

ORDINANCE NO. 12332

OF

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

AUTHORIZING:

SUBORDINATE WASTEWATER SYSTEM REVENUE BONDS
(STATE REVOLVING FUND PROGRAM)
SERIES 2006B

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ORDINANCE NO. 12332

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SUBORDINATE WASTEWATER SYSTEM REVENUE BONDS (STATE REVOLVING FUND PROGRAM) SERIES 2006B 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 2006B (the "Bonds") in the Original Principal Amount (as defined below); 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, \$385,795,000 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 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, of which \$175,000,000 remains outstanding as of the date of passage of this Ordinance; and

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

WHEREAS, by Ordinance No. 11736 passed on May 13, 2004 (the "Series 2004B Ordinance"), the District has issued its Subordinate Wastewater System Revenue Bonds, Series 2004B (the "Series 2004B Bonds"), dated May 28, 2004, in the original principal amount of \$161,280,000, of which \$159,025,000 remains outstanding as of the date of passage of this Ordinance; and

WHEREAS, by Ordinance No. 11986 passed on May 5, 2005 (the "Series 2005A Ordinance"), the District has issued its Subordinate Wastewater System Revenue Bonds (State Revolving Fund

Program) Series 2005A (the “Series 2005A Bonds”), dated May 19, 2005, in the original principal amount of \$6,800,000, of which \$6,800,000 remains outstanding as of the date of passage of this Ordinance; and

WHEREAS, by Ordinance No. 12179 passed on March 9, 2006 (the “Series 2006A Ordinance” and together with the Series 2005A Bond Ordinance and the Series 2004B Ordinance the “Outstanding Parity Bond Ordinances”), the District has issued its Subordinate Wastewater System Revenue Bonds (State Revolving Fund Program) Series 2006A (the “Series 2006A Bonds” and together with the Series 2005A Bonds and the Series 2004B Bonds the “Outstanding Parity Bonds”), dated April 27, 2006, in the original principal amount of \$42,715,000, of which \$42,715,000 remains outstanding as of the date of passage of this Ordinance; and

WHEREAS, the Bonds are being issued as Subordinate SRF Bonds (within the meaning of the Master Bond Ordinance) under the Master Bond Ordinance, this Ordinance constitutes a Series Ordinance (within the meaning of the Master Bond Ordinance), and the provisions of the Master Bond Ordinance are applicable to the Bonds except as otherwise provided in this Ordinance; 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, the Series 2004B Bonds, the Series 2005A Bonds, the Series 2006A 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, and that are on parity with the Outstanding Parity 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 0.714% of the outstanding principal amount of the Revolving Fund Loan on each Administrative Fee Calculation Date.

“Administrative Fee Calculation Date” means the Business Day preceding each July 1, commencing on the first July 1 on which the principal of the Bonds is payable.

“Authority Bonds” means the series of Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) of the Authority as designated in the Closing Certificate.

“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.

“Certificate of Final Terms” means Exhibit C, executed and delivered by the Chair of the Board of Trustees or the Executive Director pursuant to Section 210 and attached to this Ordinance as of the date of issuance of the Bonds.

“Closing Certificate” means the District’s closing certificate executed and delivered by the Chair of the Board of Trustees or the Executive Director on the date of issuance of the Bonds, in substantially the form attached as Exhibit D.

“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 July 1, 2007.

“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.

“Original Principal Amount” means the principal amount of Bonds originally issued and delivered pursuant to this Ordinance, in the amount specified in the Certificate of Final Terms, subject to Exhibit A.

“Outstanding” has the meaning set forth in the Master Bond Ordinance.

“Owner” means the Bondowner.

“Parity Bonds” means the Outstanding Parity Bonds and 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 Outstanding Parity Bond Ordinances and the ordinances under which any other 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 November 1, 2006, 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 November 1, 2006, 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 Bonds, the Outstanding Senior Bonds, the Outstanding Parity Bonds and all other revenue bonds which are payable from the Pledged Revenues.

“Term Bond” means each Bond, if any, designated as a Term Bond in the Certificate of Final Terms.

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

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.

(c) The Bonds are issued on parity with the Outstanding Parity Bonds.

Section 203. Description of Bonds. The Bonds consist of fully registered bonds without coupons, numbered from R-1 consecutively upward, in the denomination of \$5,000 or any integral multiple of \$5,000. 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 will become due on the dates and in the principal amounts determined pursuant to Section 210. 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. The Bonds will be sold to the Owner under the terms of the Purchase Agreement. 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 Chair or the Executive Director is authorized to execute the Purchase Agreement and the Revolving Fund Agreement for and on behalf of and as the act and deed of the District, with changes approved by the Chair or the Executive Director, which approval will be conclusively evidenced by the Chair's or the Executive Director's execution of the Purchase Agreement and the Revolving Fund Agreement. The Chair or the Executive Director is further authorized and directed to approve the purchase price for the Bonds, the principal amounts by maturity, the interest rates and the other final terms of the Bonds, including applicable redemption provisions, subject to the limitations set forth in Exhibit A, and in that connection, to execute and deliver the Certificate of Final Terms for and on behalf of and as the act and deed of the District, which approval will be conclusively evidenced by the Chair's or the Executive Director's execution of the Certificate of Final Terms. Upon execution, the Certificate of Final Terms will be attached to this Ordinance as Exhibit C. The Chair or the Executive Director is further authorized and directed to execute the Closing Certificate and 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, the Revolving Fund Agreement, the Closing Certificate 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 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 set forth in the Certificate of Final Terms will be redeemed in part on the dates and in the principal amounts set forth in the Certificate of Final Terms, 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 the Certificate of Final Terms. Bonds will be optionally redeemed in part in integral multiples of \$5,000 from the maturities selected by the District with the prior written consent of the Owner. Upon redemption, the sinking fund redemption amounts for each Term Bond will be proportionately reduced (unless otherwise directed by the District with the prior written consent of the Owner), subject to rounding to integral multiples of \$5,000. 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.

(a) 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 (the “Outstanding Senior Bond Debt Service Account”);

(3) Debt Service Reserve Account within The Metropolitan St. Louis Sewer District Wastewater Sinking Fund (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 acknowledged, ratified and confirmed.

(b) The following separate funds and accounts acknowledged under the Series 2004B Ordinance known respectively as the:

(1) Reserve Account (the “Series 2004B Reserve Account”); and

(2) State Match Portion Debt Service Account, Leveraged Portion Debt Service Account, Principal Account and Interest Account (collectively, the “Series 2004B Bond Debt Service Account”);

are hereby acknowledged, ratified and confirmed.

(c) The following separate funds and accounts acknowledged under the Series 2005A Ordinance known respectively as the:

(1) Reserve Account (the “Series 2005A Reserve Account” and collectively with the Series 2004B Reserve Account, the “Outstanding Parity Bond Reserve Account”); and

(2) State Match Portion Debt Service Account, Leveraged Portion Debt Service Account, Principal Account and Interest Account (collectively, the “Series 2005A Bond Debt Service Account” and collectively with the Series 2004B Bond Debt Service Account, the “Outstanding Parity Bond Debt Service Account”);

are hereby acknowledged, ratified and confirmed.

(d) The following separate funds and accounts acknowledged under the Series 2006A Ordinance known respectively as the:

(1) Reserve Account (the “Series 2006A Reserve Account” and collectively with the Series 2005A Reserve Account, the Series 2004B Reserve Account, the “Outstanding Parity Bond Reserve Account”); and

(2) State Match Portion Debt Service Account, Leveraged Portion Debt Service Account, Principal Account and Interest Account (collectively, the “Series 2006A Bond Debt Service Account” and collectively with the Series 2005A Bond Debt Service Account, Series 2004B Bond Debt Service Account, the “Outstanding Parity Bond Debt Service Account”);

are hereby acknowledged, ratified and confirmed.

Section 402. Administration of Funds and Accounts. The funds and accounts described in Section 401(a)(1), (2), (3) and (4) will be maintained and administered by, or on behalf of, the District pursuant to the Master Bond Ordinance. The funds and accounts described in Section 401(b), (c) and (d) will be maintained and administered by, or on behalf of, the District while the Series 2004B Bonds, the Series 2005A Bonds and the Series 2006A Bonds, respectively, are outstanding.

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;
- (2) Reserve Account;
- (3) State Match Portion Debt Service Account;
- (4) Leveraged Portion Debt Service Account;
- (5) Principal Account; and
- (6) Interest Account.

(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 set forth in the Closing Certificate.

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.

(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 in the Certificate of Final Terms, which amount will not exceed the amount set forth in Exhibit A, from moneys on deposit in the Costs of Issuance Fund, to pay costs of issuing 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.

(a) 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, 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, the 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 on a parity basis (i) to the Outstanding Parity Bond Debt Service Account the amount required under the Outstanding Parity Ordinance and (ii) the following amounts to the Trustee for credit to the Interest Account and to the Principal Account (at the time amounts set forth in subsections (A) and (B) below are paid to the Trustee and deposited into the Principal Account and the Interest Account, the amounts shall represent payments of principal and interest due and owing on the Bonds, shall not be Pledged Revenues and shall be released from the lien of the Master Bond Ordinance):

(A) to the Interest Account, on January 25, 2007 and each monthly payment date thereafter, 1/6 of the amount of interest on the Bonds due 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) to the Principal Account, on July 25, 2008 and each monthly payment date thereafter, 1/12 of the principal due on the Bonds on the next succeeding principal payment date, whether at maturity or upon mandatory sinking fund redemption. If the Initiation of Operation specified in the certificate delivered by the District under Section 3.5 of the Purchase Agreement is earlier than the expected Initiation of Operation on the District's signature page to the Purchase Agreement, (i) the first monthly installment of principal of the Bonds 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 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 the amounts as required by Section 4.3(a)(7) of the Master Bond Ordinance, and the 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 on a parity basis, to the Outstanding Parity Bond Debt Service Reserve Account as required by the Outstanding Parity Bond Ordinances and, if the Trustee has withdrawn moneys from the Reserve Account (other than investment earnings or the amount transferred from the Reserve Account upon the payment of principal on the Bonds), to the Reserve Account, all available moneys until the Reserve Account has been replenished;

(7) from time to time, the amounts required by Section 4.3(a)(8) of the Master Bond Ordinance for Other System Obligations (as defined in the Master Bond Ordinance); and

(8) 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.

(b) If the amount in the Revenue Fund is not sufficient to make the payments at the time required to be made by the District to the Interest Account, the Principal Account and the Outstanding Parity Bond Debt Service Account, the District will apply the remaining balance in the Revenue Fund on a proportionate basis (based upon the outstanding principal amounts of the Bonds and the Outstanding Parity Bonds) to the Principal Account, the Interest Account and the Outstanding Parity Bond Debt Service Account.

(c) If the amount in the Revenue Fund is not sufficient to make the payments at the time required to be made by the District to the Reserve Account and to the Outstanding Parity Bond Reserve Account, the District will divide the balance in the Revenue Fund between the Reserve Account and the Outstanding Parity Bond Reserve Account on a proportionate basis (based upon the outstanding principal amounts of the Bonds and the other Outstanding Parity Bonds).

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 Outstanding Parity Bond Debt Service Account, the Outstanding Parity Bond 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, the Outstanding Parity 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 on a proportionate basis (based upon the outstanding principal amounts of the Bonds and the Outstanding Parity Bonds) to the Outstanding Parity Bond Debt Service Account, 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, the Outstanding Parity 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 and in the Outstanding Parity Bond Ordinances.

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 Sections 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 that stand on 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 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 that provides debt service savings to the District, and the refunding bonds so issued will be on 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 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 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 Chair of the Board of Trustees, the 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.

[Remainder of this page intentionally left blank]

Adopted by the Board of Trustees of The Metropolitan St. Louis Sewer District this 12th day of October, 2006.

Chair of the Board of Trustees

(Seal)

ATTEST:

Secretary-Treasurer

APPROVED AS TO FORM:

Randy E. Hayman, General Counsel

EXHIBIT A

TERMS OF BONDS

1. Original Principal Amount of the Bonds: Not to exceed \$14,205,000.
2. Purchase Price: Not less than 99% of the Original Principal Amount.
3. Weighted Average Maturity of the Bonds: Not less than 10.7 years or more than 14.7 years.
4. Effective Interest Cost: Not to exceed 2.40%. “Effective Interest Cost” means the discount rate that, when used in computing the present value, as of the issue date of the Bonds, of all Payments (defined below) expected to be paid on the Bonds, produces an amount equal to the deposit to the District’s Construction Account. For this purpose, the term “Payments” means the sum of (a) all payments of principal and interest on the Bonds, less (b) allocable interest earnings on the District’s Reserve Account (calculated assuming the Reserve Account is fully funded on the date of issuance of the Bonds), plus (c) the Administrative Fee. Effective Interest Cost is expressed as an annual percentage rate, and present value is computed on a semiannual basis using a 30/360 day-count convention.
5. Costs of Issuance: Not to exceed \$400,000.

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 2006B

Interest Rates
See Schedule I

Maturity Dates
See Schedule I

Dated Date

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 July 1, 2007 (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 2006B” aggregating the principal amount of \$_____ (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”).

Term Bonds, if any, 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, if any, 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 amounts 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.

If all of the Bonds are held by the Bondowner, no notice of the mandatory sinking fund redemption of Bonds, if any, is required to be given. If the Bonds are held by any Owner other than the Bondowner or if Bonds are being optionally redeemed, notice of redemption will be given, 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, if any, 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 Bonds are issued on parity with the District's Outstanding Parity Bonds (as defined in the Ordinance).

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 \$5,000 or any integral multiple of \$5,000.

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.

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 the Chair of the Board of Trustees or 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:

Title: Secretary-Treasurer

By _____
Title:

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

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RECORD OF PRINCIPAL PAYMENTS AND PREPAYMENTS

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

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ASSIGNMENT

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

UMB BANK, N.A.

Print or Type Name of Transferee

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

STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY

Dated: _____

By: _____
Chair

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

Signature Guaranteed By:

_____, Authorized Signatory
UMB Bank, N.A.

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

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SCHEDULE I TO

THE METROPOLITAN ST. LOUIS SEWER DISTRICT
SUBORDINATE WASTEWATER SYSTEM REVENUE BOND
(STATE REVOLVING FUND PROGRAM)
SERIES 2006B

[insert Maturity Schedule from Certificate of Final Terms]

EXHIBIT C
CERTIFICATE OF FINAL TERMS

EXHIBIT D

FORM OF CLOSING CERTIFICATE

PARTICIPANT CLOSING CERTIFICATE
THE METROPOLITAN ST. LOUIS SEWER DISTRICT

We, the undersigned, duly authorized officials of The Metropolitan St. Louis Sewer District (the “Participant”), in connection with the issuance of Subordinate Wastewater System Revenue Bonds (State Revolving Fund Program) Series 2006B (the “Bonds”) in the original principal amount set forth in Exhibit A to this Certificate (the “Original Principal Amount”), hereby certify as follows:

1. Organization and Authority; Definitions. The Participant is a body corporate, a municipal corporation and a political subdivision duly organized and existing under the Constitution and laws of the State of Missouri. The Participant has complied with all provisions of the Constitution and the laws of the State of Missouri, and has full power and authority to consummate all transactions contemplated by the Bonds, Ordinance No. _____ adopted on October __, 2006, authorizing the issuance of the Bonds (the “Bond Ordinance”), and any and all other agreements relating thereto. Terms not otherwise defined in this Certificate have the respective meanings set forth in the Bond Ordinance.

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

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

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

| Name | Title |
|---------------------|---------------------|
| Dee Joyce-Hayes | Chair |
| Charles Karam | Vice Chair |
| James Buford | Trustee |
| Ellen Harshman | Trustee |
| John H. Goffstein | Trustee |
| David Rosenberg | Trustee |
| Jeffrey L. Theerman | Executive Director |
| Karl J. Tyminski | Secretary-Treasurer |

5. Execution of Bonds. We have duly signed and executed the Bonds, consisting of one fully registered bond in the denomination of the Original Principal Amount, numbered R-1. On the date

of the Bonds, and on the date when we duly executed the Bonds, we were, and at the date hereof we are, the officials indicated by our signatures on the Bonds and by our signatures to this Certificate, respectively.

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

7. Due Authorization and Execution of Documents. The Participant has duly authorized all necessary action to be taken by the Participant for (i) the due authorization, adoption and performance of the following documents (the "Bond Documents") in connection with the Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) Series 2006B (the "Authority Bonds") of the State Environmental Improvement and Energy Resources Authority (the "Authority"):

- (a) Purchase Agreement dated as of November 1, 2006 (the "Purchase Agreement"), among the Authority, the Participant and the Missouri Department of Natural Resources ("DNR"), and
- (b) Revolving Fund Agreement dated as of November 1, 2006 (the "Revolving Fund Agreement"), among the Authority, the Participant and DNR, and acknowledged and accepted by the Trustee;

(ii) the due authorization, execution and delivery of the Bond Ordinance and any and all such other agreements and documents as may be required to be executed, delivered and received by the Participant in order to carry out, give effect to and consummate the transactions contemplated by the Bond Ordinance; and (iii) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Bond Ordinance. The undersigned have duly executed the Bond Documents and this Certificate.

8. Approval of Bond Terms. Attached to this Certificate is a true and correct copy of the Certificate of Final Terms executed by the undersigned and attached to the Bond Ordinance as Exhibit C, pursuant to the delegation of authority under Section 210 of the Bond Ordinance. The undersigned Executive Director certifies that the requirements of the Bond Ordinance with respect to the terms of the Bonds have been satisfied.

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

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

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

(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 on the Bonds, if any; and

(3) into the Construction Account the remaining proceeds of the Bonds.

(c) Immediately upon receipt of these moneys, the Trustee shall invest all amounts in the Participant's Construction Account in the Investment Agreement. The Trustee is directed to apply the amount deposited pursuant to (b)(1) above for the payment of the Participant's allocable portion of the costs of issuing the Authority Bonds and the Participant's costs of issuance.

10. No Litigation; Other Matters.

(a) To the best knowledge of the undersigned, the Participant is not in breach of or in default under any applicable law or administrative regulation of the State of Missouri or the United States of America, or any department, agency or instrumentality thereof, or any applicable judgment or decree or any indenture, ordinance/resolution, agreement or other instrument to which the Participant is a party or is otherwise subject, which breach or default would in any way materially adversely affect the authorization, sale or issuance of the Bonds and no event has occurred as is continuing which, with the passage of time or the giving of notice or both, would constitute such breach or default under any such instrument. The execution and delivery of the Bond Documents and the Bonds, and compliance with the provisions of each thereof, will not conflict with or constitute in any material respect a breach of or default under any law, administrative regulation, judgment, decree, indenture, ordinance/resolution, agreement or other instrument to which the Participant is a party or is otherwise subject.

(b) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, for which the Participant has been served with process or official notice or, to the best of the Participant's knowledge, threatened against the Participant affecting its corporate existence or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the authorization, sale or issuance of the Bonds or the collection of the revenues and other moneys pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof by the Authority pursuant to the Indenture, or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Ordinance or the Bond Documents, contesting the federal tax-exempt status of the Authority Bonds or contesting the powers of the Participant or any authority for the issuance of the Bonds, or the execution or delivery of the Bonds, the Bond Ordinance, the Bond Documents or this Certificate.

(c) No further consent, approval, authorization or order of any court or governmental agency or body of the State of Missouri is required by the Participant for the authorization, sale or issuance of the Bonds or the consummation by the Participant of the other transactions effected or contemplated in connection with the issuance of the Bonds.

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

12. Request to Authenticate and Deliver Bonds. UMB Bank, N.A., as Paying Agent, is hereby requested and authorized, pursuant to Section 207 of the Bond Ordinance, to authenticate the Bonds in the Original Principal Amount and to deliver the Bonds to, or at the direction of, the Authority,

upon payment to the Paying Agent for the account of the Participant of the purchase price for the Bonds specified in paragraph 9 of this Certificate.

13. Outstanding System Obligations. As of the date hereof, the Participant does not have outstanding any bonds or other obligations payable out of the net income and revenues derived from the operation of the System other than the Bonds, the Outstanding Senior Bonds and the Outstanding Parity Bonds. No event has occurred and is continuing which, with the passage of time or the giving of notice, would constitute a breach of or an event of default under the Bond Ordinance, the Outstanding Senior Bond Ordinance and the Outstanding Parity Bond Ordinance.

14. Tax Representations and Covenants. The Participant makes the representations and covenants as set forth in Exhibit B. Exhibit B constitutes an integral part of this Certificate.

15. Reliance. The undersigned acknowledge and agree that this Certificate is being relied upon by the Authority in connection with the issuance and sale of the Authority Bonds, by the underwriters of the Authority Bonds in connection with their purchase of the Authority Bonds, by the Participant's bond counsel in connection with the delivery of their approving legal opinion with respect to the Bonds, and by the Authority's Co-Bond Counsel in connection with their approving legal opinions with respect to the Authority Bonds.

WITNESS our hands and the seal of The Metropolitan St. Louis Sewer District this ____ day of _____, 2006.

Signature

Official Title

Executive Director

(Seal)

Secretary-Treasurer

CERTIFICATE OF FINAL TERMS

The undersigned [Chair][Executive Director] of The Metropolitan St. Louis Sewer District (the “District”), in connection with the issuance of the District’s Subordinate Wastewater System Revenue Bonds (State Revolving Fund Program) Series 2006B (the “Bonds”), certifies pursuant to Section 210 of Ordinance No. _____ of the District (the “Bond Ordinance”), as follows (section references are to the cited section of the Bond Ordinance):

1. Original Principal Amount – Section 201. The Bonds are issued in the Original Principal Amount of \$_____.
2. Maturity Schedule – Section 203. The Bonds will mature on the dates and in the amounts and bear interest at the rates as follows:

| Maturity | Principal | Interest |
|---------------|---------------|-------------|
| <u>July 1</u> | <u>Amount</u> | <u>Rate</u> |

 † Term Bond

3. Weighted Average Maturity of the Bonds: The weighted average maturity of the Bonds is _____ years, as shown on Schedule 1 to this Certificate.
4. Effective Interest Cost: The Effective Interest Cost of the Bonds, determined in accordance with Exhibit A to the Bond Ordinance, is _____%, as shown on Schedule 2 to this Certificate.
5. Purchase Price – Section 210. The purchase price of the Bonds is \$_____, which is _____% of the Original Principal Amount.

6. Mandatory Sinking Fund Redemption – Section 301. [**There are no Term Bonds subject to mandatory sinking fund redemption prior to maturity.**][**The Term Bonds identified in paragraph 2 are subject to mandatory sinking fund redemption pursuant to Section 301 on the dates and in the amounts as follows:

**]

7. Optional Redemption – Section 302. At the option of the District, Bonds maturing on _____ and thereafter are subject to redemption in whole or in part on any date, with the consent of the Bondowner, or on each June 1 and December 1, commencing _____ 1, _____, at the redemption price(s) (expressed as percentages of the principal amount of the Bonds redeemed), plus accrued interest to the redemption date, plus the redemption premium as set forth in Section 302, as follows:

8. Costs of Issuance. The District directs the deposit of \$_____ from the proceeds of the Bonds to the Costs of Issuance Fund for application to the payment of costs of issuance.

The terms set forth in this Certificate of Final Terms are within the limitations of Exhibit A to the Bond Ordinance.

Delivered this ____ day of _____, 2006.

THE METROPOLITAN ST. LOUIS SEWER
DISTRICT

By: _____
[Chair][Executive Director]

EXHIBIT B

TAX REPRESENTATIONS AND COVENANTS

This Exhibit B constitutes an integral part of the Participant Closing Certificate to which it is attached (collectively, the “Closing Certificate”).

1. Meaning of Words and Terms. Words and phrases used in this Exhibit B generally have the meanings assigned in §§ 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the “Code”), in the applicable U.S. Treasury Regulations (the “Regulations”), and in the Bond Ordinance. The following words and terms used in Exhibit B have the following meanings:

“Bond Year” means each one-year period (or shorter period for the first Bond Year) ending July 1.

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

“Financed Facility” means the property financed with the proceeds of the Bonds as described on the Participant’s signature page to the Purchase Agreement.

“Governmental Person” means a State, territory, a possession of the United States, the District of Columbia, or any political subdivision thereof or any instrumentality of such unit. It does not include the United States or any agency or instrumentality thereof.

“Issue Date” means the date of issuance of the Bonds.

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

2. Authority and Purpose for Bonds. The Bonds are being issued for the purpose of providing funds to pay the costs of Financed Facility.

3. No Over-issuance; Other Sources.

(a) The sale proceeds of the Bonds, together with expected investment earnings on such proceeds, do not exceed the cost of the governmental purpose of the Bonds as described above.

(b) In addition to proceeds of the Bonds, the Participant will allocate the sum of approximately [__\$2,317,000__], representing a cash contribution by the Participant, to pay a portion of the costs of the Financed Facility.

4. Governmental Bond Tests and Related Requirements.

(a) *General.* The Participant will not use any portion of the Bond proceeds, including any investment earnings on such proceeds, directly or indirectly, nor permit the use of any portion of the Financed Facility, in a manner that would cause any Bond to be a “private activity bond” as defined in Code § 141.

(b) *Use of Financed Facility.* The Bond proceeds will be used to finance or refinance the Financed Facility. Throughout the Measurement Period, all property comprising the Financed Facility

will be owned by the Participant or another Governmental Person will own the Financed Facility. Not more than 10% of the proceeds of the Bonds will be used in a manner that constitutes a “private business use” during the Measurement Period. In making the foregoing representations the Participant acknowledges that (i) use of the property comprising the Financed Facility is determined annually throughout the Measurement Period; (ii) the use of the Financed Facility is treated as the direct use of proceeds of the Bonds; (iii) the term “private business use” generally means ownership or lease by, or other use in the trade or business of, a “Nongovernmental Person,” as set forth in Regulations § 1.141-3; (iv) any activity carried on by a Nongovernmental Person other than a natural person is treated as a trade or business; (v) the Financed Facility is treated as being used for a private business use if it is leased to a Nongovernmental Person and subleased to a Governmental Person, or leased to a Governmental Person and then subleased to a Nongovernmental Person, if the Nongovernmental Person’s use is in a trade or business; and (vi) in most cases, use of the Financed Facility constitutes private business use only if a Nongovernmental Person has special legal entitlements to use the financed property under an arrangement with the Participant.

(c) *Private Security or Payment.* The payment of principal and interest on the Bonds will not be (under the terms of the Bonds or any underlying arrangement) directly or indirectly:

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

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

For purposes of the foregoing, taxes of general application are not treated as a private payment or as private security so long as no taxpayer enters into any “impermissible agreement” with respect to the collection or payment of the tax as described in Regulation §1.141-4(e)(4)(ii). The Participant will use revenues derived from the operation of the Financed Facility to pay or a portion of the debt service on the Bonds. All revenues will be derived from rates that are generally applicable and uniformly applied, and which do not convey priority rights or other preferential benefits for use of the Financed Facility.

(d) *No Private Loan.* No proceeds of the Bonds will be loaned directly or indirectly to any person or entity that is not a State or local governmental unit. Special assessments may be used as source of repayment of the Bonds so long as the assessments meet the criteria set out in Regulation §1.141-5(d).

(e) *No Federal Guarantees.* The Participant will not take any action or permit any action to be taken which would cause the Bonds to be “federally guaranteed” within the meaning of Code § 149(b).

(f) *Management Contracts.* The Participant will not enter into or renew any “management contract” (defined below) with any Nongovernmental Person, without first obtaining an opinion of bond counsel, addressed to the Participant and the Authority, that such management contract will not adversely affect the exclusion of the interest on the Authority Bonds from gross income for federal income tax purposes. The term “management contract” is defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facility, such as a contract to manage the Financed Facility or any portion thereof. Contracts for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing, or similar services) are not treated as management contracts.

(g) Leases. The Participant will not enter into or renew a lease of all or any portion of the Financed Facility (disregarding portions used by members of the general public who use portions of the Financed Facility on a short-term basis in the ordinary course of the Participant's operation of the Financed Facility) with any Nongovernmental Person, without first obtaining an opinion of bond counsel, addressed to the Participant and the Authority, that such lease will not adversely affect the exclusion of the interest on the Authority Bonds from gross income for federal income tax purposes.

5. Sinking Funds. The Participant is required under the Bond Ordinance to make periodic payments in amounts sufficient to pay the principal of and interest on the Bonds. The Participant will deposit these payments into the Principal Account and the Interest Account held by the Trustee. Except for the Principal Account and the Interest Account, the Participant has not established, and does not expect to establish, any sinking fund or other similar fund expected to be used directly or indirectly to pay principal of or interest on the Bonds. The Principal Account and the Interest Account are used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each bond year and the Participant expects that the Principal Account and the Interest Account will qualify as a "bona fide debt service fund," as said term is defined in the Regulations.

6. No Replacement Funds. None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility, and that have been or will be used to acquire higher yielding investments. Except for the Principal Account, the Interest Account and the Reserve Account, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the Participant or the Participant encounters financial difficulty.

7. Reimbursement of Expenditures. On September 11, 2003, the governing body of the Participant adopted an ordinance declaring the intent of the Participant to borrow to finance costs of the Financed Facility for the Participant, and to reimburse the Participant for expenditures made for the Financed Facility prior to the issuance of such obligations (the "Reimbursement Action"). A copy of the Reimbursement Action is contained in the Transcript. No portion of the Net Proceeds of the Bonds will be used to reimburse an expenditure paid by the Participant more than 60 days prior to the date the Reimbursement Action was adopted. The Participant will evidence in writing each allocation of the proceeds of the Bonds to an expenditure. No reimbursement allocation will be made for an expenditure made more than three years prior to the date of the reimbursement allocation. In addition, no reimbursement allocation will be made more than 18 months following the later of (A) the date of the expenditure or (B) the date the Financed Facility were placed in service.

8. Hedge Bonds. The Participant expects that at least 85% of the net sale proceeds of the Bonds will be used to carry out the governmental purpose of the Bonds within three years after the Issue Date.

9. Single Issue; No Other Issues. No other debt obligations of the District (1) are being sold within 15 days of the sale of the Bonds, (2) are being sold under the same plan of financing as the Bonds, and (3) are expected to be paid from substantially the same source of funds as the Bonds (disregarding guarantees from unrelated parties, such as bond insurance). The District is issuing its Wastewater System Revenue Bonds, Series 2006C on or about November 28, 2006 (the "2006 Senior Bonds"). The 2006 Senior Bonds are secured by revenues of the District and were sold at least 15 days after the Bonds.

10. Records. The Participant recognizes that (i) investors purchase the Authority Bonds with the expectation that interest on the Authority Bonds is and will remain excludable from gross income for Federal income tax purposes, (ii) the tax-exempt status of interest on the Authority Bonds depends in part on the accuracy of the Participant's representations and the satisfaction of the Participant's covenants

contained in this Closing Certificate, many of which relate to matters that will occur after the date the Bonds are issued, and (iii) as part of its ongoing tax-exempt bond audit program the Internal Revenue Service requires that records be created and maintained with respect to the following matters:

- (1) documentation evidencing the expenditure of Bond proceeds in sufficient detail to determine the date of the expenditure, the asset acquired or the purpose of the expenditure.
- (2) documentation evidencing the use of the Financed Facility by public and private persons (for example, copies of management contracts or leases).
- (3) documentation evidencing all sources of payment or security for the Bonds

The Participant has procedures in place or will establish procedure to create and retain these records. Unless otherwise specifically instructed in a written opinion of Bond Counsel, the Participant will retain and maintain these records for a period ending not earlier than three years following the final maturity of (i) the Bonds or (ii) any obligation issued to refund the Bonds. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22.

PURCHASE AGREEMENT

Dated as of November 1, 2006

By and Among

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

And

EACH PARTICIPANT WHICH IS A
SIGNATORY TO THIS AGREEMENT

Relating to:

STATE ENVIRONMENTAL IMPROVEMENT AND
ENERGY RESOURCES AUTHORITY

[\$[Principal Amount]
WATER POLLUTION CONTROL AND DRINKING WATER REVENUE BONDS
(STATE REVOLVING FUNDS PROGRAMS)
SERIES 2006B

PURCHASE AGREEMENT

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PURCHASE AGREEMENT

THIS AGREEMENT (this “Purchase Agreement” or “Agreement”), dated as of November 1, 2006, by and among the STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY, a body corporate and politic and a governmental instrumentality of the State of Missouri (the “Authority”), duly organized and existing under the laws of the State of Missouri, the MISSOURI DEPARTMENT OF NATURAL RESOURCES, a department of the State of Missouri (“DNR”), and each PARTICIPANT which is a signatory to this Agreement (each a “Participant”). Terms not otherwise defined in the Recitals have the meanings set forth in Article I and elsewhere in this Agreement.

RECITALS

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

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

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

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

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

6. Pursuant to the Program Resolutions and the Resolution adopted by the Authority on October 17, 2006 (the “Authorizing Resolution”), the Authority is authorized to enter into this Agreement under which the Authority will loan a portion of the proceeds of its Water Pollution Control and Drinking

Water Revenue Bonds (State Revolving Funds Programs) Series 2006B (the “Bonds”) to a Participant in installments (as defined below, a “Loan”) to finance the Participant’s Project, the Loan to be evidenced by the Participant Bonds in the form authorized by the Participant’s Ordinance.

7. The Authority will issue the Bonds in the aggregate principal amount of \$[Principal Amount], pursuant to the Bond Indenture dated as of November 1, 2006 (the “Indenture”), by and between the Authority and UMB Bank, N.A., St. Louis, Missouri, as trustee (the “Trustee”), for the purpose of making the Loans to the Participants.

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

9. The Clean Water Commission of the State of Missouri, an administrative agency of the State of Missouri domiciled within DNR (the “Clean Water Commission”), has approved a loan to each Clean Water Participant from The Water and Wastewater Loan Fund or The Water and Wastewater Loan Revolving Fund, as applicable, to be made by DNR pursuant to the Revolving Fund Agreement. The Safe Drinking Water Commission of the State of Missouri, an administrative agency of the State of Missouri domiciled within DNR (the “Drinking Water Commission”), has approved a loan to each Drinking Water Participant from the Drinking Water Revolving Fund (each loan to a Clean Water Participant or a Drinking Water Participant, a “Revolving Fund Loan”) to be made by DNR pursuant to the Revolving Fund Agreement. The Water and Wastewater Loan Fund, The Water and Wastewater Loan Revolving Fund and the Drinking Water Revolving Fund are referred to collectively as the “Revolving Loan Funds.”

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

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

AGREEMENT

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. In addition to words and terms defined in the Recitals and elsewhere in this Agreement, including Exhibit C, capitalized words and terms have the following meanings in this Agreement:

“Actual Reimbursement Amount” means the amount of a Requisition approved for payment in accordance with Section 3.4(b).

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

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

“Construction Account” means the Participant’s Construction Account in the Construction Loan Fund.

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

“Disbursement” means any amount advanced from the Construction Account to the Participant by the Trustee under this Agreement and Section 4.5 of the Indenture to pay Eligible Costs.

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

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

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

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

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

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

“Loan” means the loan of a portion of the proceeds of the Bonds by the Authority to the Participant, disbursed from time to time in accordance with this Agreement and the Indenture.

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

REPRESENTATIONS AND AGREEMENTS

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

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

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

(c) This Agreement has been duly authorized, executed and delivered by the Authority and constitutes the legal, valid and binding obligation of the Authority in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and to the exercise of judicial discretion in accordance with general principles of equity.

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

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

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

(a) Organization and Authority.

(i) The Participant is a political subdivision or a body corporate and politic duly created and validly existing under the laws of the State and has the necessary power and authority to own its properties and carry on its governmental functions as now being conducted.

(ii) The Participant has full legal right and authority and all necessary licenses and permits required as of the date of this Agreement to own, operate and maintain its System, to carry on its activities relating to the System, to undertake and complete the Project, to execute and deliver this Agreement, to issue the Participant Bonds, to pledge the sources for repayment of the Loan and the Participant Bonds under this Agreement, the Ordinance and the Participant Bonds, and to carry out its agreements under this Agreement.

(iii) The proceedings of the Participant's governing body approving this Agreement and authorizing the Participant to undertake and complete the Project have been duly and lawfully adopted.

(iv) This Agreement, the Revolving Fund Agreement, the Ordinance and the Participant Bonds have been duly authorized, executed and delivered by the Participant, and constitute the legal, valid and binding obligations of the Participant enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and to the exercise of judicial discretion in accordance with general principles of equity.

(b) Full Disclosure. To the best knowledge of the Participant, after due investigation, there is no fact that the Participant has not disclosed to the Authority in writing on the Participant's application for participation in the Applicable SRF Program, or otherwise, that materially and adversely affects or that will materially and adversely affect the properties or activities of the Participant or the System, or the ability of the Participant to make all Bond Payments and otherwise observe and perform its agreements under this Agreement.

(c) Pending Litigation. To the best knowledge of the Participant, after due investigation, there are no proceedings pending or, to the knowledge of the Participant, threatened against or affecting the Participant, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially and adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Participant or its System, or the ability of the Participant to make all Bond Payments and otherwise observe and perform its agreements under this Agreement, that have not been disclosed in writing to the Authority in the Participant's application for participation in the Applicable SRF Program or otherwise.

(d) Compliance with Existing Laws and Agreements. The agreements of the Participant in this Agreement will not constitute a default under any indenture, mortgage, deed of trust, lease or agreement or other instrument executed by the Participant or by which it or any of its property is bound or any applicable law, rule, regulation or judicial proceeding.

(e) No Defaults. No event has occurred and no condition exists that constitutes or, with the giving of notice or the lapse of time, would constitute an Event of Default. To the best knowledge of the Participant, after due investigation, the Participant is not in violation of any agreement which would

materially adversely affect the ability of the Participant to make all Bond Payments or otherwise observe and perform its agreements under this Agreement.

(f) Governmental Consent. To the best of its knowledge, the Participant has made all filings which it is obligated to make with, and has obtained all permits, licenses, franchises, consents, authorizations and approvals required to date from, all federal, state and local regulatory agencies having jurisdiction to the extent, if any, required by applicable laws and regulations to be made or to be obtained in undertaking the Project or this Agreement. To the best of its knowledge, the Participant has complied with all applicable provisions of law requiring any notification to any governmental body or officer in connection with this Agreement or with the undertaking, completion or financing of the Project.

(g) [reserved]

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

(i) Performance Under Agreement. The Participant covenants and agrees:

(i) to comply with all applicable State and federal laws, rules and regulations in the performance of this Agreement, including federal laws and executive orders referenced in Exhibit B to the extent applicable; and

(ii) to cooperate with the Authority and DNR in the timely observance and performance of the respective agreements of the Participant, the Authority and DNR under this Agreement.

(j) Control of System Site. The Participant will provide, or has provided, written assurance to DNR, signed by an attorney, that the Participant has proper title, easements, and rights-of-way to the property on or through which the Project is to be constructed. This written assurance will be provided prior to construction contract award.

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

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

The Participant acknowledges that doing business with any party appearing in the “List of Parties Excluded from Federal Procurement or Non Procurement Programs” may result in the termination of the Participant’s participation in the Applicable SRF Program and may also result in suspension or debarment under the Regulations. The Participant will obtain the written approval of DNR before advertising for bids.

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

(m) Affirmative Actions. The Participant agrees to take the affirmative steps in 10 CSR 20-4.040(18)(J) to contract with minority and women owned businesses; and ensure that its consultants and contractors take affirmative steps to contract with each group during all phases of work funded under this Agreement. Accordingly, the Participant should include the following prescribed information in solicitation documents: the Missouri State Revolving Fund and State Grant & Loan Programs' Procedures for Implementation of Minority Business Enterprise/Women's Business Enterprise Requirements, and the Minority and Women's Business Enterprise Utilization Worksheet.

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

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

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

(ii) subject to the provisions of the Ordinance, to provide from its own financial resources all moneys in excess of the amount available under this Agreement required to complete the Project.

(p) Requests for Disbursements; Use of Proceeds. The Participant will request Disbursements to pay Eligible Costs in accordance with this Agreement to the extent moneys are available for Disbursements in order to provide for the prompt payment of the contractors. The Participant will apply the Disbursements to finance a portion of the Project Costs, and, where applicable, to reimburse the Participant for a portion of the Project Costs, which portion was paid or incurred in anticipation of reimbursement by the Authority and is eligible for reimbursement pursuant to the Regulations. All costs will be Eligible Costs that the Authority is authorized to finance pursuant to the Act and the Regulations.

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

(r) Compliance Certification. This paragraph is applicable if DNR notifies the Participant in writing that the actions described in this paragraph are required. On the first anniversary of the Initiation of Operations the Participant will certify to DNR whether the Project meets the Project performance standards. Any statement of noncompliance must be accompanied by a corrective action report containing an analysis of the cause of the Project's failure to meet performance standards, the actions necessary to bring it into compliance and a projected date for positive certification of the Project. Timely corrective action will be implemented by the Participant.

(s) Retention of Project Records. The Participant will retain all Project records related to the planning, design and construction of the Project for a minimum period of four years following the Completion of Disbursements. The Participant will retain all Project records related to post-construction activities for a minimum period of four years following the repayment of the Loan.

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

(i) at all times operate the System in an efficient manner,

(ii) maintain the System in good repair, working order and operating condition over the structural and design life of the System,

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

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

(u) Records and Accounts.

(i) The Participant will keep accurate records and accounts for the System (the “System Records”) separate and distinct from its other records and accounts (the “General Accounts”). If the Participant receives \$500,000 or more in the aggregate during any Fiscal Year from Disbursements made under this Agreement and all other federal sources, including the Clean Water SRF Program and the Drinking Water SRF Program, the Participant will complete an audit of its System Records for the Fiscal Year in accordance with OMB Circular No. A–133, *Audits of States, Local Governments, and Non-Profit Organizations* (which has replaced OMB Circular No. A–128). The System Records and General Accounts will be available for inspection by DNR and the Trustee at any reasonable time, and a copy of the Participant’s annual audit, including all written comments and recommendations of the accountant, will be furnished to DNR and the Trustee within the time period provided in OMB Circular No. A–133. The amount of federal assistance under the Clean Water SRF Program and the Drinking Water SRF Program will be identified in each payment review letter transmitted to the Participant by DNR.

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

(v) Inspections; Information. The Participant will permit the EPA, the Authority, the Trustee, DNR and any party designated by DNR to examine, visit and inspect the Project at any reasonable time and to inspect and make copies of any accounts, books and records, including its records regarding receipts, disbursements, contracts, investments, its financial condition and other related matters, and will supply the reports and information as the EPA, the Authority, the Trustee and DNR may reasonably require in that connection.

(w) Insurance. The Participant will carry and maintain the amount of all risk insurance on the properties and operations of the System as would be carried by similar municipal operators of wastewater or drinking water treatment facilities, insofar as the properties are insurable at a commercially reasonable cost.

(x) Notice of Material Adverse Change. The Participant will promptly notify the Authority and DNR of any material and adverse change in the activities, prospects or condition (financial or otherwise) of the System or in the ability of the Participant to make the Bond Payments and otherwise observe and perform its agreements under this Agreement.

(y) Completion Required Without Authority Assistance. Subject to the provisions of the Ordinance, the Participant agrees to complete the Project whether or not the Loan is sufficient to complete the Project.

(z) Tax Covenants. The proceeds of the Loan do not exceed 100% of the Eligible Costs of the Project plus the Participant's portion of the Costs of Issuance. No proceeds of the Loan will be used to finance any portion of the Project that would result in any Bond being a private activity bond within the meaning of Section 141 of the Code.

Section 2.3. Representations and Agreements of DNR. DNR represents and agrees as follows:

(a) DNR is a department of the State and a governmental instrumentality duly organized and existing under the laws of the State with lawful power and authority to enter into this Agreement acting by and through its duly authorized officers.

(b) DNR is the State's administrative body responsible for the enforcement of the Federal Acts, the Missouri Clean Water Law and Chapter 640, RSMo, and is responsible for the management of the Clean Water SRF Program and the Drinking Water SRF Program. DNR will comply with the terms and conditions of the Operating Agreements and the Cooperation Agreement.

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

(d) DNR agrees to request that there be included, in the Governor's budget submitted to the General Assembly of the State, an amount reasonably expected to be payable from the State Revolving Funds during the next fiscal year of the State for the Clean Water SRF Program and the Drinking Water SRF Program (after taking into account any moneys available for this purpose within the State Revolving Funds for which no further budget submission is required). DNR will take any further action (or cause the same to be taken) that may be necessary or desirable to assure the availability of moneys appropriated for subsequent fiscal years of the State during which disbursements from the Construction Loan Fund may be made. The first request has been approved by the General Assembly of the State under applicable law for the fiscal year of the State commencing July 1, 2006. The General Assembly has made an appropriation in accordance with this request so that the aggregate amount necessary to make the Revolving Fund Loan and amounts for other financings of the Authority under the Applicable SRF Program have been appropriated. Requests for appropriations by DNR will be made in each subsequent fiscal year. If appropriation has not been passed by the General Assembly and approved by the Governor, DNR will give written notice to the Trustee no later than September 1 of the fiscal year. DNR will not reallocate federal capitalization grant funds and State matching funds that are to be used to fund the Revolving Fund Loan.

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

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

moneys from The Water and Wastewater Loan Fund, The Water and Wastewater Loan Revolving Fund or the Drinking Water Revolving Fund, as applicable, in each case to make the Revolving Fund Loan as provided in the Revolving Fund Agreement.

ARTICLE III

EXECUTION OF AGREEMENT; TERMS OF LOAN

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

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

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

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

Section 3.4. Disbursements.

(a) The Authority will make Disbursements from the Construction Account to the Participant in accordance with this Section and Section 4.5 of the Indenture. Disbursements can be requested only once each calendar month. The Participant will deliver, by first class mail, postage pre-paid, overnight delivery service, facsimile transmission or other similar means, a completed Requisition to DNR and the Trustee. The Requisition must be executed by the Participant Representative, set forth the amounts due and payable to the payees identified in signed invoices or statements attached to the Requisition submitted to DNR and contain any additional information requested by DNR. The execution and delivery of a Requisition will constitute a representation by the Participant that, to the best of its knowledge, the amounts for which a Disbursement is requested are due and payable and constitute Eligible Costs.

(b) DNR will review a Requisition within ten Business Days after its receipt to determine if any Project Costs are Ineligible Costs. This determination will be conclusive, unless determined otherwise by EPA in its annual oversight reviews under the Operating Agreements. By the close of business on the tenth Business Day following its receipt of a Requisition, DNR will notify the Trustee of DNR's approval of the Requisition in whole or in part by transmitting to the Trustee the approved Requisition by facsimile transmission. The approved Requisition will not be accompanied by applicable vouchers and statements. Subject to Section 4.5 of the Indenture, the Trustee will pay the Actual Reimbursement Amount to the

Participant on the next succeeding [5th] or [20th] day (or if the day is not a Business Day, the next succeeding Business Day) of the month that is at least two Business Days after the Trustee's receipt of the approved Requisition. DNR will not approve any Disbursement upon an Event of Default by the Participant or the issuance of a stop-work order by EPA or DNR.

Section 3.5. Completion of Project and Initiation of Operations. The completion of acquisition and construction of the Project shall be evidenced to the Trustee, the Authority and DNR by a certificate signed by the Participant Representative stating (i) that the acquisition and construction of the Project has been completed in accordance with the plans and specifications therefor, (ii) that all costs and expenses incurred in the acquisition and construction of the Project have been paid, except costs and expenses the payment of which is not yet due or is being retained or contested in good faith by the Participant, (iii) the Initiation of Operations, and (iv) that the Project meets NPDES permit limits, if applicable. The Participant's certificate must be accompanied by a certification by the Consulting Engineer that the Project meets NPDES permit limits, if applicable. The Participant's certificate may state that it is given without prejudice to any rights of the Participant against third parties which exist at the date of the certificate or which may subsequently come into being.

Section 3.6. Completion of Disbursements. The Completion of Disbursements will be the date of a certificate signed by the Participant Representative stating that no further disbursements from the Participant's Construction Account will be requested by the Participant and delivered to the Authority, the Trustee and DNR. DNR may direct a Participant to sign and deliver a Completion of Disbursements certificate in appropriate circumstances. Appropriate circumstances include, but are not limited, to the following:

- (i) the Participant appears to have satisfied or is in a position to satisfy the conditions set forth in Section 3.5 for completion of acquisition and construction of the Project and/or has filed the certificate described in Section 3.5 but has not filed the Completion of Disbursements certificate in a timely manner;
- (ii) the Participant has not submitted a Requisition for a significant period of time or otherwise demonstrated that the Participant is proceeding with due diligence to complete the acquisition and construction of the Project; or
- (iii) Completion of Disbursements has not occurred by the third anniversary of the Bond Issuance Date, unless the Participant, by written request to DNR, requests an extension and establishes to the satisfaction of DNR that Completion of Disbursements will occur within a reasonable period thereafter.

ARTICLE IV

PAYMENTS

Section 4.1. Bond Payments.

- (a) The Participant will repay the Loan by making the Bond Payments in accordance with the Ordinance.
- (b) The Participant represents that the first scheduled principal payment of the Participant Bonds is prior to the first anniversary of the Initiation of Operations.

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

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

ARTICLE V

ASSIGNMENTS

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

Section 5.2. Assignment by the Participant.

(a) The Participant may sell, lease, mortgage or otherwise dispose of the Project or any material part with an original value greater than \$5,000 if it is replaced by other similar property of at least equal value or, if it ceases to be necessary for the efficient operation of the Project or the System, with the prior written consent of DNR. In the event of a sale, lease, mortgage or other disposition is to an entity described in Section 644.122.2(1), RSMo, the Participant will apply the proceeds to either (i) the redemption of Participant Bonds in accordance with the provisions governing repayment of the Participant Bonds in advance of maturity, or (ii) replacement of the property sold, leased, mortgaged or disposed of by other property the revenues of which are incorporated into the System. In the event of sale, lease or other disposition to any other entity the Participant will apply an amount equal to the original acquisition cost of the property financed with Disbursements and grant payments, if any, to the redemption of the Participant Bonds (regardless of the amount of the disposition proceeds). If the Participant Bonds are required to be redeemed as provided above, the proceeds of the sale, lease, mortgage or other disposition will be deposited into a separate escrow account to be established by the Participant with the Paying Agent (as defined in the Ordinance) pursuant to the defeasance provisions of the Ordinance. The Participant may cease to operate, abandon or otherwise dispose of any property that has become obsolete, unproductive or otherwise unusable to the advantage of the Participant.

(b) The provisions of paragraph (a) will not prohibit, restrain or restrict any sale, lease or other disposition of any portion of the Project which has not been financed with Disbursements, if the Authority, DNR and the Trustee have received an opinion of Bond Counsel, in form and substance satisfactory to them, that under existing law the consummation of the transaction would not cause the interest on the Bonds to become includable in gross income for federal income tax purposes and, if the portion of the System has been financed by an obligation of the Participant payable out of the income and revenues of the System, the obligation is permitted under the provisions of the Ordinance.

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

ARTICLE VI

EVENTS OF DEFAULTS AND REMEDIES

Section 6.1. Events of Default. Any of the following events will be an “Event of Default” under this Agreement:

- (a) failure by the Participant to pay, or cause to be paid, any Bond Payment required to be paid when due;
- (b) failure by the Participant to observe and perform any agreement under this Agreement, the Ordinance or the Revolving Fund Agreement, other than as referred to in paragraph (a) of this Section, and the continuation of the failure for a period of 30 days after written notice is given pursuant to Section 6.2. If the failure stated in the notice is correctable but cannot be corrected within the applicable period and corrective action is instituted and diligently pursued by the Participant, DNR may not unreasonably withhold its consent to an extension to the date that is 90 days after the delivery of the original notice;
- (c) any representation made by or on behalf of the Participant in this Agreement or the Ordinance, or in any instrument furnished in compliance with or with reference to this Agreement, is determined by DNR to be false or misleading in any material respect;
- (d) a petition is filed by or against the Participant under any federal or state bankruptcy or insolvency law or other similar law, unless any petition filed against the Participant is dismissed within 30 days after filing and the dismissal is final and not subject to appeal; and
- (e) the Participant generally fails to pay its debts as they become due.

Section 6.2. Notice of Default. The Participant will give the Authority, the Trustee and DNR prompt telephonic notice of the occurrence of any Event of Default referred to in Section 6.1(d) or (e) and of the occurrence of any other event or condition that, with the passage of time or the giving of notice, would constitute an Event of Default. Telephonic notice will be immediately followed by written notice of the Event of Default. Notice of default given to the Participant will specify the event or condition, state that the event or condition constitutes an Event of Default if not remedied, and request that the event or condition be remedied. Except as provided in the first sentence of this Section, notice will be given in the manner provided in Section 7.5.

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

Section 6.4. Attorneys’ Fees and Other Expenses.

(a) Upon (i) an Event of Default or (ii) the occurrence and continuance of any event which, with the giving of notice or lapse of time or both, would constitute an Event of Default, the Participant, on demand, will pay to the Authority, the Trustee and DNR the reasonable fees and expenses of attorneys and other reasonable costs and expenses (including the reasonably allocated costs of in-house counsel and legal staff) incurred by the Authority, the Trustee and DNR in the collection of Bond Payments or the enforcement of any agreements of the Participant.

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

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

Section 6.6. No Remedy Exclusive; Waiver; Notice. No remedy conferred upon or reserved to DNR, the Authority or the Trustee, as assignee of the Authority, is intended to be exclusive and every remedy is cumulative and in addition to every other remedy given under this Agreement or existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default will impair any right, remedy or power or will be construed as a waiver. Any right, remedy or power may be exercised from time to time and as often as may be deemed expedient. Neither Authority, the Trustee, as assignee of the Authority, nor DNR are required to give notice to the Participant in advance of the exercise of any right, remedy or power reserved to them in this Article, except as expressly provided in this Article.

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

ARTICLE VII

MISCELLANEOUS

Section 7.1. Continuing Disclosure.

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

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

“Central Post Office” means Disclosure USA, any successor thereto, or any other conduit entity recognized, authorized or approved by the Securities and Exchange Commission for the submission of Annual Reports and Material Events notices to the Repositories.

“Material Participant” means any Participant which has outstanding Participant Bonds and other bonds purchased with proceeds of Master Trust Bonds in the aggregate principal amount which constitutes 10% or more of the aggregate principal amount of all Master Trust Bonds outstanding as of each December 15 or to be outstanding upon the issuance of a series of Master Trust Bonds, with written notice given by the Authority to the Master Trustee by December 31 or 30 days after the issuance of the Master Trust Bonds, respectively.

“MSRB” means the Municipal Securities Rulemaking Board.

“National Repository” means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

“Repository” means each National Repository and each State Repository, if any.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Repository” means any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Agreement, there is no State Repository.

(b) If the Participant is notified by the Authority or the Master Trustee that the Participant is a Material Participant, the Participant will comply with the provisions of this Section 7.1.

(i) The Material Participant will furnish to the Master Trustee:

(A) within 30 days after notification that it is a Material Participant, a copy of its most recent financial statements prepared in accordance with generally accepted accounting principles and audited by its independent auditors, and the operating data of the Material Participant, through the previous fiscal year, in substantially the scope and form contained in Appendix A, Part 2 to the Official Statement dated April 5, 2006; and

(B) within 180 days after the close of the fiscal year of the Material Participant following notification that it is a Material Participant and each subsequent fiscal year, a copy of the financial statements of the Material Participant prepared in accordance with generally accepted accounting principles and audited by its independent auditors (or if not available as of that date, the unaudited financial statements of the Material Participant and, as soon thereafter as available, the audited financial statements of the Material Participant), and the operating data of the Material Participant, updated for the fiscal year then ended, in substantially the scope and form contained in Appendix A, Part 2 to the Official Statement dated November __, 2006, relating to the Bonds.

(ii) Any of the financial information or operating data required by this paragraph (b) may be incorporated by reference from other documents, including official statements of the Material Participant’s debt issues that have been filed with the Central Post Office, each Repository or the Securities and Exchange Commission, and in the case of a final official statement, that is available from the MSRB. The Material Participant will clearly identify in each annual report submitted to the Master Trustee each document incorporated by reference and the source from which it is available.

(c) The Material Participant will disseminate to the Master Trustee, the Authority and each Underwriter notice of any of the following events with respect to the Bonds of which the Material Participant has actual knowledge, promptly upon the occurrence thereof:

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

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

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

(iv) any unscheduled draws on credit enhancements reflecting financial difficulties;

(v) any substitution of credit or liquidity providers, or their failure to perform;

(vi) any adverse tax opinion or events affecting the tax-exempt status of the Bonds;

(vii) any modifications to rights of the owner of the Material Participant's Participant Bonds;

(viii) any call of the Material Participant's Participant Bonds for redemption, in whole or in part (other than mandatory sinking fund redemptions);

(ix) any defeasance of the Material Participant's Participant Bonds, in whole or in part;

(x) any release, substitution or sale of property securing repayment of the Material Participant's Participant Bonds; and

(xi) any rating change.

(d) The Material Participant's obligations under paragraphs (b) and (c) will terminate upon the Material Participant's receipt of a notification from the Authority or the Master Trustee that the Material Participant is no longer a Material Participant.

(e) The sole remedies for a failure to comply with the provisions of this Section 7.1 are specific enforcement or action in mandamus in a court of equity by any Beneficial Owner.

(f) Nothing in this Section prevents the Material Participant from disseminating any additional information, or including any other information in any report or notice made under this Section, in addition to that required by this Section. If the Material Participant chooses to include any information in any report or notice made under this Section in addition to that which is specifically required by this Section, the Material Participant will have no obligation to update the additional information or include it in any future report or notice.

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

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

Section 7.3. Effect of Breach. Failure on the part of the Authority or DNR in any instance or under any circumstances to observe or fully perform any obligation assumed by or imposed upon it by this Agreement or by law will not make the Authority or DNR liable in damages to the Participant or relieve the Participant from making any payment to the Authority or DNR or fully performing any other agreement under this Agreement. The Participant may have and pursue any other remedies provided by law for compelling performance by the Authority or DNR of any agreement of the Authority or DNR.

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

Section 7.5. Notices. All notices, filings and other communications will be given by first-class mail, postage pre-paid, or sent by telegram, telecopy or telex or other similar communication or delivered by a reputable private courier or overnight delivery service, addressed as follows:

- (a) To the Authority:

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

with a copy to:

Lewis, Rice & Fingersh, L.C.
500 North Broadway, Suite 2000
St. Louis, Missouri 63102
Attention: Beverly A. Marcin
(314) 612-7678 – FAX

- (b) To the Trustee and the Master Trustee:

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

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

(d) To DNR:

General:

Missouri Department of Natural Resources
P.O. Box 176 (zip code 65102)
1101 Riverside Drive
Jefferson City, Missouri 65101
Attention: Director, Financial Assistance Center

For Requisitions:

Missouri Department of Natural Resources
P.O. Box 176 (zip code 65102)
1101 Riverside Drive
Jefferson City, Missouri 65101
Attention: Payment and Account Specialist
Financial Assistance Center

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

Section 7.6. Exculpatory Provision. In exercising powers under this Agreement, the Authority, the Clean Water Commission, the Safe Drinking Water Commission, the Trustee, the Participant and DNR and their members, directors, officers, employees and agents will not be liable to any other party to this Agreement (i) for any actions taken or omitted by it or its members, officers, directors, employees or agents in good faith and believed by it or them to be authorized or within their discretion or rights or powers conferred upon them, or (ii) for any claims based on this Agreement against any member, director, officer, employee or agent of the Authority, the Trustee, the Participant or DNR in his or her individual capacity.

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

Section 7.8. Severability of Invalid Provisions. If any agreement provided in this Agreement is contrary to law, that agreement will be severable from the remaining agreements and will not affect the validity of the other provisions of this Agreement.

Section 7.9. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which will be regarded for all purposes as one original and constitute one and the same instrument.

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

[remainder of this page intentionally left blank]

This Purchase Agreement is executed as of November 1, 2006.

STATE ENVIRONMENTAL IMPROVEMENT AND
ENERGY RESOURCES AUTHORITY

(SEAL)
ATTEST:

By _____
Chairman

Secretary

This Purchase Agreement is executed as of November 1, 2006.

MISSOURI DEPARTMENT OF NATURAL
RESOURCES

By _____
Department Director

[insert Participant Signature Pages]

EXHIBIT A

REQUISITION FORMS

(Form SRFCW-01 and Form SRFDW-01)

EXHIBIT B

FEDERAL REQUIREMENTS; EQUIVALENCY DESIGNATION

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

ENVIRONMENTAL:

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

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

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

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

Endangered Species Act, PL 92–583, as amended

Executive Order 12898, Environmental Justice

Executive Order 11988, Floodplain Management

Executive Order 11990, Protection of Wetlands

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

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

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

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

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

ECONOMIC AND MISCELLANEOUS AUTHORITY:

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

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

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

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

Executive Order 12549, Debarment and Suspension

SOCIAL LEGISLATION:

- * Age Discrimination Act, PL 94–135
- * Civil Rights Act of 1964, PL 88–352
- * Prohibition against sex discrimination under Section 13 of the Federal Water Pollution Control Act, PL 92–500
- * Section 504 of the Rehabilitation Act of 1973, PL 93–112 (including Executive Orders 11914 and 11250)

Executive Order 11246, Equal Employment Opportunity

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

Equivalency Projects: All Drinking Water Participants

Non-Equivalency Projects: All Clean Water Participants

EXHIBIT C

ADDITIONAL DEFINITIONS

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

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

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

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

“Administrative Fee” means the annual fee payable to DNR in an amount equal to 0.714% per annum of the aggregate amount of the Revolving Fund Loan as of the Business Day preceding each July 1, commencing on the Administrative Fee Calculation Date.

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

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

“Arbitrage Instructions” means the arbitrage instructions attached as an exhibit to the Authority’s Tax Certificate delivered on the Bond Issuance Date, and any change, modification or amendment thereto.

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

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

“Bond Counsel” means Gilmore & Bell, P.C. and Fields & Brown, LLC, as Co-Bond Counsel, Gilmore & Bell, P.C. if so designated by the Authority in writing, or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing approved by the Authority and acceptable to the Trustee.

“Bond Issuance Date” means November 16, 2006, the date of initial issuance and delivery of the Bonds.

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

“Bonds” means the Authority’s Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) Series 2006B issued in the original aggregate principal amount of \$[Principal Amount].

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

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

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

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

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

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

“Debt Service Funds” means the State Match Portion Debt Service Fund and the Leveraged Portion Debt Service Fund.

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

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

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

“Indenture” means Bond Indenture dated as of November 1, 2006, between the Authority and the Trustee, as supplemented or amended by any Supplemental Indenture.

“Interest Payment Date” means January 1 and July 1 of each year, beginning on July 1, 2007.

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

“Investment Agreement” means (i) with respect to the Construction Fund, the _____ dated as of the Bond Issuance Date, between _____ and the Trustee and the Master Trustee[____, and the Guarantee of _____ dated as of the Bond Issuance Date____], (ii) with respect to the Reserve Fund, the _____ dated as of the Bond Issuance Date, between _____ and the Trustee and the Master Trustee[____, and the

Guarantee of _____ dated as of the Bond Issuance Date___], and (iii) with respect to the Debt Service Fund and the Repayment Fund, the _____ dated as of the Bond Issuance Date, between _____ and the Trustee and the Master Trustee[___, and the Guarantee of _____ dated as of the Bond Issuance Date___].

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

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

“Master Trust Agreement” means the Amended and Restated Master Trust Agreement dated as of March 1, 2004, between the Authority and the Master Trustee, as further amended and supplemented, provided a copy of any amendment or supplement thereto is provided to the Trustee.

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

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

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

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

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

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

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

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

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

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

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

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

“Reserve Percentage” means 70%.

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

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

“State” means the State of Missouri.

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

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

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

“Trustee” means UMB Bank, N.A., St. Louis, Missouri, a national banking association, and any successor trustee under the Indenture.

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

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

“Water and Wastewater Loan Revolving Fund” means The Water and Wastewater Loan Revolving Fund administratively created by DNR and held in the Treasury of the State.

Schedule 1 to Purchase Agreement

LOAN PROCEEDS, ELIGIBLE COSTS AND COSTS OF ISSUANCE

| Participant | Loan Proceeds | Eligible Costs | Costs of Issuance |
|--|----------------------|-----------------------|--------------------------|
| Boone County Regional Sewer District | | | |
| Clay County Public Water Supply District No. 3 | | | |
| City of Columbia | | | |
| City of Greenfield | | | |
| The Metropolitan St. Louis Sewer District | | | |
| City of Rolla | | | |
| City of Weston | | | |
| TOTALS | <u>\$ 0.00</u> | <u>\$ 0.00</u> | <u>\$ 0.00</u> |

Schedule 2 to Purchase Agreement

PARTICIPANT ORDINANCES/RESOLUTIONS

Participant

Ordinance/Resolution

Boone County Regional Sewer District

Clay County Public Water Supply District No. 3

City of Columbia

City of Greenfield

The Metropolitan St. Louis Sewer District

City of Rolla

City of Weston

REVOLVING FUND AGREEMENT

Dated as of November 1, 2006

By and Among

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

And

EACH PARTICIPANT WHICH IS A
SIGNATORY TO THIS AGREEMENT

Relating to:

STATE ENVIRONMENTAL IMPROVEMENT AND
ENERGY RESOURCES AUTHORITY
\$[Principal Amount]
WATER POLLUTION CONTROL AND DRINKING WATER REVENUE BONDS
(STATE REVOLVING FUNDS PROGRAMS)
SERIES 2006B

REVOLVING FUND AGREEMENT

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Execution

S-1

Exhibit A - Revolving Fund Loans

REVOLVING FUND AGREEMENT

THIS REVOLVING FUND AGREEMENT (this “Revolving Fund Agreement” or “Agreement”), dated as of November 1, 2006 among the MISSOURI DEPARTMENT OF NATURAL RESOURCES (“DNR”), a department of the State of Missouri, the STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY, a body corporate and politic and a governmental instrumentality of the State of Missouri (the “Authority”), duly organized and existing under the laws of the State of Missouri, and each PARTICIPANT which is a signatory to this Agreement (each a “Participant”).

RECITALS

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

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

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

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

5. By resolutions adopted by the Authority on September 22, 1998 and by the Safe Drinking Water Commission of the State of Missouri, an administrative agency of the State of Missouri domiciled within DNR (the “Safe Drinking Water Commission”), on September 23, 1998, the Authority and the Safe Drinking Water Commission have approved the development and implementation of the Missouri Leveraged State Drinking Water Revolving Fund Program (the “Drinking Water SRF Program”). The Authority has further stated its intent to issue its bonds to finance projects pursuant to the Drinking Water

SRF Program, the bonds to be payable solely out of the revenues and receipts derived by the Authority in connection with Drinking Water SRF Program projects. The Clean Water Commission has stated its intent to make loans from the Drinking Water Revolving Fund and moneys appropriated by statute from general state revenues (“Appropriated Moneys”) to provide financial assistance under the Drinking Water SRF Program for projects approved by the Safe Drinking Water Commission.

6. The Authority is issuing its Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) Series 2006B (the “Bonds”), in the aggregate principal amount of \$[Principal Amount], under a Bond Indenture dated as of November 1, 2006 (the “Indenture”) by and between the Authority and UMB Bank, N.A., St. Louis, Missouri, as trustee (the “Trustee”) for the purpose of making the Loans to the Participants and funding the State Match (as defined in the Indenture). The Bonds consist of the State Match Portion and the Leveraged Portion (as defined in the Indenture).

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

8. The Clean Water Commission and, as applicable, the Safe Drinking Water Commission, have authorized DNR to loan to each Participant an amount not to exceed the “Maximum Revolving Fund Loan” set forth in Exhibit A from The Water and Wastewater Loan Fund, The Water and Wastewater Loan Revolving Fund, or the Drinking Water Revolving Fund and Appropriated Moneys, as applicable, in installments, subject to the provisions of this Agreement (each a “Revolving Fund Loan”). It is not expected that any portion of the Revolving Fund Loan to a Drinking Water Participant will be made from Appropriated Moneys.

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

AGREEMENT

ARTICLE I

DEFINITIONS

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

“Event of Default” means “Event of Default” as defined in Article V.

“Purchase Agreement” means the Purchase Agreement dated as of November 1, 2006, by the Authority, DNR and each Participant in connection with the issuance of the Participant Bonds.

ARTICLE II

REPRESENTATIONS BY PARTIES

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

(a) The party is duly organized and existing under the laws of the State with lawful power and authority to enter into this Agreement acting by and through its duly authorized officers.

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

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

ARTICLE III

THE REVOLVING FUND LOAN

Section 3.1. Revolving Fund Loan.

(a) DNR will make the Revolving Fund Loan to a Clean Water Participant under the Clean Water SRF Program from available moneys in The Water and Wastewater Loan Fund (Capitalization Grant Agreement [__dated September 8, 2004, identification number CS-29000108-0, as amended by amendment dated December 2, 2004, identification number CS-29000108-1, Capitalization Grant Agreement dated June 28, 2005, identification number CS-29000109-0, and Capitalization Grant Agreement dated November 29, 2005, identification number CS-29000110-0__], each between DNR and EPA, are expected to be available for this purpose) or The Water and Wastewater Loan Revolving Fund, as applicable. DNR will make the Revolving Fund Loan to a Drinking Water Participant under the Drinking Water SRF Program from available moneys in the Drinking Water Revolving Fund (Capitalization Grant Agreement dated [__September 30, 2003, identification number FS-99762902-0, Capitalization Grant Agreement dated September 29, 2004, identification number FS-99762903-0, Capitalization Grant Agreement dated June 28, 2005, identification number FS-99762904-0, and Capitalization Grant Agreement dated September 20, 2005, identification number FS-99762905-0__], each between DNR and EPA, are expected to be available for this purpose). DNR may also make a Revolving Fund Loan to a Drinking Water Participant from unexpended Appropriated Moneys, if any. No interest is payable on the Revolving Fund Loan.

(b) The Revolving Fund Loan will be funded in installments as Disbursements are made to the Participant. Each installment of the Revolving Fund Loan will be in an amount equal to the Reserve Percentage of the sum of (i) the Actual Reimbursement Amount approved by DNR in accordance with the Purchase Agreement, plus (ii) the Participant's Costs of Issuance. Each installment will be deposited in the Reserve Account. In no event will the sum of an installment, plus other installments previously made,

exceed the “Maximum Revolving Fund Loan” for the Participant set forth in Exhibit A. Because the Actual Reimbursement Amount includes expenditures of both the allocable State Match Portion and the Leveraged Portion, and the Reserve Percentage is applied to the entire Actual Reimbursable Amount, the Maximum Revolving Fund Loan is calculated based on both the allocable State Match Portion and Leveraged Portion. However, the moneys on deposit in the Reserve Account (other than interest earnings) secure only the Leveraged Portion.

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

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

ARTICLE IV

ADMINISTRATIVE FEE; ASSIGNMENT

Section 4.1. Administrative Fee. Subject to Section 202 of the Ordinance, the Participant will pay the Administrative Fee. The Administrative Fee will be an amount equal to 0.714% per annum of the aggregate amount of the Revolving Fund Loan as of the Business Day preceding each July 1, commencing on the Administrative Fee Calculation Date set forth in Exhibit A to the Ordinance, and is payable as provided in Section 211 of the Ordinance.

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

ARTICLE V

EVENTS OF DEFAULTS AND REMEDIES

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

(a) Failure by any party to observe and perform any agreement on its part to be performed under this Agreement and the continuation of the failure for a period of 30 days after written notice is given pursuant to Section 5.2. If the failure is by the Participant, DNR may agree in writing to an extension of the cure period prior to its expiration. If the failure stated in the notice is correctable but cannot be corrected within the applicable period and corrective action is instituted and diligently pursued by the Participant, DNR may not unreasonably withhold its consent to an extension of a date which is 90 days after the delivery of the original notice. If the failure is by the Authority or DNR, the Trustee must agree in writing to an extension of the cure period prior to its expiration.

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

Section 5.2. Notice of Default. Each party will give notice to the other parties and the Trustee of the occurrence of any event or condition that, with the passage of time or the giving of notice, would constitute an Event of Default. Notice of default given to the Participant will specify the event or condition, state that the event or condition constitutes an Event of Default if not remedied, and request that the event or condition be remedied. Notice will be given in the manner provided in Section 6.3.

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

Section 5.4. Attorneys' Fees and Other Expenses.

(a) The defaulting party, on demand, will pay to the non-defaulting parties (but solely from the sources described below), the reasonable fees and expenses of attorneys and other reasonable costs and expenses (including the reasonably allocated costs of in-house counsel and legal staff) incurred by the non-defaulting parties in the collection of a repayment of the Revolving Fund Loan or any other sum due under this Agreement or in the enforcement of any other agreements of the parties to this Agreement. The sole source for the payment of the fees and expenses payable by the Authority under this Section are moneys which are on deposit in the Interest Account (but only to the extent not needed to pay the principal of and interest on the Bonds). Payment by the Participant is subject to Section 202 of the Ordinance. Payment by DNR is subject to applicable law.

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

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

Section 5.6. No Remedy Exclusive; Waiver; Notice. No remedy conferred upon or reserved to any non-defaulting party is intended to be exclusive and every remedy is cumulative and in addition to every other remedy given under this Agreement or existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default will impair any right, remedy or power or will be construed as a waiver. Any right, remedy or power may be exercised from time to time and as often as may be deemed expedient. Neither the Authority, the Trustee nor DNR are required to

give notice to the Participant in advance of the exercise of any right, remedy or power reserved to them in this Article except as expressly provided in this Article.

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

ARTICLE VI

OTHER PROVISIONS

Section 6.1. Effect of Breach. Failure on the part of the Authority or DNR in any instance or under any circumstances to observe or fully perform any obligation assumed by or imposed upon it by this Agreement or by law will not make the Authority or DNR liable in damages to the Participant or relieve the Participant from making any payment to the Authority or DNR or fully performing any other agreement under this Agreement. The Participant may pursue any other remedies provided by law for compelling performance by the Authority or DNR of any agreement of the Authority or DNR.

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

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

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

Section 6.5. Severability of Invalid Provisions. If any agreement provided in this Agreement is contrary to law, that agreement will be severable from the remaining agreements and will not affect the validity of the other provisions of this Agreement.

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

Section 6.7. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which will be regarded for all purposes as one original and constitute one and the same instrument.

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

[remainder of this page intentionally left blank]

This Revolving Fund Agreement is executed as of November 1, 2006.

STATE ENVIRONMENTAL IMPROVEMENT AND
ENERGY RESOURCES AUTHORITY

By _____
Chairman

(SEAL)
ATTEST:

Secretary

This Revolving Fund Agreement is executed as of November 1, 2006.

MISSOURI DEPARTMENT OF NATURAL
RESOURCES

By _____
Department Director

Acknowledged and Accepted:

UMB BANK, N.A., as Trustee

By: _____
Vice President

[insert Participant Signature Pages]

EXHIBIT A
REVOLVING FUND LOANS

| <u>Participant</u> | <u>Original Principal Amount</u> | <u>Maximum Revolving Fund Loan</u> |
|--|--------------------------------------|--|
| Boone County Regional Sewer District | | |
| Clay County Public Water Supply District No. 3 | | |
| City of Columbia | | |
| City of Greenfield | | |
| The Metropolitan St. Louis Sewer District | | |
| City of Rolla | | |
| City of Weston | | |
| Total: | | <hr/> |