

Exhibit MSD 15
Supplemental Bond Ordinance

ORDINANCE NO. 11736

OF

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

ADOPTED MAY 13, 2004

AUTHORIZING:

SUBORDINATE WASTEWATER SYSTEM REVENUE BONDS
(STATE REVOLVING FUND PROGRAM)
SERIES 2004B

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ORDINANCE NO. 11736

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SUBORDINATE WASTEWATER SYSTEM REVENUE BONDS (STATE REVOLVING FUND PROGRAM) SERIES 2004B OF THE METROPOLITAN ST. LOUIS SEWER DISTRICT, FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING, EXTENDING AND IMPROVING THE DISTRICT'S WASTEWATER SYSTEM; PRESCRIBING THE FORM AND DETAILS OF THE BONDS AND THE AGREEMENTS MADE BY THE DISTRICT TO FACILITATE AND PROTECT THEIR PAYMENT; AND AUTHORIZING A NO-INTEREST LOAN FROM THE WATER AND WASTEWATER LOAN REVOLVING FUND OR THE WATER AND WASTEWATER LOAN FUND OF THE STATE OF MISSOURI AND PRESCRIBING OTHER RELATED MATTERS.

WHEREAS, The Metropolitan St. Louis Sewer District (the "District"), a body corporate, a municipal corporation and a political subdivision duly organized and existing under the Constitution and laws of the State of Missouri and the District's Charter (Plan), as amended, approved by the voters for its government (the "Charter"), owns and operates a revenue producing sanitary sewer system (the "System", as hereinafter more fully defined); and

WHEREAS, the District desires to make certain additions, extensions and improvements to the System and is authorized under the provisions of the Charter to issue and sell revenue bonds for the purpose of providing funds for such purpose, upon obtaining the required voter approval and provided that the principal of and interest on such revenue bonds shall be payable solely from the revenues derived from the operation of the System; and

WHEREAS, pursuant to such authority, a special bond election was duly held in the District on February 3, 2004 on the following proposition:

PROPOSITION 'Y'

To comply with federal and state clean water requirements, shall The Metropolitan St. Louis Sewer District (MSD) issue its sewer system revenue bonds in the amount of Five Hundred Million Dollars (\$500,000,000) for the purpose of constructing, improving, renovating, repairing, replacing and equipping new and existing MSD sewer facilities and system, including sewer disposal and treatment plants, sanitary interceptor sewers and acquisition of easements and real property related thereto, the cost of operation and maintenance of said sewer system and the principal of and interest on said revenue bonds to be payable solely from the revenues derived by MSD from

the operation of its sewer system, including all future extensions and improvements thereto?

and it was found and determined that more than a simple majority of the qualified electors of the District voting on the proposition had voted in favor of the issuance of said revenue bonds for the purpose aforesaid, the vote on said proposition having been 101,419 votes for said proposition to 47,025 votes against said proposition; and

WHEREAS, the District has determined that there is a need for the construction, improvement, renovation, repair, replacement and equipping of the System, all as generally described in the report dated September 2002, prepared by the District's program planners, Sverdrup, Kwame and Metcalf & Eddy, and in accordance or substantially in accordance with plans and specifications on file from time to time with the District; and

WHEREAS, the District has determined that it is necessary and desirable and in the best interests of the citizens of the area served by the System for the District to make the additions, extensions and improvements to the System described above, and to finance a portion of the costs of the foregoing by the issuance, pursuant to this Ordinance, of its Subordinate Wastewater System Revenue Bonds (State Revolving Fund Program) Series 2004B (the "Bonds") in the Original Principal Amount as set forth in Exhibit A; and

WHEREAS, the District and the Authority have agreed that inasmuch as the District is funding separate discrete improvements relating to the System with the proceeds of the Bonds and that such separate improvement projects have three (3) separate construction and initiation of operation schedules, that use of the proceeds of the Bonds will be divided among three projects, Projects A, B and C (collectively, the "Projects"), as set forth in Exhibit A and in the herein-defined Purchase Agreement, and that repayment of the Bonds, amounts and repayment of revolving fund loans, deposits to reserve accounts and the like will also be allocated among such Projects; and

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

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

WHEREAS, the plans and specifications and the cost estimates are accepted and approved and are on file in the office of the Secretary-Treasurer, the amount of the estimated costs being not less than the Original Principal Amount; and

WHEREAS, \$175,000,000 principal amount of the bonds so authorized have heretofore been issued as described below; and

WHEREAS, by Master Bond Ordinance No. 11713 passed on April 22, 2004 (the "Master Bond Ordinance"), the District has issued its Wastewater System Revenue Bonds, Series 2004A (the "Series 2004A Bonds" and together with any bonds of the District issued on a parity with the Series 2004A Bonds and then outstanding, the "Outstanding Senior Bonds"), dated May 6, 2004, in the

original principal amount of \$175,000,000 which remains outstanding in such amount as of May 13, 2004; and

WHEREAS, the District hereby ratifies and affirms the Master Bond Ordinance; and

WHEREAS, the Bonds are being issued as Subordinate SRF Bonds under the Master Bond Ordinance (as defined therein), this Ordinance constitutes a Series Ordinance (as defined in the Master Bond Ordinance), and the provisions of the Master Bond Ordinance are applicable to the Bonds except as otherwise provided herein; and

WHEREAS, a portion of the proceeds of the Bonds will be applied to pay and retire in full the \$69,506,836 loan which the District received from DNR for Project B (the "Loan"), and to reimburse the District for the principal amount of the Loan which has been repaid to date; and

WHEREAS, the District, upon the issuance of the Bonds, will not have outstanding any other bonds or other obligations payable from the Pledged Revenues other than the Series 2004A Bonds and the Bonds; and

WHEREAS, under the provisions of the Master Bond Ordinance, the District may issue additional bonds payable out of the Pledged Revenues that are junior and subordinate to the Outstanding Senior Bonds, if certain conditions are met; and

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

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE METROPOLITAN ST. LOUIS SEWER DISTRICT, AS FOLLOWS:

ARTICLE I

DEFINITIONS

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

"Administrative Fee" means the fee payable to DNR equal to 0.8353% of the outstanding principal amount of the Revolving Fund Loan on each Administrative Fee Calculation Date in Exhibit A.

"Authority Bonds" means the Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) Series 2004B of the Authority.

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

"Authorized Representative" means the representative of the District designated by the District in accordance with the Regulations.

"Bondowner" means the Authority or its assigns.

"Bond Register" has the meaning set forth in the Master Bond Ordinance. The Paying Agent is the Bond Registrar for the Bonds.

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

"Expenses of Operation and Maintenance" has the meaning set forth in the Master Bond Ordinance.

"Interest Payment Date" means each January 1 and July 1, commencing January 1, 2005.

"Operating Revenues" has the meaning set forth in the Master Bond Ordinance.

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

"Outstanding" has the meaning set forth in the Master Bond Ordinance.

"Owner" means the Bondowner.

"Parity Bonds" means any parity bonds issued under Section 5.4 of the Master Bond Ordinance payable from the Pledged Revenues on a parity basis with the Bonds.

"Parity Ordinances" means the Ordinances under which any Parity Bonds are issued.

"Pledged Revenues" has the meaning set forth in the Master Bond Ordinance.

"Purchase Agreement" means the Purchase Agreement dated as of May 1, 2004, by and among the District, the Authority and DNR.

"Record Date" has the meaning set forth in the Master Bond Ordinance.

"Renewal and Extension Fund" means the fund by that name ratified and confirmed by Section 401.

"Revenue Fund" means the fund by that name ratified and confirmed by Section 401.

"Revolving Fund Agreement" means the Revolving Fund Agreement dated as of May 1, 2004, by and among the District, the Authority and DNR.

"Revolving Fund Loan" means the no-interest loan to the District by DNR from The Water and Wastewater Loan Revolving Fund or The Water and Wastewater Loan Fund under the Revolving Fund Agreement.

"SRF Program" means, collectively, the SRF Drinking Water Program and the Missouri Leveraged State Water Pollution Control Revolving Fund Program.

"SRF Bonds" means the Bonds and any other System Revenue Bonds issued in connection with the District's participation in the SRF Program.

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

"State" means the State of Missouri.

"System Revenue Bonds" means collectively the Senior Outstanding Bonds, the Bonds, the Parity Bonds and all other revenue bonds which are payable from the Pledged Revenues.

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

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

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

ARTICLE II

AUTHORIZATION OF BONDS

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

Section 202. Security for Bonds

(a) The Bonds are special, limited obligations of the District payable solely from, and secured by a pledge of, the Pledged Revenues. The Bonds and the interest thereon shall not constitute a general or moral obligation of the District nor a debt, indebtedness, or obligation of, or a pledge of the faith and credit of, the District or the State or any political subdivision thereof, within the meaning of any constitutional, statutory or charter provision whatsoever. Neither the faith and credit nor the taxing power of the District, the State, or any political subdivision thereof is pledged to the payment of the Principal of, premium, if any, or interest on the Bonds or other costs incident thereto. The District has no authority to levy any taxes to pay the Bonds. Neither the members of the Governing Body nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof.

(b) The Bonds are junior and subordinate to the Outstanding Senior Bonds with respect to payment of principal and interest from the Pledged Revenues. In the event of any default in the payment of the Outstanding Senior Bonds, the Pledged Revenues will be applied solely to the payment

of the principal of and interest on the Outstanding Senior Bonds until the default is cured, pursuant to the terms and conditions of the Master Bond Ordinance.

Section 203. Description of Bonds. The Bonds consist of fully registered bonds without coupons, numbered from R-1 consecutively upward, in the denomination of \$1,000 or any integral multiple of \$1,000. The Bonds will be issued in substantially the form of Exhibit B. The Bonds are dated the Dated Date as set forth on the Bonds. The Bonds become due on the dates and in the principal amounts (subject to optional and mandatory redemption prior to maturity as provided in Article III) and bear interest at the annual rates set forth in Exhibit A. Interest is computed on the basis of a 360-day year of twelve 30-day months from the Dated Date or from the most recent Interest Payment Date to which interest has been paid or provided for and is payable on each Interest Payment Date.

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

Section 205. Method and Place of Payment of Bonds. The method and place of payment of the Bonds shall be as provided in Sections 2.1 and 2.5 of the Master Bond Ordinance.

Section 206. Registration, Transfer and Exchange of Bonds.

(a) Registration, transfer and exchange of the Bonds shall be as provided in Sections 2.4 and 2.7 of the Master Bond Ordinance.

(b) 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. Execution, authentication and delivery of the Bonds shall be as provided in Section 2.3 of the Master Bond Ordinance.

Section 208. Mutilated, Destroyed, Lost and Stolen Bonds. Treatment of mutilated, destroyed, lost and stolen Bonds shall be as provided in Section 2.9 of the Master Bond Ordinance.

Section 209. Cancellation and Destruction of Bonds Upon Payment. Cancellation and destruction of Bonds shall be as provided in Section 2.8 of the Master Bond Ordinance.

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

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

(b) The District is authorized to enter into the Purchase Agreement and the Revolving Fund Agreement, in substantially the forms presented to the Governing Body. The Chairman of the Board of Trustees or the Acting Executive Director is authorized to execute the Purchase Agreement, the Revolving Fund Agreement and the Terms Certificate for and on behalf of and as the act and deed of the District, with changes approved by the Chairman of the Board of Trustees or the Acting Executive Director, which approval will be conclusively evidenced by such individual's signature thereon. The Chairman of the Board of Trustees or the Acting Executive Director 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 Secretary-Treasurer is authorized and directed to attest the execution of the Purchase Agreement and the Revolving Fund Agreement and any other documents, certificates and instruments that are necessary or desirable to carry out the intent of this Ordinance and the Terms Certificate.

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

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

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

ARTICLE III

REDEMPTION OF BONDS

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

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

Section 303. Selection of Bonds to Be Redeemed. Selection of Bonds to be redeemed shall be as provided in Section 3.6 of the Master Bond Ordinance.

Section 304. Notice and Effect of Call for Redemption. Notice of redemption shall be given as provided in Section 3.2 of the Master Bond Ordinance except that "45 days" shall be substituted for "30 days" for the required notice period for redemption of the Bonds. The effect of the call for redemption shall be as provided in Section 3.4 of the Master Bond Ordinance.

ARTICLE IV

RATIFICATION OF FUNDS AND ACCOUNTS

Section 401. Ratification of Funds and Accounts. The following separate funds and accounts created in or acknowledged, ratified or confirmed by the Master Bond Ordinance known respectively as the:

- (1) The Metropolitan St. Louis Sewer District Wastewater Revenue Fund (the "Revenue Fund");
- (2) The Metropolitan St. Louis Sewer District Wastewater Sinking Fund under the Master Bond Ordinance (the "Outstanding Senior Bond Debt Service Account");
- (3) Debt Service Reserve Account within The Metropolitan St. Louis Sewer District Wastewater Sinking Fund under the Master Bond Ordinance (the "Outstanding Senior Bond Debt Service Reserve Account"); and
- (4) The Metropolitan St. Louis Sewer District Renewal and Extension Fund (the "Renewal and Extension Fund");

are hereby ratified and confirmed.

Section 402. Administration of Funds and Accounts. The funds and accounts described in Section 401 will be maintained and administered by, or on behalf of, the District pursuant to the Master Bond Ordinance.

Section 403. Acknowledgment of Accounts.

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

- (1) Construction Account, and within said Account Construction Subaccounts A, B and C, one for each of Projects A, B and C;
- (2) Reserve Account, and within said Account Reserve Subaccounts A, B and C, one for each of Projects A, B and C;
- (3) Leveraged Portion Debt Service Account, and within said Account Debt Service Subaccounts A, B and C, one for each of Projects A, B and C;
- (4) Principal Account, and within said Account Principal Subaccounts A, B and C, one for each of Projects A, B and C; and
- (5) Interest Account, and within said Account Interest Subaccounts A, B and C, one for each of Projects A, B and C.

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

ARTICLE V

APPLICATION OF BOND PROCEEDS

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

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

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

(a) By this Ordinance, the District assigns the proceeds of the Bonds held in the Construction Account to the Bondowner to secure the District's obligations under this Ordinance. Moneys in the Construction Account will be disbursed to the District for the sole purpose of paying the cost of extending and improving the System in accordance with the plans and specifications prepared by the Consulting Engineer, previously approved by the Governing Body and DNR and on file in the office of the Secretary-Treasurer, 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. A portion of the moneys in the Construction Account will be applied to the repayment of the Loan. Moneys in the Construction Account will be allocated among Projects A, B and C in accordance with the deposits into Construction Subaccounts A, B and C.

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

Section 503. Appropriation of Bond Proceeds to Pay Costs of Issuance. The District hereby appropriates the amount set forth on Exhibit A from moneys on deposit in the Costs of Issuance Fund to pay costs of issuance of the Bonds.

ARTICLE VI

APPLICATION OF REVENUES

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

Section 602. Application of Moneys in Funds and Accounts. The District will apply moneys in the Revenue Fund on the dates, in the amounts and in the order as follows:

(1) from time to time, as required by the Master Bond Ordinance, to pay Expenses of Operation and Maintenance as required by Section 4.3(a)(1) of the Master Bond Ordinance;

(2) from time to time, as required by the Master Bond Ordinance, to the Outstanding Senior Bond Debt Service Account, the Outstanding Senior Bond Debt Service Reserve Account and other funds and accounts established under the Master Bond Ordinance such amounts as required by Section 4.3(a)(2), (3), (4) and (5) of the Master Bond Ordinance;

(3) on the 25th day of each month the following amounts to the Trustee for credit to the Interest Account, to be deposited in each Subaccount therein based on the proportionate amount of the Bonds allocable to the applicable Project, and to the Principal Account, to be deposited in each Subaccount therein based on the proportionate amount of the Bonds allocable to the applicable Project (at such time as the amounts set forth in subsections (A) and (B) below are paid to the Trustee and deposited into the Principal Account and the Interest Account, such amounts shall represent payments of principal and interest due and owing on the Bonds and shall not be Pledged Revenues and shall be released from the lien of the Master Bond Ordinance):

(A) on June 25, 2004 to and including December 25, 2004, to the Interest Account 1/7 of the amount of interest on the Bonds due on January 1, 2005 less accrued interest, if any, deposited to the Interest Account; and on January 25, 2005 and thereafter 1/6 of the amount of interest due on the Bonds on the next Interest Payment Date, with these monthly payments to be reduced as follows:

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

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

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

payment date which is not more than 20 years after the Initiation of Operation, all remaining unpaid principal installments of the Bonds allocable to such Project will be paid;

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

(5) from time to time, as required by the Master Bond Ordinance, to the Outstanding Senior Bond Debt Service Account, the Outstanding Senior Bond Debt Service Reserve Account and other funds and accounts established under the Master Bond Ordinance such amounts as required by Section 4.3(a)(7) of the Master Bond Ordinance, and such amounts as required by Section 4.3(a)(8) of the Master Bond Ordinance relating to any Outstanding Senior Bond;

(6) on the first day of each month, in the event the Trustee has withdrawn moneys from the Reserve Account (other than investment earnings or the amount transferred from the Reserve Account upon the payment of principal on the Bonds), to the Reserve Account, to be deposited in each Subaccount therein based on the proportionate amount of the Bonds allocable to the applicable Project, all available moneys until the Reserve Account has been replenished;

(7) from time to time, as required by the Master Bond Ordinance, such amounts as required by Section 4.3(a)(8) of the Master Bond Ordinance relating to an obligation other than an Outstanding Senior Bond; and

(8) after the deposits set forth in paragraphs (1) through (7) have been made, to the Renewal and Extension Fund, the amount required by the Master Bond Ordinance, to be applied as set forth in Section 4.5 of the Master Bond Ordinance.

Section 603. Deficiency of Payments into Funds and Accounts.

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

(b) If the moneys in the Outstanding Senior Bond Debt Service Account, the Outstanding Senior Bond Debt Service Reserve Account, the Principal Account, the Interest Account or the Reserve Account are not sufficient to pay the principal of and interest on the Outstanding Senior Bonds and the Bonds as and when the same become due, the District will apply moneys in the Renewal and Extension Fund first to the Outstanding Senior Bond Debt Service Account and the balance to the Principal Account and the Interest Account to prevent any default in the payment of the principal of and interest on the Outstanding Senior Bonds and the Bonds.

Section 604. Transfer of Funds to Paying Agent. The Secretary-Treasurer is authorized and directed to make the payments to the Principal Account and the Interest Account as provided in Section 602, and, to the extent necessary to prevent a default in the payment of the Bonds, from the Reserve Account and the Renewal and Extension Fund as provided in Sections 602 and 603, sums sufficient to pay the Bonds when due, and to forward amounts to the Paying Agent in a manner which ensures the Paying Agent will have sufficient available funds on or before the second Business Day

immediately preceding the dates when payments on the Bonds are due. Upon the payment of all principal and interest on the Bonds, the Paying Agent will return any excess funds to the District. Except as otherwise provided in the Indenture, all moneys deposited by the District with the Paying Agent are subject to the provisions of this Ordinance.

ARTICLE VII

DEPOSIT AND INVESTMENT OF MONEYS

Section 701. Investment of Moneys. Moneys in the Interest Account, the Principal Account, the Construction Account, the Leveraged Portion Debt Service Account and the Reserve Account are assigned by the District to the Authority to secure the District's obligations under this Ordinance. The District acknowledges that moneys in the Interest Account, the Principal Account, the Leveraged Portion Debt Service Account and the Reserve Account will be invested by the Authority, subject to the Arbitrage Instructions, in Investment Securities in accordance with Section 4.9 of the Indenture. Moneys in the Construction Account will be invested by the Authority at the direction of the District, subject to the Arbitrage Instructions and the requirements set forth in the District's Charter for the investment of District funds, in Permitted Investments as defined in the Master Bond Ordinance. Investment of moneys in each of the other funds and accounts ratified and confirmed by this Ordinance shall be as provided in Sections 4.7 and 4.8 of the Master Bond Ordinance.

ARTICLE VIII

PARTICULAR COVENANTS OF THE DISTRICT

Section 801. Efficient and Economical Operation. The District will continuously own and operate the System as provided in Section 6.2 of the Master Bond Ordinance

Section 802. Rate Covenant. The District will fix, establish, maintain and collect rates and charges for the use and services furnished by or through the System as provided in Section 6.1 of the Master Bond Ordinance.

Section 803. Reasonable Charges for all Services. The District will enforce charges for services as set forth in Section 6.7 of the Master Bond Ordinance.

Section 804. Annual Budget. The District will adopt a budget for each Fiscal Year, as provided in Section 6.10 of the Master Bond Ordinance. The Secretary-Treasurer, within 30 days after the end of the current Fiscal Year, will mail a copy of the budget to the Bondowner and the Trustee.

Section 805. Annual Audit.

(a) Promptly after the end of each Fiscal Year, the District 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 Pledged Revenues. The annual audit will cover in reasonable detail the operation of the System during the Fiscal Year.

(b) Within 180 days after the end of the District's Fiscal Year, a copy of the annual audit will be filed in the office of the Secretary-Treasurer, and a duplicate copy of the audit will be mailed to the Bondowner and the Trustee. The annual audit will be open to examination and inspection during

normal business hours by any taxpayer, any user of the services of the System, any Owner of the Bonds, or anyone acting for or on behalf of the taxpayer, user or Owner.

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

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

Section 807. Tax Covenants.

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

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

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

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

ARTICLE IX

ADDITIONAL BONDS

Section 901. Prior Lien Bonds. Except as provided in Section 904 and 905, the District will not issue any debt obligations payable out of the Pledged Revenues which are superior in lien, security or otherwise to the Bonds.

Section 902. Parity Lien Bonds or Obligations.

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

(1) the District is not in default in the payment of principal or interest on the Outstanding Senior Bonds, the Bonds or any Parity Bonds or in making any deposit into the funds and accounts under the Master Bond Ordinance, this Ordinance or any Parity Ordinance;

(2) the District provides to the Bondowner and the Trustee either of the reports meeting the requirements set forth in Section 5.4(a)(1) of the Master Bond Ordinance; and

(3) all other requirements set forth in Section 5.4 of the Master Bond Ordinance for the issuance of Subordinate Bonds (as defined therein) have been satisfied.

(b) Reference is made to the Master Bond Ordinance for provisions relating to additional revenue bonds or other obligations of the District issued on a parity with the Bonds.

Section 903. Junior Lien Bonds. Reference is made to the Master Bond Ordinance for provisions relating to additional revenue bonds or other obligations of the District issued on a subordinate basis to the Bonds.

Section 904. Refunding Bonds.

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

(b) The District may refund any of the Outstanding Senior Bonds, provided that such refunding satisfies the requirements set forth in Section 5.2 of the Master Bond Ordinance.

Section 905. Additional Senior Bonds. The District may issue bonds on a parity with the Outstanding Senior Bonds provided that such issuance is in conformance in all respects with the requirements set forth in Section 5.3 of the Master Bond Ordinance. The District will not issue any debt obligations payable out of the Pledged Revenues which are superior in lien, security or otherwise to the Outstanding Senior Bonds.

ARTICLE X

DEFAULT AND REMEDIES

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

District by the Trustee, the Authority, DNR or the Owner of any Bond then Outstanding, at any time thereafter and while the default continues, the District shall pay to DNR the penalties assessed by DNR in accordance with the Regulations. The penalties will be assessed as a reduction in the credit provided in Section 602(a)(3)(A).

Section 1002. Remedies. The provisions of this Ordinance constitute a contract between the District and the Owners of the Bonds. Upon an event of default as provided in Section 1001, the Owners of the Bonds shall have the right to exercise remedies as provided in the Master Bond Ordinance. Any amounts paid on the Bonds to the Owners will be as provided in the Master Bond Ordinance.

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

Section 1004. Remedies Cumulative. No remedy conferred upon the Owners is intended to be exclusive of any other remedy. Each remedy is in addition to every other remedy and may be exercised without exhausting any other remedy conferred under this Ordinance. No waiver by any Owner of any default or breach of duty or contract of the District under this Ordinance will affect any subsequent default or breach of duty or contract by the District 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 District and the Owners of the Bonds will be restored to their former positions and rights under this Ordinance.

Section 1005. No Authority to Levy Taxes. The District has no authority to levy taxes to meet any obligation incurred under this Ordinance or to pay the principal of or interest on the Bonds.

ARTICLE XI

DEFEASANCE

Section 1101. Defeasance. When all of the Bonds have been paid and discharged, the provisions of this Ordinance (other than Section 807) will terminate. Bonds will be treated as paid and discharged within the meaning of this Ordinance if (i) the requirements for defeasance of the Bonds set forth in Section 9.1 of the Master Bond Ordinance have been satisfied and (ii) the District has provided an opinion of Bond Counsel, addressed to the Authority and the Trustee, that providing for the payment of the Bonds in accordance with the Master Bond Ordinance will not cause the interest on the Authority Bonds to be included in gross income for federal income tax purposes.

ARTICLE XII

AMENDMENTS

Section 1201. Amendments.

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

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

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

ARTICLE XIII

MISCELLANEOUS PROVISIONS

Section 1301. Further Authority. The officers of the District, including the Chairman of the Board of Trustees, the Acting Executive Director and the Secretary-Treasurer, are authorized and directed to execute all documents and take the actions as are necessary or advisable in order to carry out and perform the purposes of this Ordinance and to make ministerial changes in the documents approved by this Ordinance which they may approve. The execution of any document or taking of any related action constitutes conclusive evidence of the necessity or advisability of the action or change.

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

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

Section 1304. Effective Date. Pursuant to the Charter, this Ordinance constitutes an appropriation ordinance and shall take effect immediately and be in full force after its passage by the Governing Body.

The foregoing Ordinance was adopted May 13, 2004.

[Remainder of this page intentionally left blank]

PASSED by the Board of Trustees of The Metropolitan St. Louis Sewer District this 13th day of May, 2004.

Chairman of the Board of Trustees

(Seal)

ATTEST:

Secretary-Treasurer

APPROVED AS TO FORM:

Randy E. Hayman, General Counsel

CERTIFICATE

I, the undersigned, Secretary-Treasurer of The Metropolitan St. Louis Sewer District, hereby certify that attached to this Certificate is a true and correct copy of Ordinance No. _____ passed by the Board of Trustees of the District at a regular meeting held, after proper notice, on May 13, 2004; that the Ordinance has not been amended and is in full force and effect as of this date; and that the Ordinance is on file in my office.

WITNESS my hand and official seal this 13th day of May, 2004.

(Seal)

Secretary-Treasurer

EXHIBIT A

ADDITIONAL PROVISIONS

1. Original Principal Amount – Section 201. \$ 161,280,000

Project A Allocable Portion	\$ 49,245,000
Project B Allocable Portion	\$ 101,180,000
Project C Allocable Portion	\$ 10,855,000

2. Maturity Schedule – Section 203.A. Project A Allocable Portion Maturity Schedule.

<u>Maturity January 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2006	\$ 2,255,000	2.000%
2007	1,770,000	2.500%
2008	1,985,000	3.000%
2009	1,910,000	3.250%
2010	1,120,000	3.500%
2011	2,325,000	5.250%
2012	2,395,000	4.000%
2013	1,605,000	4.000%
2014	1,610,000	4.200%
2015	2,525,000	5.250%
2016	2,605,000	5.250%
2017	2,680,000	5.250%
2018	2,765,000	5.250%
2019	2,845,000	5.250%
2020	2,930,000	5.000%
2021	3,015,000	5.000%
2022	3,095,000	5.000%
2023	3,180,000	5.000%
2024	3,270,000	5.000%
2025	3,360,000	5.000%

B. Project B Allocable Portion Maturity Schedule.

<u>Maturity January 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2007	\$ 3,790,000	5.000%
2008	4,030,000	5.000%
2009	4,000,000	5.250%
2010	4,120,000	5.250%
2011	4,245,000	5.250%
2012	4,370,000	5.250%
2013	4,505,000	5.250%
2014	4,640,000	5.250%
2015	4,775,000	5.250%
2016	4,920,000	5.250%
2017	5,070,000	5.250%
2018	5,220,000	5.250%
2019	5,375,000	5.250%
2020	5,540,000	5.000%
2021	5,690,000	5.000%
2022	5,845,000	5.000%
2023	6,010,000	5.000%
2024	6,175,000	5.000%
2025	6,345,000	5.000%
2026	6,515,000	5.000%

C. Project C Allocable Portion Maturity Schedule.

<u>Maturity January 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2008	\$ 290,000	5.000%
2009	1,285,000	3.625%
2010	1,100,000	3.750%
2011	460,000	3.700%
2012	315,000	5.250%
2013	1,000,000	4.250%
2014	1,000,000	4.500%
2015	335,000	5.250%
2016	345,000	5.250%
2017	355,000	5.250%
2018	370,000	5.250%
2019	380,000	5.250%
2020	390,000	5.000%
2021	400,000	5.000%
2022	600,000	4.750%
2023	420,000	5.000%
2024	435,000	5.000%
2025	445,000	5.000%
2026	460,000	5.000%
2027	470,000	5.000%

3. Purchase Price – Section 210. \$167,063,096.00

Project A Allocable Portion \$ 50,410,788.40
 Allocable Costs of Issuance \$ 789,856.90
 Allocable Construction Costs \$ 49,620,931.50

Project B Allocable Portion \$105,600,965.35
 Allocable Costs of Issuance \$ 1,117,779.72
 Allocable Construction Costs \$104,483,185.63

Project C Allocable Portion \$11,051,372.25
 Allocable Costs of Issuance \$ 149,635.95
 Allocable Construction Costs \$10,901,760.30

4. Administrative Fee Calculation Dates – Section 211. The Business Day preceding each January 1, commencing on the Business Day preceding January 1, 2005.

5. Optional Redemption – Section 302.

At the option of the District, Bonds maturing on January 1, 2015, and thereafter, except as provided below, may be called for redemption and payment prior to maturity in whole or in part on any date with the consent of the Bondowner, or on each June 1 and December 1, commencing

June 1, 2014, at the redemption price of 100% of principal amount of the Bonds redeemed, plus accrued interest to the redemption date. Bond maturing on January 1, 2016, January 1, 2017, January 1, 2018 and January 1, 2019 are not subject to redemption prior to maturity.

6. Section 501 Deposits.
 - (a) \$2,057,272.57 into the Costs of Issuance Fund for Costs of Issuance;
 - (b) \$49,620,931.50 into Construction Subaccount A;
 - (c) \$104,483,185.60 into Construction Subaccount B; and
 - (d) \$10,856,706.30 into Construction Subaccount C.

EXHIBIT B

FORM OF BOND

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

UNITED STATES OF AMERICA
STATE OF MISSOURI

Registered
No. R-___

Registered
\$ _____

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

SUBORDINATE WASTEWATER SYSTEM REVENUE BOND
(STATE REVOLVING FUND PROGRAM)
SERIES 2004B

Interest Rates
See Schedule I

Maturity Dates
See Schedule I

Dated Date
May 28, 2004

REGISTERED OWNER: STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY
RESOURCES AUTHORITY

PRINCIPAL AMOUNT: ** _____ DOLLARS**

THE METROPOLITAN ST. LOUIS SEWER DISTRICT, a body corporate, a municipal corporation and a political subdivision of the State of Missouri (the "District"), for value received, hereby promises to pay to the Owner shown above, or registered assigns, the Principal Amount shown above in installments in the amounts and on the Maturity Dates referenced above, and to pay interest thereon at the annual Interest Rates referenced above (computed on the basis of a 360-day year of twelve 30-day months), payable semiannually on January 1 and July 1 in each year, commencing January 1, 2005 (each an "Interest Payment Date"), from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for until the Principal Amount has been paid.

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

continental United States of America pursuant to instructions from the Owner received by the Paying Agent prior to the Record Date. The principal of, redemption premium, if any, and interest on this Bond is payable in lawful money of the United States of America.

This Bond is one of a duly authorized series of bonds of the District designated "Subordinate Wastewater System Revenue Bonds (State Revolving Fund Program) Series 2004B" aggregating the principal amount of \$161,280,000 (the "Bonds"), issued by the District for the purpose of extending and improving its wastewater system (together with all future improvements and extensions, the "System"), under the authority of and in full compliance with the District's Charter (Plan), as amended, and pursuant to an election duly held in the District and an ordinance adopted by the governing body of the District (the "Ordinance").

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

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

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

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

The Bonds are limited obligations of the District payable solely from, and secured as to the payment of principal and interest by a pledge of, the Pledged Revenues (as defined in the Ordinance). The Bonds and the interest thereon shall not constitute a general or moral obligation of the District nor a debt, indebtedness, or obligation of, or a pledge of the faith and credit of, the District or the State or any political subdivision thereof, within the meaning of any constitutional, statutory or charter provision whatsoever. Neither the faith and credit nor the taxing power of the District, the State, or any political subdivision thereof is pledged to the payment of the Principal of, premium, if any, or interest on the Bonds or other costs incident thereto. Under the conditions set forth in the Ordinance, the District has the right to issue additional senior bonds and additional parity bonds payable from, and secured by, the Pledged Revenues. The District has no authority to levy any taxes to pay the Bonds.

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

The District covenants with the Owner of this Bond to keep and perform all covenants and agreements contained in the Ordinance, and the District 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 District 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 District with respect to the Bonds, and the rights of the Owners.

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

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

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

[Remainder of this page intentionally left blank]

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 Metropolitan St. Louis Sewer District has executed this Bond by causing it to be signed by the manual or facsimile signature of its Chairman of the Board of Trustees or Acting Executive Director and attested by the manual or facsimile signature of its Secretary-Treasurer, with its official seal affixed or imprinted.

(SEAL)

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

ATTEST:

Secretary-Treasurer

By _____
Chairman of the Board of Trustees

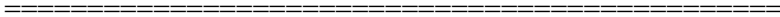
CERTIFICATE OF AUTHENTICATION

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

Registration Date: _____

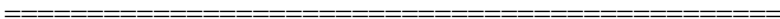
UMB BANK, N.A., Paying Agent

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



ASSIGNMENT

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

UMB BANK, N.A.

Print or Type Name of Transferee

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

STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY

Dated: _____

By: _____

Charles D. Banks, Chairman

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

Signature Guaranteed By:

Authorized Signatory
UMB Bank, N.A.

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

SCHEDULE I TO

THE METROPOLITAN ST. LOUIS SEWER DISTRICT
SUBORDINATE WASTEWATER SYSTEM REVENUE BOND
(STATE REVOLVING FUND PROGRAM)
SERIES 2004B

[insert Maturity Schedules from paragraph 2 of Exhibit A]