

Board of Aldermen Meeting December 17, 2019 at 6:00 PM

The Mayor and Board of Aldermen will hold the regular monthly meeting in the Betty Brazelton Community Center at 707 Oak Street to consider and act upon the matters on the following tentative agenda and such other matters as may be presented at the meeting and determined to be appropriate for discussion at that time.

Tentative Agenda

1. Call to Order

Pledge of Allegiance to the American Flag

2. Roll Call

3. Approve Agenda

4. Fiscal Year 2018 Audit Presentation

Bob Conrad

5. Minutes

A. November 19, 2019 Regular Meeting

6. November Financial Report

7. November Invoice/Check Listing

8. Reports

- a. Water System Report – Jeff Jones, Decker Construction
- b. Police Report – Dave Speiser
- c. Public Works Report – Dwight Adkison
- d. City Administrator Report – Bob Burns
- e. Annexation – Dave Speiser

9. Approve Purchase Agreement with the Department of Natural Resources

10. Approve Escrow Trust Agreement with UMB Bank, N.A.

11. Review/Approve Ordinance authorizing the issuance of not to exceed \$3,034,000.00 sewerage revenue bonds through the State of Missouri – Direct Loan Program.

12. Appoint Judge Kim Brown as our Municipal Court Judge

13. Public Participation

14. Mayor Comments

15. Aldermen Comments

16. Adjourn

Bob Burns, City Administrator
Posted December 13, 2019

GILMORE & BELL, P.C.
DRAFT – DECEMBER 3, 2019
FOR DISCUSSION PURPOSES ONLY

ORDINANCE NO. _____

OF THE

BOARD OF ALDERMEN

OF THE

CITY OF LATHROP, MISSOURI

PASSED DECEMBER 17, 2019

AUTHORIZING:

NOT TO EXCEED \$3,034,000

SEWERAGE SYSTEM REVENUE BONDS
(STATE OF MISSOURI – DIRECT LOAN PROGRAM)
SERIES 2019

ARTICLE VI

INVESTMENT OF MONEYS

Section 601. Investment of Moneys.....15

ARTICLE VII

PARTICULAR COVENANTS OF THE CITY

Section 701. Efficient and Economical Operation; User Charge Ordinance15
Section 702. Rate Covenant.....15
Section 703. Reasonable Charges for all Services.....16
Section 704. Annual Budget16
Section 705. Annual Audit.....16
Section 706. Performance of Duties16

ARTICLE VIII

ADDITIONAL BONDS

Section 801. Prior Lien Bonds17
Section 802. Parity Lien Bonds or Obligations17
Section 803. Junior Lien Bonds18
Section 804. Refunding Bonds18

ARTICLE IX

DEFAULT AND REMEDIES

Section 901. Events of Default18
Section 902. Remedies.....18
Section 903. Limitation on Rights of Owners19
Section 904. Remedies Cumulative19
Section 905. No Obligation to Levy Taxes19

ARTICLE X

DEFEASANCE

Section 1001. Defeasance19

ARTICLE XI

AMENDMENTS

Section 1101. Amendments20

BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$3,034,000 PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REVENUE BONDS (STATE OF MISSOURI – DIRECT LOAN PROGRAM) SERIES 2019 OF THE CITY OF LATHROP, MISSOURI, FOR THE PURPOSE OF EXTENDING AND IMPROVING THE CITY’S SEWERAGE SYSTEM; PRESCRIBING THE FORM AND DETAILS OF THE BONDS AND THE AGREEMENTS MADE BY THE CITY TO FACILITATE AND PROTECT THEIR PAYMENT; AND PRESCRIBING OTHER RELATED MATTERS.

WHEREAS, the City of Lathrop, Missouri (the “City”), is a fourth-class city organized and existing under the constitution and laws of the State of Missouri; and

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

WHEREAS, the City desires to construct certain improvements to the System, such improvements to be financed by the issuance by the City pursuant to this Ordinance of its Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2019 (the “Bonds”) in the maximum principal amount of \$3,034,000 (the “Maximum Principal Amount”); and

WHEREAS, to provide for the most cost-effective financing of the Project, the City desires to participate in the State of Missouri Direct Loan Program (the “Direct Loan Program”) of the Missouri Department of Natural Resources (“DNR”) and the Clean Water Commission of the State of Missouri (the “Commission”); and

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

WHEREAS, pursuant to the Act, a special bond election was duly held in the City on November 3, 2015 (the “Election”) on the following question:

QUESTION

Shall the City of Lathrop, Missouri, issue its wastewater system revenue bonds in the amount of \$6,300,000 for the purpose of renovating, extending and improving the wastewater system including adding an additional main and incorporating treatment facility improvements of the wastewater system of the City, the cost of operation and maintenance of said wastewater 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 wastewater system including all future improvements and extensions thereto?

and it was found and determined that more than a simple majority of the qualified electors of the City voting on the question had voted in favor of the question, the vote having been 75 votes for the question and 34 votes against the question; and

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

“BABs Interest Subsidy Payments” means any payments to be received by the City from the U.S. Department of the Treasury under Section 54AA or Section 6431 of the Internal Revenue Code of 1986, as amended, in connection with the payments of interest on System Revenue Bonds.

“Bond Debt Service” means the amount of the principal of and interest due on the Bonds on the date of calculation required in this Ordinance.

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

“Bonds” means the Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2019, authorized and issued under this Ordinance.

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

“Construction Fund” means the Construction Fund established by Section 4 of the Escrow Agreement.

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

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

“Cumulative Principal Amount Outstanding” means the sum of (a) the purchase price of the Bonds paid by the Owner to the Paying Agent on the Closing Date in accordance with the Purchase Agreement and deposited into the funds pursuant to Section 403, plus (b) each additional Purchase Price Installment, as notated on the Bonds by the Paying Agent, less (c) the principal amount redeemed pursuant to Article III.

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

“Debt Service Fund” means the Debt Service Fund established by Section 4 of the Escrow Agreement.

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

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

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

- (1) Bonds canceled by the Paying Agent or delivered to the Paying Agent for cancellation;
- (2) Bonds for the payment of the principal or redemption price of and interest on which money or Defeasance Securities are held under Section 1001;
- (3) Bonds in exchange for which, or in lieu of which, other Bonds have been registered and delivered pursuant to this Ordinance; and
- (4) Bonds allegedly mutilated, destroyed, lost, or stolen and paid under Section 208.

“Owner” means DNR or any assignee, successor or transferee of DNR under the Direct Loan Program or the SRF Leveraged Program.

“Parity Bonds” means any parity bonds or other obligations issued under Section 802 payable solely from, and secured by a pledge of, the Net Revenues on a parity basis with the Bonds.

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

“Paying Agent” means UMB Bank, N.A., the paying agent and escrow agent, and its successors and assigns acting at any time as Paying Agent and Escrow Agent under this Ordinance and the Escrow Agreement.

“Principal Payment Date” means each January 1 and July 1, commencing July 1, 2022, and any date on which the Bonds are optionally redeemed in accordance with Section 301.

“Purchase Agreement” means the Purchase Agreement between the City and DNR, as supplemented, modified or amended in accordance with its terms, related to the Bonds.

“Purchase Price Installment” means the amount paid by DNR from time to time in accordance with Section 3.3 of the Purchase Agreement and deposited in the Construction Fund, or otherwise in accordance with Section 403.

“Quarterly Payment Date” means each March 15, June 15, September 15 and December 15, commencing March 15, 2020.

“Rating Agency” means Moody’s Investors Service, Inc. or S&P Global Ratings, a division of S&P Global Inc., and their respective successors.

“Record Date” means the 25th day (whether or not a Business Day) of the calendar month next preceding the applicable Interest Payment Date.

ARTICLE II

AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds. The Bonds are authorized and directed to be issued in the Maximum Principal Amount subject to the terms and for the purposes of this Ordinance. Upon the Completion of Funding pursuant to the Purchase Agreement, the principal amount of the Bonds issued under this Ordinance will be the Cumulative Principal Amount Outstanding as of the Completion of Funding plus the principal amount previously redeemed pursuant to Article III. The remaining voted authorization, if any, under the Election will be the voted amount less the sum of the amount previously issued as described in the Recitals and the amount issued as calculated pursuant to the preceding sentence.

Section 202. Security for Bonds. The Bonds are special, limited obligations of the City payable solely from, and secured by a pledge of, the Net Revenues. The taxing power of the City is not pledged to the payment of the Bonds. The Bonds do not constitute a general obligation of the City or an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction.

Section 203. Description of Bonds. The Bonds consist of fully-registered bonds numbered from R-1 consecutively upward, in the denomination of \$100 or any integral multiple of \$0.01 in excess thereof. The Bonds will be issued in substantially the form of Exhibit A and will be registered, transferred and exchanged as provided in Section 206. The Bonds are dated as of the Closing Date. The Bonds will mature and become due on the Stated Maturity (subject to optional and mandatory redemption prior to Stated Maturity as provided in Article III). The Bonds will bear interest on the Cumulative Principal Amount Outstanding at the Interest Rate from the Closing Date and the date of receipt of each Purchase Price Installment by the Paying Agent pursuant to the Purchase Agreement (as set forth on Schedule A to a Bond) or from the most recent Interest Payment Date to which interest has been paid or provided for. Interest is computed on the basis of a 360-day year of twelve 30-day months and is payable on each Interest Payment Date.

Section 204. Designation of Paying Agent. The City has designated the Paying Agent as the City's paying agent for the payment of the principal of and interest on the Bonds, bond registrar for the registration, transfer and exchange of Bonds and escrow agent with respect to the funds and accounts established with the Paying Agent under the Escrow Agreement.

Section 205. Method and Place of Payment of Bonds.

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

(b) The payment of the principal of and redemption premium, if any, payable on each Bond at Stated Maturity or upon earlier redemption and the interest payable on each Bond on any Interest Payment Date will be made by check or draft mailed by the Paying Agent to the address of the Owner shown in the Bond Register. The principal of and redemption premium, if any, and interest on the Bonds is payable by electronic transfer in immediately available federal funds to a bank in the continental United States of America pursuant to instructions from any Owner received by the Paying Agent prior to the Record Date.

(c) Payments of principal on the Bonds pursuant to Article III may be made directly to the Owner without surrender of any Bond to the Paying Agent. Accordingly, any transferee of a Bond should verify with the Paying Agent the principal of the Bond outstanding prior to such purchase or transfer, and the records of the Paying Agent shall be conclusive for such purposes.

(b) The Mayor and the City Clerk are directed to prepare and execute the Bonds as specified in this Article, and when executed, to deliver the Bonds to the Paying Agent for authentication. Each Bond will be authenticated by any authorized signatory of the Paying Agent. No Bond is entitled to any security or benefit under this Ordinance or is valid or obligatory for any purpose until authenticated by the Paying Agent.

(c) Prior to the Completion of Funding, promptly upon the receipt by the Paying Agent of each Purchase Price Installment paid by the Owner in accordance with the Purchase Agreement, an authorized signatory of the Paying Agent will endorse Schedule A to a Bond with the date of receipt of the Purchase Price Installment, the amount of the Purchase Price Installment and the resulting Cumulative Principal Amount Outstanding. No further entries to Schedule A will be made after the Completion of Funding.

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

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

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

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

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

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

(a) The Bonds will be sold to the Owner at the purchase price of 100% of the initial Purchase Price Installment paid on the Closing Date plus each Purchase Price Installment made by the Owner thereafter pursuant to Section 3.3 of the Purchase Agreement, without accrued interest.

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

by mailing a redemption notice, at least 15 days, but not more than 30 days, prior to the date fixed for redemption, to the Owner of Bonds to be redeemed at the address shown on the Bond Register.

- (b) All redemption notices will be dated and include the following information:
 - (1) the redemption date,
 - (2) the redemption price, consisting of the principal amount, redemption premium, if any, and interest to the redemption date,
 - (3) if less than all Outstanding Bonds are to be redeemed, the identification number, if any, Stated Maturity and, in the case of partial redemption of any Bond, the respective principal amounts of the Bonds to be redeemed,
 - (4) a statement that on the redemption date the redemption price will become due and payable upon each Bond or portion of a Bond called for redemption, and that interest ceases to accrue on the redeemed amount from and after the redemption date, and
 - (5) the address of the principal office of the Paying Agent where the Bonds must be surrendered for payment of the redemption price.

(c) If notice of redemption has been given or waived, the Bonds or portions to be redeemed will become due and payable on the redemption date at the redemption price specified in the notice. From and after the redemption date (unless the City defaults in the payment of the redemption price), the called Bonds will cease to bear interest. Upon the surrender of Bonds for payment of the redemption price in accordance with the notice, the Paying Agent will pay the redemption price to the applicable Owners.

ARTICLE IV

RATIFICATION AND ESTABLISHMENT OF FUNDS AND ACCOUNTS

Section 401. Ratification and Establishment of Funds and Accounts.

(a) The following separate funds and accounts are hereby created in the treasury of the City, known respectively as the:

- (1) Sewerage System Revenue Fund (the "Revenue Fund");
- (2) Sewerage System Operation and Maintenance Account (the "Operation and Maintenance Account");
- (3) Sewerage System Depreciation and Replacement Account (the "Depreciation and Replacement Account"); and
- (4) Sewerage System Surplus Account (the "Surplus Account").

(b) The City hereby establishes the following special funds and accounts with the Paying Agent under the Escrow Agreement:

- (1) the Debt Service Fund;

(2) *Repayment Fund and Debt Service Account.* On a parity basis (i) at the times required under any Parity Bond Ordinance, to the debt service fund established for the payment of principal and interest on Parity Bonds under the provisions of the Parity Ordinance and (ii) by the Funds Transfer Method, on each Quarterly Payment Date, to the Paying Agent for credit to the Interest Account and the Principal Account of the Repayment Fund:

(A) to the Interest Account of the Repayment Fund, on March 15, 2020, and on each Quarterly Payment Date thereafter, 1/2 of the amount of interest due on the Bonds on the next Interest Payment Date with the balance in the Debt Service Fund and the Interest Account on an Interest Payment Date after the payment of the principal of and interest due on the Bonds on the Interest Payment Date to be credited against the next succeeding Quarterly Payment; provided that prior to the Completion of Funding,

(i) the investment earnings on the Construction Fund for the preceding calendar quarter will be credited against the next Quarterly Payment,

(ii) for purposes of the first Quarterly Payment of each Interest Period, the amount of interest due on the next Interest Payment Date will be estimated based upon an expected disbursement schedule for the Interest Period provided by the City to DNR and the Paying Agent, and

(iii) for purposes of the second Quarterly Payment of each Interest Period, the interest due on the next Interest Payment Date will be calculated by the Paying Agent based upon Purchase Price Installments funded at least three Business Days prior to the Quarterly Payment Date and the second Quarterly Payment calculated so that the amount on deposit in the Interest Account after receipt of the second Quarterly Payment will equal interest payable on the Bonds on the Interest Payment Date; and

(B) to the Principal Account of the Repayment Fund, on March 15, 2022, and on each Quarterly Payment Date thereafter, 1/2 of the principal due on the Bonds on the next succeeding Principal Payment Date, whether at Stated Maturity or upon mandatory sinking fund redemption. If the Initiation of Operations specified in the certificate delivered by the City under Section 3.5 of the Purchase Agreement is earlier than the expected Initiation of Operations, (i) the first quarterly installment of principal of the Bonds will be paid no later than the Quarterly Payment Date that is not more than 12 months after the Initiation of Operations, and (ii) on the Quarterly Payment Date that is not more than 20 years after the Initiation of Operations, all remaining unpaid principal installments of the Bonds will be paid;

(3) *Debt Service Reserve Account.* After payments and credits required at the time to be made under the provisions of paragraphs (1) and (2) of this subsection have been made, there shall next be paid and credited to any debt service reserve fund or account for any Parity Bonds issued by the City in the amounts and at the times required under the Parity Bond Ordinance;

(4) *Depreciation and Replacement Account.* After all payments and credits required at the time to be made under the provisions of paragraphs (1), (2) and (3) of this subsection have been made, there shall next be paid and credited to the Depreciation and Replacement Account the \$297.33 each month. Except as provided in Section 503, moneys in the Depreciation and Replacement Account shall be expended and used by the City solely for the purpose of making

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

Section 504. Transfer of Funds to Paying Agent. The City Clerk is authorized and directed to make the payments to the Principal Account and the Interest Account as provided in Section 502, and, to the extent necessary to prevent a default in the payment of any System Revenue Bonds, from the Surplus Account and from the Depreciation and Replacement Account as provided in Sections 502 and 503, sums sufficient to pay the System Revenue Bonds when due, and to forward amounts to the Paying Agent by the Funds Transfer Method that ensures the Paying Agent will have sufficient available funds on or before the second Business Day immediately preceding the dates when payments on the Bonds are due. Upon the payment of all principal and interest on the Bonds, the Paying Agent will return any excess funds to the City. Except as otherwise provided in the Escrow Agreement, all moneys deposited by the City with the Paying Agent are subject to the provisions of this Ordinance.

Section 505. Business Days. If any date for the payment of principal of, or redemption premium, if any, or interest on the Bonds or the taking of any other action hereunder is not a Business Day, then such payment shall be due, or such action shall be taken, on the first Business Day thereafter with the same force and effect as if made on the date fixed for payment or performance.

ARTICLE VI

INVESTMENT OF MONEYS

Section 601. Investment of Moneys. Moneys held in any fund or account referred to in this Ordinance may be invested in Investment Securities; provided, however, that any fund or account held by the Paying Agent shall be invested as provided in Section 11 of the Escrow Agreement. No such investment will be made for a period extending longer than the date when the money invested may be needed. All earnings on any investments held in any fund or account will accrue to the applicable fund or account. In determining the amount held in any fund or account under this Ordinance, obligations will be valued at the lower of cost or market value. If the amount in any fund or account held within the Treasury of the City is greater than the required amount, the City may transfer the excess to the Revenue Fund.

ARTICLE VII

PARTICULAR COVENANTS OF THE CITY

Section 701. Efficient and Economical Operation; User Charge Ordinance. The City will continuously own and will operate the System in an efficient and economical manner and will keep and maintain the System in good repair and working order. The City has duly approved the User Charge Ordinance and will enforce the provisions thereof.

Section 702. Rate Covenant. The City will fix, establish, maintain and collect rates, fees and charges for the use and services furnished by or through the System to produce income and revenues sufficient to (a) pay the costs of the operation and maintenance of the System; (b) pay the principal of and interest on the Bonds as and when due; (c) enable the City to have in each Fiscal Year Net Revenues of not less than 110% of the amount required to be paid by the City in the Fiscal Year on account of both principal of and interest on all System Revenue Bonds at the time outstanding, provided that (i) interest on any System Revenue Bonds will be reduced by Subsidy Payments, if any, and (ii) principal and/or interest on any System Revenue Bonds will be reduced by amounts deposited in trust or escrowed for the payment

ARTICLE VIII

ADDITIONAL BONDS

Section 801. Prior Lien Bonds. The City will not issue any debt obligations payable out of the Net Revenues that are superior in lien, security or otherwise to the Bonds.

Section 802. Parity Lien Bonds or Obligations.

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

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

(2) the City provides to the Owner a certificate showing either of the following:

(A) the average annual Net Revenues as set forth in the two most recent annual audits for Fiscal Years preceding the issuance of additional bonds, are at least 110% of the average annual debt service on the System Revenue Bonds, including the additional bonds proposed to be issued, to be paid out of the Net Revenues in all succeeding Fiscal Years. Interest to be paid on any System Revenue Bonds will be reduced by Subsidy Payments, if any. Principal and/or interest to be paid on any System Revenue Bonds will be reduced by amounts deposited in trust or escrowed for the payment thereof with the Owner or commercial bank or trust company located in the State of Missouri having full trust powers and acting as trustee or escrow agent and that are reasonably expected to be used for the payment of principal and/or interest on any System Revenue Bonds during the calculation period. If the City has made any increase in rates for the use and services of the System and the increase has not been in effect during all of the two Fiscal Years for which annual audits are available, the City may add to the audited Net Revenues the additional Net Revenues that would have resulted if the rate increase had been in effect for the entire period, as certified by a Consultant; or

(B) the estimated average annual Net Revenues for the two Fiscal Years immediately following the issuance of the additional bonds or, if improvements are to be made to the System with the proceeds of the additional bonds, for the two Fiscal Years immediately following the Fiscal Year in which the improvements to the System being financed by the additional bonds are to be in commercial operation, as certified by a Consultant, is at least 110% of the average annual debt service on the System Revenue Bonds, including the additional bonds proposed to be issued, to be paid out of the Net Revenues in succeeding Fiscal Years following the commencement of commercial operation of the improvements. Interest to be paid on any System Revenue Bonds will be reduced by Subsidy Payments, if any. Principal and/or interest to be paid on any System Revenue Bonds will be reduced by amounts deposited in trust or escrowed for the payment thereof with the Owner or commercial bank or trust company located in the State of Missouri having full trust powers and acting as trustee or escrow agent and that are reasonably expected to be used for the payment of principal and/or interest on any System Revenue Bonds during the calculation period. In determining the amount of estimated Net Revenues for the purpose of this subsection, a Consultant may adjust the estimated net

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

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

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

Section 903. Limitation on Rights of Owners. No Owner has any right in any manner whatever by the Owner's action to affect, disturb or prejudice the security granted and provided for in, or enforce any right under, this Ordinance, except in the manner provided in this Ordinance. All proceedings at law or in equity will be for the equal benefit of all Owners.

Section 904. Remedies Cumulative. No remedy conferred upon the Owners is intended to be exclusive of any other remedy. Each remedy is in addition to every other remedy and may be exercised without exhausting any other remedy conferred under this Ordinance. No waiver by any Owner of any default or breach of duty or contract of the City under this Ordinance will affect any subsequent default or breach of duty or contract by the City or impair any rights or remedies thereon. No delay or omission of any Owner to exercise any right or power accruing upon any default will impair any right or power or will be construed to be a waiver of any default. Every substantive right and every remedy conferred upon the Owners of the Bonds by this Ordinance may be enforced and exercised from time to time and as often as may be expedient. If any Owner discontinues any proceeding or the decision in the proceeding is against the Owner, the City and the Owners of the Bonds will be restored to their former positions and rights under this Ordinance.

Section 905. No Obligation to Levy Taxes. Nothing in this Ordinance imposes any duty or obligation on the City to levy any taxes either to meet any obligation incurred under this Ordinance or to pay the principal of or interest on the Bonds.

ARTICLE X

DEFEASANCE

Section 1001. Defeasance. When all of the Bonds 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. Bonds shall be deemed to have been paid and discharged within the meaning of this Ordinance if there shall have been deposited with the Paying Agent, or other bank or trust company located in the State of Missouri, having full trust powers and meeting the requirements of a successor Paying Agent (as set forth in the Escrow Agreement) impressed with a first lien to the Paying Agent for the benefit of the Owners, at or prior to Stated Maturity or redemption date of said Bonds, in trust for and irrevocably appropriated thereto, moneys and/or non-callable Defeasance Securities (the "Defeasance Escrow") which, together with the interest to be earned on any such obligations, will be sufficient for the payment of the principal of said Bonds and interest to accrue to the Stated Maturity or date of redemption, 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 Stated Maturity, (a) the City shall have elected to redeem such Bonds, and (b) either notice of such redemption shall have been given or the City shall have given irrevocable instructions to the Paying Agent to redeem such Bonds; and provided further, however, there shall be filed with the City, the Owner and the Paying Agent (1) an opinion of Bond Counsel to the effect that the conditions for the defeasance of the Bonds pursuant to this Section have been complied with and (2) if the interest on the Defeasance Escrow

Read twice and passed by a majority vote of the Board of Aldermen of the City of Lathrop, Missouri this 17th day of December, 2019.

(SEAL)

Dean Langner, Mayor

ATTEST:

Susie Freece, City Clerk

for the purpose of extending and improving the sewerage system owned and operated by the City (said system, together with all future improvements and extensions thereto hereafter constructed or acquired by the City, being herein called the "System"), under the authority of and in full compliance with Chapter 250 of the Revised Statutes of Missouri, as amended, and pursuant to an election duly held in the City and an ordinance duly passed by the governing body of the City (the "Ordinance").

At the option of the City, the Bonds may be called for redemption and payment prior to maturity in whole or in part as provided in the Ordinance, with the prior written consent of the Owners.

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 plus accrued interest to the redemption date.

Except as otherwise provided in the Ordinance, notice of redemption, unless waived, is to be given by the Paying Agent by mailing an official redemption notice by registered or certified mail at least 15 days, but not more than 30 days, prior to the date fixed for redemption, to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Owner to the Paying Agent. Notice of redemption having been given or waived as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

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

Under the conditions set forth in the Ordinance, the City has the right to issue additional bonds payable from the Net Revenues; provided, however, that such additional bonds may be so issued only in accordance with and subject to the covenants, conditions and restrictions relating thereto set forth in the Ordinance.

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

The Bonds are issuable in the form of fully-registered Bonds in the denomination of \$100 or any integral multiple of \$0.01 in excess thereof.

This Bond may be transferred or exchanged, as provided in the Ordinance, only upon the registration books kept for that purpose at the above-mentioned office of the Paying Agent, upon surrender of this Bond together with a written instrument of transfer or exchange satisfactory to the Paying Agent duly executed by the Owner or the Owner's duly authorized agent, and thereupon a new Bond or Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Ordinance, and upon payment of the charges

RECORD OF PRINCIPAL PAYMENTS AND PREPAYMENTS

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

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned 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 UMB BANK, N.A., agent to transfer the within Bond on the books kept by the Paying Agent for the registration thereof, with full power of substitution in the premises.

Dated: _____.

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

Medallion Signature Guarantee:

EXHIBIT B

MANDATORY SINKING FUND REDEMPTION SCHEDULE

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
July 1, 2022	\$65,000	July 1, 2032	\$78,000
January 1, 2023	66,000	January 1, 2033	79,000
July 1, 2023	66,000	July 1, 2033	80,000
January 1, 2024	67,000	January 1, 2034	80,000
July 1, 2024	68,000	July 1, 2034	81,000
January 1, 2025	68,000	January 1, 2035	82,000
July 1, 2025	69,000	July 1, 2035	82,000
January 1, 2026	70,000	January 1, 2036	83,000
July 1, 2026	70,000	July 1, 2036	84,000
January 1, 2027	71,000	January 1, 2037	85,000
July 1, 2027	71,000	July 1, 2037	85,000
January 1, 2028	72,000	January 1, 2038	86,000
July 1, 2028	73,000	July 1, 2038	87,000
January 1, 2029	73,000	January 1, 2039	88,000
July 1, 2029	74,000	July 1, 2039	89,000
January 1, 2030	75,000	January 1, 2040	89,000
July 1, 2030	75,000	July 1, 2040	90,000
January 1, 2031	76,000	January 1, 2041	91,000
July 1, 2031	77,000	July 1, 2041†	92,000
January 1, 2032	77,000		

†Maturity