
ORDINANCE NO. _____

OF THE

CITY OF COLUMBIA, MISSOURI

PASSED

_____, 2013

AUTHORIZING:

SEWERAGE SYSTEM REFUNDING REVENUE BONDS
SERIES 2013

INDEX

	<u>PAGE</u>
Title.....	1
Recitals.....	1

**ARTICLE I
DEFINITIONS**

Section 101.	Definitions of Words and Terms.....	3
---------------------	-------------------------------------	---

**ARTICLE II
AUTHORIZATION OF BONDS**

Section 201.	Authorization of Bonds.....	8
Section 202.	Security for Bonds.....	8
Section 203.	Description of Bonds.....	8
Section 204.	Designation of Paying Agent.....	9
Section 205.	Method and Place of Payment of Bonds.....	9
Section 206.	Registration and Exchange of Bonds.....	10
Section 207.	Execution, Authentication and Delivery of Bonds.....	11
Section 208.	Mutilated, Destroyed, Lost and Stolen Bonds.....	11
Section 209.	Cancellation and Destruction of Bonds Upon Payment.....	12
Section 210.	Placement Agent and Placement Agent Agreement.....	12
Section 211.	Acceptance of Proposal and Award of Bonds.....	12

**ARTICLE III
REDEMPTION OF BONDS**

Section 301.	No Redemption.....	12
---------------------	--------------------	----

**ARTICLE IV
RATIFICATION OF FUNDS AND ACCOUNTS**

Section 401.	Ratification of Funds and Accounts.....	12
Section 402.	Establishment of Funds and Accounts.....	12
Section 403.	Administration of Funds and Accounts.....	12

**ARTICLE V
APPLICATION OF BOND PROCEEDS**

Section 501.	Disposition of Bond Proceeds.....	13
Section 502.	Reserved.....	13
Section 503.	Reserved.....	13
Section 504.	Revenue Fund.....	13
Section 505.	Application of Moneys in Funds and Accounts.....	13
Section 506.	Deficiency of Payments into Funds and Accounts.....	15
Section 507.	Transfer of Funds to Paying Agent.....	16
Section 508.	Application of Moneys in the Rebate Fund.....	16

Section 509. Redemption of Refunded Bonds 16

ARTICLE VI
DEPOSIT AND INVESTMENT OF MONEYS

Section 601. Investment of Moneys..... 17

ARTICLE VII
PARTICULAR COVENANTS OF THE CITY

Section 701. Efficient and Economical Operation..... 17
Section 702. Rate Covenant..... 17
Section 703. Reasonable Charges for all Services..... 17
Section 704. Annual Budget..... 17
Section 705. Annual Audit..... 18
Section 706. Performance of Duties..... 18
Section 707. Tax Compliance Agreement..... 18
Section 708. Reserved..... 18

ARTICLE VIII
ADDITIONAL BONDS

Section 801. Prior Lien Bonds..... 18
Section 802. Parity Lien Bonds or Obligations..... 18
Section 803. Junior Lien Bonds..... 19
Section 804. Refunding Bonds..... 20

ARTICLE IX
DEFAULT AND REMEDIES

Section 901. Event of Default..... 20
Section 902. Remedies..... 20
Section 903. Limitation on Rights of Bondowners..... 21
Section 904. Remedies Cumulative..... 21
Section 905. No Obligation to Levy Taxes..... 21

ARTICLE X
DEFEASANCE

Section 1001. Defeasance 21

ARTICLE XI
AMENDMENTS

Section 1101. Amendments Not Requiring Consent of Bond Owners 22
Section 1102. Amendments Requiring Consent of Bond Owners 22

ARTICLE XII
MISCELLANEOUS PROVISIONS

Section 1201. Notices, Consents and Other Instruments by Bondowners 23

Section 1202.	Severability	23
Section 1203.	Governing Law.....	23
Section 1204.	Further Authorization.....	24
Section 1205.	Effective Date.....	24

Exhibit A - Form of Bond

Introduced by _____

First Reading _____

Second Reading _____

Ordinance No. _____

Council Bill No. _____ B 176-13

AN ORDINANCE

authorizing the issuance of Sewerage System Refunding Revenue Bonds, Series 2013, of the City of Columbia, Missouri, for the purpose of extending and improving the sewerage system of the City; prescribing the form and details of the bonds and the agreements made by the City to facilitate and protect their payment; and prescribing other related matters; and fixing the time when this ordinance shall become effective.

WHEREAS, the City of Columbia, Missouri (the “**City**”), is a municipal corporation and constitutional charter city, organized and existing under the constitution and laws of the State of Missouri; and

WHEREAS, the City now owns and operates a revenue producing sewerage system serving the City, its inhabitants and others within its service area, including connected and related appurtenances and facilities and extensions, improvements, additions and enlargements made or acquired by the City after the date of this Ordinance (the “**System**”); and

WHEREAS, the City is authorized under the provisions of Chapter 250 of the Revised Statutes of Missouri (the “**Act**”) to issue and sell revenue bonds for the purpose of paying all or part of the cost of extending and improving the System, with the cost of operation and maintenance of the System and the principal of and interest on revenue bonds payable solely from the Net Revenues (as defined below); and

WHEREAS, the City has, from time to time pursuant to the Act and approval by not less than a majority of the qualified voters of the City voting thereon, issued and sold its revenue bonds for the purpose of paying all or part of the cost of extending and improving the System, with the cost of operation and maintenance of the System and the principal of and interest on revenue bonds payable solely from the Net Revenues (as defined below); and

WHEREAS, by Ordinance No. 016011 passed on May 20, 1999 (the “**Series 1999A Ordinance**”), the City has issued its Sewerage System Revenue Bonds (State Revolving Fund Program) Series 1999 (the “**Series 1999A Bonds**”), in the original principal amount of \$3,730,000, of which \$1,470,000 remains outstanding as of the date of adoption of this Ordinance; and

WHEREAS, by Ordinance No. 016262 passed on November 18, 1999 (the “**Series 1999B Ordinance**”), the City has issued its Sewerage System Revenue Bonds (State Revolving Fund Program) Series 1999B (the “**Series 1999B Bonds**”), in the original principal amount of \$1,420,000, of which \$635,000 remains outstanding as of the date of adoption of this Ordinance; and

WHEREAS, by Ordinance No. 016647 passed on November 2, 2000 (the “**Series 2000B Ordinance**”), the City has issued its Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2000B (the “**Series 2000B Bonds**”), in the original principal amount of \$2,445,000, of which \$1,220,000 remains outstanding as of the date of adoption of this Ordinance; and

WHEREAS, by Ordinance No. 017274 passed on April 24, 2002 (the “**Series 2002A Ordinance**”), the City has issued its Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2002A (the “**Series 2002A Bonds**”), in the original principal amount of \$2,230,000, of which \$1,320,000 remains outstanding as of the date of adoption of this Ordinance; and

WHEREAS, by Ordinance No. 017431 passed on September 5, 2002 (the “**Series 2002 Refunding Ordinance**”), the City has issued its Sewerage System Refunding Revenue Bonds, Series 2002 (the “**Series 2002 Refunding Bonds**”), in the original principal amount of \$7,940,000, of which \$3,225,000 remains outstanding as of the date of adoption of this Ordinance; and

WHEREAS, by Ordinance No. 017634 passed on April 2, 2003 (the “**Series 2003A Ordinance**”), the City has issued its Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2003A (the “**Series 2003A Bonds**”), in the original principal amount of \$3,620,000, of which \$2,150,000 remains outstanding as of the date of adoption of this Ordinance; and

WHEREAS, by Ordinance No. 018078 passed on May 12, 2004 (the “**Series 2004B Ordinance**”), the City has issued its Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2004B (the “**Series 2004B Bonds**”), in the original principal amount of \$650,000, of which \$425,000 remains outstanding as of the date of adoption of this Ordinance; and

WHEREAS, by Ordinance No. 019272 passed on October 16, 2006 (the “**Series 2006B Ordinance**”), the City has issued its Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2006B (the “**Series 2006B Bonds**”), in the original principal amount of \$915,000, of which \$685,000 remains outstanding as of the date of adoption of this Ordinance; and

WHEREAS, by Ordinance No. 019709 passed on October 15, 2007 (the “**Series 2007B Ordinance**”), the City has issued its Sewerage System Revenue Bonds (State Revolving Fund Program) Series 2007B (the “**Series 2007B Bonds**”), in the original principal amount of \$1,800,000, of which \$1,410,000 remains outstanding as of the date of adoption of this Ordinance; and

WHEREAS, by Ordinance No. 020420 passed on September 21, 2009 (the “**Series 2009 Ordinance**”), the City has issued its Taxable Sewerage System Revenue Bonds (Build America Bonds – Direct Subsidy) Series 2009 (the “**Series 2009 Bonds**”), in the original principal amount of \$10,405,000, of which \$10,405,000 remains outstanding as of the date of adoption of this Ordinance; and

WHEREAS, by Ordinance No. 020519 passed on January 4, 2010 (the “**Series 2010A Ordinance**”), the City has issued its Sewerage System Revenue Bonds (State of Missouri – Direct Loan Program – ARRA) Series 2010A (the “**Series 2010A Bonds**”) in the original principal amount of \$59,335,000, of which \$53,341,790 remains outstanding as of the date of adoption of this Ordinance; and

WHEREAS, by Ordinance No. 021268 passed on March 19, 2012 (the “**Series 2012 Ordinance**”), the City has issued its Sewerage System Revenue Bonds, Series 2012 (the “**Series 2012 Bonds**”), in the original principal amount of \$9,365,000, of which \$9,085,000 remains outstanding as of the date of adoption of this Ordinance; and

WHEREAS, the Series 1999A Bonds, the Series 1999B Bonds, the Series 2000B Bonds, the Series 2002A Bonds, the Series 2003A Bonds, the Series 2004B Bonds, the Series 2006B Bonds, the Series 2007B Bonds, the Series 2009 Bonds, the Series 2010A Bonds, and the Series 2012 Bonds (collectively referred to herein as the “**Outstanding Parity Bonds**”), are payable on a parity from the Net

Revenues of the System pursuant to the provisions of the “**Outstanding Parity Bond Ordinances**” (which include the Series 1999A Ordinance, the Series 1999B Ordinance, the Series 2000B Ordinance, the Series 2002A Ordinance, the Series 2003A Ordinance, the Series 2004B Ordinance, the Series 2006B Ordinance, the Series 2007B Ordinance, the Series 2009 Ordinance, the Series 2010A Ordinance and the Series 2012 Ordinance); and

WHEREAS, under the provisions of the Outstanding Parity Bond Ordinances, the City may issue additional bonds payable out of the Net Revenues that are on a parity with the Outstanding Parity Bonds, for the purpose of paying the costs of extending and improving the System 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 City and its inhabitants that revenue bonds be issued and secured in the form and manner provided in this Ordinance to currently refund the Series 2002 Refunding Bonds (the “**Refunded Bonds**”) in order to realize debt service savings and to restructure the obligations of the City to provide for the more efficient and economical management thereof, subject to the conditions of the Outstanding Parity Bond Ordinances; and

WHEREAS, the City Council of the City has heretofore determined that it is in the best interest of the City to sell said Bonds at negotiated sale to UMB Bank, N.A., and the award of the sale of such Bonds should now be approved; and

WHEREAS, it is hereby found and determined that it is necessary and advisable and in the best interest of the City and of its inhabitants that revenue bonds be issued and secured in the form and manner as hereinafter provided to provide funds for the purpose hereinafter set forth;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

ARTICLE I DEFINITIONS

Section 101. Definitions of Words and Terms. 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:

“**Accountant**” means a certified public accountant or firm of such public accountants.

“**Bond Counsel**” means Thompson Coburn LLP, St. Louis, Missouri, or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

“**Bond Payment Date**” means any date on which principal of or interest on any Bond is payable at the Maturity thereof or on any Interest Payment Date.

“**Bond Register**” means the books for the registration and exchange of Bonds kept at the office of the Paying Agent.

“Bond Year” means a one year period beginning October 2 of each year and ending on October 1 of the next succeeding year.

“Bondowner,” “Owner” or “Registered Owner” when used with respect to any Bond means the Person in whose name such Bond is registered on the Bond Register.

“Bonds” means the Sewerage System Refunding Revenue Bonds, Series 2013, of the City, in the aggregate principal amount of \$3,325,000, authorized and issued pursuant to this Ordinance.

“Business Day” means a day other than a Saturday, Sunday or holiday on which the Paying Agent shall be scheduled in the normal course of its operations to be open to the public for conduct of its banking operations.

“Calculation Date” means the Business Day immediately preceding October 1 of each year.

“City” means the City of Columbia, Missouri, and any successors and assigns.

“Code” means the Internal Revenue Code of 1986, as amended, or any corresponding applicable provisions of succeeding law, and the applicable temporary, proposed and final regulations relating thereto.

“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 City.

“Current Expenses” means all reasonable and necessary expenses of ownership, operation, maintenance and repair of the System and keeping the System in good repair and working order, determined in accordance with generally accepted accounting principles, including current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic Consultant’s reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term obligations incurred and payable within a particular Fiscal Year, obligations incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the ownership and operation of the System, but excluding interest paid on System Revenue Bonds, depreciation and amortization charges (including payments into the Depreciation and Replacement Account), and all general administrative expenses of the City not related to the operation of the System.

“Debt Service Account” means the account by that name created in Section 402 of this Ordinance.

“Defeasance Securities” means:

- (a) Federal Securities;

(b) obligations of the Resolution Funding Corporation or any successor, but only if the use of the obligations to pay and discharge Bonds pursuant to Article XI will cause the discharged Bonds to be rated in the highest long-term rating category by the Rating Agency; or

(c) obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any state that:

(1) are not callable at the option of the obligor prior to maturity or for which irrevocable instructions have been given by the obligor to call on the date specified in the instructions, and

(2) are fully secured as to principal, redemption premium and interest by a fund, consisting of cash or Federal Securities, that:

(A) may be applied only to the payment of principal, redemption premium and interest on the obligations, and

(B) is sufficient, as verified by a nationally recognized independent certified public accountant, to pay the principal, redemption premium and interest on the obligations.

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

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

“Fiscal Year” means the fiscal year of the City, currently the twelve-month period beginning October 1 and ending September 30.

“Interest Payment Date” means the stated maturity of an installment of interest on any Bond.

“Maturity” when used with respect to any Bond means the date on which the principal of such Bond becomes due and payable, whether at stated maturity or by call for redemption or otherwise, as therein and herein provided.

“Net Revenues” means Revenues less Current Expenses.

“Net Revenues Available for Debt Service” means, for the period of determination, Revenues less Current Expenses.

“Operation and Maintenance Account” means the fund or account created or ratified and confirmed by Section 401.

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

“Outstanding” means, as of the date of determination, all Bonds issued and delivered under this Ordinance, except:

(1) Bonds cancelled by the Paying Agent or delivered to the Paying Agent for cancellation;

(2) Bonds for the payment of the principal or redemption price of and interest on which money or Defeasance Securities are held under Section 1101;

(3) Bonds in exchange for which, or in lieu of which, other Bonds have been registered and delivered pursuant to this Ordinance; and

(4) Bonds allegedly mutilated, destroyed, lost, or stolen and paid under Section 208.

“Outstanding Parity Bond Debt Service Account” means the debt service account for any Parity Bonds.

“Outstanding Parity Bond Debt Service Reserve Account” means the debt service reserve account for any Parity Bonds.

“Owner” means the Bondowner.

“Parity Bonds” means the Outstanding Parity Bonds and any parity bonds issued under Section 802 payable from the Net 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 Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri, and any successors and assigns.

“Permitted Investments” means any of the following securities and obligations, if and to the extent the same are at the time legal for investment of the City’s funds:

- (a) United States Government Obligations;
- (b) direct obligations of any agency or instrumentality of the United States of America;
- (c) bonds, notes or other obligations of the State of Missouri, or any political subdivision of the State of Missouri, rated by Standard & Poor's Ratings Services and Moody's Investors Service in the two highest rating categories;
- (d) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution rated by Standard & Poor's Ratings Services and Moody's Investors Service in the two highest rating categories and organized under the laws of the United States or any state, that are continuously and fully secured by any one or more of the securities described in clause (a), (b) or (c) above and have a market value, exclusive of accrued interest, at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City;

- (e) certificates of deposit, time deposits, or interest bearing accounts of any bank or savings and loan company organized under the laws of the United States or any state, provided that such certificates of deposit, time deposits or interest bearing accounts shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) to the extent not insured by the Federal Deposit Insurance Company, are fully insured by United States Government Obligations;
- (f) money market funds comprised of any of the investments set forth in paragraphs (a) through (e) above;
- (g) such other investments as the Director of Finance of the City is authorized to purchase as investment instruments pursuant to the City's investment policy.

“Person” means any natural person, corporation, partnership, firms joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

“Placement Agent” means UMB Bank N.A., Kansas City, Missouri.

“Placement Agent Agreement” means the Placement Agent Agreement, dated as of June 3, 2013, between the City and the Placement Agent.

“Project” means capital improvements including constructing, extending, expanding, improving, repairing, replacing and equipping the System.

“Purchaser” means, UMB Bank, N.A., Kansas City, Missouri, the original purchaser of the Bonds.

“Rebate Fund” means the fund by that name created in Section 402 hereof.

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

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

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

“SRF Indenture” means the Indentures securing the SRF Program Bonds.

“SRF Program Bonds” means the Series 1999A Bonds, the Series 1999B Bonds, the Series 2000B Bonds, the Series 2002A Bonds, the Series 2003A Bonds, the Series 2004B Bonds, the Series 2006B Bonds, the Series 2007B Bonds, and the Series 2010A Bonds.

“**State**” means the State of Missouri.

“**Surplus Account**” means the fund or account created or ratified and confirmed by Section 401.

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

“**Tax Compliance Agreement**” means the Tax Compliance Agreement dated as of the date of issuance of the Bonds entered into by the City, as amended and supplemented in accordance with the provisions thereof.

ARTICLE II AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds. There shall be issued and hereby are authorized and directed to be issued the Sewerage System Refunding Revenue Bonds, Series 2013, of the City in the principal amount of \$3,325,000 (the “**Bonds**”), for the purpose of refunding prior to maturity the City’s Outstanding Series 2002 Refunding Bonds (the “**Refunded Bonds**”). The Bonds herein authorized shall be issued pursuant to Article VI, Section 27 of the Missouri Constitution, the provisions of Section 108.140 and Chapter 250 of the Missouri Revised Statutes, as amended, and all laws amendatory thereof and supplemental thereto, other applicable provisions of law and the provisions of the Outstanding Parity Bond Ordinances.

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

Section 203. Description of Bonds. The Bonds shall consist of fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof, numbered from R-1 consecutively upward. The Bonds shall be substantially in the form set forth in Exhibit A attached hereto, and shall be subject to registration and exchange as provided in Section 206 hereof. The Bonds shall be dated as of the date of their issuance and delivery, shall become due on the following Maturity dates and shall bear interest at the rates per annum, as follows:

Maturity October 1	Principal Amount	Interest Rate
2013	\$670,000	0.380%
2014	665,000	0.480
2015	665,000	0.640
2016	660,000	0.850
2017	665,000	1.100

The Bonds shall bear interest at the above-specified rates (computed on the basis of a 360-day year of twelve 30-day months) from the date thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable semiannually on October 1 and April 1 in each year, beginning on October 1, 2013.

Each of the Bonds, as originally issued or issued upon exchange or substitution, shall be in substantially the form set forth in Exhibit A attached hereto

Section 204. Designation of Paying Agent. The Bank of New York Mellon Trust Company, N.A., St. Louis, Missouri, is hereby designated as the City's paying agent for the payment of principal of and interest on the Bonds and bond registrar with respect to the registration and exchange of Bonds (herein called the "**Paying Agent**").

The City will at all times maintain a Paying Agent meeting the qualifications herein described for the performance of the duties hereunder. The City reserves the right to appoint a successor Paying Agent to perform the duties of paying agent and bond registrar by (1) filing with the bank or trust company then performing such function a certified copy of the proceedings giving notice of the termination of such bank or trust company and appointing a successor, and (2) causing notice to be given to each Bondowner. No resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of the Paying Agent.

Every Paying Agent appointed hereunder shall at all times be a commercial banking association or corporation or trust company located in the State of Missouri organized and doing business under the laws of the United States of America or of the State of Missouri, authorized under such laws to exercise trust powers and subject to supervision or examination by federal or state regulatory authority.

The Paying Agent shall be paid the usual fees for its services in connection therewith, which fees shall be paid as other expenses are paid.

Section 205. Method and Place of Payment of Bonds. The principal of and interest on the Bonds shall be payable in any coin or currency of the United States of America that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

The principal of each Bond shall be paid at Maturity to the Person in whose name such Bond is registered on the Bond Register at the Maturity thereof, upon presentation and surrender of such Bond at the payment office of the Paying Agent.

The interest payable on each Bond on any Interest Payment Date shall be paid to the Person in whose name such Bond is registered on the Bond Register at the close of business on the Record Date for such interest (a) by check or draft mailed by the Paying Agent to such Registered Owner at the address shown on the Bond Register or (b) at such other address as is furnished to the Paying Agent in writing by such Registered Owner or (c) in the case of an interest payment to any Owner of \$100,000 or more in aggregate principal amount of Bonds, by wire transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the wire transfer address (which shall be in the continental United States) to which such Registered Owner wishes to have such wire directed.

Notwithstanding the foregoing provisions of this Section, any defaulted interest with respect to any Bond shall cease to be payable to the Owner of such Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the

Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such defaulted interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a special record date for the payment of such defaulted interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment (the “**Special Record Date**”). The Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such defaulted interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Bond entitled to such notice at the address of such Owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

The Paying Agent shall keep a record of payment of principal of and interest on all Bonds and shall at least annually forward a copy or summary of such records to the City.

Section 206. Registration and Exchange of Bonds. The City covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Paying Agent for the registration and exchange of Bonds as herein provided. Each Bond when issued shall be registered in the name of the Owner thereof on the Bond Register kept by the Paying Agent. Bonds are **not** transferrable and may be exchanged only on the Bond Register maintained by the Paying Agent as provided in this Section. Upon surrender of any Bond at the principal corporate trust office of the Paying Agent as herein authorized, the Paying Agent shall exchange such Bond for a new Bond of the same Maturity and in the same aggregate principal amount as the Bond that was presented for exchange. Bonds presented for exchange shall be accompanied by a written instrument of authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner’s duly authorized agent. All Bonds presented for exchange shall be surrendered to the Paying Agent for cancellation.

In all cases in which the privilege of exchanging Bonds is exercised, the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. The City shall pay the fees and expenses of the Paying Agent for the registration and exchange of Bonds provided for by this Ordinance and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Paying Agent, are the responsibility of the Registered Owners of the Bonds.

The City and the Paying Agent shall not be required to register the exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to Section 205 hereof.

The City and the Paying Agent may deem and treat the Person in whose name any Bond shall be registered in the Bond Register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on said Bond and for all other purposes. All payments so made to any such Registered Owner or upon the Registered Owner’s order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

At reasonable times and under reasonable regulations established by the Paying Agent, the Bond Register may be inspected and copied by the Owners (or a designated representative thereof) of 10% or

more in principal amount of the Bonds then Outstanding or any designated representative of such Owners to be evidenced to the satisfaction of the Paying Agent.

Section 207. Execution, Authentication and Delivery of Bonds. Each of the Bonds, including any Bonds issued in exchange or as substitution for the Bonds initially delivered, shall be signed by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of the City Clerk, and countersigned by the manual or facsimile signature of the Director of Finance of the City, and shall have the official seal of the City affixed thereto or imprinted thereon. In case any officer whose signature appears on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature shall nevertheless be valid and sufficient for all purposes, as if such person had remained in office until delivery. Any Bond may be signed by such persons who at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Mayor, City Clerk and Director of Finance are hereby authorized and directed to prepare and execute the Bonds as herein specified, and when duly executed, to deliver the Bonds to the Paying Agent for authentication.

The Bonds shall have endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit A attached hereto, which shall be manually executed by an authorized officer or employee of the Paying Agent, but it shall not be necessary that the same officer or employee sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Ordinance or be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Paying Agent. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Ordinance. Upon authentication, the Paying Agent shall deliver the Bonds to the Purchaser of the Bonds, upon payment of the purchase price thereof.

Section 208. Mutilated, Destroyed, Lost and Stolen Bonds. If (a) any mutilated Bond is surrendered to the Paying Agent, or the City and the Paying Agent receive evidence to their satisfaction of the mutilation, destruction, loss or theft of any Bond, and (b) there is delivered to the City and the Paying Agent such security or indemnity as may be required by each of them, then, in the absence of notice to the City or the Paying Agent that such Bond has been acquired by a bona fide purchaser, the City shall execute and, upon the City's request, the Paying Agent shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Maturity and of like tenor and principal amount.

In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the City, in its discretion may pay such Bond instead of issuing a new Bond.

Upon the issuance of any new Bond under this Section, the City may require the payment by the Registered Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Every new Bond issued pursuant to this Section shall constitute a replacement of the prior obligation of the City, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

Section 209. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be cancelled by the Paying Agent immediately upon the payment and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Bonds so cancelled and destroyed and shall file an executed counterpart of such certificate with the City.

Section 210. Placement Agent and Placement Agent Agreement. The City Manager and City Clerk are hereby authorized and directed to enter into a Placement Agent Agreement with the Placement Agent in substantially the form on file with the City Clerk.

Section 211. Acceptance of Proposal and Award of Bonds. The Bonds, bearing interest as set forth in Section 201 hereof, shall be and are hereby awarded to the Purchaser. The Mayor, City Clerk and Director of Finance are hereby authorized and directed to prepare and execute the Bonds as herein specified, and when duly executed, to deliver the Bonds to the Paying Agent for authentication and delivery to the respective Purchaser in exchange for the purchase price thereof in an amount equal to \$3,314,193.75, which is the principal amount plus net original issue premium of \$-0- and less purchaser's discount of \$10,806.25.

ARTICLE III REDEMPTION OF BONDS

Section 301. No Redemption. The Bonds are not subject to redemption prior to maturity.

ARTICLE IV RATIFICATION OF FUNDS AND ACCOUNTS

Section 401. Ratification of Funds and Accounts. The separate funds and accounts created or acknowledged under the Outstanding Parity Bond Ordinances are acknowledged, ratified and confirmed.

Section 402. Establishment of Funds and Accounts. There are hereby created and ordered to be established and maintained in the treasury of the City the following separate funds and accounts to be known respectively as the:

(a) Debt Service Account for Sewerage System Revenue Bonds, Series 2013 (the "**Debt Service Account**") which shall include an Interest Subaccount (the "**Interest Subaccount**") and a Principal Subaccount (the "**Principal Subaccount**").

(b) Rebate Fund for Sewerage System Revenue Bonds, Series 2013 (the "**Rebate Fund**").

Section 403. Administration of Funds and Accounts. The funds and accounts described in Section 401 will be maintained and administered by, or on behalf of, the City under this Ordinance and the Outstanding Parity Bond Ordinances while any of the Bonds or the Outstanding Parity Bonds remain outstanding; provided that funds or accounts described in Section 401 which pertain to a specific series of Outstanding Parity Bonds will be maintained and administered by the City while any of bond of the series to which such funds or accounts relate remain Outstanding and unpaid. The funds and accounts referred to in paragraphs (a) and (b) of Section 402 hereof shall be maintained and administered by the City or the

Paying Agent, as the case may be, solely for the purposes and in the manner as provided in this Ordinance so long as any of the Bonds remain outstanding within the meaning of this Ordinance. The Director of Finance of the City may allocate such funds and accounts on the books and records of the City as deemed necessary or desirable to reflect the sources of revenues and projects to be funded from the Bonds.

**ARTICLE V
APPLICATION OF BOND PROCEEDS**

Section 501. Disposition of Bond Proceeds. The proceeds received from the sale of the Bonds, including any premium or accrued interest thereon, and the funds on deposit in the Debt Service Reserve Fund securing the Refunded Bonds, shall be deposited simultaneously with the delivery of the Bonds as follows:

- (a) The accrued interest and premium, if any, shall be deposited in the Debt Service Account.
- (b) The sum of \$3,290,795.63 shall be deposited in the Debt Service Fund for the Refunded Bonds.
- (c) The remaining proceeds of the Bonds shall be deposited with the City and applied to pay costs of issuance of the Bonds and to the extent not so applied shall be deposited in the Debt Service Account.

Section 502. Reserved.

Section 503. Reserved.

Section 504. Revenue Fund. The City covenants and agrees that from and after the delivery of the Bonds, all Revenues derived and collected by the City will be deposited into the Revenue Fund when received. The Revenues will be segregated from all other moneys, revenues, funds and accounts of the City. The Revenue Fund will be administered and applied solely for the purposes and in the manner provided in this Ordinance and any Parity Ordinance.

Section 505. Application of Moneys in Funds and Accounts.

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

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

(2) on the 25th day of each month, on a parity basis (i) to the Outstanding Parity Bond Debt Service Account the amount required by the Outstanding Parity Bond Ordinances to be deposited therein prior to the 25th day of the following month, and (ii) to the Debt Service Account the following amounts for credit to the Interest Subaccount and the Principal Subaccount:

- (A) to the Interest Subaccount 1/6 of the amount of interest due on the Parity Bonds on the next Interest Payment Date (or, with respect to the first Interest Payment

Date, a pro rata portion of the amount of interest due on the Parity Bonds on such Interest Payment Date); and

(B) to the Principal Subaccount 1/12 of the principal due on the Parity Bonds on the next succeeding principal payment date, whether at maturity or upon mandatory sinking fund redemption (or, with respect to the first principal payment date, a pro rata portion of the principal due on the Parity Bonds on such principal payment date);

(3) on the dates required by the SRF Indenture to the Trustee, for deposit to the Administrative Expense Fund, the amount required to pay the Administrative Fee, the City's Allocable Portion of the Trustee's Fee and the City's Allocable Portion of the Master Trustee's Disclosure Fee as required by the SRF Indenture;

(4) on the first day of each month, to the Outstanding Parity Bond Debt Service Reserve Account as required by each Outstanding Parity Bond Ordinance and to the Debt Service Reserve Account the amount required to first, repay to the issuer of any Debt Service Reserve Account Surety Bond the amount drawn thereon and interest accrued with respect thereto and second, cause the amount on deposit in the Debt Service Reserve Account to equal the Debt Service Reserve Requirement Series 2013; provided that from and after the date of payment in full or defeasance of all Outstanding Parity Bonds any required deposit to the Debt Service Reserve Account to cause the amount on deposit therein to equal the Debt Service Reserve Requirement may be made by the City at any time within 18 months of the date of the shortfall;

(5) on the first day of each month, to the Depreciation and Replacement Account, (i) the amount required to be deposited pursuant to the Outstanding Parity Bond Ordinances, plus (ii) if the balance in the Depreciation and Replacement Account is less than the Maximum Depreciation and Replacement Account Requirement, 1/12 of the Annual Depreciation and Replacement Account Requirement; and

(6) on the first day of each month the remaining balance to the Surplus Account.

(b) If the amount in the Revenue Fund is not sufficient to make the payments at the time required to be made by the City to the Interest Subaccount, the Principal Subaccount and the Outstanding Parity Bond Debt Service Account, the City 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 Subaccount, the Interest Subaccount and the Outstanding Parity Bond Debt Service Account. If the amount in the Revenue Fund is not sufficient to make the payments at the time required to be made by the City to the Interest Subaccount, the Principal Subaccount and the Outstanding Parity Bond Debt Service Account, the City shall withdraw moneys from the Debt Service Reserve Account for transfer to the Debt Service Account in the amount necessary to prevent a default in the payment of either principal of or interest on the Bonds.

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

(d) Except as provided in Section 603, moneys in the Depreciation and Replacement Account will be used by the City for the purpose of making replacements and repairs to the System in order to keep the System in good repair and working order and to assure the continued effective and efficient operation of the System. This provision will not be construed to modify any more restrictive provision of the Outstanding Parity Bond Ordinances for the use of moneys in the Depreciation and Replacement Account.

(e) Moneys in the Surplus Account are to be expended for the following purposes as determined by the City:

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

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

(3) preventing default in, anticipating payments into or increasing the amounts in the accounts confirmed, acknowledged or established in Section 401 and 402, or establishing or increasing the amount of any debt service account or debt service reserve account created by the City for the payment of any System Revenue Bonds subsequently issued;

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

(5) applying amounts for any other lawful purpose connected with the System as the City may direct from time to time.

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

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

Section 506. Deficiency of Payments into Funds and Accounts.

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

(b) If the moneys in the Outstanding Parity Bond Debt Service Account, the Outstanding Parity Bond Debt Service Reserve Account, or the Debt Service Account are not sufficient to pay the principal of and interest on the Outstanding Parity Bonds and the Bonds as and when the same become due, the City will apply moneys in the Surplus Account and the Depreciation and Replacement Account on a proportionate basis (based upon the outstanding principal amounts of the Bonds and the Outstanding Parity Bonds) to the Debt Service Account and the Outstanding Parity Bond Debt Service Account to

prevent any default in the payment of the principal of and interest on the Bonds and the Outstanding Parity Bonds.

Section 507. Transfer of Funds to Paying Agent. The Director of Finance is authorized and directed to make the payments to the Debt Service Account as provided in Section 602, and, to the extent necessary to prevent a default in the payment of the Bonds, from the Surplus Account and the Depreciation and Replacement Account 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 City. Except as otherwise provided in the Indenture, all moneys deposited by the City with the Paying Agent are subject to the provisions of this Ordinance.

Section 508. Application of Moneys in the Rebate Fund.

(a) There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Compliance Agreement. All money at any time deposited in the Rebate Fund shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Tax Compliance Agreement), for payment to the United States of America, and neither the City nor the Registered Owner of any Bond shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and the Tax Compliance Agreement.

(b) The City shall periodically determine the arbitrage rebate under Section 148(f) of the Code in accordance with the Tax Compliance Agreement, and the City shall make payments to the United States at the times and in the amounts determined under the Tax Compliance Agreement. Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds and the interest thereon and required payment of any arbitrage rebate, or provision made therefor, shall be released to the City.

(c) Notwithstanding any other provision of this Ordinance, including in particular Article X hereof, the obligation to pay arbitrage rebate to the United States and to comply with all other requirements of this Section and the Tax Compliance Agreement shall survive the payment in full of the Bonds.

Section 509. Redemption of Refunded Bonds. The Refunded Bonds, aggregating the principal amount of \$3,225,000 are hereby called for redemption and payment prior to maturity on the earliest available call date. Said bonds shall be redeemed at the office of the bond registrar and paying agent for said bonds, on said redemption date by the payment of the principal thereof, together with the redemption premium and accrued interest thereon to the redemption date. The officers of the City and the paying agent for said Refunded Bonds are hereby authorized and directed to take such action as may be necessary in order to effect the redemption and payment of said bonds as herein provided.

**ARTICLE VI
DEPOSIT AND INVESTMENT OF MONEYS**

Section 601. Investment of Moneys.

(a) Moneys in each of the other funds and accounts created or ratified and confirmed by this Ordinance may be invested by the City in Permitted Investments, but no investment will be made for a period extending longer than the date when the moneys invested may be needed. All earnings on any investments held in any fund or account will accrue to the applicable fund or account. In determining the amount held in any fund or account under this Ordinance obligations will be valued at the lower of cost or market value. If the amount in any fund or account held within the Treasury of the City is greater than the required amount, the City may transfer the excess to the Revenue Fund.

(b) So long as any Outstanding Parity Bonds are outstanding, any investments made pursuant to this Section are subject to more restrictive provisions in the Outstanding Parity Bond Ordinance.

**ARTICLE VII
PARTICULAR COVENANTS OF THE CITY**

Section 701. Efficient and Economical Operation. The City will continuously own and will operate the System in an efficient and economical manner and will keep and maintain the System in good repair and working order.

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

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

Section 704. Annual Budget. Prior to the commencement of each Fiscal Year, the City will cause a budget setting forth the estimated receipts and expenditures of the System for the next succeeding Fiscal Year to be prepared and filed with the City Clerk. 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 City will cause an audit of the System for the preceding Fiscal Year to be made by a certified public accountant or firm of certified public accountants employed for that purpose and paid from the Revenues. The annual audit will cover in reasonable detail the operation of the System during the Fiscal Year.

(b) Within 180 days after the end of the City's Fiscal Year, a copy of the annual audit will be filed in the office of the City Clerk. The annual audit will be open to examination and inspection during normal business hours by any taxpayer, any user of the services of the System, any Owner of the Bonds, or anyone acting for or on behalf of the taxpayer, user or Owner.

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

Section 706. Performance of Duties. The City will faithfully and punctually perform all duties and obligations with respect to the operation of the System now or hereafter imposed upon the City by the Constitution and laws of the State, the provisions of the Outstanding Parity Bond Ordinances and the provisions of this Ordinance.

Section 707. Tax Compliance Agreement. The City Manager or Director of Finance of the City is hereby authorized and directed to execute the Tax Compliance Agreement on behalf of the City in substantially the form on file with the City Clerk.

Section 708. Reserved.

**ARTICLE VIII
ADDITIONAL BONDS**

Section 801. Prior Lien Bonds. The City 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 City will not issue any additional bonds or other long-term obligations payable out of the Net Revenues of the System which stand on a parity or equality with the Bonds unless the following conditions are met:

(1) the City is not in default in the payment of principal or interest on the Bonds or any Parity Bonds or in making any deposit into the funds and accounts under this Ordinance or any Parity Ordinance; and

(2) the City provides a certificate showing either of the following:

(A) the average annual Net Revenues as set forth in the two most recent annual audits for Fiscal Years preceding the issuance of additional bonds, are at least equal to the sum of (i) 110% of the average annual debt service on the System Revenue Bonds, including the additional bonds proposed to be issued, to be paid out of the

Net Revenues in all succeeding Fiscal Years and (ii) the amount then owed to the issuer of any Debt Service Reserve Account Surety Bond in connection with any amount drawn thereon. If the City has made any increase in rates for the use and services of the System and the increase has not been in effect during all of the two Fiscal Years for which annual audits are available, the City may add the additional Net Revenues which would have resulted if the rate increase had been in effect for the entire period to the audited Net Revenues, as certified by the Consultant; or

- (B) the estimated average annual Net Revenues Available for Debt Service for the two Fiscal Years immediately following the Fiscal Year in which the improvements to the System being financed by the additional bonds are to be in commercial operation, as certified by the Consultant, is at least equal to the sum of (i) 110% of the average annual debt service on the System Revenue Bonds, including the additional bonds proposed to be issued, to be paid out of the Net Revenues Available for Debt Service in succeeding Fiscal Years following the commencement of commercial operation of the improvements and (ii) the amount then owed to the issuer of any Debt Service Reserve Account Surety Bond in connection with any amount drawn thereon. In determining the amount of estimated Net Revenues Available for Debt Service for the purpose of this subsection, the Consultant may adjust the estimated net income and revenues by adding the estimated increase in Net Revenues Available for Debt Service resulting from any increase in rates for the use and services of the System approved by the City;
- (C) the City complies with the provisions of any Parity Ordinances relating to the issuance of Parity Bonds; and
- (D) if any amounts are past due and owing to the issuer of any Debt Service Reserve Account Surety Bond with respect to a draw thereon, the issuer of such Debt Service Reserve Account Surety Bonds shall have consented in writing to the issuance of such additional revenue bonds or other obligations on a parity with the Bonds.

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

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

principal of and interest on the subordinate revenue bonds or obligations from moneys in the Revenue Fund.

Section 804. Refunding Bonds. The City may, without complying with the provisions of Section 802, refund any of the Bonds in a manner which provides debt service savings to the City, and the refunding bonds so issued will be on a parity with any of the Bonds that are not refunded and any Parity Bonds. If any Parity Bonds are outstanding, the issuance of any refunding bonds is subject to the applicable restrictions in the Parity Ordinances.

ARTICLE IX DEFAULT AND REMEDIES

Section 901. Event of Default. The City covenants and agrees that if it shall default in the payment of the principal of or interest on any of the Bonds as the same shall become due, and such default shall continue for a period of thirty (30) days, or if the City or its governing body or any of the officers, agents or employees thereof shall fail or refuse to comply with any of the provisions of the Constitution or statutes of the State, or of this Ordinance, at any time thereafter and while such default shall continue, the Owners of 25% in principal amount of the Bonds then Outstanding may, by written notice to the City filed in the office of the City or delivered in person to the Mayor or City Clerk of the City, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said Bonds shall become and be immediately due and payable, anything in this Ordinance or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of said Outstanding Bonds shall have been so declared to be due and payable, all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds shall have been paid in full, and all other defaults, if any, by the City under the provisions of this Ordinance and under the provisions of the statutes of the State shall have been cured, then and in every such case the Owners of 50% in principal amount of the Bonds then Outstanding, by written notice to the City given as hereinbefore specified, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

Section 902. Remedies.

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

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

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

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

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

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

Section 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 City under this Ordinance will affect any subsequent default or breach of duty or contract by the City 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 City and the Owners of the Bonds will be restored to their former positions and rights under this Ordinance.

Section 905. No Obligation to Levy Taxes. Nothing in this Ordinance imposes any duty or obligation on the City to levy any taxes either to meet any obligation incurred under this Ordinance or to pay the principal of or interest on the Bonds.

ARTICLE X DEFEASANCE

Section 1001. Defeasance. When all of the Bonds shall have been paid and discharged, then the requirements contained in this Ordinance, except as otherwise provided in the Tax Compliance Agreement, and the pledge of Net Revenues made hereunder and all other rights granted hereby shall terminate. Bonds shall be deemed to have been paid and discharged within the meaning of this Ordinance if there shall have been deposited with the Paying Agent and Bond Registrar, or other bank located in the State of Missouri and having full trust powers, at or prior to the maturity or redemption date of said Bonds, in trust for and irrevocably appropriated thereto, moneys and/or direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, or securities which represent an undivided interest in such obligations or securities to the extent that the Treasury of the United States of America is ultimately responsible for payment thereof, which, together with the interest to be earned on any such obligations, will be sufficient for the payment of the principal of said Bonds, the redemption premium thereon, if any, and interest accrued to the date of maturity or redemption, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments, provided always that if any such Bonds shall be redeemed prior to the maturity thereof, the City shall have elected to redeem such Bonds and notice of such redemption shall have been given. Any moneys and obligations which at any time shall be deposited with the Paying Agent and Bond Registrar or other bank by or on behalf of the City, for the purpose of paying and discharging any of the Bonds, shall be and are hereby assigned, transferred and set over to the Paying Agent and Bond Registrar or other bank in trust for the respective Owners of the Bonds, and such moneys shall be and are hereby irrevocably appropriated to the payment and discharge thereof. All moneys

deposited with the Paying Agent and Bond Registrar or other bank shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance.

ARTICLE XI AMENDMENTS

Section 1101. Amendments Not Requiring Consent of Bond Owners. The City may from time to time, without the consent of or notice to any of the Bond Owners, amend this Ordinance as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Ordinance or to make any other change not prejudicial to the Owners;
- (b) to grant to or confer upon the Paying Agent and Bond Registrar or the Bond Owners any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the Bond Owners or the Paying Agent and Bond Registrar or either of them;
- (c) to more precisely identify the System or to substitute or add property thereto or release property therefrom;
- (d) to subject to this Ordinance additional revenues, properties or collateral;
- (e) to issue additional sewerage system revenue bonds as provided in Article IX hereof; or
- (f) to secure a rating from Standard & Poor's Corporation or Moody's Investor Service, Inc., provided such changes will not restrict, limit or reduce the obligation of the Issuer to pay the principal of, premium, if any, or interest on the Bonds as provided herein or otherwise materially adversely affect the Owners of the Bonds under this Ordinance.

Section 1102. Amendments Requiring Consent of Bond Owners. The rights and duties of the City and the Bond Owners, and the terms and provisions of the Bonds or of this Ordinance, may be amended or modified at any time in any respect by Ordinance of the City with the written consent of the Owners of not less than two-thirds in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk of the City, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond;
- (b) effect a reduction in the amount which the City is required to pay by way of principal of or interest on any Bond;
- (c) permit the creation of a lien on the Net Revenues of the System prior or equal to the lien of the Bonds or additional bonds hereafter issued on a parity with the Bonds as hereinbefore provided;
- (d) permit preference or priority of any Bonds over any other Bonds; or
- (e) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Ordinance.

Any provision of the Bonds or of this Ordinance may, however, be amended or modified by Ordinance duly adopted by the governing body of the City at any time in any respect with the written consent of the Owners of all of the Bonds at the time Outstanding.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the City Clerk of the City a copy of the Ordinance of the City hereinabove provided for, duly certified, as well as proof of consent to such modification by the Owners of not less than two-thirds in principal amount of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

ARTICLE XII MISCELLANEOUS PROVISIONS

Section 1201. Notices, Consents and Other Instruments by Bondowners. Any notice, consent, request, direction, approval, objection or other instrument required by this Ordinance to be signed and executed by the Bondowners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondowners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Ordinance, and shall be conclusive in favor of the City and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

(a) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the registration books of the City maintained by the Paying Agent.

In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Ordinance, Bonds owned by the City shall be disregarded and deemed not to be Outstanding under this Ordinance, except that, in determining whether the Bondowners shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Bondowners know to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Bondowners the pledgee's right so to act with respect to such Bonds and that the pledgee is not the City.

Section 1202. Severability. If any section or other part of this Ordinance, whether large or small, shall for any reason be held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Ordinance.

Section 1203. Governing Law. This Ordinance shall be governed exclusively by and constructed in accordance with the applicable laws of the State.

Section 1204. Further Authorization. The Mayor, City Manager, City Clerk and Director of Finance and the other officers of the City are hereby authorized, empowered and directed to do all such acts and things and to execute, acknowledge and deliver all such documents (including, without limiting the generality of the foregoing, any closing certificate, non-arbitrage certificate or tax compliance agreement in connection with the issuance of the Bonds) as may in his or their discretion be deemed necessary or desirable in order to carry out or comply with the terms and provisions of this and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments or other documents herein approved, authorized and confirmed which they may approve and the execution or taking of such action shall be taken as conclusive evidence of its necessity or advisability. All of the acts and undertakings of such officers which are in conformity with the intent and purposes of this Ordinance, whether heretofore or hereafter taken or done shall be and the same are hereby in all respects, ratified, confirmed and approved. The City Council hereby approves the employment by the City of the services of Thompson Coburn LLP, St. Louis, Missouri, as Bond Counsel.

Section 1205. Effective Date. This Ordinance shall be in full force and effect from and after its passage by the City Council of the City.

PASSED this _____ day of _____, 2013.

ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor

EXHIBIT A
FORM OF BOND

Registered
No. R-1

Registered
\$3,325,000

UNITED STATES OF AMERICA
STATE OF MISSOURI
COUNTY OF BOONE

CITY OF COLUMBIA

SEWERAGE SYSTEM REFUNDING REVENUE BOND

SERIES 2013

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Bonds</u>
----------------------	----------------------	----------------------

See Schedule Attached	See Schedule Attached	
-----------------------	-----------------------	--

REGISTERED OWNER: UMB BANK, N.A.

PRINCIPAL AMOUNT: THREE MILLION THREE HUNDRED AND TWENTY- FIVE THOUSAND DOLLARS

THE CITY OF COLUMBIA, MISSOURI, a municipal corporation in the County of Boone, State of Missouri (the “**City**”), acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner shown above, or registered assigns, solely from the sources and in the manner hereinafter described, upon surrender hereof at the principal office of Bank of New York Mellon Trust Company, N.A., the Paying Agent (the “**Paying Agent**”), the Principal Amount specified above on the Maturity Date identified above, unless this Bond is redeemable and has previously been called for redemption and payment of the redemption price made or provided for, together with interest thereon from said sources from the Date of Bonds specified above at the Interest Rate specified above per annum, payable on October 1, 2013, and thereafter semiannually on April 1 and October 1 in each year, until this Bond shall have been fully paid or until provision for the payment of this Bond shall have been made upon redemption or at maturity. Payment of the interest hereon shall be made by check or draft mailed by the Paying Agent on each interest payment date to the person appearing as the registered owner hereof on the registration books of the City held by the Bond Registrar named herein as of the close of business on the fifteenth day of the calendar month next preceding such interest payment date. The Principal Amount and redemption premium, if any, and interest hereon are payable in any coin or currency which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This bond is one of an authorized series of bonds of the City aggregating the principal amount of \$3,325,000, and designated “**Sewerage System Refunding Revenue Bonds, Series 2013**” (herein called the “**Bonds**”), issued for the purpose of currently refunding the City’s outstanding Series 2002 Refunding Bonds, and is issued pursuant to the Constitution and laws of the State of Missouri, the City’s Charter and an Ordinance of the City enacted _____ (the “**Ordinance**”). Pursuant to the

Ordinance, this Bond is payable solely from the Net Revenues (as defined in the Ordinance) of the sewerage system owned exclusively by the City (the “**System**”). The Bonds are issued on a parity with respect to the pledge of the Net Revenues with the City’s Outstanding Parity Bonds and any Additional Parity Bonds issued from time to time pursuant to the provisions of the Ordinance. Copies of the Ordinance are on file at the offices of the City and reference to the Ordinance and any and all supplements thereto and modifications and amendments thereof is made for a description of the pledge, security interest and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge and security interest, the rights and remedies of the registered owners of the Bonds with respect thereto and the terms and conditions upon which the Bonds are issued and may be issued thereunder.

As provided in the Ordinance, bonds or other obligations of the City may be issued from time to time in one or more series, in various principal amounts, which additional obligations may mature at different times, may bear interest at different rates and may otherwise vary. Such bonds or other obligations may be equally secured by the pledge, security interest and covenants made in the Ordinance, except as otherwise expressly provided or permitted in the Ordinance.

This Bond is a special obligation of the City payable solely from the sources described above and does not constitute a general obligation or an indebtedness of the City within the meaning of any constitutional or statutory limitation or provision, and the City does not pledge its full faith and credit and is not obligated to levy taxes or resort to any other moneys of the City, except Net Revenues of the System as provided in the Ordinance, to pay the principal, premium, if any, and interest on the Bonds.

This Bond is **not** transferable.

This Bond is **not** subject to redemption prior to maturity.

THIS BOND shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance (as hereinafter defined) until the Certificate of Authentication hereof shall have been dated and executed by the Bond Registrar named herein.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all conditions, acts and things required by law and the Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed and that the Bonds, together with all other indebtedness of the City are within every debt and other limit prescribed by the laws of the State of Missouri.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN TESTIMONY WHEREOF, the City, acting by and through its City Council, has caused this Bond to be executed by the manual or facsimile signature of the Mayor of the City, under the corporate seal of the City printed or impressed hereon and attested by the manual or facsimile signature of the City Clerk and countersigned by the manual or facsimile signature of the Director of Finance of the City, this Bond to be dated as of the Date of Bonds as shown above.

CITY OF COLUMBIA, MISSOURI

[SEAL]

By _____
Mayor

ATTEST:

By _____
City Clerk

COUNTERSIGNED:

By _____
Director of Finance

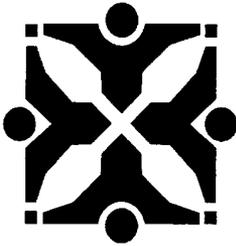
CERTIFICATE OF AUTHENTICATION

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

Dated: _____

Bank of New York Mellon Trust Company,
N.A., Bond Registrar

By _____
Authorized Officer



Source: Finance *[Signature]*

Agenda Item No:

To: City Council
 From: City Manager and Staff *[Signature]*

Council Meeting Date: Jun 17, 2013

Re: Ordinance Authorizing the refunding of Sewer System Revenue Bonds.

EXECUTIVE SUMMARY:

The current bond interest rates provide the opportunity to refinance the 2002 Series Sewer Revenue Bonds to save a significant amount of interest for the Sewer Utility. This 2002 Series Bond issue is currently callable.

DISCUSSION:

The current interest rates are much lower than the rates when these Revenue Bonds were issued. A significant savings to the city is available due to the favorable interest rates.

FISCAL IMPACT:

The refunding of this issue is projected to save \$115,144 (\$109,043 in net present value) over the remaining 5 years of the issue.

VISION IMPACT:

<http://www.gocolumbiamo.com/Council/Meetings/visionimpact.php>

None

SUGGESTED COUNCIL ACTIONS:

Approve the attached ordinance.

FISCAL and VISION NOTES:					
City Fiscal Impact Enter all that apply		Program Impact		Mandates	
City's current net FY cost	\$0.00	New Program/ Agency?		Federal or State mandated?	
Amount of funds already appropriated	\$0.00	Duplicates/Expands an existing program?		Vision Implementation impact	
Amount of budget amendment needed	\$0.00	Fiscal Impact on any local political subdivision?		Enter all that apply: Refer to Web site	
Estimated 2 year net costs:		Resources Required		Vision Impact?	
One Time	\$0.00	Requires add'l FTE Personnel?		Primary Vision, Strategy and/or Goal Item #	
Operating/ Ongoing	\$0.00	Requires add'l facilities?		Secondary Vision, Strategy and/or Goal Item #	
		Requires add'l capital equipment?		Fiscal year implementation Task #	