email at an address designated by the Purchaser a copy of each Requisition at least one business day prior to disbursing funds from the Project Fund for such Requisition.

(c) Amounts deposited in the subaccounts of the Project Fund established for proceeds of the Bonds relating to the 2006 Question and the 2014 Question shall be applied only to expenditures authorized by the language of the 2006 Question or the 2014 Question, as applicable, and each Requisition shall specify the subaccount from which it is to be paid.

(d) Upon completion of the extensions and improvements to the System as hereinbefore provided, any surplus moneys remaining in the Project Fund and not required for the payment of unpaid costs thereof shall be applied to the redemption of Bonds in accordance with **Section 301(b)**, provided that if such completion does not occur sufficiently in advance of July 1, 2019 to allow for such redemption in accordance with the requirements of **Article III** hereof, such surplus shall be deposited in the Debt Service Fund and applied to the next payments of principal of and interest on the Bonds until exhausted.

ARTICLE VI

APPLICATION OF REVENUES

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

Section 602. Application of Moneys in Funds. The City covenants and agrees that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain Outstanding, it will on the first day of each month administer and allocate all of the moneys then held in the Revenue Fund as follows:

- (a) There shall first be paid and credited an amount sufficient to pay the estimated cost of operating and maintaining the System during the ensuing month.
- (b) *Debt Service Fund.* There shall next be paid and credited monthly to the Debt Service Fund, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Bonds, the following sums:

Beginning with the first of said monthly deposits and continuing on the first day of each month thereafter to and including June 1, 2017, an equal pro rata portion of the amount of principal and interest becoming due on the Bonds on July 1, 2017; and thereafter, beginning on July 1, 2017, and continuing on the first day of each month thereafter so long as any of the Bonds remain Outstanding and unpaid, an amount not less than 1/6 of the amount of principal and interest that will become due on the Bonds on the next succeeding Bond Payment Date.

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

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

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

- (c) After all payments and credits required at the time to be made under the provisions of paragraphs (a) and (b) of this Section and the applicable provisions of the Parity Ordinances (including payments to any debt service reserve funds and/or depreciation and

replacement funds) relating to any outstanding Parity Bonds have been made, all moneys remaining in the Revenue Fund may be expended and used for the following purposes as determined by the governing body of the City:

- (1) Paying the cost of the operation, maintenance and repair of the System to the extent that may be necessary after the application of the moneys under the provisions of paragraph (a) of this Section;
 - (2) Paying the cost of extending, enlarging or improving the System;
 - (3) Preventing default in, anticipating payments into or increasing the amounts in the debt service funds or debt service reserve funds for System Revenue Bonds or any depreciation and replacement fund, or any one of them, said payments made to prevent default to be made in the order prescribed in this **Section 602** of this Ordinance or in the applicable sections of ordinances authorizing System Revenue Bonds, or establishing or increasing the amount of any debt service fund or debt service reserve fund created by the City for the payment of any additional System Revenue Bonds;
 - (4) Calling, redeeming and paying prior to Stated Maturity, or, at the option of the City, purchasing in the open market at the best price obtainable not exceeding the redemption price (if any bonds are callable), the Bonds or any System Revenue Bonds, including principal, interest and redemption premium, if any; or
 - (5) Any other lawful purpose in connection with the operation of the System and benefiting the System.
- (d) *Deficiency of Payments into Funds.* If at any time the Revenues derived from the operation of the System are insufficient to make any payment on the date or dates hereinbefore specified, the City will make good the amount of such deficiency by making additional payments or credits out of the first available Revenues thereafter received from the operation of the System, such payments and credits being made and applied in the order hereinbefore specified in this Section.

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

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

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

ARTICLE VII

DEPOSIT AND INVESTMENT OF MONEYS

Section 701. Deposit and Investment of Moneys.

(a) Moneys in each of the funds and accounts created by and referred to in this Ordinance shall be deposited in a bank or banks or other legally permitted financial institutions qualified to do business in in the State of Missouri that are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the banks or financial institutions holding such deposits as provided by the laws of the State of Missouri.

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

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

ARTICLE VIII

GENERAL COVENANTS AND PROVISIONS

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

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

Section 802. Rate Covenant. The City in accordance with and subject to applicable legal requirements will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce revenues sufficient to (a) pay the costs of the operation and maintenance of the System; (b) pay the principal of and interest on the Bonds as and when the same become due at the Maturity thereof or on any Bond Payment Date; (c) enable the City to have in each fiscal year Net Revenues Available for Debt Service not less than 110% of the Debt Service Requirements for such fiscal year on all System Revenue Bonds at the time outstanding; 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. The City will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Net Revenues Available for Debt Service will be sufficient to cover the obligations under this Section and otherwise under the provisions of this Ordinance. If in any fiscal year Net Revenues Available for Debt Service are an amount less than as hereinbefore provided, the City will immediately employ a Consultant to make recommendations with respect to such rates and charges. A copy of the Consultant's report and recommendations shall be filed with the City Clerk and shall be furnished to any Registered Owner of the Bonds requesting a copy of the same, at the cost of such Registered Owner. The City shall, to the extent feasible, follow the recommendations of the Consultant.

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

Section 804. Restrictions on Mortgage or Sale of System. The City will not mortgage, pledge or otherwise encumber the System or any part thereof, nor will it sell, lease or otherwise dispose of the System or any material part thereof; provided, however, the City may:

- (a) sell at fair market value any portion of the System which has been replaced by other similar property of at least equal value, or which ceases to be necessary for the efficient operation of the System, and in the event of sale, the City will apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing repayment of Bonds in advance of Stated Maturity, or (2) replacement of the property so disposed of by other property the revenues of which shall be incorporated into the System as hereinbefore provided;
- (b) cease to operate, abandon or otherwise dispose of any property which has become obsolete, nonproductive or otherwise unusable to the advantage of the City;
- (c) lease, (1) as lessor, any real or personal property which is unused or unimproved, or which has become obsolete, nonproductive or otherwise unusable to the advantage of the City, or which is being acquired as a part of a lease/purchase financing for the acquisition and/or

improvement of such property; and/or (2) as lessee, with an option of the City to purchase, any real or personal property for the extension and improvement of the System. Property being leased as lessor and/or lessee pursuant to this subparagraph (c) shall not be treated as part of the System for purposes of this **Section 804** and may be mortgaged, pledged or otherwise encumbered; or

- (d) sell, lease or convey all or substantially all of the System to another entity or enter into a management contract with another entity if:
- (1) The transferee entity is a political subdivision organized and existing under the laws of the State of Missouri, or an instrumentality thereof, or an organization described in Section 501(c)(3) of the Code, and expressly assumes in writing the due and punctual payment of the principal of and premium, if any, and interest on all outstanding System Revenue Bonds according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Ordinance and all Parity Ordinances;
 - (2) If there remains unpaid any System Revenue Bond which bears interest that is not includable in gross income under the Code, the City receives an opinion of Bond Counsel, in form and substance satisfactory to the City, to the effect that under then existing law the consummation of such sale, lease or conveyance, or delivery of the management contract, whether or not contemplated on any date of the delivery of such System Revenue Bond, would not cause the interest payable on such System Revenue Bond to become includable in gross income under the Code;
 - (3) The City receives a certificate of the Consultant which demonstrates and certifies that immediately upon such sale or conveyance, or the delivery of the management contract, the transferee entity will not, as a result thereof, be in default in the performance or observance of any covenant or agreement to be performed or observed by it under this Ordinance or any Parity Ordinance;
 - (4) Such transferee entity or management company possesses such licenses to operate the System as may be required if it is to operate the System; and
 - (5) The City receives an opinion of Bond Counsel, in form and substance satisfactory to the City, as conclusive evidence that any such sale, lease, conveyance or management agreement, and any such assumption, is permitted by law and complies with the provisions of this Section.

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

or any part of the foregoing requirements if (i) the City annually obtains a written evaluation with respect to such self-insurance program from an Insurance Consultant, (ii) the evaluation is to the effect that the self-insurance program is actuarially sound, and (iii) unless the evaluation states that such reserves are not necessary, the City deposits and maintains adequate reserves for the self-insurance program with a corporate trustee, who may be the Paying Agent. The City shall pay any fees and expenses of such Insurance Consultant in connection therewith. The cost of all insurance obtained pursuant to the requirements of this Section shall be paid as an Expense out of the Revenues of the System.

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

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

Section 808. Annual Audit. Annually, promptly after the end of the fiscal year, the City will cause an audit to be made of the System for the preceding fiscal year by a certified public accountant or firm of certified public accountants to be employed for that purpose and paid from the revenues of the System. Said annual audit shall cover in reasonable detail the operation of the System during such fiscal year.

Within 210 days after the end of each fiscal year of the City (beginning with the fiscal year ending April 30, 2016), a copy of the annual audit for such fiscal year shall be mailed to the Purchaser (so long as the Purchaser owns any Bond) and any Registered Owner of the Bonds requesting a copy of the same. Such audits shall at all times during the usual business hours be open to the examination and inspection by any Registered Owner of any of the Bonds, or by anyone acting for or on behalf of such Registered Owner.

Additionally, so long as the Purchaser owns any Bond, the City shall provide such additional information to the Purchaser as the Purchaser shall reasonably request relating to the operation and revenues of the System, including but not limited to, its annual budget for any fiscal year during which the Bonds are outstanding.

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

Section 809. Right of Inspection. Any Registered Owner or Owners of 10% of the principal amount of the Bonds then Outstanding shall have the right at all reasonable times to inspect the System and all records, accounts and data relating thereto (except customer information that is confidential), and shall be furnished all such information concerning the System and the operation thereof which such Registered Owner or Owners may reasonably request.

Section 810. Tax Covenants.

(a) The City covenants that (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion from federal gross income of the interest on the Bonds, and (2) it will not use or permit the use of any proceeds of 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 from federal gross income of the interest on the Bonds. The City will also adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with other applicable future law, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

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

(c) The City covenants that it will pay or provide for the payment from time to time of all rebatable arbitrage to the United States pursuant to Section 148(f) of the Code and the Arbitrage Instructions. This covenant shall survive payment in full or defeasance of the Bonds. The Arbitrage Instructions may be amended or replaced if, in the opinion of Bond Counsel, such amendment or replacement will not adversely affect the exclusion from federal gross income of the interest on the Bonds.

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

(e) The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to **Article XI** of this Ordinance or any other provision of this Ordinance, until the final Maturity of all Bonds Outstanding.

ARTICLE IX

ADDITIONAL BONDS AND OBLIGATIONS

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

Section 902. Parity Lien Bonds. The City covenants and agrees that so long as any of the Bonds remain Outstanding, it will not issue any additional Parity Bonds or other obligations payable out of the net income and revenues of the System or any part thereof which stand on a parity or equality with the Bonds ("Parity Bonds") unless the following conditions are met:

- (a) The City shall not be in default in the payment of principal of or interest on any Bonds or any Parity Bonds at the time outstanding or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in this

Ordinance or any Parity Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default); and

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

- (1) A certificate of an authorized official of the City to the effect that the Net Revenues Available for Debt Service derived by the City from the operation of the System for the fiscal year immediately preceding the issuance of additional bonds shall have been equal to at least 110% of the average annual Debt Service Requirements required to be paid out of said revenues in any succeeding fiscal year on account of both principal (at maturity or upon mandatory redemption) and interest becoming due with respect to all System Revenue Bonds of the City, including the additional bonds proposed to be issued. In determining the Net Revenues Available for Debt Service for the purpose of this subsection, the City may obtain a report of a Consultant who may adjust said Net Revenues Available for Debt Service by adding thereto, in the event the City has made any increase in rates for the use and services of the System and such increase has not been in effect during all of the fiscal year immediately preceding the issuance of additional bonds, the amount, as estimated by the Consultant, of the additional Net Revenues Available for Debt Service which would have resulted from the operation of the System during said fiscal year had such rate increase been in effect for the entire period.
- (2) A report of a Consultant to the effect that the Net Revenues Available for Debt Service projected to be derived by the City from the operation of the System for the fiscal year immediately following the issuance of such additional bonds, or if improvements to the System are contemplated, for the fiscal year immediately following the fiscal year in which the improvements to the System, the cost of which is being financed by such additional bonds, are to be in commercial operation, shall be equal to at least 110% of the average annual Debt Service Requirements required to be paid out of said revenues in any succeeding fiscal year on account of both principal (at maturity or upon mandatory redemption) and interest becoming due with respect to all System Revenue Bonds of the City, including the additional bonds proposed to be issued. In determining the projected Net Revenues Available for Debt Service for the purpose of this subsection, the Consultant may adjust said net revenues by adding thereto any estimated increase in Net Revenues Available for Debt Service resulting from any increase in rates for the use and services of the System which, in the opinion of the Consultant, are economically feasible and reasonably considered necessary based on projected operations of the System.

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

Section 903. Junior Lien Bonds and Other Obligations. Nothing in this Article contained shall prohibit or restrict the right of the City to issue additional revenue bonds or other revenue obligations for any lawful purpose in connection with the operation of the System and to provide that the principal of and interest on said revenue bonds or obligations shall be payable out of the revenues of the System, provided

at the time of the issuance of such additional revenue bonds or obligations the City shall not be in default in the performance of any covenant or agreement contained in this Ordinance or any other ordinance relating to System Revenue Bonds (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default), and provided further that such additional revenue bonds or obligations shall be junior and subordinate to the Bonds so that if at any time the City shall be in default in paying either interest on or principal of the Bonds, or if the City shall be in default in making any payments required to be made by it under the provisions of paragraphs (a) and (b) of Section 602 of this Ordinance, the City shall make no payments of either principal of or interest on said junior and subordinate revenue bonds or obligations until said default or defaults be cured. In the event of the issuance of any such junior and subordinate revenue bonds or obligations, the City, subject to the provisions aforesaid, may make provision for paying the principal of and interest on said revenue bonds or for paying said obligations out of moneys in the Revenue Fund.

Section 904. Refunding Bonds. The City shall have the right, without complying with the provisions of **Section 902** hereof, to refund any of the Bonds or any Parity Bonds under the provisions of any law then available in a manner which provides present value debt service savings to the City, and the refunding bonds so issued shall enjoy complete equality of pledge with any of the Bonds or any Parity Bonds which are not refunded, if any, upon the revenues of the System.

ARTICLE X

DEFAULT AND REMEDIES

Section 1001. Acceleration of Maturity Upon Default. The City covenants and agrees that if (a) it defaults in the payment of the principal of or interest on any of the Bonds as the same become due on any Bond Payment Date, (b) the City or its governing body or any of the officers, agents or employees thereof fail or refuse to comply with any of the provisions of this Ordinance or of the constitution or statutes of the State of Missouri, and such default continues for a period of 30 days after written notice specifying such default has been given to the City by the Paying Agent or the Registered Owner of any Bond then Outstanding, or (c) any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the City, and if instituted against the City, is consented to by the City or is not dismissed within 60 days, then, at any time thereafter and while such default continues, the Registered Owners of 25% in principal amount of the Bonds then Outstanding may, by written notice to the City filed in the office of the City Clerk or delivered in person to said City Clerk, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said Bonds shall become and be immediately due and payable, anything in this Ordinance or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of said Outstanding Bonds has been so declared to be due and payable, all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds has been paid in full and all other defaults, if any, by the City under the provisions of this Ordinance and under the provisions of the statutes of the State of Missouri have been cured, then and in every such case the Registered Owners of a majority in principal amount of the Bonds then Outstanding, by written notice to the City given as hereinbefore specified, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

Section 1002. Other Remedies. The provisions of this Ordinance, including the covenants and agreements herein contained, shall constitute a contract between the City and the Registered Owners of the Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of the Bonds at the

time Outstanding shall have the right for the equal benefit and protection of all Registered Owners of Bonds similarly situated:

- (a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Registered Owner or Owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of this Ordinance or by the Constitution and laws of the State of Missouri;
- (b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and
- (c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Bonds.

Section 1003. Limitation on Rights of Bondowners. No one or more Bondowners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Bonds.

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

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

ARTICLE XI

DEFEASANCE

Section 1101. Defeasance. When any or all of the Bonds or the interest payments thereon shall have been paid and discharged, then the requirements contained in this Ordinance and the pledge of revenues made hereunder and all other rights granted hereby shall terminate with respect to the Bonds or interest payments so paid and discharged. Bonds or the interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Ordinance if there has been deposited with the Paying Agent or other commercial bank or trust company qualified to do business in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest

payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned thereon, will be sufficient for the payment of the principal or Redemption Price of said Bonds, and/or interest to accrue on such Bonds to the Stated Maturity or Redemption Date, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds shall be redeemed prior to the Stated Maturity thereof, (1) the City shall have elected to redeem such Bonds, and (2) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to redeem such Bonds in compliance with **Section 302** of this Ordinance. Any moneys and Defeasance Obligations that at any time shall be deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging any of the Bonds or the interest payments thereon, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Registered Owners of such Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All moneys and Defeasance Obligations deposited with the Paying Agent or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

In the event of an advance refunding, the City shall cause to be delivered a verification report of an independent accountant or accounting firm verifying the sufficiency of the amounts on deposit with the Paying Agent or other escrow agent to provide for payment in full of the Bonds as provided herein.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201. Amendments. The rights and duties of the City and the Bondowners, and the terms and provisions of the Bonds or of this Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the owners of a majority in aggregate outstanding principal amount of the Bonds, such consent to be evidenced by an instrument or instruments executed by such Bondowners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

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

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

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

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

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

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

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

- (a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.
- (b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

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

establishes to the satisfaction of the Bondowners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the City.

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

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

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

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

[remainder of page intentionally left blank]

PASSED by the Board of Aldermen and **APPROVED** by the Mayor this 24th day of May, 2016.

[SEAL]

Mayor

ATTEST:

City Clerk

EXHIBIT A TO ORDINANCE

(FORM OF BONDS)

**THIS BOND MAY BE TRANSFERRED ONLY IN THE MANNER
AND IN THE DENOMINATIONS PROVIDED IN THE HEREIN
DESCRIBED ORDINANCE.**

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

**Registered
No. R-1**

**Dated Date:
June 1, 2016**

**CITY OF ASHLAND, MISSOURI
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND
SERIES 2016**

The **CITY OF ASHLAND, MISSOURI**, a fourth class city and a political subdivision of the State of Missouri (the "City"), for value received, promises to pay on **July 1, 2036** (the "Maturity Date") to

PINNACLE PUBLIC FINANCE, INC.

or registered assigns thereof, but solely from the source and in the manner herein specified, the principal amount of

ONE MILLION, THREE HUNDRED FIFTY-ONE THOUSAND, EIGHT HUNDRED DOLLARS

or such lesser amount as may be outstanding hereunder as reflected in the records maintained by the Paying Agent, and to pay interest on the outstanding principal amount of this Bond, but solely from the source and in the manner herein specified, at the rate of **2.84%** (subject to adjustment in the case of a Determination of Taxability and/or an Event of Default, as provided in the hereinafter described Ordinance), computed on the basis of a **360-day** year of **12 30-day** months, from the Dated Date shown above or from the most recent payment date to which interest has been paid or duly provided for, payable semiannually on January 1 and July 1 in each year, beginning on July 1, 2017, until said principal amount has been paid.

The final principal payment or Redemption Price of this Bond shall be paid on the Maturity Date or upon earlier redemption by check or draft to the Person in whose name this Bond is registered on the Bond Register at the Maturity Date or Redemption Date thereof, upon presentation and surrender of this Bond at the payment office of **FIRST BANK OF MISSOURI**, Gladstone, Missouri (the "Paying Agent").

The principal payable on this Bond by operation of scheduled mandatory sinking fund redemptions pursuant to the Ordinance (defined below) and the interest payable on this Bond on any Bond Payment Date shall be paid to the Person in whose name this Bond is registered on the Bond Register at the close of business on the Record Date for such principal and interest by check or draft mailed by the Paying Agent to such Registered Owner at the address shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner or by electronic transfer to such

Registered Owner upon written notice signed by such Registered Owner and given to the Paying Agent not less than 5 days prior to the Record Date for such payment, containing the electronic transfer instructions including the bank (which shall be in the continental United States), address, ABA routing number and account name and account number to which such Registered Owner wishes to have such transfer directed.

The Paying Agent shall keep a record of payment of principal and Redemption Price of and interest on this Bond and the current principal amount outstanding, taking into account principal payments resulting from mandatory sinking fund redemptions pursuant to the Ordinance (defined below). **THE RECORDS MAINTAINED BY THE PAYING AGENT SHALL BE THE OFFICIAL RECORD OF THE OUTSTANDING PRINCIPAL AMOUNT OF THIS BOND AT ANY TIME.**

THE TERMS AND PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF AND SUCH CONTINUED TERMS AND PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

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

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

IN WITNESS WHEREOF, the **CITY OF ASHLAND, MISSOURI**, has executed this Bond by causing it to be signed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk and its official seal to be affixed hereto or imprinted hereon.

CERTIFICATE OF AUTHENTICATION

CITY OF ASHLAND, MISSOURI

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

By: _____
Mayor

Registration Date: _____

(Seal)

FIRST BANK OF MISSOURI
Paying Agent

ATTEST:

By: _____
Authorized Signatory

City Clerk

(FORM OF REVERSE SIDE OF BOND)

ADDITIONAL PROVISIONS

This Bond is the sole bond of a duly authorized series of bonds of the City designated “**Combined Waterworks and Sewerage System Revenue Bonds, Series 2016,**” in the principal amount of **\$1,351,800** (the “Bonds”), issued by the City for the purpose of financing and refinancing the costs to extend and improve its combined waterworks and sewerage system, under the authority of and in full compliance with the Constitution and laws of the State of Missouri, including particularly Chapter 250 of the Revised Statutes of Missouri, as amended, and pursuant to elections duly held in the City and an ordinance duly adopted by the governing body of the City (herein called the “Ordinance”). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Ordinance.

At the option of the City, the Bonds may be called for redemption and payment prior to maturity in whole, but not in part, on July 1, 2024, or on any date thereafter, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date.

At the option of the City, the Bonds may be called for redemption and payment prior to maturity in part in an equal pro rata share, at any time prior to and including July 1, 2019, at the redemption price of 100% of the Bonds so redeemed, plus accrued interest to the Redemption Date, from excess proceeds of the Bonds that are not necessary to complete the project.

The 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 thereof plus accrued interest to the redemption date.

Bonds shall be redeemed only in the principal amount of \$100 or any integral multiple thereof. When less than all of the Outstanding Bonds are to be redeemed, such Bonds shall be redeemed from Stated Maturities selected by the City, and Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in \$100 units of principal amount in such equitable manner as the Paying Agent may determine.

Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any optional redemption shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 30 days prior to the Redemption Date to each Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register.

The mandatory redemption of Bonds pursuant to the Ordinance shall be carried out by the Paying Agent without notice to the Registered Owners of the Bonds and, except for the final mandatory redemption on the Maturity Date of the Bonds, without presentation or surrender of Bonds for payment. Payment of the principal amounts so redeemed shall be made to the Persons who are Registered Owners of the Bonds on the Record Date for such payment. The Paying Agent shall maintain records of the principal amounts redeemed by operation of the mandatory redemption provisions of the Ordinance as reductions of the outstanding principal amounts of the affected Bond or Bonds.

The Bonds are special obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the net revenues derived from the operation of the System, and the taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. The

Bonds shall not be or constitute a general obligation of the City, nor shall they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction. Under the conditions set forth in the Ordinance, the City has the right to issue additional parity bonds and other obligations payable from the same source and secured by the same revenues as the Bonds; provided, however, that such additional bonds may be so issued only in accordance with and subject to the covenants, conditions and restrictions relating thereto set forth in the Ordinance.

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

The Bonds are issuable in the form of fully registered Bonds without coupons in the denomination of \$100,000 or any integral multiple of \$100 in excess thereof.

THIS BOND MAY BE TRANSFERRED ONLY IN THE MANNER AND IN THE DENOMINATIONS PROVIDED IN THE HEREIN DESCRIBED ORDINANCE. This Bond may be transferred or exchanged, as provided in the Ordinance, only on the Bond Register upon surrender of this Bond together with a written instrument of transfer or exchange satisfactory to the Paying Agent duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Bond or Bonds in any authorized denomination of the same maturity and in the remaining outstanding principal amount (per the records maintained by the Paying Agent pursuant to the Ordinance) of the Bond that was presented for transfer or exchange as provided in the Ordinance and upon payment of the charges therein prescribed. The City and the Paying Agent may deem and treat the Person in whose name this Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

Any party purchasing or taking assignment of this Bond should note that the principal amount of this Bond outstanding at any time after the Dated Date may be less than stated on the face of this Bond due to the operation of mandatory sinking fund redemption procedures that do not require presentation and surrender of this Bond for receipt of payment. The records maintained by the Paying Agent are the official record of the outstanding principal amount of this Bond at any time.

ASSIGNMENT

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

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

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

Dated: _____

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

Signature Guaranteed By:

Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15)

By: _____
Title: _____

LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which was dated and issued as of the date of original issuance and delivery of such Bonds:

GILMORE & BELL, P.C.
2405 Grand Boulevard
Suite 1100
Kansas City, Missouri 64108

(LEGAL OPINION OF BOND COUNSEL)

EXHIBIT B

(FORM OF REQUISITION CERTIFICATE)

Requisition No. _____

Date: _____

REQUISITION CERTIFICATE

TO: FIRST BANK OF MISSOURI, AS PAYING AGENT UNDER AN ORDINANCE (THE "ORDINANCE") OF THE CITY OF ASHLAND, MISSOURI (THE "CITY") DATED AS OF MAY 24, 2016, RELATING TO THE CITY'S COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2016

Pursuant to **Section 503** of the Ordinance, the undersigned hereby requests payment of costs of the Project from the following subaccount of the Project Fund:

- Subaccount for 2006 Question; or
- Subaccount for 2014 Question.

In accordance with this request, and hereby certifies as follows:

Capitalized terms not defined herein shall have the meanings set forth in the Ordinance.

1. The Paying Agent is requested and directed to pay costs of the Project from the subaccount of the Project Fund selected above, said costs to be paid in such amounts, to such payees and for such purposes as set forth on **Schedule 1** hereto (attach summary of costs to be paid and invoices for all costs to be paid).

2. Such payment is being made for a purpose within the scope of the Ordinance and within the scope of the 2006 Question or the 2014 Question, as designated above, and the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, such payment is not in excess of the reasonable value thereof.

CITY OF ASHLAND, MISSOURI

By: _____
[City Clerk / City Manager / Mayor]

[unless costs requisitioned consist only of equipment, include consultant signature]

[CONSULTANT]

By: _____

FEDERAL TAX CERTIFICATE

DATED AS OF JUNE 1, 2016

OF

CITY OF ASHLAND, MISSOURI

\$1,351,800

CITY OF ASHLAND, MISSOURI

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS

SERIES 2016

FEDERAL TAX CERTIFICATE

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* * *

FEDERAL TAX CERTIFICATE

THIS FEDERAL TAX CERTIFICATE (the "Tax Certificate"), is executed as of June 1, 2016 by the **CITY OF ASHLAND, MISSOURI**, a political subdivision organized and existing under the laws of the State of Missouri (the "Issuer").

RECITALS

1. This Tax Certificate is being executed and delivered in connection with the issuance by the Issuer of \$1,351,800 principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2016 (the "Bonds"), under an Ordinance passed by the governing body of the Issuer (the "Ordinance"), for the purposes described in this Tax Certificate and in the Ordinance.

2. The Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Regulations and rulings issued by the U.S. Treasury Department (the "Regulations"), impose certain limitations on the uses and Investment of the Bond proceeds and of certain other money relating to the Bonds and set forth the conditions under which the interest on the Bonds will be excluded from gross income for federal income tax purposes.

3. The Issuer is executing this Tax Certificate in order to set forth certain facts, covenants, representations, and expectations relating to the use of Bond proceeds and the property financed or refinanced with those proceeds and the Investment of the Bond proceeds and of certain other related money, in order to establish and maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and to provide guidance for complying with the arbitrage rebate provisions of Code § 148(f).

4. The Issuer adopted a Tax-Exempt Financing Compliance Procedure on September 17, 2013 (the "Tax Compliance Procedure") for the purpose of setting out general procedures for the Issuer to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations.

5. This Tax Certificate is entered into as required by the Tax Compliance Procedure to set out specific tax compliance procedures applicable to the Bonds.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Certificate, the Issuer represents, covenants and agrees as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. Except as otherwise provided in this Tax Certificate or unless the context otherwise requires, capitalized words and terms used in this Tax Certificate have the same meanings as set forth in the Ordinance, and certain other words and phrases have the meanings assigned in Code §§ 103, 141-150 and the Regulations. The following words and terms used in this Tax Certificate have the following meanings:

“Bona Fide Debt Service Fund” means a fund, which may include Bond proceeds, that (a) is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and (b) is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Bond Year, or (2) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

“Bond” or **“Bonds”** means any Bond or Bonds described in the recitals, authenticated and delivered under the Ordinance.

“Bond Compliance Officer” means the Issuer’s City Administrator or other person named in the Tax Compliance Procedure.

“Bond Counsel” means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel acceptable to the Issuer.

“Bond Year” means each 1-year period (or shorter period for the first Bond Year) ending July 1, or another 1-year period selected by the Issuer.

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

“Final Written Allocation” means the Final Written Allocation of expenditures prepared by the Bond Compliance Officer in accordance with the Tax Compliance Procedure and Section 4.2(b) of this Tax Certificate.

“Financed Facility” means the portion of the Project being financed or refinanced with the proceeds of the Bonds as described on **Exhibit D**.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the Issuer from the sale of the Bonds, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds), (c) any amounts held in a sinking fund for the Bonds, (d) any amounts held in a pledged fund or reserve fund for the Bonds, and (e) any other replacement proceeds. Specifically, Gross Proceeds includes (but is not limited to) amounts held in the following funds and accounts:

- (1) Project Fund.
- (2) Debt Service Fund.

“Guaranteed Investment Contract” is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on 2 or more future dates (*e.g.*, a forward supply contract).

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

“IRS” means the United States Internal Revenue Service.

“Issue Date” means June 1, 2016.

“Issuer” means City of Ashland, Missouri and its successors and assigns, or any body, agency or instrumentality of the State of Missouri succeeding to or charged with the powers, duties and functions of the Issuer.

“Management Agreement” means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. Contracts for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing or similar services); however, are not treated as Management Agreements.

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

“Minor Portion” means the lesser of \$100,000 or 5% of the sale proceeds of the Bonds.

“Net Proceeds” means when used in reference to the Bonds, the sale proceeds (excluding pre-issuance accrued interest), less an allocable share of any proceeds deposited in a reasonably required reserve or replacement fund, plus an allocable share of all Investment earnings on such sale proceeds.

“Non-Qualified Use” means use of Bond proceeds or the Financed Facility in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether Bond proceeds or the Financed Facility are “used” in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Facility, will constitute use under Regulations § 1.141-3.

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

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

“Ordinance” means the Ordinance as originally executed by the Issuer as amended and supplemented in accordance with the provisions of the Ordinance.

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

“Project” means all of the property being acquired, developed, constructed, renovated, and equipped by the Issuer using Bond proceeds and other money contributed by the Issuer, as described on **Exhibit D**.

“Proposed Regulations” means the proposed arbitrage regulations REG 106143-07 (published at 72 Fed. Reg. 54606 (Sept. 26, 2007)).

“Purchaser” means Pinnacle Public Finance, Inc., purchaser of the Bonds.

“Qualified Use Agreement” means any of the following:

(1) A lease or other short-term use by members of the general public who occupy the Financed Facility on a short-term basis in the ordinary course of the Issuer’s governmental purposes.

(2) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 200 days in length pursuant to an arrangement whereby (a) the use of the Financed Facility under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (b) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(3) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 100 days in length pursuant to arrangements whereby (a) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (b) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (c) the Financed Facility was not constructed for a principal purpose of providing the property for use by that Qualified User or Non-Qualified User. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(4) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 50 days in length pursuant to a negotiated arm’s-length arrangement at fair market value so long as the Financed Facility was not constructed for a principal purpose of providing the property for use by that person.

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

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

“Tax Certificate” means this Federal Tax Certificate as it may from time to time be amended and supplemented in accordance with its terms.

“Tax Compliance Procedure” means the Issuer’s Tax-Exempt Financing Compliance Procedure dated September 17, 2013.

“Tax-Exempt Bond File” means documents and records for the Bonds, maintained by the Bond Compliance Officer pursuant to the Tax Compliance Procedure.

“**Transcript**” means the Transcript of Proceedings relating to the authorization and issuance of the Bonds.

“**Yield**” means Yield on the Bonds, computed under Regulations § 1.148-4, and Yield on an Investment, computed under Regulations § 1.148-5.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the Issuer. The Issuer represents and covenants as follows:

(a) *Organization and Authority.* The Issuer (1) is a political subdivision organized and existing under the laws of the State of Missouri, and (2) has lawful power and authority to issue the Bonds for the purposes set forth in the Ordinance, to enter into, execute and deliver the Ordinance, the Bonds, and this Tax Certificate and to carry out its obligations under this Tax Certificate and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Ordinance, the Bonds, and this Tax Certificate, acting by and through its duly authorized officials.

(b) *Tax-Exempt Status of Bonds—General Covenant.* The Issuer (to the extent within its power or direction) will not use any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other source, in a manner that would cause the Bonds to be “arbitrage bonds,” within the meaning of Code § 148, and will not (to the extent within its power or direction) otherwise use or permit the use of any Bond proceeds or any other funds of the Issuer, directly or indirectly, in any manner, or take or permit to be taken any other action or actions, that would cause interest on the Bonds to be included in gross income for federal income tax purposes.

(c) *Governmental Obligations—Use of Proceeds.* Throughout the Measurement Period, all of the Financed Facility is expected to be owned by the Issuer or another Qualified User. Throughout the Measurement Period, no portion of the Financed Facility is expected to be used in a Non-Qualified Use. Throughout the Measurement Period, the Issuer will not permit any Non-Qualified Use of the Financed Facility without first obtaining an Opinion of Bond Counsel.

(d) *Governmental Obligations—Private Security or Payment.* As of the Issue Date, the Issuer expects that none of the principal and interest on the Bonds will be (under the terms of the Bonds or any underlying arrangement) directly or indirectly:

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

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

For purposes of the forgoing, taxes of general application, including payments in lieu of taxes, are not treated as private payments or as private security. The Issuer will not permit any private security or payment with respect to the Bonds without first obtaining an Opinion of Bond Counsel.

(e) *No Private Loan.* Not more than 5% of the net proceeds of the Bonds will be loaned directly or indirectly to any Non-Qualified User.

(f) *Management Agreements.* As of the Issue Date, the Issuer has no Management Agreements with Non-Qualified Users. During the Measurement Period the Issuer will not enter into or renew any Management Agreement with any Non-Qualified User without first obtaining an Opinion of Bond Counsel.

(g) *Leases.* As of the Issue Date, the Issuer has not entered into any leases of any portion of the Financed Facility other than Qualified Use Agreements during the Measurement Period. During the Measurement Period, the Issuer will not enter into or renew any lease or similar agreement or arrangement other than a Qualified Use Agreement without first obtaining an Opinion of Bond Counsel.

(h) *Output Contracts.* As of the Issue Date, the Issuer does not have any "Output Contract" (defined below). During the Measurement Period the Issuer will not enter into any "Output Contract" (defined below) without first obtaining an Opinion of Bond Counsel. The term "Output Contract" is defined in Regulations § 1.141-7, and generally includes any contract with a Non-Qualified User that provides for the purchase of the output of Financed Facility. A similar contract with a Qualified User is not an Output Contract.

(i) *Limit on Maturity of Bonds.* A list of the assets included in the Financed Facility and a computation of the "average reasonably expected economic life" is attached to this Tax Certificate as **Exhibit D**. Based on this computation, the "average maturity" of the Bonds as computed by Bond Counsel, does not exceed the average reasonably expected economic life of the Financed Facility.

(j) *Expenditure of Bond Proceeds.* On May 24, 2016, the governing body of the Issuer adopted a the Ordinance declaring the intent of the Issuer to finance the Financed Facility with tax-exempt bonds and to reimburse the Issuer for expenditures made for the Financed Facility prior to the issuance of those bonds. A copy of the Ordinance is attached to this Tax Certificate as **Exhibit C**. No portion of the Net Proceeds of the Bonds will be used to reimburse an expenditure paid by the Issuer prior to the issue date. The Issuer will evidence each allocation of the proceeds of the Bonds to an expenditure in writing.

(k) *Registered Bonds.* The Ordinance requires that all of the Bonds will be issued and held in registered form within the meaning of Code § 149(a).

(l) *Bonds Not Federally Guaranteed.* The Issuer will not take any action or permit any action to be taken which would cause any Bond to be "federally guaranteed" within the meaning of Code § 149(b).

(m) *IRS Form 8038-G.* Bond Counsel will prepare Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) based on the representations and covenants of the Issuer contained in this Tax Certificate or otherwise provided by the Issuer. Bond Counsel will sign the return as a paid preparer following completion and will then deliver copies to the Issuer for execution and for the Issuer's records. Issuer agrees to timely execute and return to Bond Counsel the execution copy of Form 8038-G for filing with the IRS. A copy of the "as-filed" copy along with proof of filing will be included as **Exhibit B**. The Issuer has allocated \$-0- of the Net Proceeds of the Bonds to reimburse expenditures made prior to the Issue Date.

(n) *Hedge Bonds.* At least 85% of the net sale proceeds (the sale proceeds of the Bonds less any sale proceeds invested in a reserve fund) of the Bonds will be used to carry out the governmental purpose of the Bonds within 3 years after the Issue Date, and not more than 50% of the proceeds of the Bonds will be invested in Investments having a substantially guaranteed Yield for 4 years or more.

(o) *Compliance with Future Tax Requirements.* The Issuer understands that the Code and the Regulations may impose new or different restrictions and requirements on the Issuer in the future. The Issuer will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(p) *Single Issue; No Other Issues.* The Bonds constitute a single “issue” under Regulations § 1.150-1(c). No other debt obligations of the Issuer (1) are being sold within 15 days of the sale of the Bonds, (2) are being sold under the same plan of financing as the Bonds, and (3) are expected to be paid from substantially the same source of funds as the Bonds (disregarding guarantees from unrelated parties, such as bond insurance).

(q) *Interest Rate Swap.* As of the Issue Date, the Issuer has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Bonds. The Issuer will not enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.

(r) *Guaranteed Investment Contract.* As of the Issue Date, the Issuer does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Bonds. The Issuer will be responsible for complying with Section 4.4(d) if it decides to enter into a Guaranteed Investment Contract at a later date.

(s) *Bank Qualified Tax-Exempt Obligation.* The Issuer designates the Bonds as “qualified tax-exempt obligations” under Code § 265(b)(3), and with respect to this designation certifies as follows:

(1) the Issuer reasonably anticipates that the amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) that will be issued by or on behalf of the Issuer (and all subordinate entities of the Issuer) during the calendar year that the Bonds are issued, including the Bonds, will not exceed \$10,000,000; and

(2) the Issuer (including all subordinate entities of the Issuer) will not issue tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) during the calendar year that the Bonds are issued, including the Bonds, in an aggregate principal amount or aggregate issue price in excess of \$10,000,000, without first obtaining an Opinion of Bond Counsel that the designation of the Bonds as “qualified tax-exempt obligations” will not be adversely affected.

Section 2.2. Survival of Representations and Covenants. All representations, covenants and certifications contained in this Tax Certificate or in any certificate or other instrument delivered by the Issuer under this Tax Certificate, will survive the execution and delivery of such documents and the issuance of the Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Bonds.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this Article III is to certify, under Regulations § 1.148-2(b), the Issuer's expectations as to the sources, uses and Investment of Bond proceeds and other money, in order to support the Issuer's conclusion that the Bonds are not arbitrage bonds. The person executing this Tax Certificate on behalf of the Issuer is an officer of the Issuer responsible for issuing the Bonds.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations set forth in this Article III are based upon and in reliance upon the Issuer's understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the Issuer's knowledge, the facts and estimates set forth in this Tax Certificate are accurate, and the expectations of the Issuer set forth in this Tax Certificate are reasonable. The Issuer has no knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Certificate are unreasonable or inaccurate or may not be relied upon.

Section 3.3. Purposes of the Financing. The Bonds are being issued for the purpose of providing funds to finance the costs of certain facilities and to pay certain costs of issuing the Bonds.

Section 3.4. Funds and Accounts. The following funds and accounts have been established under the Ordinance:

Project Fund
Debt Service Fund
Revenue Fund

Section 3.5. Amount and Use of Bond Proceeds and Other Money.

(a) *Amount of Bond Proceeds.* The total proceeds to be received by the Issuer from the sale of the Bonds will be as follows:

Principal Amount	<u>\$1,351,800</u>
Total Proceeds Received by Issuer	<u>\$1,351,800</u>

(b) *Use of Bond Proceeds.* The Bond proceeds are expected to be allocated to expenditures as follows: \$1,351,800 will be deposited in the Project Fund, of which \$38,836 will be used to pay the costs of issuing the Bonds and the balance will be used to pay costs of the Financed Facility.

Section 3.6. Multipurpose Issue. Pursuant to Regulations § 1.148-9(h), the Issuer is applying the arbitrage rules to separate financing purposes of the issue that have the same initial temporary period as if they constitute a single issue for purposes of applying the arbitrage rules.

Section 3.7. No Advance Refunding. No proceeds of the Bonds will be used more than 90 days following the Issue Date to pay principal or interest on any other debt obligation.

Section 3.8. No Current Refunding. No proceeds of the Bonds will be used to pay principal or interest on any other debt obligation.

Section 3.9. Project Completion. The Issuer has incurred, or will incur within 6 months after the Issue Date, a substantial binding obligation to a third party to spend at least 5% of the Net Proceeds of the Bonds on the Financed Facility. The completion of the Financed Facility and the allocation of the Net Proceeds of the Bonds to expenditures will proceed with due diligence. At least 85% of the Net Proceeds of the Bonds will be allocated to expenditures on the Financed Facility within 3 years after the Issue Date.

Section 3.10. Sinking Funds. The Issuer is required to make periodic payments in amounts sufficient to pay the principal of and interest on the Bonds. Such payments will be deposited into the Debt Service Fund. Except for the Debt Service Fund, no sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Bonds has been established or is expected to be established. The Debt Service Fund is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year, and the Issuer expects that the Debt Service Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.11. Reserve, Replacement and Pledged Funds.

(a) *Debt Service Reserve Fund.* No reserve or replacement fund has been established for the Bonds.

(b) *No Other Replacement or Pledged Funds.* None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility, and that instead has been or will be used to acquire higher Yielding Investments. Except for the Debt Service Fund, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the Issuer encounters financial difficulty.

(c) *Other Funds and Accounts.* Amounts held in the Revenue Fund may be used for expenses of the City's combined waterworks and sewerage system, debt service on other system revenue bonds, replacement of deteriorating system components and other uses in addition to debt service on the Bonds. Therefore, amounts held in the Revenue Fund are not pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the Issuer encounters financial difficulty.

Section 3.12. Purpose Investment Yield. The proceeds of the Bonds will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

Section 3.13. Offering Prices and Yield on Bonds.

(a) *Offering Prices.* In the Receipt for Bonds and Representation, the Purchaser has certified that it has purchased all of the Bonds as principal for its own accounts and have not acted as agent for any person or entity. As of the date hereof, the Purchaser has not sold and has no present intention to sell the Bonds to any person. The aggregate initial offering price of the Bonds is \$1,351,800, plus accrued interest.

(b) *Bond Yield.* Based on the offering prices, the Yield on the Bonds is 2.837412%, as computed by Bond Counsel as shown on **Exhibit A**. The Issuer has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Bonds.

Section 3.14. Miscellaneous Arbitrage Matters.

(a) *No Abusive Arbitrage Device.* The Bonds are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.

(b) *No Over-Issuance.* The sale proceeds of the Bonds, together with expected Investment earnings thereon and other money contributed by the Issuer, do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.15. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Certificate, the Issuer does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an “arbitrage bond” within the meaning of Code § 148 and the Regulations.

ARTICLE IV

POST-ISSUANCE TAX REQUIREMENTS, POLICIES AND PROCEDURES

Section 4.1. General.

(a) *Purpose of Article.* The purpose of this Article is to supplement the Tax Compliance Procedure and to set out specific policies and procedures governing compliance with the federal income tax requirements that apply after the Bonds are issued. The Issuer recognizes that interest on the Bonds will remain excludable from gross income only if Post-Issuance Tax Requirements are followed after the Issue Date. The Issuer further acknowledges that written evidence substantiating Post-Issuance Tax Requirements must be retained in order to permit the Bonds to be refinanced with tax-exempt obligations and substantiate the position that interest on the Bonds is exempt from gross income in the event of an audit of the Bonds by the IRS.

(b) *Written Policies and Procedures of the Issuer.* The Issuer intends for the Tax Compliance Procedure, as supplemented by this Tax Certificate, to be its primary written policies and procedures for monitoring compliance with the Post-Issuance Tax Requirements for the Bonds and to supplement any other formal policies and procedures related to tax compliance that the Issuer has established. The provisions of this Tax Certificate are intended to be consistent with the Tax Compliance Procedure. In the event of any inconsistency between the Tax Compliance Procedure and this Tax Certificate, the terms of this Tax Certificate will govern.

(c) *Bond Compliance Officer.* The Issuer when necessary to fulfill its Post-Issuance Tax Requirements will, through its Bond Compliance Officer, sign Form 8038-T in connection with the payment of arbitrage rebate or yield reduction payments, participate in any federal income tax audit of the Bonds or related proceedings under a voluntary compliance agreement procedures (VCAP) or undertake a remedial action procedure pursuant to Regulations §§ 1.141-12 and 1.145-2. In each case, all costs and expenses incurred by the Issuer shall be treated as a reasonable cost of administering the Bonds and the Issuer shall be entitled to reimbursement and recovery of its costs to the same extent as provided in the Ordinance or State law.

Section 4.2. Record Keeping; Use of Bond Proceeds and Use of Financed Facilities.

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

(b) *Accounting and Allocation of Bond Proceeds to Expenditures.* The Bond Compliance Officer will account for the investment and expenditure of Bond proceeds in the level of detail required by the Tax Compliance Procedure. The Bond Compliance Officer will supplement the expected allocation of Bond proceeds to expenditures with a Final Written Allocation as required by the Tax Compliance Procedure. A sample form of Final Written Allocation is attached as **Exhibit F**.

(c) *Annual Compliance Checklist.* Attached as **Exhibit E** is a sample annual compliance checklist for the Bonds. The Bond Compliance Officer will prepare and complete an annual compliance checklist for the Financed Facility at least annually in accordance with the Tax Compliance Procedure. In the event the annual compliance checklist identifies a deficiency in compliance with the requirements of this Tax Certificate, the Bond Compliance Officer will take the actions identified in an Opinion of Bond Counsel or the Tax Compliance Procedure to correct any deficiency.

(d) *Opinions of Bond Counsel.* The Bond Compliance Officer is responsible for obtaining and delivering to the Issuer any Opinion of Bond Counsel required under the provisions of this Tax Certificate, including any opinion required by this Tax Certificate or the annual compliance checklist.

Section 4.3. Temporary Periods/Yield Restriction. Except as described below, the Issuer will not invest Gross Proceeds at a Yield greater than the Yield on the Bonds:

(a) *Project Fund (including amounts held for costs of issuance).* Bond proceeds deposited in the Project Fund (including amounts held for cost of issuance) and investment earnings on those proceeds may be invested without Yield restriction for up to 3 years following the Issue Date. If any unspent proceeds remain in the Project Fund after 3 years, those amounts may continue to be invested without Yield restriction so long as the Issuer pays to the IRS all Yield reduction payments in accordance with Regulations § 1.148-5(c). These payments are required whether or not the Bonds are exempt from the arbitrage rebate requirements of Code § 148.

(b) *Debt Service Fund.* To the extent that the Debt Service Fund qualifies as a Bona Fide Debt Service Fund, money in such account may be invested without Yield restriction for 13 months after the date of deposit. Earnings on such amounts may be invested without Yield restriction for 1 year after the date of receipt of such earnings.

(c) *Minor Portion.* In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without Yield restriction.

Section 4.4. Fair Market Value.

(a) *General.* No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with Regulations § 1.148-5.

(b) *Established Securities Market.* Except for Investments purchased for a Yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using 1 of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with Regulations § 1.148-5.

(c) *Certificates of Deposit.* The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) *Guaranteed Investment Contracts.* The Issuer is applying Regulations § 1.148-5(d)(6)(iii)(A) as amended by the Proposed Regulations (relating to electronic bidding of Guaranteed Investment Contracts) to the Bonds. The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

(1) Bona Fide Solicitation for Bids. The Issuer makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(A) The bid specifications are in writing and are timely forwarded to potential providers, or are made available on an internet website or other similar electronic media that is regularly used to post bid specifications to potential bidders. A writing includes a hard copy, a fax, or an electronic e-mail copy.

(B) The bid specifications include all "material" terms of the bid. A term is material if it may directly or indirectly affect the Yield or the cost of the Guaranteed Investment Contract.

(C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the bond issue), and (iii)

that the bid is not being submitted solely as a courtesy to the Issuer or any other person, for purposes of satisfying the requirements of the Regulations.

(D) The terms of the bid specifications are “commercially reasonable.” A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the Guaranteed Investment Contract.

(E) The terms of the solicitation take into account the Issuer’s reasonably expected deposit and draw-down schedule for the amounts to be invested.

(F) All potential providers have an equal opportunity to bid. If the bidding process affords any opportunity for a potential provider to review other bids before providing a bid, then providers have an equal opportunity to bid only if all potential providers have an equal opportunity to review other bids. Thus, no potential provider may be given an opportunity to review other bids that is not equally given to all potential providers (that is no exclusive “last look”).

(G) At least 3 “reasonably competitive providers” are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of Investments being purchased.

(2) Bids Received. The bids received must meet all of the following requirements:

(A) At least 3 bids are received from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (i) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Issue Date of the issue, (ii) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (iii) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(B) At least 1 of the 3 bids received is from a reasonably competitive provider, as defined above.

(C) If an agent or broker is used to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) Winning Bid. The winning bid is the highest yielding bona fide bid (determined net of any broker’s fees).

(4) Fees Paid. The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) Records. The Issuer retains the following records with the bond documents until 3 years after the last outstanding Bond is redeemed:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Issuer, and the certification as to fees paid, described in paragraph (d)(4) above.

(C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(D) The bid solicitation form and, if the terms of Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) *Other Investments.* If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) at least 3 bids on the Investment must be received from persons with no financial interest in the Bonds (*e.g.*, as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 4.5. Bonds Exempt from the Rebate Requirement.

(a) *The Bonds Qualify as a Rebate-Exempt Small Issue.*

(1) the Issuer is a governmental unit under State law with general taxing powers;

(2) no Bond is a “private activity bond” as defined in Code § 141;

(3) 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and

(4) the aggregate face amount of all tax-exempt bonds (other than private activity bonds), and qualified tax credit bonds as defined in Code § 54A(d)(1) to be issued by the Issuer during the current calendar year is not reasonably expected to exceed \$5,000,000. The Issuer understands that, for this purpose; (a) the Issuer and all entities which issue bonds on behalf of the Issuer are treated as 1 issuer; (b) all bonds issued by an entity subordinate to the Issuer are treated as issued by the Issuer; and (c) bonds issued by the Issuer to currently refund any other bond are not taken into account to the extent that the amount of the refunding bonds does not exceed the outstanding amount of the refunded obligations.

(b) *Conclusion as to Small Issuer Exemption.* Based on these certifications, Bond Counsel has advised the Issuer that the Bonds are exempt from the arbitrage rebate requirements of Code § 148(f), under the small-issuer exception set forth in Code § 148(f)(4)(D).

Section 4.6. Filing Requirements. The Issuer will file or cause to be filed with the IRS such reports or other documents as are required by the Code in accordance with an Opinion of Bond Counsel.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1. Term of Tax Certificate. This Tax Certificate will be effective concurrently with the issuance and delivery of the Bonds and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Bonds have been fully paid and all such Bonds are cancelled; provided that, the provisions of Section 4.2 relating to record keeping shall continue in force for the period described therein for records to be retained.

Section 5.2. Amendments. This Tax Certificate may be amended from time to time by the Issuer without notice to or the consent of any of the Bondowners, but only if such amendment is in writing and is accompanied by an Opinion of Bond Counsel to the effect that, under then existing law, assuming compliance with this Tax Certificate as so amended such amendment will not cause interest on any Bond to be included in gross income for federal income tax purposes. No such amendment will become effective until the Issuer receives this Opinion of Bond Counsel.

Section 5.3. Opinion of Bond Counsel. The Issuer may deviate from the provisions of this Tax Certificate if furnished with an Opinion of Bond Counsel to the effect that the proposed deviation will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Issuer will comply with any further or different instructions provided in an Opinion of Bond Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Bonds or the exclusion from gross income of interest on the Bonds.

Section 5.4. Reliance. In delivering this Tax Certificate the Issuer is making only those certifications, representations and agreements as are specifically attributed to it in this Tax Certificate. The Issuer is not aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Certificate and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The Issuer understands that its certifications will be relied upon by the law firm of Gilmore & Bell, P.C., in rendering its opinion as to the validity of the Bonds and the exclusion from federal gross income of the interest on the Bonds.

Section 5.5. Severability. If any provision in this Tax Certificate or in the Bonds is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

Section 5.6. Benefit of Agreement. This Tax Certificate is binding upon the Issuer its respective successors and assigns, and inures to the benefit of the Issuer and the owners of the Bonds. Nothing in this Tax Certificate or in the Ordinance or the Bonds, express or implied, gives to any person, other than the parties to this Tax Certificate, their successors and assigns, and the owners of the Bonds, any benefit or any legal or equitable right, remedy or claim under this Tax Certificate.

Section 5.7. Default, Breach and Enforcement. Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Certificate may be pursued by the Bondowners pursuant to the terms of the Ordinance or any other document which references this Tax Certificate and gives remedies for a misrepresentation or breach thereof.

Section 5.8. Execution in Counterparts. This Tax Certificate may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

Section 5.9. Governing Law. This Tax Certificate will be governed by and construed in accordance with the laws of the State of Missouri.

Section 5.10. Electronic Transactions. The transaction described in this Tax Certificate may be conducted, and related documents may be stored, by electronic means.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned, by execution of this Tax Certificate hereby makes the foregoing certifications, representations, and agreements contained in this Tax Certificate on behalf of the Issuer, as of the Issue Date of the Bonds.

CITY OF ASHLAND, MISSOURI

By: _____
Title: Mayor

EXHIBIT A

DEBT SERVICE SCHEDULE AND PROOF OF BOND YIELD

EXHIBIT B

IRS FORM 8038-G

EXHIBIT C

RESOLUTION OF OFFICIAL INTENT

EXHIBIT D

**DESCRIPTION OF PROPERTY COMPRISING THE FINANCED FACILITY AND LIST OF
REIMBURSEMENT EXPENDITURES**

EXHIBIT E

**SAMPLE
ANNUAL COMPLIANCE CHECKLIST**

Name of tax-exempt bonds ("Bonds") financing	Combined Waterworks and Sewerage System
Project Facility:	Revenue Bonds, Series 2016
Issue Date of Bonds:	Northeast Ashland expansions
Placed in service date of Project Facility:	June 1, 2016
Name of Bond Compliance Officer:	
Period covered by request ("Annual Period"):	

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

2 Leases & Other Rights to Possession	During the Annual Period, was any part of the Project Facility leased at any time pursuant to a lease or similar agreement for more than 50 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the lease or other arrangement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

3 Management or Service Agreements	During the Annual Period, has the management of all or any part of the operations of the Project Facility (e.g., water system, sewer system, etc.) been assumed by or transferred to another entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the management agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Item	Question	Response
4 Other Use	Was any other agreement entered into with an individual or entity that grants special legal rights to the Financed Asset?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was an Opinion of Bond Counsel obtained prior to entering into the agreement? If Yes, include a copy of the Opinion in the Tax-Exempt Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Exempt Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Bond Compliance Officer: _____

Date Completed: _____

EXHIBIT F

SAMPLE FINAL WRITTEN ALLOCATION

CITY OF ASHLAND, MISSOURI COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS SERIES 2016

Final Written Allocation

The undersigned is the _____ of the City of Ashland, Missouri (the "Issuer") and in that capacity is authorized to execute federal income tax returns required to be filed by the Issuer and to make appropriate elections and designations regarding federal income tax matters on behalf of the Issuer. This allocation of the proceeds of the bond issue referenced above (the "Bonds") is necessary for the Issuer to satisfy ongoing reporting and compliance requirements under federal income tax laws.

Purpose. This document, together with the schedules and records referred to below, is intended to memorialize allocations of Bond proceeds to expenditures for purposes of §§ 141 and 148 of the Internal Revenue Code (the "Code"). All allocations are or were previously made no later than 18 months following the date the expenditure was made by the Issuer or, if later, the date the "project" was "placed in service" (both as defined below), and no later than 60 days following the 5th anniversary of the issue date of the Bonds.

Background. The Bonds were issued on June 1, 2016 (the "Issue Date"), by the City of Ashland, Missouri (the "Issuer"). The Bonds were issued in order to provide funds needed to construct, equip and furnish water and sewer system expansions (the "Project"). The Bonds were issued pursuant to an Ordinance of the Issuer. Proceeds of the Bonds were deposited to the following accounts:

Project Account

Sources Used to Fund Project Costs and Allocation of Proceeds to Project Costs. A portion of the costs of the Project was paid from sale proceeds of the Bonds and the remaining portion of the costs of the Project was paid from earnings from the investment of bond sale proceeds and from other money as shown on **Schedule 1** to this Final Written Allocation.

Identification of Financed Assets. The portions of the Project financed from Bond proceeds (i.e., the "Financed Facility" referenced in the Federal Tax Certificate) are listed on page 1 of **Schedule 2** to this Final Written Allocation.

Identification and Timing of Expenditures for Arbitrage Purposes. For purposes of complying with the arbitrage rules, the Issuer allocates the proceeds of the Bonds to the various expenditures described in the invoices, requisitions or other substantiation attached as **Schedule 2** to this Final Written Allocation. In each case, the cost requisitioned was either paid directly to a third party or reimbursed the Issuer for an amount it had previously paid or incurred. Amounts received from the sale of the Bonds and retained as underwriters discount are allocated to that purpose and spent on the Issue Date. Amounts allocated to interest expense are treated as paid on the interest payment dates for the Bonds.

Placed In Service. The Project was “placed in service” on the date set out on **Schedule 2** to this Final Written Allocation. For this purpose, the assets are considered to be “placed in service” as of the date on which, based on all the facts and circumstances: (1) the constructing and equipping of the asset has reached a degree of completion which would permit its operation at substantially its design level; and (2) the asset is, in fact, in operation at that level.

This allocation has been prepared based on statutes and regulations existing as of this date. The Issuer reserves the right to amend this allocation to the extent permitted by future Treasury Regulations or similar authorities.

City of Ashland, Missouri

By: _____
Title: _____

Dated: _____

Name of Legal Counsel/Law Firm Reviewing Final Written Allocation:

Date of Review: _____

**SCHEDULE 1
TO FINAL WRITTEN ALLOCATION**

ALLOCATION OF SOURCES AND USES

[Insert Spreadsheet]

**SCHEDULE 2
TO FINAL WRITTEN ALLOCATION**

**IDENTIFICATION OF FINANCED ASSETS
&
DETAILED LISTING OF EXPENDITURES**

[Insert Spreadsheet]



June 1, 2016

City of Ashland, Missouri
Ashland, Missouri

Pinnacle Public Finance, Inc.
Scottsdale, Arizona

Re: \$1,351,800 City of Ashland, Missouri Combined Waterworks and Sewerage System
Revenue Bonds, Series 2016

Ladies and Gentlemen:

We have acted as bond counsel to the City of Ashland, Missouri (the "City") in connection with the issuance by the City of the above-captioned bonds (the "Bonds"), pursuant to an Ordinance adopted by the governing body of the City (the "Ordinance"). 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 income and revenues derived by the City from the operation of the System, after providing for the costs of operation and maintenance thereof, and on 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 interest on the Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes, (ii) is exempt from income taxation by the State of Missouri, and (iii) is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum

tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

We express no opinion regarding the accuracy, completeness or sufficiency of any offering material relating to the Bonds. Further, we express no opinion regarding the perfection or priority of the lien on revenues or other funds pledged under the Ordinance or tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Ordinance 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.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,