

Exhibit MSD 19
Supplemental Bond Ordinance

ORDINANCE NO. 12755

OF

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

Adopted October 7, 2008

AUTHORIZING:

SUBORDINATE WASTEWATER SYSTEM REVENUE BONDS
(STATE REVOLVING FUND PROGRAM)
SERIES 2008B

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ORDINANCE NO. 12755

AN ORDINANCE AUTHORIZING THE ISSUANCE OF SUBORDINATE WASTEWATER SYSTEM REVENUE BONDS (STATE REVOLVING FUND PROGRAM) SERIES 2008B OF THE METROPOLITAN ST. LOUIS SEWER DISTRICT, FOR THE PURPOSE OF CONSTRUCTING, IMPROVING, RENOVATING, REPAIRING, REPLACING AND EQUIPPING 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 FUND AND/OR THE WATER AND WASTEWATER LOAN REVOLVING 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 2008B (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, \$460,000,000 principal amount of the bonds so authorized have heretofore been issued as described below; and

WHEREAS, by Master Bond Ordinance No. 11713 passed on April 22, 2004 (the "Master Bond Ordinance"), the District has issued its Wastewater System Revenue Bonds, Series 2004A (the "Series 2004A Bonds"), dated May 6, 2004, in the original principal amount of \$175,000,000, of which \$170,485,000 remains outstanding as of the date of passage of this Ordinance, and by Ordinance No. 12343 passed on November 9, 2006 (the "Series 2006C Ordinance") the District has issued its Wastewater System Revenue Bonds, Series 2006C (the "Series 2006C Bonds"), dated November 28, 2006, in the original principal amount of \$60,000,000, all of which remains outstanding as of the date of passage of this Ordinance, which were issued on parity with the Series 2004A Bonds (together with any bonds of the District issued on a parity with the Series 2004A Bonds and the Series 2006C Bonds, the "Outstanding Senior Bonds"); and

WHEREAS, on or about the time of issuance of the Bonds, by an ordinance anticipated to be passed on or about October 16, 2008 (the "Series 2008A Ordinance") the District proposes to issue its Wastewater System Revenue Bonds, Series 2008A (the "Series 2008A Bonds"), in the original principal amount of \$30,000,000; 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 (State Revolving Fund Program), Series 2004B (the “Series 2004B Bonds”), dated May 28, 2004, in the original principal amount of \$161,280,000, of which \$147,160,000 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 \$6,240,000 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”), the District has issued its Subordinate Wastewater System Revenue Bonds (State Revolving Fund Program) Series 2006A (the “Series 2006A Bonds”), dated April 27, 2006, in the original principal amount of \$42,715,000, of which \$42,515,000 remains outstanding as of the date of passage of this Ordinance; and

WHEREAS, by Ordinance No. 12332 passed on October 12, 2006 (the “Series 2006B Ordinance” together with the Series 2004B Ordinance, the Series 2005A Ordinance and the Series 2006A Ordinance, the “Outstanding Parity Bond Ordinance”), the District has issued its Subordinate Wastewater System Revenue Bonds (State Revolving Fund Program), Series 2006B (the “Series 2006B Bonds” together with the Series 2004B Bonds, the Series 2005A Bonds and the Series 2006A Bonds, the “Outstanding Parity Bonds”), dated November 16, 2006, in the original principal amount of \$14,205,000, all of which 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, the Series 2006B Bonds, the Series 2006C Bonds, the Series 2008A 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 January 1, commencing on the first January 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.

“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.

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

“Consulting Engineer” means each independent engineer or engineering firm with experience in designing and constructing wastewater treatment, sanitary sewerage or water pollution control facilities 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, 2009.

“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 Authority and its assigns.

“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 Ordinance 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 October 1, 2008, 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 October 1, 2008, 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 Fund and/or The Water and Wastewater Loan Revolving Fund under the Revolving Fund Agreement.

“SRF Program 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 Program 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 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 and will be registered, transferred and exchanged as provided in Section 206. 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 and will bear interest at the rates as set forth in the Certificate of Final Terms. 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 and Terms 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 such 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

(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”);

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

(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”);

are hereby acknowledged, ratified and confirmed.

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

(1) Reserve Account (the “Series 2006B Reserve Account” and collectively with the Series 2006A Reserve Account, the Series 2005A Reserve Account and 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 2006B Bond Debt Service Account” and collectively with the Series 2006A Bond Debt Service Account, the Series 2005A Bond Debt Service Account and the 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), (d) and (e) will be maintained and administered by, or on behalf of, the District while the Series 2004B Bonds, the Series 2005A Bonds, the Series 2006A Bonds and the Series 2006B 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 Owner 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 a parity basis (i) at the times required under the Outstanding Parity Bond Ordinance, to the Outstanding Parity Bond Debt Service Account the amount required under the Outstanding Parity Bond Ordinance and (ii) on each March 1, June 1, September 1 and December 1 (the "Quarterly Payment Dates") 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 March 1, 2009 and each Quarterly Payment Date thereafter, 1/2 of the amount of interest due on the Bonds on the next Interest Payment Date, with these quarterly payments to be reduced as follows:

(I) the balance in the 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 quarterly payment or payments; and

(II) the projected investment earnings for the current Interest Period, as set forth in the Trustee's semiannual notice to the District, will be credited in equal installments against the quarterly payments due prior to the next Interest Payment Date; and

(B) to the Principal Account, on March 1, 2009 and each Quarterly Payment Date thereafter, 1/4 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 quarterly installment of principal of the Bonds will be paid no later than the Quarterly Payment Date which is not more than 12 months after the Initiation of Operation, and (ii) on the Quarterly 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 Ordinance 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 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 Debt Service Reserve Account, the Principal Account, the Interest Account or the Reserve Account are not sufficient to pay the principal of and interest on the Outstanding Senior Bonds, 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 Principal Account, the Interest Account and the Outstanding Parity Bond Debt Service Account to prevent any default in the payment of the principal of and interest on the Outstanding Senior Bonds, the Bonds and the Outstanding Parity 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 State Match Portion Debt Service 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 and the District acknowledges that moneys in the Interest Account, the Principal Account, the Construction Account, the State Match Portion Debt Service 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 Ordinance.

ARTICLE VIII

PARTICULAR COVENANTS OF THE DISTRICT

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

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

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

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

Section 805. Annual Audit.

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

(b) 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.

(c) Within 30 days after the acceptance of the audit by the Governing Body, a copy of the annual audit will be filed in the office of the Secretary-Treasurer, and a copy of the audit will be mailed to DNR 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, the Owner, or anyone acting for or on behalf of the taxpayer, user or Owner.

(d) The District acknowledges its undertakings set forth in Section 2.2(u) of the Purchase Agreement.

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

Section 807. Tax Covenants.

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

comply with the Code and with other applicable future law, in order to ensure that the interest on the Authority Bonds will remain excluded from federal gross income.

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

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

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

ARTICLE IX

ADDITIONAL BONDS

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

Section 902. Parity Lien Bonds or Obligations.

(a) The District will not issue any additional bonds or other long-term obligations payable out of the Pledged Revenues 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; and

(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 a parity with any of the Bonds that are not refunded and any Outstanding Parity Bonds. 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 Owner 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 Owners. No Owner has any right in any manner whatever by the Owner's action to affect, disturb or prejudice the security granted and provided for in, or to 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 Owner and DNR is required for any amendment that 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 Owner, 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.

[The remainder of this page intentionally left blank.]

ADOPTED by the Board of Trustees of The Metropolitan St. Louis Sewer District this 7th day of October, 2008.

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 \$40,000,000.
2. Purchase Price: Not less than 98% of the Original Principal Amount.
3. Weighted Average Maturity of the Bonds: Not less than 9.11 years nor more than 13.11 years.
4. Effective Interest Cost: Not to exceed 2.3%. “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 \$650,000.

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 2008B

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, 2009 (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 by check or draft mailed by the Paying Agent 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 2008B” 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”). Terms not otherwise defined in this Bond have the meanings set forth in 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 Owner, as provided in the Ordinance.

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 maturity will be proportionately reduced, subject to rounding to integral multiples of \$5,000. The District will give written notice to the Paying Agent, as trustee (the “Trustee”), designating the amount of each maturity redeemed and the reduction in each sinking fund installment, subject to verification by the Trustee. In exercising its option to redeem the Bonds, the District will deposit with the Paying Agent, in addition to the principal of, premium, if any, and interest on the Bonds, an additional premium equal to 30–days’ interest on the Bonds to be redeemed for an additional 30–day period.

If all of the Bonds are held by the Authority, 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 Authority 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 special, 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. 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. 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.

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 person requesting the exchange or transfer must pay the charge. 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 Paying Agent has executed the Certificate of Authentication.

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

IN WITNESS WHEREOF, The Metropolitan St. Louis Sewer District has executed this Bond by causing it to be signed by the manual or facsimile signature of its 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:

Secretary-Treasurer

By _____

CERTIFICATE OF AUTHENTICATION

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

Registration Date: _____

UMB BANK, N.A., Paying Agent

By _____
Authorized Signatory

=====

RECORD OF PRINCIPAL PAYMENTS AND PREPAYMENTS

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

Date: _____

By: _____
Chairman

=====

SCHEDULE I TO

THE METROPOLITAN ST. LOUIS SEWER DISTRICT
SUBORDINATE WASTEWATER SYSTEM REVENUE BOND
(STATE REVOLVING FUND PROGRAM)
SERIES 2008B

[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 2008B (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 7, 2008, 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 Board of Trustees 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 Board of Trustees and officers of the Participant during the proceedings described herein:

Name	Title
Robert T. Berry	Chair
John H. Goffstein	Vice Chair
James Buford	Trustee
Gerald Feldhaus	Trustee
Ellen Harshman	Trustee
Dee Joyce-Hayes	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 Board of Trustees 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 2008A (the "Authority Bonds") of the State Environmental Improvement and Energy Resources Authority (the "Authority"):

- (a) Purchase Agreement dated as of October 1, 2008 (the "Purchase Agreement"), among the Authority, the Participant and the Missouri Department of Natural Resources ("DNR"), and
- (b) Revolving Fund Agreement dated as of October 1, 2008 (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, 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; and

(2) 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 Parity Bonds and the Outstanding Senior Bonds (including the Series 2008A 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 Parity Bond Ordinance, the Series 2006C Ordinance, the Series 2008A Ordinance and the Master 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 30th day of October, 2008.

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 2008B (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:

<u>Maturity</u> <u>January 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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† 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 January 1, ____ and thereafter are subject to redemption in whole or in part on any date, with the consent of the Owner, 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) set forth below, plus the redemption premium as set forth in Section 302, plus accrued interest to the redemption date:

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 30th day of October, 2008.

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 January 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.

“Nongovernmental Person” means a person other than a Governmental Person.

2. Authority and Purpose for Bonds. The Bonds are being issued for the purpose of providing funds to pay the costs of the 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 \$60,927,600 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 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 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 was 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. The District expects to sell the Bonds and the Series 2008A Bonds on or about the same time. The District expects to use the proceeds of the Bonds to fund capital improvements at the LeMay Plant, and the District expects to use proceeds of the Series 2008A Bonds primarily to fund various infrastructure projects under the CIRP, other than improvements to the LeMay Plant. The District further expects that (A) the Bonds will be repaid from a combination of System Revenues and the SRF Subsidy; and (B) the Series 2008A Bonds will be repaid primarily from System Revenues. On this basis, the District represents that 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).

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 procedures 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.