

ORDINANCE NO. 13327

OF

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

PASSED NOVEMBER 21, 2011

AUTHORIZING:

NOT TO EXCEED \$39,769,300
SUBORDINATE WASTEWATER SYSTEM REVENUE BONDS
(STATE OF MISSOURI – DIRECT LOAN PROGRAM)
SERIES 2011A

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ORDINANCE NO. 13327

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$39,769,300 PRINCIPAL AMOUNT OF SUBORDINATE WASTEWATER SYSTEM REVENUE BONDS (STATE OF MISSOURI – DIRECT LOAN PROGRAM) SERIES 2011A OF THE METROPOLITAN ST. LOUIS SEWER DISTRICT, FOR THE PURPOSE OF 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 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 (as more fully defined below, the “System”); 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, the District desires to extend and improve the System, such extensions and improvements to be financed in whole or in part by the issuance by the District pursuant to this Ordinance of its Subordinate Wastewater System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2011A (the “Bonds”) in the maximum principal amount of \$39,769,300 (the “Maximum Principal Amount”); and

WHEREAS, pursuant to the Charter, a special bond election was duly held in the District on August 5, 2008 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 Two Hundred Seventy-five Million Dollars (\$275,000,000) for the purpose of designing, constructing, improving, renovating, repairing, replacing and equipping new and existing MSD sewer facilities and system, including sewer disposal and treatment plants, sanitary and combined sanitary and stormwater 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 sanitary 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 question had voted in favor of the question, the vote having been 108,787 votes for the question and 35,629 votes against the question; 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 the Bonds in the Maximum Principal Amount; and

WHEREAS, to provide for the most cost-effective financing of the extensions and improvements of the System the District desires to participate in the State of Missouri Direct Loan Program (the "Direct Loan Program") of the Missouri Department of Natural Resources ("DNR") and the Clean Water Commission of the State of Missouri (the "Commission"); and

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

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

WHEREAS, \$182,980,700 of the bonds so authorized have been issued (the Series 2008A Bonds, the Series 2009A Bonds, the Series 2010A Bonds, the Series 2010B Bonds and the Series 2010C Bonds as described below) and the District finds and determines that it is necessary and advisable and in the best interest of the District and of its inhabitants to issue the Bonds in the Maximum Principal Amount; 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 \$165,590,000 remains outstanding as of the date of passage of this Ordinance, 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, by Ordinance No. 12771 passed on November 13, 2008 (the "Series 2008A Ordinance") the District has issued its Wastewater System Revenue Bonds, Series 2008A (the "Series 2008A Bonds"), dated November 25, 2008, in the original principal amount of \$30,000,000, all of which remains outstanding as of the date of passage of this Ordinance, and by Ordinance No. 13025 passed on January 14, 2010 (the "Series 2010B Ordinance") the District has issued its Taxable Wastewater System Revenue Bonds (Build America Bonds – Direct Pay) Series 2010B (the "Series 2010B Bonds"), dated January 28, 2010, in the original principal amount of \$85,000,000, all of which remains outstanding as of the date of passage of this Ordinance, the Series 2006C Bonds, the Series 2008A Bonds and the Series 2010B Bonds having been issued on parity with the Series 2004A Bonds (together with any bonds of the District issued on parity with the Series 2004A Bonds, the Series 2006C Bonds, the Series 2008A Bonds and the Series 2010B Bonds in accordance with the Master Bond Ordinance, the "Outstanding Senior Bonds"); 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 \$126,595,000 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 \$5,370,000 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 \$36,335,000 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”), the District has issued its Subordinate Wastewater System Revenue Bonds (State Revolving Fund Program) Series 2006B (the “Series 2006B Bonds”), dated November 16, 2006, in the original principal amount of \$14,205,000, of which \$12,285,000 remains outstanding as of the date of passage of this Ordinance; and

WHEREAS, by Ordinance No. 12755 passed on October 7, 2008 (the “Series 2008B Ordinance”), the District has issued its Subordinate Wastewater System Revenue Bonds (State Revolving Fund Program) Series 2008B (the “Series 2008B Bonds”), dated October 30, 2008, in the original principal amount of \$40,000,000, of which \$36,495,000 remains outstanding as of the date of passage of this Ordinance; and

WHEREAS, by Ordinance No. 12937 passed on August 13, 2009 (the “Series 2009A Ordinance”), the District has issued its Subordinate Wastewater System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2009A (the “Series 2009A Bonds”), dated October 21, 2009, in the original principal amount of \$23,000,000, of which \$22,053,200 remains outstanding as of the date of passage of this Ordinance; and

WHEREAS, by Ordinance No. 13024 passed on January 14, 2010 (the “Series 2010A Ordinance”), the District has issued its Subordinate Wastewater System Revenue Bonds (State of Missouri – Direct Loan Program – ARRA) Series 2010A (the “Series 2010A Bonds”), dated January 26, 2010, in the maximum principal amount of \$7,980,700, fully funded in the amount of \$7,980,000, and all of which is outstanding, as of the date of passage of this Ordinance; and

WHEREAS, by Ordinance No. 13183 passed on December 9, 2010 (the “Series 2010C Ordinance” together with the Series 2004B Ordinance, the Series 2005A Ordinance, the Series 2006A Ordinance, the Series 2006B Ordinance, the Series 2008B Ordinance, the Series 2009A Ordinance and the Series 2010A Ordinance, the “Outstanding Parity Bond Ordinances”), the District has issued its Subordinate Wastewater System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2010C (the “Series 2010C Bonds” together with the Series 2004B Bonds, the Series 2005A Bonds, the Series 2006A Bonds, the Series 2006B Bonds, the Series 2008B Bonds, the Series 2009A Bonds and the Series 2010A Bonds, the “Outstanding Parity Bonds”), dated December 21, 2010, in the maximum principal amount of \$37,000,000, fully funded in the amount of \$37,000,000, and all of which is 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, the Series 2008B Bonds, the Series 2009A Bonds, the Series 2010A Bonds, the Series 2010B Bonds, the Series 2010C 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 DNR under the Direct Loan 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. Definition of Words and Terms. Capitalized words and terms not otherwise defined in this Ordinance have the meanings set forth in the Master Bond Ordinance, the Purchase Agreement and the Escrow Agreement (each as defined below). In addition to the foregoing and words and terms defined in the Recitals and elsewhere in this Ordinance, capitalized words and terms have the following meanings in this Ordinance:

“Account” means any of the funds or accounts established by Section 4 of the Escrow Agreement.

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

“Administrative Fee” means the semiannual administrative fee of DNR equal to 0.50% of the aggregate amount of the Bonds Outstanding as of each Administrative Fee Calculation Date (including the Stated Maturity of the Bonds), payable to the Paying Agent within 30 days after the District’s receipt of a statement from the Paying Agent, for deposit to the Administrative Expense Fund and subsequent transfers to DNR as described in Section 10 of the Escrow Agreement.

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

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

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

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

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

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

“Bonds” means the Subordinate Wastewater System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2011A authorized and issued under this Ordinance.

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

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

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

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

“Costs of Issuance” has the meaning set forth in the Purchase Agreement.

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

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

“Escrow Agreement” means the Escrow Trust Agreement dated as of November 1, 2011, between the District and the Paying Agent, as supplemented, modified or amended in accordance with its terms, related to the Bonds.

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

“Funds Transfer Method” means electronic transfer in immediately available funds, automated clearing house (ACH) funds, or other method approved by DNR at the written request of the District with written notice to the Paying Agent.

“Interest Payment Date” means each January 1 and July 1, commencing July 1, 2012.

“Interest Rate” means the annual rate equal to 30% of the Revenue Bond Index as published in The Bond Buyer most recently prior to the Closing Date, rounded up to the nearest 0.01%.

“Investment Securities” means Permitted Investments within the meaning of the Master Bond Ordinance.

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

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

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

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

“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.

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

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

“Principal Payment Date” means each January 1 and July 1, commencing January 1, 2015, and any date on which the Bonds are optionally redeemed in accordance with Section 301.

“Purchase Agreement” means the Purchase Agreement dated as of November 1, 2011, between the District and DNR, as supplemented, modified or amended in accordance with its terms.

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

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

“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.

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

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

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

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

“SRF Subsidy” means the amount of investment earnings which will accrue on the Reserve Account during each Fiscal Year (taking into account scheduled transfers from the Reserve Account which will occur upon the payment of principal on Authority Program Bonds and assuming that the construction for the applicable project has been completed), if the Reserve Security is equal to the Reserve Percentage of the principal amount of the SRF Leveraged Program Bonds outstanding, the Reserve Account is invested in an investment agreement at a fixed rate during the calculation period and

earnings are reduced by the Administrative Fee payable to DNR. Administrative Fee, Reserve Account and Reserve Percentage as used in this definition have the respective meanings set forth in the bond indentures for the applicable Authority Program Bonds.

“State” means the State of Missouri.

“Stated Maturity” means _____, the final maturity date of the Bonds.

“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.

ARTICLE II

AUTHORIZATION OF BONDS

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

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. The Bonds are issued on parity with the Outstanding Parity Bonds.

Section 203. Description of Bonds. The Bonds consist of registered bonds without coupons, numbered from R-1 consecutively upward, in the denomination of \$100 or any integral multiple of \$0.01 in excess thereof. The Bonds will be issued in substantially the form of Exhibit A and will be registered, transferred and exchanged as provided in Section 206. The Bonds are dated the Closing Date. The Bonds will mature and become due on the Stated Maturity (subject to optional and mandatory redemption prior to Stated Maturity as provided in Article III). The Bonds will bear interest on the Cumulative Principal Amount Outstanding at the Interest Rate from the Closing Date and the date of receipt of each Purchase Price Installment by the Paying Agent pursuant to the Purchase Agreement (as set forth on Schedule A to a Bond) or from the most recent Interest Payment Date to which interest has been paid or provided for. Interest is computed on the basis of a 360-day year of twelve 30-day months and is payable on each Interest Payment Date.

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

Section 205. Method and Place of Payment of Bonds. The method and place of payment of the Bonds will be as provided in Sections 2.1 and 2.5 of the Master Bond Ordinance, except that each quarterly payment under Section 502(a)(3) and amounts payable pursuant to Section 211 will be made using the Funds Transfer Method.

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.

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

Section 207. Execution, Authentication and Delivery of Bonds.

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

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

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

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

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

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

(b) The District is authorized to enter into the Purchase Agreement and the Escrow 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 Escrow 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 signature of the Chair or the Executive Director. The Chair or the Executive Director is further authorized and directed to execute other documents, certificates and instruments that are necessary or desirable to carry out the intent of this Ordinance. The Secretary-Treasurer is authorized and directed to attest the execution of the Purchase Agreement and the

Escrow Agreement and any other documents, certificates and instruments that are necessary or desirable to carry out the intent of this Ordinance.

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

ARTICLE III

REDEMPTION OF BONDS

Section 301. Optional Redemption. At the option of the District, with the prior written consent of the Owner, Bonds may be called for redemption and payment prior to Stated Maturity in whole or in part at any time, at the redemption price of 100% of the principal amount thereof plus accrued interest thereon to the date of redemption. Upon any optional redemption in part, the principal amount for each Principal Payment Date following the partial redemption will be reduced on a proportionate basis (to the nearest \$0.01).

Section 302. Mandatory Redemption Provisions.

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

(b) If upon the Completion of Funding, the Cumulative Principal Amount Outstanding is less than the Maximum Principal Amount (disregarding any scheduled redemptions above that have occurred prior to the Completion of Funding), the principal amount for each Principal Payment Date following the Completion of Funding will be reduced on a proportionate basis (to the nearest \$0.01).

Section 303. Revisions to Exhibit B; Selection of Bonds Upon Redemption.

(a) Upon the partial redemption of the Bonds pursuant to Section 301 or if Section 302(b) is applicable, the Owner will provide a replacement Exhibit B, reflecting the reductions to the principal amounts, to the Paying Agent and the District, which will be binding on the District absent manifest error and will replace the previous Exhibit B without any further action on the part of the District. The revised Exhibit B is subject to such verification requirements as may be reasonably established by the Paying Agent.

(b) Selection of Bonds to be redeemed in part 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 AND ESTABLISHMENT OF FUNDS AND ACCOUNTS

Section 401. Ratification and Establishment 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

(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”);

are hereby acknowledged, ratified and confirmed.

(f) The following separate funds and accounts acknowledged under the Series 2008B Ordinance known respectively as the:

(1) Reserve Account (the “Series 2008B Reserve Account” and collectively with the Series 2006B Reserve Account, 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 2008B Bond Debt Service Account”);

are hereby acknowledged, ratified and confirmed.

(g) The Debt Service Fund, Principal Account and Interest Account established by the District under the Series 2009A Ordinance (the “Series 2009A Bond Debt Service Account”) are hereby acknowledged, ratified and confirmed.

(h) The Debt Service Fund, Principal Account and Interest Account established by the District under the Series 2010A Ordinance (the “Series 2010A Bond Debt Service Account”) are hereby acknowledged, ratified and confirmed.

(i) The Debt Service Fund, Principal Account and Interest Account established by the District under the Series 2010C Ordinance (collectively with the Series 2010A Bond Debt Service Account, the Series 2009A Bond Debt Service Account, the Series 2008B Bond Debt Service Account, the Series 2006B Bond Debt Service Account, 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.

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

(1) the Debt Service Fund;

(2) the Construction Fund (the “Construction Fund”);

(3) the Repayment Fund, consisting of the Principal Account and the Interest Account; and

(4) the Administrative Expense Fund.

Section 402. Administration of Funds and Accounts. The funds and accounts described in Section 401(a)(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), (e), (f), (g), (h) and (i) 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, the Series 2006B Bonds, the Series 2008B Bonds, the Series 2009A Bonds, the Series 2010A Bonds and the Series 2010C Bonds, respectively, are outstanding. The funds and accounts described in Section 401(j) will be maintained and administered by the Paying Agent pursuant to the Escrow Agreement while the Bonds are Outstanding.

Section 403. Deposits and Application of Bond Proceeds.

(a) The proceeds received from the sale of the Bonds on the Closing Date will be deposited upon the delivery of the Bonds into the Construction Fund and the Administrative Expense Fund as provided in the Escrow Agreement. Thereafter, each Purchase Price Installment will be deposited into the Construction Fund.

(b) Moneys in the Construction Fund will be disbursed to District for the sole purpose of paying the Eligible Costs of the Project, including any alterations in or amendments to the plans and specifications for the Project approved by the Governing Body and DNR.

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

ARTICLE V

APPLICATION OF REVENUES

Section 501. Revenue Fund. The 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 502. 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 Ordinances, to the Outstanding Parity Bond Debt Service Account the amount required under the Outstanding Parity Bond Ordinances and (ii) by the Funds Transfer Method, on each Quarterly Payment Date the following amounts to the Paying Agent 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 Paying Agent 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 15, 2012 and each Quarterly Payment Date thereafter, 1/2 of the amount of interest due on the Bonds on the next Interest Payment Date, with the balance in the Debt Service Fund and the Interest Account on an Interest Payment Date after the payment of the principal of and interest due on the Bonds on the Interest Payment Date to be credited against the next succeeding quarterly payment; provided that prior to the Completion of Funding,

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

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

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

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

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

(5) 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, to the Outstanding Parity Bond Debt Service Reserve Account as required by the Outstanding Parity Bond Ordinances;

(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.

Section 503. 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 502.

(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 or the Interest 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 504. 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 502, and, to the extent necessary to prevent a default in the payment of the Bonds, from the Renewal and Extension Fund as provided in Sections 503, 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. Except as otherwise provided in the Escrow Agreement, all moneys deposited by the District with the Paying Agent are subject to the provisions of this Ordinance and the Master Bond Ordinance.

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

ARTICLE VI

INVESTMENT OF MONEYS

Section 601. Investment of Moneys.

(a) Moneys held in any fund or account referred to in this Ordinance may be invested in Investment Securities; provided, however, that any fund or account held by the Paying Agent shall be invested as provided in Section 11 of the Escrow Agreement. No such investment will be made for a period extending longer than the date when the money invested may be needed. All earnings on any

investments held in any fund or account will accrue to the applicable fund or account. In determining the amount held in any fund or account under this Ordinance, obligations will be valued at the lower of cost or market value.

(b) 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 VII

PARTICULAR COVENANTS OF THE DISTRICT

Section 701. 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 702. 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 703. 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 704. 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 Owner. The annual budget will be prepared in accordance with the laws of the State.

Section 705. Annual Audit.

(a) Promptly after the end of each Fiscal Year, the 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 the Owner. The annual audit will be open to examination and inspection during normal business hours by any taxpayer, any user of the services of the System, the Owner, or anyone acting for or on behalf of the taxpayer, user or Owner.

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

Section 706. 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 by the provisions of this Ordinance and the Master Bond Ordinance.

ARTICLE VIII

ADDITIONAL BONDS

Section 801. Prior Lien Bonds. Except as provided in Sections 804 and 805, the District will not issue any debt obligations payable out of the Net Revenues which are superior in lien, security or otherwise to the Bonds.

Section 802. Parity Lien Bonds or Obligations.

(a) The 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 Paying Agent 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 803. 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 804. Refunding Bonds.

(a) The District may, without complying with the provisions of Section 802, 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 and any 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 805. 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 IX

DEFAULT AND REMEDIES

Section 901. Events 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 Escrow 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 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.

Section 902. 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 903. Limitation on Rights of Owners. No Owner has any right in any manner whatever by the Owner's action to affect, disturb or prejudice the security granted and provided for in, or enforce any right under, this Ordinance, except in the manner provided in this Ordinance. All proceedings at law or in equity will be for the equal benefit of all Owners.

Section 904. Remedies Cumulative. No remedy conferred upon the Owners is intended to be exclusive of any other remedy. Each remedy is in addition to every other remedy and may be exercised without exhausting any other remedy conferred under this Ordinance. No waiver by any Owner of any default or breach of duty or contract of the 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 905. 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 X

DEFEASANCE

Section 1001. Defeasance. When all of the Bonds have been paid and discharged, the provisions of this Ordinance will terminate. Bonds will be treated as paid and discharged within the meaning of this Ordinance if the requirements for defeasance of the Bonds set forth in Section 9.1 of the Master Bond Ordinance have been satisfied.

ARTICLE XI

AMENDMENTS

Section 1101. Amendments.

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

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

ARTICLE XII

MISCELLANEOUS PROVISIONS

Section 1201. 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 1202. Electronic Transactions. The transactions described in this Ordinance and the Bonds may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

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

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

Section 1205. Effective Date. 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.

PASSED by the Board of Trustees of The Metropolitan St. Louis Sewer District this 21st day of November, 2011.

Chair of the Board of Trustees

(Seal)
ATTEST:

Secretary-Treasurer

APPROVED AS TO FORM:

Susan M. Myers, General Counsel

The foregoing Ordinance was adopted November 21, 2011.

EXHIBIT A

FORM OF BOND

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

Registered
No. R-____

Registered
Not to exceed \$39,769,300

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

THE METROPOLITAN ST. LOUIS SEWER DISTRICT

**SUBORDINATE WASTEWATER SYSTEM REVENUE BOND
(STATE OF MISSOURI – DIRECT LOAN PROGRAM)
SERIES 2011A**

Closing Date

Interest Rate

Stated Maturity

REGISTERED OWNER: MISSOURI DEPARTMENT OF NATURAL RESOURCES

PRINCIPAL AMOUNT: NOT TO EXCEED THIRTY NINE MILLION SEVEN HUNDRED SIXTY-NINE THOUSAND THREE HUNDRED 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 Cumulative Principal Amount Outstanding set forth on **Schedule A** to this Bond on the Maturity Date shown above, and to pay interest thereon at the Interest Rate per annum shown above, on January 1 and July 1 in each year, commencing July 1, 2012 (each an “Interest Payment Date”), from the date shown on **Schedule A** or from the most recent Interest Payment Date to which interest has been paid or duly provided for, computed on the basis of a 360-day year of twelve 30-day months. Terms not otherwise defined in this Bond have the respective meanings as set forth in the Ordinance.

The principal of this Bond shall be paid at maturity or upon earlier redemption to the person in whose name this Bond is registered on the Bond Register at the maturity or redemption date thereof, upon presentation and surrender of this Bond at the payment office of UMB BANK, N.A. in St. Louis, Missouri (the “Paying Agent”). The payment of the principal of and redemption premium, if any, payable on this Bond at maturity or upon earlier redemption and the interest payable on this Bond on any Interest Payment Date will be made by check or draft mailed by the Paying Agent to the address of the Owner shown in the Bond Register. The principal of and redemption premium, if any, and interest on the Bonds is payable by electronic transfer in immediately available federal funds to a bank in the continental United States of America pursuant to instructions from any Owner received by the Paying Agent prior to the Record Date. The principal of and interest on this Bond is payable in lawful money of the United States of America.

This Bond is one of a duly authorized series of bonds of the District designated “Subordinate Wastewater System Revenue Bonds (State of Missouri – Direct Loan Program) Series 2011A” (the “Bonds”), issued by the District for the construction, improvement, renovation, repair, replacement and equipping of 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 duly adopted by the governing body of the District (the "Ordinance").

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

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

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

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 junior and subordinate with respect to payment of principal and interest from the Pledged Revenues and in all other respects to 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 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 \$100 or any integral multiple of \$0.01 in excess thereof.

This Bond may be transferred or exchanged, as provided in the Ordinance, only upon the registration books kept for that purpose at the above-mentioned office of the Paying Agent, upon

surrender of this Bond together with a written instrument of transfer or exchange satisfactory to the Paying Agent duly executed by the Owner or the Owner's duly authorized agent, and thereupon a new Bond or Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Ordinance, and upon payment of the charges therein prescribed. The District and the Paying Agent may deem and treat the person in whose name this Bond is registered on the Bond Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

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

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

IN WITNESS WHEREOF, The 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 _____
Executive Director

CERTIFICATE OF AUTHENTICATION

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

Registration Date: _____

UMB BANK, N.A., Paying Agent

By _____
Authorized Signatory

RECORD OF PRINCIPAL PAYMENTS AND PREPAYMENTS

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

ASSIGNMENT

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

Print or Type Name of Transferee

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

Dated: _____

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

By: _____
Name: _____
Title: _____

SCHEDULE A

**THE METROPOLITAN ST. LOUIS SEWER DISTRICT
 SUBORDINATE WASTEWATER SYSTEM REVENUE BOND
 (STATE OF MISSOURI – DIRECT LOAN PROGRAM)
 SERIES 2011A**

CUMULATIVE PRINCIPAL AMOUNT OUTSTANDING

<u>Date</u> ⁽¹⁾	<u>Purchase Price Installment</u>	<u>Principal Amount Redeemed</u> ⁽²⁾	<u>Cumulative Principal Amount Outstanding</u>	<u>Authorized Signatory of Paying Agent</u>

(1) Date constitutes date of registration with respect to such portion of the Bond.
 (2) Commencing with first Principal Payment Date if prior to Completion of Funding.

EXHIBIT B

MANDATORY SINKING FUND REDEMPTION SCHEDULE

Redemption Date Principal Amount Redemption Date Principal Amount

† Maturity

CERTIFICATE

I, the undersigned, Secretary-Treasurer of The Metropolitan St. Louis Sewer District, hereby certify that attached to this Certificate is a true and correct copy of Ordinance No. _____ passed by the Board of Trustees of the District at a regular meeting held, after proper notice, on November __, 2011, that the Ordinance has not been amended and is in full force and effect as of this date; and that the Ordinance is on file in my office.

WITNESS my hand and official seal this _____ day of November, 2011.

(Seal)

Secretary-Treasurer