
ORDINANCE NO. 09-836

OF THE

BOARD OF TRUSTEES

OF THE

VILLAGE OF ST. ELIZABETH, MISSOURI

PASSED OCTOBER 12, 2009

AUTHORIZING:

\$1,200,000

WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
(STATE OF MISSOURI – DIRECT LOAN PROGRAM)
SERIES 2009

TABLE OF CONTENTS

Page

Recitals..... 1

ARTICLE I

DEFINITIONS

Section 101. Definition of Words and Terms 2

ARTICLE II

AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds 7
Section 202. Security for Bonds 7
Section 203. Description of Bonds 7
Section 204. Designation of Paying Agent 7
Section 205. Method and Place of Payment of Bonds 7
Section 206. Registration, Transfer and Exchange of Bonds 8
Section 207. Execution, Authentication and Delivery of Bonds 9
Section 208. Mutilated, Destroyed, Lost and Stolen Bonds 9
Section 209. Cancellation and Destruction of Bonds Upon Payment 9
Section 210. Sale of the Bonds; Authorization and Execution of Documents 10
Section 211. Administrative Fee and Paying Agent’s Fee 10

ARTICLE III

REDEMPTION OF BONDS

Section 301. Optional Redemption 10
Section 302. Mandatory Redemption Provisions 10
Section 303. Selection of Bonds to Be Redeemed 11
Section 304. Notice and Effect of Call for Redemption 11

ARTICLE IV

Section 401. Establishment of Funds and Accounts 12
Section 402. Administration of Funds and Accounts 13
Section 403. Deposit and Application of Bond Proceeds 13

ARTICLE V

APPLICATION OF REVENUES

Section 501. Revenue Fund 13
Section 502. Application of Moneys in Funds and Accounts 13

Section 503. Deficiency of Payments into Funds and Accounts..... 15
 Section 504. Transfer of Funds to Paying Agent 15
 Section 505. Business Days 15

ARTICLE VI

DEPOSIT AND INVESTMENT OF MONEYS

Section 601. Investment of Moneys..... 16

ARTICLE VII

PARTICULAR COVENANTS OF THE VILLAGE

Section 701. Efficient and Economical Operation; User Charge Ordinance 16
 Section 702. Rate Covenant 16
 Section 703. Reasonable Charges for all Services 16
 Section 704. Annual Budget 16
 Section 705. Annual Audit 17
 Section 706. Performance of Duties 17

ARTICLE VIII

ADDITIONAL BONDS

Section 801. Prior Lien Bonds 17
 Section 802. Parity Bonds or Obligations 17
 Section 803. Junior Lien Bonds 18
 Section 804. Refunding Bonds..... 18

ARTICLE IX

DEFAULT AND REMEDIES

Section 901. Event of Default 19
 Section 902. Remedies 19
 Section 903. Limitation on Rights of Owners..... 19
 Section 904. Remedies Cumulative 19
 Section 905. No Obligation to Levy Taxes 20

ARTICLE X

DEFEASANCE

Section 1001. Defeasance 20

ARTICLE XI

AMENDMENTS

Section 1101. Amendments 20

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201.	Further Authority.....	21
Section 1202.	Electronic Transactions.....	21
Section 1203.	Severability	21
Section 1204.	Governing Law	21
Section 1205.	Effective Date	21
	Passage	21
Exhibit A	Form of Bond	A-1

BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$1,200,000 PRINCIPAL AMOUNT OF WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS (STATE OF MISSOURI – DIRECT LOAN PROGRAM) SERIES 2009 OF THE VILLAGE OF ST. ELIZABETH, MISSOURI, FOR THE PURPOSE OF EXTENDING AND IMPROVING THE VILLAGE’S WATERWORKS AND SEWERAGE SYSTEM; PRESCRIBING THE FORM AND DETAILS OF THE BONDS AND THE AGREEMENTS MADE BY THE VILLAGE TO FACILITATE AND PROTECT THEIR PAYMENT AND PRESCRIBING OTHER RELATED MATTERS

WHEREAS, the Village of St. Elizabeth, Missouri (the “Village”) is a village organized and existing under the constitution and laws of the State of Missouri; and

WHEREAS, the Village now owns and operates a revenue producing waterworks and sewerage system, serving the Village, 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 Village after the date of this Ordinance (the “System”); and

WHEREAS, the Village desires to acquire, construct, extend and improve its System, the costs thereof to be financed in whole or in part by the issuance by the Village pursuant to this Ordinance of its Waterworks and Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2009 (the “Bonds”) in the original principal amount of \$1,200,000; and

WHEREAS, to provide for the most cost-effective financing of the extensions and improvements of the System the Village 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 Village is authorized under the provisions of Chapter 250 of the Revised Statutes of Missouri (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 Village on November 5, 2002 on the following question:

QUESTION

Shall the Village of St. Elizabeth, Missouri, issue its waterworks and sewerage system revenue bonds in the amount of One Million Two Hundred Thousand Dollars (\$1,200,000) for the purpose of acquiring, constructing, extending and improving the waterworks and the sewerage systems of the Village, the cost of operation and maintenance of said systems and the principal of and interest on said bonds to be payable solely from the revenues derived

by the Village from the operation of its waterworks and sewerage systems, 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 Village voting on the question had voted in favor of the question, the vote having been 72 votes for the question and 69 votes against the question; and

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

WHEREAS, the plans and specifications and the cost estimate are accepted and approved and are on file in the office of the Village Clerk, the amount of the estimated cost being not less than \$1,200,000; and

WHEREAS, none of the bonds so authorized have been issued and the Village finds and determines that it is necessary and advisable and in the best interest of the Village and of its inhabitants to issue the Bonds in the principal amount of \$1,200,000; and

WHEREAS, the Village, upon the issuance of the Bonds, will not have outstanding any other bonds or other obligations payable from the Net Revenues other than the Bonds; and

WHEREAS, it is hereby found and determined that it is necessary and advisable and in the best interest of the Village and its inhabitants that revenue bonds be issued and secured in the form and manner provided in this Ordinance and be sold to DNR under the Direct Loan Program, and to provide the remainder of costs of extending and improving the System which may be required from subsequent issues of bonds or funds of the Village otherwise available.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE VILLAGE OF ST. ELIZABETH, MISSOURI, AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 101. Definition of Words and Terms. Capitalized words and terms not otherwise defined in this Ordinance have the meanings set forth in the Purchase Agreement and the Escrow Agreement (each as defined below). In addition to the foregoing and words and terms defined in the Recitals and elsewhere in this Ordinance, capitalized words and terms have the following meanings in this Ordinance:

"Additional Interest" means additional interest on the Bonds prior to the Completion of Disbursements, equal to the actual earnings on moneys in the Construction Fund less earnings calculated at the interest rate on the Bonds, computed by the Paying Agent on each Interest Payment Date. The Additional Interest for any period shall not be less than \$0. All references in this Ordinance to the payment of interest on the Bonds includes the Additional Interest.

"Administrative Expense Fund" means the fund designated as such and established by Section 4 of the Escrow Agreement. The Administrative Expense Fund does not constitute part of the Direct Loan Program.

“Administrative Fee” means the semiannual administrative fee of DNR equal to 0.25% of the aggregate amount of the Bonds Outstanding as of each Administrative Fee Calculation Date (including the final maturity date of the Bonds), payable to the Paying Agent within 30 days after the Village’s receipt of a statement from the Paying Agent for deposit to the Administrative Expense Fund and subsequent transfers to DNR as described in Section 9 of the Escrow Agreement.

“Administrative Fee Calculation Date” means the Business Day preceding each Principal Payment Date.

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

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

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

“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 Waterworks and Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2009 in the original principal amount of \$1,200,000 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, an independent certified public accountant or a firm of independent certified public accountants.

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

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

“Current Expenses” means all reasonable and necessary expenses of ownership, operation, maintenance and repair of the System and keeping the System in good repair and working order, determined in accordance with generally accepted accounting principles, including current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic Consultant’s reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, obligations (other than for borrowed

money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term obligations incurred and payable within a particular Fiscal Year, obligations incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the ownership and operation of the System, but excluding interest paid on System Revenue Bonds, depreciation, amortization and other noncash charges (including payments into the Depreciation and Replacement Account), and all general administrative expenses of the Village not related to the operation of the System.

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

“Defeasance Securities” means:

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

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

“Escrow Agreement” means the Escrow Trust Agreement dated as of October 1, 2009, between the Village and the Paying Agent, as supplemented, modified or amended in accordance with its terms, related to the Bonds.

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

“Interest Payment Date” means each January 1 and July 1, commencing July 1, 2010.

“Investment Securities” means any of the following securities legal for the investment of funds of the Village at the time of purchase:

- (a) Federal Securities;
- (b) Direct and general obligations of the State, the payment of the principal of and interest on which the full faith and credit of the State is pledged;
- (c) Deposits which are fully insured by the Federal Deposit Insurance Corporation (“FDIC”) in one or more of the following institutions: banks, trust companies or savings and loan associations (including without limitation, the Paying Agent or any bank affiliated with the Paying Agent) organized under the laws of the United States of America or any state thereof;
- (d) Federal funds, unsecured certificates of deposit, time deposits and bankers acceptances (having maturities of not more than 365 days) of any bank, the short-term obligations of which are rated MIG1 or equivalent by the Rating Agency;
- (e) Unsecured promissory notes of any bank, trust company, national banking association or bank holding company equal in quality to such institution’s outstanding unsecured long-term debt which is rated in the highest rating category by the Rating Agency; and
- (f) Shares in money market mutual funds rated in the highest or second highest applicable rating category by the Rating Agency.

“Net Revenues” means Revenues less Current Expenses.

“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 issued under Section 802 payable from 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, 2011, and any date on which the Bonds are optionally redeemed in accordance with Section 301.

“Purchase Agreement” means the Purchase Agreement dated as of October 1, 2009, between the Village and DNR, as supplemented, modified or amended in accordance with its terms, related to the Bonds.

“Quarterly Payment Date” means each March 1, June 1, September 1 and December 1.

“Rating Agency” means Moody’s Investors Service, Inc. or Standard & Poor’s Ratings Services.

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

“Repayment Fund” means the fund designated as such and established by Section 4 of the Escrow Agreement. The Repayment Fund does not constitute part of the Direct Loan Program.

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

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

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

“SRF Leveraged Program Bonds” means any bonds of the Village issued in connection with the Village’s participation in the SRF Leveraged Program.

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

“State” means the State of Missouri.

“Surplus Account” means the fund or account created or ratified in Section 401.

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

“User Charge Ordinance” means Ordinance No. 09-824, passed by the Governing Body of the Village on August 26, 2009, as amended, supplemented or replaced with the prior written approval of DNR.

ARTICLE II

AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds. The Bonds are authorized and directed to be issued in the principal amount of \$1,200,000 for the purposes of this Ordinance.

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

Section 203. Description of Bonds. The Bonds consist of fully registered bonds without coupons, numbered from R-1 consecutively upward, in the denomination of \$100 or any integral multiple of \$100. 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 the Closing Date. The Bonds will mature and become due on July 1, 2030 (subject to optional and mandatory redemption prior to maturity as provided in Article III) and shall bear interest at an annual rate equal to 30% of the Revenue Bond Index as published in The Bond Buyer most recently prior to the Closing Date, rounded up to the nearest 0.01% (computed on the basis of a 360-day year of twelve 30-day months) from the Closing Date or from the most recent Interest Payment Date to which interest has been paid or provided for, plus Additional Interest; provided, however, that at no time shall the Bonds bear interest at a rate exceeding the maximum rate of interest permitted by State law. Interest (other than Additional Interest) is payable on each Interest Payment Date. Additional Interest is payable in arrears on each Principal Payment Date prior to the Completion of Disbursements and on the Interest Payment Date immediately following the Completion of Disbursements.

Section 204. Designation of Paying Agent. The Village has designated the Paying Agent as the Village’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 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 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.

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

(e) The Bonds will be held by the Paying Agent in trust for each Owner, unless the Paying Agent is otherwise directed in writing by an Owner.

Section 206. Registration, Transfer and Exchange of Bonds.

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

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

(c) For every exchange or transfer of Bonds, the Village or the Paying Agent may levy a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid for the exchange or transfer. The person requesting the exchange or transfer must pay the charge. Payment of the charge is a condition precedent to the exchange or transfer. If any Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against the Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Internal Revenue Code of 1986, as amended, this amount may be deducted by the Paying Agent from amounts payable to the Owner under this Ordinance and the Bonds.

(d) The Village and the Paying Agent will treat the person in whose name any Bond is registered on the Bond Register as the absolute owner of the Bond, whether or not payment of the Bond is overdue, for the purpose of receiving payment of the principal of, redemption premium, if any, and interest on the Bond and for all other purposes. All payments made to any Owner or upon the Owner's order will be valid and effectual to satisfy and discharge the Village's liability for payment of the Bond to the extent of the sum or sums paid. Neither the Village nor the Paying Agent will be affected by any notice to the contrary.

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

Section 207. Execution, Authentication and Delivery of Bonds.

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

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

(c) 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.

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

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

(b) Upon the issuance of any new Bond under this Section, the Village 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 Village, whether or not the mutilated, destroyed, lost or stolen Bond is enforceable by anyone at any time, and will be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

Section 209. Cancellation and Destruction of Bonds Upon Payment. All Bonds which have been paid or redeemed or which have otherwise been surrendered to the Paying Agent, either at or before maturity, will be 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 in duplicate describing the destroyed Bonds and file an executed counterpart of the certificate with the Village.

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 principal amount of the Bonds, plus accrued interest thereon, if any.

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

Section 211. Administrative Fee and Paying Agent's Fee. Subject to Section 202, the Village will pay to the Paying Agent, within 30 days after receipt of a statement from the Paying Agent, (i) the Administrative Fee, and (ii) an amount equal to the Paying Agent's fees and expenses as provided in the Escrow Agreement.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Optional Redemption. At the option of the Village, with the prior written consent of the Owner, Bonds may be called for redemption and payment prior to maturity in whole or in part at any time, at the redemption price of 100% of the principal amount thereof plus accrued interest thereon to the date of redemption.

Section 302. Mandatory Redemption Provisions.

(a) The Bonds are subject to mandatory redemption in part, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, on the Principal Payment Dates and in the principal amounts as set forth on the following schedule:

<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
July 1, 2011	\$25,400	January 1, 2021	\$30,600
January 1, 2012	25,700	July 1, 2021	30,900
July 1, 2012	25,900	January 1, 2022	31,200
January 1, 2013	26,200	July 1, 2022	31,500
July 1, 2013	26,400	January 1, 2023	31,800
January 1, 2014	26,700	July 1, 2023	32,100
July 1, 2014	26,900	January 1, 2024	32,400
January 1, 2015	27,200	July 1, 2024	32,700
July 1, 2015	27,500	January 1, 2025	33,100
January 1, 2016	27,700	July 1, 2025	33,400
July 1, 2016	28,000	January 1, 2026	33,700
January 1, 2017	28,300	July 1, 2026	34,000
July 1, 2017	28,600	January 1, 2027	34,400
January 1, 2018	28,800	July 1, 2027	34,700
July 1, 2018	29,100	January 1, 2028	35,100
January 1, 2019	29,400	July 1, 2028	35,400
July 1, 2019	29,700	January 1, 2029	35,700
January 1, 2020	30,000	July 1, 2029	36,100
July 1, 2020	30,300	January 1, 2030	36,500
		July 1, 2030 [†]	36,900

[†] Maturity

If Bonds are redeemed in part other than pursuant to the sinking fund requirements of this paragraph (a), the foregoing principal installments will be reduced on a proportionate basis. The Village will designate the amount of the reduction of each principal installment by written notice to the Paying Agent and the Owner. The amount of the reduction is subject to verification by the Owner and other verification requirements as may be reasonably established by the Paying Agent.

(b) The Bonds are subject to mandatory redemption in part, in an amount equal to the amount remaining on deposit in the Construction Fund upon the Completion of Disbursements (rounded to the next lower integral multiple of \$100), on the earliest practicable date for which notice may be given, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

Section 303. Selection of Bonds to Be Redeemed. The redemption of the Bonds in part will be reflected in the records maintained by the Paying Agent.

Section 304. Notice and Effect of Call for Redemption.

(a) No notice of the mandatory redemption of Bonds is required to be given. If the Bonds are being optionally redeemed, notice of redemption will be given in the manner described below. Unless waived by any Owner of Bonds to be redeemed, the Paying Agent, on behalf of the Village, will give notice 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, maturity date 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 Village 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

Section 401. Establishment of Funds and Accounts.

- (a) Separate funds and accounts to be known respectively as the:
 - (1) Waterworks and Sewerage System Revenue Fund (the "Revenue Fund");
 - (2) Waterworks and Sewerage System Operation and Maintenance Account (the "Operation and Maintenance Account");
 - (3) Waterworks and Sewerage System Depreciation and Replacement Account (the "Depreciation and Replacement Account"); and
 - (4) Waterworks and Sewerage System Surplus Account (the "Surplus Account")

are established in the treasury of the Village.

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

- (1) the Debt Service Fund;
- (2) the Construction Fund;
- (3) the Repayment Fund, consisting of the Principal Account and the Interest Account; and

(4) the Administrative Expense Fund.

Section 402. Administration of Funds and Accounts. The funds and accounts described in Section 401(a) will be maintained and administered by the Village under this Ordinance while any of the Bonds are outstanding. The funds and accounts described in Section 401(b) will be maintained and administered by the Paying Agent pursuant to the Escrow Agreement while the Bonds remain Outstanding.

Section 403. Deposit and Application of Bond Proceeds.

(a) The proceeds received from the sale of the Bonds will be deposited upon the delivery of the Bonds into the Construction Fund and the Administrative Expense Fund as provided in the Escrow Agreement.

(b) Moneys in the Construction Fund will be disbursed to the Village for the sole purpose of paying the Eligible Costs of the Project in accordance with the plans and specifications prepared by the Consulting Engineer, previously approved by the Governing Body and DNR and on file in the office of the Village Clerk, including any alterations in or amendments to the plans and specifications approved by the Governing Body and DNR with the advice of the Consulting Engineer.

(c) Requisitions will be submitted for withdrawals from the Construction Fund in accordance with Article III of the Purchase Agreement. Funds will be disbursed from the Administrative Expense Fund as provided in the Escrow Agreement.

ARTICLE V

APPLICATION OF REVENUES

Section 501. Revenue Fund. The Village covenants and agrees that from and after the delivery of the Bonds and so long as any of the Bonds remain outstanding and unpaid, all Revenues derived and collected by the Village will be deposited into the Revenue Fund when received. The Revenues will be segregated from all other moneys, revenues, funds and accounts of the Village. The Revenue Fund will be administered and applied solely for the purposes and in the manner provided in this Ordinance and any Parity Ordinance.

Section 502. Application of Moneys in Funds and Accounts.

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

(1) on the first day of each month, to the Operation and Maintenance Account an amount sufficient to pay the estimated cost of operating and maintaining the System during the month;

(2) on each Quarterly Payment Date, to the Paying Agent for credit to the Interest Account and the Principal Account:

(A) to the Interest Account, on June 1, 2010 the amount of interest due on the Bonds on the July 1, 2010 Interest Payment Date, 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 these quarterly payments to be reduced as follows:

(i) 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 will be credited against the next succeeding quarterly payment or payments;

(ii) the investment earnings on the Construction Fund (other than the amount of Additional Interest) for the preceding quarterly period will be credited against the next quarterly payment; and

(iii) the investment earnings on the Construction Fund equal to Additional Interest will be credited on an Interest Payment Date to the payment of Additional Interest due on the Interest Payment Date; and

(B) to the Principal Account, on March 1, 2011 and each Quarterly Payment Date thereafter, 1/2 of the principal due on the Bonds on the next succeeding Principal Payment Date, whether at maturity or upon mandatory sinking fund redemption. If the Initiation of Operations specified in the certificate delivered by the Village 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 which is not more than 12 months after the Initiation of Operations, and (ii) on the Quarterly Payment Date which is not more than 20 years after the Initiation of Operations, all remaining unpaid principal installments of the Bonds will be paid;

(4) on the dates required by Section 211, to the Paying Agent for deposit to the Administrative Expense Fund, the amounts required to pay the Administrative Fee and the Paying Agent's Fees and expenses;

(5) to the Depreciation and Replacement Account, the amounts on the dates required by the User Charge Ordinance; and

(6) on each Quarterly Payment Date, the remaining balance to the Surplus Account.

(b) Except as provided in Section 503, moneys in the Depreciation and Replacement Account will be used by the Village for the purpose of making replacements and repairs to the System in order to keep the System in good repair and working order and to assure the continued effective and efficient operation of the System.

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

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

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

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

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

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

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

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

Section 503. Deficiency of Payments into Funds and Accounts.

(a) If the Revenues are insufficient to make any payment on any date specified in this Article, the Village will make good the amount of the deficiency by making additional payments out of the first available Revenues for application in the order specified in Section 502.

(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 Village 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 Chairman of the Board of Trustees or the Village 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 which ensures the Paying Agent will have sufficient available funds on or before the second Business Day immediately preceding the dates when payments on the Bonds are due. Upon the payment of all principal and interest on the Bonds, the Paying Agent will return any excess funds to the Village. Except as otherwise provided in the Escrow Agreement, all moneys deposited by the Village 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

DEPOSIT AND 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 Village is greater than the required amount, the Village may transfer the excess to the Revenue Fund.

ARTICLE VII

PARTICULAR COVENANTS OF THE VILLAGE

Section 701. Efficient and Economical Operation; User Charge Ordinance. The Village 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 Village has duly approved the User Charge Ordinance and will enforce the provisions thereof. The Village will not amend, modify, supplement or restate the User Charge Ordinance unless the Village shall have received the prior written consent of DNR.

Section 702. Rate Covenant. The Village will fix, establish, maintain and collect rates and charges for the use and services furnished by or through the System to produce income and revenues sufficient to (a) pay the costs of the operation and maintenance of the System; (b) pay the principal of and interest on the Bonds as and when due; (c) enable the Village to have in each Fiscal Year Net Revenues of not less than 110% of the amount required to be paid by the Village in the Fiscal Year on account of both principal of and interest on all System Revenue Bonds at the time outstanding, provided that interest on any SRF Leveraged Program Bonds will be reduced by the SRF Subsidy, if any; and (d) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the System as provided in this Ordinance. The Village will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges.

Section 703. Reasonable Charges for all Services. None of the facilities or services provided by the System will be furnished to any user (excepting the Village itself) without a reasonable charge being made therefor. If the income and revenues derived by the Village from the System are insufficient to pay the reasonable expenses of operation and maintenance of the System and the principal of and interest on the Bonds when due, the Village will pay into the Revenue Fund a fair and reasonable payment in accordance with effective applicable rates and charges for all services or other facilities furnished to the Village or any of its departments by the System.

Section 704. Annual Budget. Prior to the commencement of each Fiscal Year, the Village will cause a budget setting forth the estimated receipts and expenditures of the System for the next succeeding Fiscal Year to be prepared and filed with the Village Clerk. The Village Clerk, within 30 days after the end

of the current Fiscal Year, will mail a copy of the budget to the Owner. The annual budget will be prepared in accordance with the laws of the State.

Section 705. Annual Audit.

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

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

(c) Within 30 days after the acceptance of the audit by the Governing Body, a copy of the annual audit will be filed in the office of the Village Clerk, and a copy of the audit will be mailed to the Owner. The annual audit will be open to examination and inspection during normal business hours by any taxpayer, any user of the services of the System, the Owner, or anyone acting for or on behalf of the taxpayer, user or Owner.

(d) The Village acknowledges its undertakings set forth in Section 2.1(t) of the Purchase Agreement.

Section 706. Performance of Duties. The Village will faithfully and punctually perform all duties and obligations with respect to the operation of the System, including all extensions and improvements thereto, now or hereafter imposed upon the Village by the constitution and laws of the State and by the provisions of this Ordinance.

ARTICLE VIII

ADDITIONAL BONDS

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

Section 802. Parity Lien Bonds or Obligations.

(a) The Village 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 Village 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 Village 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 SRF Leveraged Program Bonds may be reduced by the SRF Subsidy, if any. If the Village 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 Village may add the additional Net Revenues which would have resulted if the rate increase had been in effect for the entire period to the audited Net Revenues, as certified by a Consultant; or

(B) the estimated average annual Net Revenues for the two Fiscal Years immediately following the Fiscal Year in which the improvements to the System being financed by the additional bonds are to be in commercial operation, as certified by 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 SRF Leveraged Program Bonds may be reduced by the SRF Subsidy, if any. In determining the amount of estimated Net Revenues for the purpose of this subsection, a Consultant may adjust the estimated net income and revenues by adding the estimated increase in Net Revenues resulting from any increase in rates for the use and services of the System approved by the Village and to become effective during 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.

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

Section 803. Junior Lien Bonds. Nothing in this Article prohibits or restricts the right of the Village to issue additional revenue obligations, including revenue bonds, for the purpose of extending, improving, enlarging, repairing or altering the System, or refunding obligations issued for such purposes, that are subordinate to the Bonds if at the time of the issuance of the additional revenue obligations the Village is not in default in the performance of any covenant or agreement in this Ordinance. If the Village is in default in paying either interest on or principal of the Bonds, the Village will not make any payments on the subordinate revenue obligations until the default is cured. Subject to the limitations in this Section, the Village may make provision for paying the principal of and interest on the subordinate revenue bonds or obligations from moneys in the Revenue Fund.

Section 804. Refunding Bonds. The Village may, without complying with the provisions of Section 802, refund any of the Bonds in a manner that provides debt service savings to the Village, and the refunding bonds so issued will be on a parity with any of the Bonds that are not refunded. If the Bonds are refunded in part and the refunding bonds bear a higher average rate of interest or become due on a date earlier than that of the Bonds that are refunded, the Village must obtain the prior written consent of the Owner to the issuance of the refunding bonds.

ARTICLE IX

DEFAULT AND REMEDIES

Section 901. Event of Default. If (i) the Village defaults in the payment of the principal of or interest on any of the Bonds, or (ii) the Village or its Governing Body or any of its officers, agents or employees fails or refuses to comply with any provision of this Ordinance, the Constitution or statutes of the State, the Purchase Agreement or the Escrow Agreement and default continues for a period of 60 days after written notice specifying the non-payment default has been given to the Village by the Owner of any Bond then Outstanding, at any time thereafter and while the default continues, the Village shall pay to DNR the penalties assessed by DNR in accordance with the Regulations.

Section 902. Remedies.

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

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

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

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

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

Section 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 Village under this Ordinance will affect any subsequent default or breach of duty or contract by the Village 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 Village 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 Village 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 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. 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 the 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 date of maturity or 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 the maturity thereof, (i) the Village shall have elected to redeem such Bonds, and (ii) either notice of such redemption shall have been given or the Village shall have given irrevocable instructions to the Paying Agent to redeem such Bonds; and provided further, however, there shall be filed with the Village, the Owner and the Paying Agent 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, if the payment of the Bonds at maturity or upon redemption will occur more than 90 days after the deposit of the Defeasance Escrow and interest on the Defeasance Escrow is to be used to pay debt service on the Bonds, the written report of an independent certified public accountant evidencing the sufficiency of the Defeasance Escrow. Any moneys and obligations which at any time shall be deposited with the Paying Agent, or other bank by or on behalf of the Village, for the purpose of paying and discharging any of the Bonds shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank in trust for the respective Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge of this Ordinance. All moneys deposited with the Paying Agent or other bank shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

ARTICLE XI

AMENDMENTS

Section 1101. Amendments.

(a) Any provision of the Bonds or of this Ordinance may be amended by an ordinance with the prior written consent of the Owners. Consent must be evidenced by an instrument executed by the Owners, acknowledged or proved in the manner of a deed to be recorded, and filed with the Village Clerk.

(b) No amendment will be effective until (i) the Village has delivered to the Owners and the Paying Agent an opinion of Bond Counsel stating that the amendment is permitted by this Ordinance and the Act, complies with their respective terms and is valid and binding upon the Village in accordance with its terms, and (ii) the Village Clerk has on file a copy of the amendment and all required consents.

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201. Further Authority. The officers of the Village, including the Chairman of the Board of Trustees and the Village Clerk, are authorized and directed to execute all documents and take the actions as are necessary or advisable in order to carry out and perform the purposes of this Ordinance and to make ministerial changes in the documents approved by this Ordinance which they may approve. The execution of any document or taking of any related action constitutes conclusive evidence of the necessity or advisability of the action or change.

Section 1202. Electronic Transactions. The transactions described in this Ordinance and the Bonds may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 1203. Severability. If any section or other part of this Ordinance is for any reason held invalid, the invalidity will not affect the validity of the other provisions of this Ordinance.

Section 1204. Governing Law. This Ordinance is governed by and will be construed in accordance with the laws of the State.

Section 1205. Effective Date. This Ordinance is in full force and effect from and after its passage by the Board of Trustees.

PASSED by the Board of Trustees of the Village of St. Elizabeth, Missouri this ____ day of October, 2009.

Chairman of the Board of Trustees

(Seal)

ATTEST:

Village Clerk

EXHIBIT A

FORM OF BOND

[THIS BOND IS TRANSFERABLE ONLY TO ANY SUCCESSOR TO THE MISSOURI DEPARTMENT OF NATURAL RESOURCES OR ITS ASSIGNS]

Registered
No. R- _____

Registered
\$1,200,000

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

VILLAGE OF ST. ELIZABETH, MISSOURI

**WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND
(STATE OF MISSOURI – DIRECT LOAN PROGRAM)
SERIES 2009**

Dated Date

Interest Rate

Maturity Date

July 1, 2030

REGISTERED OWNER:

PRINCIPAL AMOUNT: ONE MILLION TWO HUNDRED THOUSAND DOLLARS

The **VILLAGE OF ST. ELIZABETH, MISSOURI**, a village and political subdivision of the State of Missouri (the “Village”), for value received, hereby promises to pay to the Owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon at the Interest Rate per annum shown above plus Additional Interest as described in the herein defined Ordinance (computed on the basis of a 360-day year of twelve 30-day months) from the Dated Date shown above or from the most recent interest payment date to which interest has been paid or duly provided for, payable semiannually on January 1 and July 1 in each year, commencing July 1, 2010, plus Additional Interest until the Principal Amount has been paid. Terms not otherwise defined in this Bond have the respective meanings as set forth in the Ordinance.

The principal of this Bond shall be paid at maturity or upon earlier redemption to the person in whose name this Bond is registered on the Bond Register at the maturity or redemption date thereof, upon presentation and surrender of this Bond at the payment office of UMB BANK, N.A. in the City of St. Louis, Missouri (the “Paying Agent”). The payment of the principal of and redemption premium, if any, payable on this Bond at maturity or upon earlier redemption and the interest payable on this 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. The principal of and interest on this Bond is payable in lawful money of the United States of America.

This Bond is one of a duly authorized series of bonds of the Village designated "Waterworks and Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2009" aggregating the principal amount of \$1,200,000 (the "Bonds"), issued by the Village for the purpose of acquiring, constructing, extending and improving the waterworks and sewerage system owned and operated by the Village (said waterworks and sewerage system, together with all future improvements and extensions thereto hereafter constructed or acquired by the Village, 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 Village and an ordinance duly adopted by the governing body of the Village (the "Ordinance").

At the option of the Village, 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.

The Bonds are subject to mandatory redemption in part, in an amount equal to the amount remaining on deposit in the Construction Fund upon the Completion of Disbursements (rounded to the next lower integral of \$100), on the earliest practicable date for which notice may be given, at the redemption price of 100% of the principal amount thereof plus accrued interest thereon to the date of redemption.

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 Village 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 Village 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 Village 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 Village or an indebtedness of the Village within the meaning of any constitutional, statutory or charter provision, limitation or restriction. Under the conditions set forth in the Ordinance, the Village has the right to issue additional parity bonds payable from, and secured by, the Net Revenues.

Under the conditions set forth in the Ordinance, the Village 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 Village covenants with the Owner of this Bond to keep and perform all covenants and agreements contained in the Ordinance, and the Village 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 Village 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 Village with respect to the Bonds, and the rights of the Owners.

The Bonds are issuable in the form of fully registered Bonds without coupons in the denomination of \$100 or any integral multiple 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 therein prescribed. The Village 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.

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

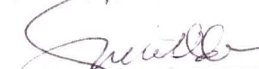
IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to the issuance of the Bonds have existed, happened and been performed in due time, form and manner as required by law, and that before the issuance of the Bonds, provision has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

IN WITNESS WHEREOF, the Village of St. Elizabeth, Missouri has executed this Bond by causing it to be signed by the manual signature of its Chairman of the Board of Trustees and attested by the manual signature of its Village Clerk, and its official seal to be affixed hereto or imprinted hereon.

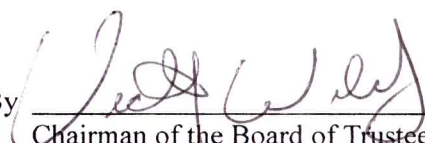
(SEAL)

VILLAGE OF ST. ELIZABETH, MISSOURI

ATTEST:



Village Clerk

By 

Chairman of the Board of Trustees

CERTIFICATE OF AUTHENTICATION

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

Registration Date: _____

UMB BANK, N.A., Paying Agent

By _____
Authorized Signatory

RECORD OF PRINCIPAL PAYMENTS AND PREPAYMENTS

Under the provisions of the Ordinance, payments of the principal installments of this Bond and partial prepayments of the principal of this Bond 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 hereby sells, assigns and transfers unto

Print or Type Name of Transferee

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

Dated: _____

NOTICE: The name of the Owner must correspond with the name that appears upon the face of the within Bond in every particular.

By: _____

Name: _____

Title: _____

CERTIFICATE

I, the undersigned, Village Clerk of the Village of St. Elizabeth, Missouri, hereby certify that the above and foregoing constitutes a fully, true and correct copy of Ordinance No. 09-826 duly adopted by the Board of Trustees of the Village at a meeting duly and [regularly/specially] held, after proper notice thereof, on October __, 2009; that said Ordinance has not been modified, amended or repealed, and is in fully force and effect as of the date hereof; and that the same is on file in my office.

WITNESS my hand and official seal this _____ day of October, 2009.



Village Clerk

(Seal)