



Legislation Details (With Text)

File #: 221046 **Version:** 1 **Name:**

Type: Ordinance **Status:** Passed

File created: 12/1/2022 **In control:** Council

On agenda: 12/15/2022 **Final action:** 12/15/2022

Title: Sponsor: Director of the Finance Department

Authorizing the issuance, sale and delivery of not to exceed \$115,000,000.00 Sanitary Sewer System Improvement Revenue Bonds, Series 2023A of the City of Kansas City, Missouri, for the purpose of rehabilitating, expanding and improving the City’s sanitary sewer system, prescribing the form and details of said bonds and the covenants and agreements made by the City to facilitate and protect the payment thereof; prescribing other matters relating thereto; and estimating and appropriating \$2,120,000.00 in the Sewer Revenue Bond Fund Series 2023A.

Sponsors: Director of Finance

Indexes:

Code sections:

Attachments: 1. Sewer Accounting Form.pdf, 2. Ordinance 221046 and 221047 Series 2023A Water and Sanitary Sewer Bonds_, 3. Sewer Docket Memo.pdf, 4. Authenticated Ordinance 221046, 5. Authenticated Reolution 221046 CS

| Date | Ver. | Action By | Action | Result |
|------------|------|---|----------|--------|
| 12/15/2022 | 1 | Council | Passed | Pass |
| 12/14/2022 | 1 | Finance, Governance and Public Safety Committee | | |
| 12/8/2022 | 1 | Council | referred | |

ORDINANCE NO. 221046

Sponsor: Director of the Finance Department

Authorizing the issuance, sale and delivery of not to exceed \$115,000,000.00 Sanitary Sewer System Improvement Revenue Bonds, Series 2023A of the City of Kansas City, Missouri, for the purpose of rehabilitating, expanding and improving the City’s sanitary sewer system, prescribing the form and details of said bonds and the covenants and agreements made by the City to facilitate and protect the payment thereof; prescribing other matters relating thereto; and estimating and appropriating \$2,120,000.00 in the Sewer Revenue Bond Fund Series 2023A.

WHEREAS, the City of Kansas City, Missouri (the “City”), is a 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, consisting of sanitary sewers and combined sewers, 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 “Sanitary Sewer System” or “System”); and

WHEREAS, the City desires to rehabilitate, expand and improve the Sanitary Sewer System (as defined herein) and desires to finance the proposed extensions and improvements to the Sanitary Sewer System, in whole or in part, from the proceeds of revenue bonds; and

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

WHEREAS, pursuant to the Act, a special bond election was duly held in the City on April 5, 2022 (the “2022 Election”) on the following question:

QUESTION NO. 2

Shall the City of Kansas City, Missouri, issue sanitary system revenue bonds in the principal amount of \$750,000,000.00 for the purpose of rehabilitating, expanding and improving of the City’s sanitary sewer system, including acquiring necessary land and rights of way, in order to provide for its continuing operation and to maintain compliance with federal, state and judicial requirements, with the principal of and interest on said revenue bonds to be payable solely from the revenues derived by the City from the operation of its sanitary sewer system, including all future rehabilitations, improvements and expansions thereto?

and it was found and determined that more than a majority of the qualified electors of the City voting on the question had voted in favor of the issuance of said revenue bonds for the purpose aforesaid, the vote on said question having been 24,977 votes for said question to 6,444 votes against said question; and

WHEREAS, the City Council (the “**Governing Body**”) of the City has caused plans and specifications for extensions and improvements to the Sanitary Sewer System and a cost estimate to be made by the Consulting Engineer (as defined herein) and the plans and specifications and the cost estimate are accepted and approved and are on file in the office of the City Clerk; and

WHEREAS, none of the bonds so authorized at the 2022 Election have been issued and the City finds and determines that it is necessary and advisable and in the best interest of the City and of its inhabitants to issue its Sanitary Sewer System Improvement Revenue Bonds, Series 2023A in an original principal amount not to exceed \$115,000,000 (the “**Series 2023A Bonds**” or the “**Bonds**”) for the purpose of rehabilitating, expanding and improving the Sanitary Sewer System authorized by voters at the 2022 Election, as set forth in the Certificate of Final Terms; and

WHEREAS, the City has issued and has outstanding the following revenue bonds payable from the Net Sanitary Sewer Revenues (defined herein) of the Sanitary Sewer System:

| Issue and Series | Original Principal Amount | Outstanding Principal Amount as of December 1, 2022 |
|-------------------------|----------------------------------|--|
| | | |

| | | |
|--|-----------------|--------------------------------|
| Sanitary Sewer System Revenue Bonds (State Revolving Fund Program), Series 2004H (the “ Series 2004H Bonds ”) | \$10,500,000 | \$1,915,000 |
| Sanitary Sewer System Revenue Bonds (State of Missouri - Direct Loan Program - ARRA), Series 2009B (the “ Series 2009B Bonds ”) | \$14,387,757.78 | \$6,159,900 |
| Sanitary Sewer System Improvement and Refunding Revenue Bonds, Series 2016A (the “ Series 2016A Bonds ”) | \$183,740,000 | \$144,835,000 |
| Sanitary Sewer System Improvement Revenue Bonds, Series 2018A (the “ Series 2018A Bonds ”) | \$165,000,000 | \$147,665,000 |
| Sanitary Sewer System Refunding Revenue Bonds, Series 2018B (Forward Delivery) (the “ Series 2018B Bonds ”) | \$42,055,000 | \$35,645,000 |
| Sanitary Sewer System Improvement Revenue Bonds, Series 2019A (the “ Series 2019A Bonds ”) | \$59,735,000 | \$56,855,000 |
| Sanitary Sewer System Revenue Bonds (State of Missouri - Direct Loan Program), Series 2021 (the “ Series 2021 Bonds ”) | \$100,000,000 | \$37,703,000.55 ⁽¹⁾ |
| Sanitary Sewer System Refunding Revenue Bonds, Series 2021B (the “ Series 2021B Bonds ”) | \$102,765,000 | \$93,795,000 |

⁽¹⁾ Of the total \$100,000,000.00 maximum principal amount authorized for the Series 2021 Bonds, \$37,703,00.55 has been disbursed and issued as of December 1, 2022.

WHEREAS, the City, upon the issuance of the Series 2023A Bonds, will not have outstanding any other bonds or other obligations payable from the Net Sanitary Sewer Revenues (as defined herein) other than the Outstanding Parity Bonds (as defined herein) and the Series 2023A Bonds; and

WHEREAS, under the provisions of the Outstanding Parity Bond Ordinance, the City may issue additional bonds payable out of the Net Sanitary Sewer Revenues that are on a parity with the Outstanding Parity Bonds, in each case only 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 the Series 2023A Bonds be issued and secured in the form and manner provided in this Ordinance to provide funds to rehabilitate, expand and improve the Sanitary Sewer System as authorized by the voters at the 2022 Election, subject to the Certificate of Final Terms and the conditions of the Outstanding Parity Bond Ordinance; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to the words and terms defined in the

Recitals and elsewhere in this Ordinance, capitalized words and terms have the following meanings in this Ordinance:

“**Administrative Service Fees**” means that portion of the Current Sanitary Sewer Expenses paid to the general fund of the City for office space and certain administrative, data processing, accounting and other support services provided to the Sanitary Sewer System of the City.

“**Authorized Representative**” means the representative of the City designated in writing by the City.

“**Bond Counsel**” means Gilmore & Bell, P.C. and Hardwick Law Firm, LLC, or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing.

“**Bond Reserve Requirement Funding Commencement Date**” means the first day of the month after a Valuation Date in which the Net Sanitary Sewer Revenues Available for Debt Service are less than the Bond Reserve Debt Service Coverage Requirement for the preceding Fiscal Year.

“**Bond Reserve Debt Service Coverage Requirement**” means with respect to the Series 2023A Bonds, the amount set forth in the Certificate of Final Terms.

“**Bond Reserve Requirement**” means with respect to the Series 2023A Bonds, an amount equal to the average annual debt service with respect to the Outstanding Series 2023A Bonds as calculated after any principal payment on the Series 2023A Bonds (whether at maturity or by redemption).

“**Bondowner**” or “**Registered Owner**” means the individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof in whose name a bond is registered in the Bond Register.

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

“**Business Day**” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal corporate trust office or designated payment office of the Paying Agent is located are required or authorized by law to remain closed, or (c) a day on which the New York Stock Exchange is closed.

“**Cede & Co.**” means Cede & Co., as nominee name of The Depository Trust Company, New York, New York.

“**Certificate of Final Terms**” means **Exhibit B**, executed and delivered by the Mayor pursuant to **Section 211** hereof, in substantially the form attached as **Exhibit C**.

“**City**” means the City of Kansas City, Missouri.

“**Code**” means the Internal Revenue Code of 1986, as amended, and the applicable regulations of the Treasury Department proposed or promulgated thereunder.

“**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 Sanitary Sewer Expenses” means all reasonable and necessary expenses of ownership, operation, maintenance and repair of the Sanitary Sewer System and keeping the Sanitary Sewer 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 Sanitary Sewer System, but excluding capital lease payments, if any, and interest paid on Sanitary Sewer System Revenue Bonds and depreciation and amortization charges.

“Debt Service Requirements” means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and net interest or interest-like payments on the Bonds, all Senior Bonds and all Parity Bonds that are outstanding at the time of such calculation through their respective maturity; *provided, however*, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company qualified to do business in the State of Missouri and having full trust powers and interest to be paid on any SRF Program Bonds may be reduced by the SRF Subsidy, if any.

“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:
 - (i) 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
 - (ii) 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.

“Director” means, in reference to the Department of Water Services of the City, the Director or any Deputy Director of the Department of Water Services of the City, and in reference to the Department of Finance of the City, the Director or any Acting Director of the Department of Finance of the City.

“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.

“Federal Tax Certificate” means the City’s Federal Tax Certificate relating to the Series 2023A Bonds, as the same may be amended or supplemented in accordance with the provisions thereof.

“Fiscal Year” means the City’s fiscal year then in effect.

“Fitch” means Fitch, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the City.

“Interest Payment Date” means the semi-annual dates set forth in the Certificate of Final Terms.

“Moody’s” means Moody’s Investors Service or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the City.

“Net Sanitary Sewer Revenues” means Sanitary Sewer Revenues less Current Sanitary Sewer Expenses.

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

“Notice of Bond Sale” means the Notice of Bond Sale authorized by Section 211 hereof.

“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 properly 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 hereof;
- (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 209 hereof.

“Outstanding Parity Bonds” means collectively, the Series 2004H Bonds, the Series 2009B Bonds, the Series 2016A Bonds, the Series 2018A Bonds, the Series 2018B Bonds, the Series 2019A Bonds, the Series 2021 Bonds and the Series 2021B Bonds.

“Outstanding Parity Bond Ordinance” means collectively, the Series 2004H Ordinance, the Series 2009B Ordinance, the Series 2016A Ordinance, the Series 2018A Ordinance, the Series 2018B Ordinance, the Series 2019A Ordinance, the Series 2021 Ordinance and the Series 2021B Ordinance.

“Parity Bonds” means the Outstanding Parity Bonds and any parity bonds issued under **Section 902** hereof payable from the Net Sanitary Sewer Revenues on a parity basis with the Bonds.

“Parity Ordinance” means the Outstanding Parity Bond Ordinance and the ordinance under which any other Parity Bonds are issued.

“Participants” means those financial institutions for which the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository.

“Paying Agent” means the paying agent for the Series 2023A Bonds appointed by the Director of Finance.

“Permitted Investments” means any of the following securities, if and to the extent the same are at the time legal for investment of the moneys held in the funds and accounts listed in **Section 401** hereof:

(a) United States Treasury Securities (Bills, Notes, Bonds and Strips).

(b) United States Agency/GSE Securities. The City may invest in obligations issued or guaranteed by any agency of the United States Government and in obligations issued by any government sponsored enterprise (GSE) which have a liquid market and a readily determinable market value that are described as follows:

(i) U.S. Govt. Agency Coupon and Zero Coupon Securities.

(ii) U.S. Govt. Agency Discount Notes.

(iii) U.S. Govt. Agency Callable Securities. Restricted to securities callable at par only.

(iv) U.S. Govt. Agency Step-Up Securities. The coupon rate is fixed for an initial term. At the step-up date, the coupon rate rises to a new, higher fixed interest rate.

(v) U.S. Govt. Agency Floating Rate Securities. Restricted to coupons with no interim caps that reset at least quarterly and that float off of only one index.

(vi) U.S. Govt. Agency/GSE Mortgage Backed Securities (MBS, CMO, Pass-Thru Securities). Restricted to securities with final maturities of five (5) years or less or have the final projected payment no greater than five (5) years when analyzed in a +300 basis point interest rate environment.

(c) Repurchase Agreements. The City may invest in contractual agreements between the City and commercial banks or primary government securities dealers. The Securities Industry & Financial Markets

Association's (or any successor's) guidelines for the Master Repurchase Agreement will be used and will govern all repurchase agreement transactions. All repurchase agreement transactions will be either physical delivery or tri-party.

(d) Bankers' Acceptances. The City may invest in bankers' acceptances issued by domestic commercial banks possessing the highest credit rating issued by Moody's Investors Services, Inc. ("Moody's") or Standard and Poor's Corporation ("Standard & Poor's").

(e) Commercial Paper. The City may invest in commercial paper issued by domestic corporations, which has received the highest short-term credit rating issued by Moody's or Standard & Poor's. Eligible paper is further limited to issuing corporations that have total assets in excess of five hundred million dollars (\$500,000,000.00) and are not listed on Credit Watch with negative implications by any nationally recognized credit rating agency at the time of purchase.

(f) Municipal Securities (State and Local Government Obligations). The City may invest in municipal obligations that are issued in either tax-exempt or taxable form.

(i) Any full faith and credit obligations of the State of Missouri rated at least A or A2 by Standard & Poor's or Moody's.

(ii) Any full faith and credit obligations of any city, county or school district in the State of Missouri rated at least AA or Aa2 by Standard & Poor's or Moody's.

(iii) Any full faith and credit obligations, revenue, or special obligation bonds of the City of Kansas City, Missouri rated at least A or A2 by Standard & Poor's or Moody's.

(vi) Any full faith and credit obligation of any state or territory of the United States of America rated at least AA or Aa2 by Standard & Poor's or Moody's.

(v) Any full faith and credit obligations of any city, county or school district in any state or territory of the United States of America rated AAA or Aaa by Standard & Poor's or Moody's.

(vi) Any revenue bonds issued by the Missouri Department of Transportation rated at least AA or Aa2 by Standard & Poor's or Moody's.

(vii) Any municipal obligation that is pre-refunded or escrowed to maturity as to both principal and interest with escrow securities that are fully guaranteed by the United States Government, without regard to rating by Standard & Poor's or Moody's.

(g) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, rated in either of the two highest categories by Moody's and Standard & Poor's (in either case without regard to any modifier).

(h) Such other investments not described above that are allowed pursuant to Missouri law and approved in the City's charter.

References to particular ratings and rating categories in this definition are applicable only at the time of purchase of the Permitted Investment.

“Purchase Contract” means, in the event the Series 2023A Bonds are sold pursuant to a Negotiated Sale as permitted by **Section 211(a)(2)** hereof, the Purchase Contract relating to the Series 2023A Bonds between the City and the Purchaser.

“Purchaser” means the original purchaser or purchasers of the Series 2023A Bonds selected by the City in accordance with **Section 211** hereof and specified in the Certificate of Final Terms.

“Rating” means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

“Rating Agencies” or **“Rating Agency”** means Fitch, Moody’s, and Standard & Poor’s or any successors thereto and any other nationally recognized credit rating agency then maintaining a rating on any Bonds at the request of the City. If at any time a particular Rating Agency does not have a rating outstanding with respect to the relevant Bonds, then a reference to Rating Agency or Rating Agencies shall not include such Rating Agency.

“Record Date” means the 15th day (whether or not a Business Day) of the calendar month next preceding the applicable Interest Payment Date.

“Redemption Date” when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of this Ordinance.

“Redemption Price” when used with respect to any Bond to be redeemed means the price at which such Bond is to be redeemed pursuant to the terms of this Ordinance, including the applicable redemption premium, if any, but excluding installments of interest whose Stated Maturity is on or before the Redemption Date.

“Sewer Fund” means the account ratified by **Section 401** hereof.

“Sanitary Sewer Revenues” means all income and revenues derived by the City from the Sanitary Sewer System, including any amounts deposited in the Sewer Fund, 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.

“Sanitary Sewer System” or **“System”** means the City’s sanitary sewerage system, including sanitary sewers, combined sewers, lift and pumping stations, treatment plants, with the appurtenances necessary, useful and convenient for the collection, treatment, purification and disposal of the sewage and shall include any part of the system located outside of the corporate limits of the City, and shall also include all extensions and improvements in and to the system hereafter made or acquired by the City, wherever located.

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

“Securities Depository” means initially, The Depository Trust Company, New York, New York, and its successors and assigns.

“Series 2004H Bonds” means the City’s Sanitary Sewer System Revenue Bonds (State Revolving Fund Program), Series 2004H, dated December 9, 2004, in the original principal amount of \$10,500,000.00.

“Series 2004H Bond Ordinance” means Committee Substitute for Ordinance No. 041202 passed on November 4, 2004, and Ordinance No. 041314 passed on November 18, 2004.

“Series 2009B Bonds” means the City’s Sanitary Sewer System Revenue Bonds (State of Missouri - Direct Loan Program - ARRA), Series 2009B, dated December 18, 2009, in the original principal amount of \$14,387,757.78.

“Series 2009B Bond Ordinance” means Committee Substitute for Ordinance No. 090968 passed on December 3, 2009.

“Series 2016A Bonds” means the City’s Sanitary Sewer System Improvement and Refunding Revenue Bonds, Series 2016A, dated February 10, 2016, in the original principal amount of \$183,740,000.00.

“Series 2016A Bond Ordinance” means Ordinance No. 151037 passed on December 17, 2015.

“Series 2018A Bonds” means the City’s Sanitary Sewer System Improvement Revenue Bonds, Series 2018A, dated February 14, 2018, in the original principal amount of \$165,000,000.00.

“Series 2018A Bond Ordinance” means Ordinance No. 171029 passed on January 18, 2018.

“Series 2018B Bonds” means the City’s Sanitary Sewer System Refunding Revenue Bonds, Series 2018B (Forward Delivery), dated October 4, 2018, in the original principal amount of \$42,055,000.00.

“Series 2018B Bond Ordinance” means Ordinance No. 171030 passed on January 18, 2018.

“Series 2019A Bonds” means the City’s Sanitary Sewer System Improvement Revenue Bonds, Series 2019A, dated July 2, 2019, in the original principal amount of \$59,735,000.00.

“Series 2019A Bond Ordinance” means Ordinance No. 190401 passed on May 23, 2019.

“Series 2021 Bonds” means the City’s Sanitary Sewer System Revenue Bonds (State of Missouri - Direct Loan Program), Series 2021, dated April 28, 2021, in the maximum original principal amount of \$100,000,000.00.

“Series 2021 Bond Ordinance” means Ordinance No. 210312 passed on April 15, 2021.

“Series 2021B Bonds” means the City’s Sanitary Sewer System Refunding Revenue Bonds, Series 2021B, dated November 16, 2021, in the original principal amount of \$102,765,000.00.

“Series 2021B Bond Ordinance” means Ordinance No. 210846 passed on September 23, 2021.

“Series 2023A Bonds” or **“Bonds”** means the City of Kansas City, Missouri, Sanitary Sewer System Improvement Revenue Bonds, Series 2023A.

“SRF Program Bonds” means the Series 2004H Bonds, the Series 2009B Bonds, the Series 2021 Bonds and any additional bonds issued under the State Revolving Fund Program administered jointly by the Missouri Department of Natural Resources and the State Environmental Improvement and Energy Resources Authority of the State.

“**SRF Subsidy**” means the amount of investment earnings which will accrue on the reserve account for any SRF Program Bonds during each Fiscal Year.

“**Standard & Poor’s**” or “**S&P**” means S&P Global Ratings, a division of Standard & Poor’s Financial Services, LLC, or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the City.

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

“**State Revolving Fund Program**” means the Missouri Leveraged State Water Pollution Control Revolving Fund Program of the Missouri Department of Natural Resources.

“**Stated Maturity**” when used with respect to any Bond or any installment of interest thereon means the date specified in the Ordinance as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

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

“**Valuation Date**” means the first Business Day of the month following the presentation of the annual financial statement of the System to the Governing Body, but in no event later than November 30th of any year.

ARTICLE II AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds. The Bonds are authorized and directed to be issued in a series designated as the Sanitary Sewer System Improvement Revenue Bonds, Series 2023A in an aggregate original principal amount not to exceed \$115,000,000.00 for the purposes set forth in this Ordinance.

Section 202. Security for Bonds.

(a) The Bonds are special, limited obligations of the City payable solely from, and secured by a pledge of, the Net Sanitary Sewer 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.

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

Section 203. Description of the Bonds.

(a) The Bonds shall consist of fully registered bonds without coupons, numbered from R-1 upward, in the denomination of \$5,000.00 or any integral multiple thereof and not exceeding the principal amount of Bonds maturing in the year in which such Bond becomes due, as may be specified by the Owner of such Bond. The Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be substantially in the form set forth in **Section 204** of this Ordinance, with appropriate insertions and deletions as are approved by the Mayor, which approval will be conclusively evidenced by the Mayor’s signature on the Bonds. The Bonds shall be subject to registration, transfer and exchange as provided in **Section 207** of this Ordinance. The Bonds shall be dated their date of delivery, shall become due in the amounts on the Stated Maturities (subject to optional and mandatory redemption prior to their Stated Maturities as provided in **Article III** hereof), and shall bear interest at the rates per annum to be determined upon the sale of the Bonds as set forth in the Certificate of

Final Terms.

(b) At the election of the Purchaser of the Series 2023A Bonds, term Series 2023A Bonds may be issued in lieu of serial Bonds with Stated Maturities as in this **Section 203** provided that such term Bonds shall be subject to mandatory redemption in the annual amounts and on the dates set forth in this **Section 203** as the Stated Maturities for such term Bonds.

(c) The Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from the most recent Interest Payment Date to which interest has been paid in full or, if no interest has been paid, from their date of delivery. Interest on the Bonds shall be payable semiannually on each Interest Payment Date in each year, commencing on the date set forth in the Certificate of Final Terms, and at their Stated Maturity. Interest on the Bonds is computed on the basis of a 360-day year of twelve 30-day months from their date or from the most recent Interest Payment Date to which interest has been paid or provided for and is payable on each Interest Payment Date.

Section 204. Form of Bond. The Bonds will be in substantially the following form, with appropriate insertions and deletions as are approved by the Mayor, which approval will be conclusively evidenced by the Mayor’s signature on the Bond:

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

**Registered
No. R-___**

**Registered
\$ _____**

**CITY OF KANSAS CITY, MISSOURI
SANITARY SEWER SYSTEM IMPROVEMENT REVENUE BOND
SERIES 2023A**

Interest Rate Maturity Date Dated Date CUSIP Number

_____ % _____, 20____, 2023 _____

REGISTERED OWNER:

CEDE & CO.

PRINCIPAL

AMOUNT:

_____ DOLLARS

THE CITY OF KANSAS CITY, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the “**City**”), for value received, hereby promises to pay to the Owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, and to pay interest thereon at the annual Interest Rate referenced above (computed on the basis of a 360-day year of twelve 30-day months), payable semiannually on January 1 and July 1 in each year, commencing [_____ 1], [20____] (each an “**Interest Payment Date**”), from the Dated Date shown above or from the most recent Interest Payment Date to which interest has been paid or duly provided for until the Principal Amount has been paid.

The principal of and redemption premium, if any, on this Bond will be paid at maturity or upon earlier redemption to the person in whose name this Bond is registered at the maturity or redemption date, upon presentation and surrender of this Bond at the principal office of Security Bank of Kansas City, Kansas City, Kansas (the **“Paying Agent”**). The interest payable on this Bond on any Interest Payment Date will be paid by check or draft mailed by the Paying Agent to the person in whose name this Bond is registered on the registration books maintained by the Paying Agent at the close of business on the Record Date. The Record Date is the fifteenth day (whether or not a business day) of the calendar month next preceding the Interest Payment Date. The principal of and redemption premium, if any, and interest on this Bond is payable by electronic transfer in immediately available federal funds to a bank in the continental United States of America pursuant to instructions from the Owner received by the Paying Agent prior to the Record Date. The principal of, redemption premium, if any, and interest on this Bond is payable in lawful money of the United States of America.

This Bond is one of a duly authorized series of bonds of the City designated “Sanitary Sewer System Improvement Revenue Bonds, Series 2023A” aggregating the principal amount of \$[_____] (the **“Series 2023A Bonds”**), issued by the City for the purpose of rehabilitating, expanding and improving the Sanitary Sewer System under the authority of and in full compliance with Chapter 250 of the Revised Statutes of Missouri, as amended, and pursuant to an election duly held in the City and Ordinance No. [22_____] passed by the governing body of the City (the **“Ordinance”**).

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Ordinance. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the nominee name of the Securities Depository, is being issued and required to be deposited with the Securities Depository and immobilized in its custody or delivered to the Paying Agent as the Securities Depository’s “FAST Agent.” The book-entry system will evidence positions held in the Bonds by the Securities Depository’s Participants, beneficial ownership of the Bonds in authorized denominations being evidenced in the records of such Participants. Transfer of ownership shall be affected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository and its Participants. The City, the bond registrar and the Paying Agent will recognize the Securities Depository nominee, while the Registered Owner of this Bond, as the Owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on this Bond (ii) notices, and (iii) voting. Transfers of principal, interest and any redemption premium payments to beneficial owners of the Bonds by Participants of the Securities Depository will be the responsibility of such Participants and other nominees of such beneficial owners. The City, the bond registrar and the Paying Agent will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its Participants or persons acting through such Participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provisions hereinabove contained payments of principal of and interest on this Bond shall be made in accordance with existing arrangements among the City, the Paying Agent and the Securities Depository.

EXCEPT AS OTHERWISE PROVIDED IN THE ORDINANCE THE GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

The City hereby covenants with the Registered Owner of this Bond that it will keep and perform all covenants and agreements contained in the Ordinance, and will fix, establish, maintain and collect such rates,

fees and charges for the use and services furnished by or through the System, as will produce revenues sufficient to pay the costs of operation and maintenance of the System, pay the principal of and interest on the Bonds as and when the same become due and provide reasonable and adequate reserve funds. Reference is made to the Ordinance for a description of the covenants and agreements made by the City with respect to the collection, segregation and application of the revenues of the System, the nature and extent of the security for the Bonds, the rights, duties and obligations of the City with respect thereto, and the rights of the Registered Owners thereof.

At the option of the City, Bonds or portions thereof maturing on [January 1, 20__], and thereafter may be called for redemption and payment prior to their Stated Maturity on [January 1, 20__], and thereafter in whole or in part at any time in such amounts for each Stated Maturity as shall be determined by the City at a Redemption Price equal to 100% of the principal amount, plus accrued interest thereon to the Redemption Date.

[Bonds maturing on [January 1, 20__], are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Ordinance on [January 1, ____], and on each January 1 thereafter prior to maturity, at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date.]

The Series 2023A Bonds will be optionally redeemed in part in integral multiples of \$5,000.00 from the maturities selected by the City. Upon redemption, the sinking fund redemption amounts for each maturity will be proportionately reduced, subject to rounding to integral multiples of \$5,000.00. The City will give written notice to the Paying Agent, designating the amount of each maturity redeemed and the reduction in each sinking fund installment, subject to verification by the Paying Agent.

The Paying Agent will give notice of redemption, unless waived, by mailing a redemption notice by first class mail, postage prepaid at least 30 days prior to the date fixed for redemption, to the Owner of each Bond to be redeemed at the address shown on the Bond Register. If notice of redemption has been given or waived, the Bonds or portions of Bonds called for redemption will become due and payable on the redemption date at the redemption price specified in the notice. From and after the redemption date the Bonds called for redemption will cease to bear interest unless the City defaults in the payment of the redemption price.

The Bonds are limited obligations of the City payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Sanitary Sewer Revenues (as defined in the Ordinance). The taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest. 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. Under the conditions set forth in the Ordinance, the City has the right to issue additional parity bonds payable from, and secured by, the Net Sanitary Sewer Revenues. The Bonds are issued on a parity with respect to payment of principal and interest from the Net Sanitary Sewer Revenues and in all other respects with the Outstanding Parity Bonds (as defined in the Ordinance).

The City covenants with the Owner of this Bond to keep and perform all covenants and agreements contained in the Ordinance, and the City will fix, establish, maintain and collect rates, fees and charges for the use and services furnished by or through the Sanitary Sewer System to produce Sanitary Sewer Revenues sufficient to pay the operation and maintenance costs of the Sanitary Sewer 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 City with respect to the collection, segregation and application of the Sanitary Sewer Revenues, the nature and extent of the security for the Bonds, the rights, duties and obligations of the City with respect to the Bonds, and the rights of the Owners.

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

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

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

IN WITNESS WHEREOF, the City of Kansas City, Missouri, has executed this Bond by causing it to be signed by the manual or facsimile signature of its Mayor, attested by the manual or facsimile signature of its City Clerk, with its official seal affixed or imprinted.

CERTIFICATE OF AUTHENTICATION CITY OF KANSAS CITY, MISSOURI

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

By: Mayor

Registration Date: (SEAL)

SECURITY BANK OF KANSAS CITY, Paying Agent ATTEST:

By: Authorized Signatory By: City Clerk

=====
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 _____ agent to transfer the within Bond on the registration books kept by the Paying Agent, with full power of substitution in the premises.

Dated:

By:

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

Signature Guaranteed By:

_____, Authorized Officer
Security Bank of Kansas City

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

Section 205. Designation of Paying Agent.

(a) The Director of Finance shall designate the Paying Agent for the payment of the principal of and interest on the Bonds and Bond Registrar with respect to the registration, transfer and exchange of Bonds.

(b) The City will at all times maintain a Paying Agent meeting the qualifications herein described for the performance of the duties of Paying Agent and Bond Registrar hereunder. The City reserves the right to appoint a successor Paying Agent by (1) filing with the bank or trust company then performing such function a notice of the termination of such bank or trust company and appointing a successor, and (2) causing notice to be given by first class mail 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.

(c) Every Paying Agent appointed hereunder shall at all times be (1) a commercial banking association or corporation or trust company located in the State of Missouri organized and in good standing and doing business under the laws of the United States of America or of the State of Missouri and subject to supervision or examination by federal or state regulatory authority and (2) shall have a reported capital (exclusive of borrowed capital) plus surplus of not less than \$100,000,000.00 or consideration may be given by the City to a bank not meeting this amount if the bank submits an acceptable form of guarantee for its financial obligations to the City. If such institution publishes reports of conditions at least annually pursuant to law or

regulation, then for the purposes of this **Section 205** the capital and surplus of such institution shall be deemed to be its capital and surplus as set forth in its most recent report of condition so published.

(d) The Paying Agent shall be paid in accordance with its proposal for fees and expenses submitted to the Director of Finance as an operating expense of the System.

Section 206. Method and Place of Payment of Bonds.

(a) Payment of the Bonds will be made with any coin or currency that is legal tender for the payment of debts due the United States of America on the payment date.

(b) Each payment of principal of and redemption premium, if any, payable on each Bond will be made at maturity or upon earlier redemption to the Owner shown in the Bond Register at the maturity or optional redemption date of each Bond, upon presentation and surrender of the Bond at the principal office of the Paying Agent. The payment of interest payable on each 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.

(c) The Paying Agent will keep a record of payment of principal of, redemption premium, if any, and interest on all Bonds and, at least annually at the request of the City, will forward to the city a copy or summary of the record of payments.

Section 207. Registration, Transfer and Exchange of Bonds.

(a) The City will cause the Paying Agent to keep the Bond Register. Each Bond when issued will be registered in the name of the Owner on the Bond Register. Bonds will be transferred and exchanged only upon the Bond Register.

(b) Upon surrender of any Bond at the principal office of the Paying Agent, the Paying Agent will transfer or exchange the Bond for a new Bond or Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount as the Bond which was presented for transfer or exchange. All Bonds presented for transfer or exchange must be accompanied by a written instrument of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Owner or by the Owner's authorized agent. All Bonds presented for transfer or exchange must be surrendered to the Paying Agent for cancellation.

(c) For every exchange or transfer of Bonds the City or the Paying Agent may levy a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid for the exchange or transfer. The charge must be paid by the person requesting the exchange or transfer. Payment of the charge is a condition precedent to the exchange or transfer.

(d) The City and the Paying Agent will treat the person in whose name any Bond is registered as the absolute owner of the Bond, whether or not payment of the Bond is overdue, for the purpose of receiving payment of the principal of, redemption premium, if any, and interest on the Bond and for all other purposes. All payments made to any Owner or upon the Owner's order will be valid and effectual to satisfy and discharge the City's liability for payment of the Bond to the extent of the sum or sums paid. Neither the City nor the Paying Agent will be affected by any notice to the contrary.

(e) At reasonable times and under reasonable rules established by the Paying Agent, the Owners of 25% or more in principal amount of the Outstanding Bonds, or their representative designated in a manner satisfactory to the Paying Agent, may inspect and copy the Bond Register.

Section 208. Execution, Authentication and Delivery of Bonds.

(a) Each Bond must be signed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and have the official seal of the City affixed or imprinted. If any officer whose manual or facsimile signature appears on any Bond ceases to be an officer before the delivery of any Bond signed by the officer, the manual or facsimile signature on the Bond will be valid and sufficient for all purposes of this Ordinance.

(b) The Mayor and the City Clerk are directed to prepare and execute the Bonds as specified in this **Article II**, and when executed, to deliver the Bonds to the Paying Agent for authentication. Upon authentication, the Paying Agent will deliver the Bonds to the Bondowner, upon payment of the purchase price for the Bonds.

(c) Each Bond will be authenticated by any authorized officer or employee of the Paying Agent. No Bond is entitled to any security or benefit under this Ordinance or be valid or obligatory for any purpose until authenticated by the Paying Agent.

Section 209. Mutilated, Destroyed, Lost and Stolen Bonds.

(a) If (i) 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 (ii) there is delivered to the City and the Paying Agent security or indemnity as required by them, in the absence of notice to the City or the Paying Agent that the Bond has been acquired by a bona fide purchaser, the City will execute and the Paying Agent will register and deliver, in exchange for or in lieu of any mutilated, destroyed, lost or stolen Bond, a new Bond of the same maturity and of like tenor and principal amount. If the Bond has become or is about to become due, the City may pay the Bond instead of issuing a new Bond.

(b) Upon the issuance of any new Bond under this **Section 209**, the City may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge imposed and any other expenses (including the fees and expenses of the Paying Agent) connected with the issuance of the Bond.

(c) Every new Bond issued pursuant to this **Section 209** in lieu of any mutilated, destroyed, lost or stolen Bond will constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost or stolen Bond is enforceable by anyone at any time, and will be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

Section 210. Cancellation and Destruction of Bonds Upon Payment. All Bonds which have been paid or redeemed or which have otherwise been surrendered to the Paying Agent, either at or before maturity, will be cancelled immediately upon the payment or redemption and the Paying Agent's receipt of the Bonds. Cancelled Bonds will be periodically destroyed by the Paying Agent in accordance with the customary practice of the Paying Agent and applicable retention laws.

Section 211. Method of Sale and Terms of Bonds; Authorization and Execution of Certificate of Final Terms.

(a) Upon the advice and recommendation of Hilltop Securities Inc. and Independent Public Advisors, LLC, as the City's co-financial advisors, the City is hereby authorized to sell the Bonds utilizing one of the following methods:

(1) a competitive public sale ("**Competitive Sale**") pursuant to which the City will sell the Bonds to the bidder offering to purchase the Bonds, based on the principal amounts and maturities set forth in the Notice of Bond Sale, submitting the lowest "true interest cost" as defined therein, subject to the limitations set forth in this **Section 211** and in **Exhibit A** hereto. If the City sells the Bonds via a Competitive Sale, the City is authorized to accept the best bid in accordance with the Certificate of Final Terms, subject to the limitations set forth in **Exhibit A** hereto, and the Director of Finance is authorized to accept the best bid for and on behalf of and as the act and deed of the City; or

(2) a negotiated sale ("**Negotiated Sale**") pursuant to which the City will sell the Bonds to Morgan Stanley & Co., LLC, as senior-managing underwriter, acting on its own behalf and on behalf of American Veterans Group, PBC, Siebert Williams Shank & Co., LLC, UMB Bank, N.A., and Valdés & Moreno, Inc., as co-managing underwriters, under the terms of the Purchase Contract, subject to the limitations set forth in this **Section 211** and in **Exhibit A** hereto. If the City sells the Bonds via a Negotiated Sale, the City is authorized to enter into the Purchase Contract in accordance with the Certificate of Final Terms, subject to the limitations set forth in **Exhibit A** hereto, and the Director of Finance is authorized to execute the Purchase Contract for and on behalf of and as the act and deed of the City.

(b) The Mayor is authorized and directed to approve the purchase price for the Bonds, the principal amounts by maturity, the interest rates, the terms of credit enhancement, if any, and the other final terms of the Bonds, including applicable redemption provisions, subject to the limitations set forth in this **Section 211** and **Exhibit A** hereto, and in connection therewith, to execute and deliver the Certificate of Final Terms for and on behalf of and as the act and deed of the City, which approval will be conclusively evidenced by the Mayor's execution of the Certificate of Final Terms. Upon execution, the Certificate of Final Terms will be attached to this Ordinance as **Exhibit B**, and the City Clerk is hereby authorized to file the Certificate of Final Terms with this Ordinance.

Section 212. Notice of Bond Sale. In the event the City determines to sell the Bonds via a Competitive Sale as set forth in **Section 211(a)(1)** hereof, the Notice of Bond Sale is hereby ratified and approved. The Director of Finance is hereby authorized to execute the Notice of Bond Sale, and the use and public distribution of the Notice of Bond Sale in connection with the offering for public sale of the Bonds is hereby authorized.

Section 213. Preliminary and Final Official Statement.

(a) The Preliminary Official Statement, in the form on file in the office of the Director of Finance, is hereby ratified and approved, and the final Official Statement is hereby authorized and approved by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Director of Finance is hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the Official Statement by the Purchaser of the Bonds in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and

delivery of the Bonds.

(b) For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the City hereby deems the information regarding the City contained in the Preliminary Official Statement to be “final” as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the City are hereby authorized, if requested, to provide the Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with such requirement of such Rule.

(c) The City agrees to provide to the Purchaser within seven Business Days of the date of the sale of the Bonds sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 214. Book-Entry Only System.

(a) Notwithstanding any other provision hereof, upon initial issuance of the Bonds, the Bonds shall be registered in the name of Cede & Co., the nominee for The Depository Trust Company, New York, New York (the “**Securities Depository**”). Except as provided in this **Section 214**, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee for the Securities Depository. The definitive Bonds shall be initially issued in the form of one typewritten certificate for each stated maturity of the Bonds.

(b) With respect to the Bonds registered in the name of Cede & Co., as nominee for the Securities Depository, the City and the Paying Agent shall have no responsibility or obligation to any Participant or to any person on behalf of whom such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Securities Depository, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than a Registered Owner, as shown on the Bond Register maintained by the Paying Agent, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a Registered Owner, as shown in the Bond Register maintained by the Paying Agent, of the principal, interest and premium, if any, with respect to the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent shall be entitled to treat and consider the person in whose name each Bond is registered in the Bond Register as the absolute owner of such Bond for the purpose of payment of the principal, interest and premium, if any, with respect to the Bonds, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay the principal, interest and premium, if any, with respect to the Bonds only to or upon the order of the respective Owners, as shown in the Bond Register maintained by the Paying Agent, as provided in this Ordinance, or their representative duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to payment of the principal, interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by the Securities Depository to the Paying Agent of written notice to the effect that the Securities Depository has determined to substitute a new nominee in place of Cede & Co., the phrase “**Cede & Co**” in this Ordinance shall refer to such new nominee of the Securities Depository.

(c) Successor Securities Depository: Transfer Outside Book-Entry Only System. In the event that (i) the City (or Participants owning at least fifty percent (50%) of the Outstanding Bonds based on current

records of the Securities Depository) determines that the Securities Depository is incapable of discharging its responsibilities described herein and in any representation letter (“**Letter of Representations**”) of the City and the Paying Agent to the Securities Depository, (ii) the agreement among the City, the Paying Agent and the Securities Depository evidenced by any such Letter of Representations, or (iii) the City (or Participants owning at least fifty percent (50%) of the Outstanding Bonds based on current records of the Securities Depository) determines that it is in the best interest of the Beneficial Owners of the Bonds that they be able to obtain certificated Bonds, the City shall (A) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify the Securities Depository and Participants of the appointment of such successor securities depository and transfer one or more Bonds to such successor securities depository, in which event the Bonds shall be registered in the name of the successor securities depository or its nominee, or (B) notify the Securities Depository and Participants of the availability through the Securities Depository of certificated Bonds and transfer one or more separate Bonds to Participants having Bonds credited to their Securities Depository accounts, in which event the Bonds shall be registered in whatever name or names Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance. In connection therewith, the Paying Agent may rely conclusively upon information provided by the Securities Depository with respect to the identity and interests of the Participants and upon information provided by said Participants with respect to the Beneficial Owners of the Bonds. The City under such circumstances agrees to provide to the Paying Agent a sufficient supply of Bond certificates to meet the Paying Agent’s requirements, including without limitation Bond certificates for use in the case of transfers and exchanges of Bonds.

(d) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of the Securities Depository, all payments of the principal, interest and premium, if any, with respect to such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Letter of Representations of the City and the Paying Agent to the Securities Depository.

Section 215. Persons Deemed Owners of Bonds. The Person in whose name any Bond shall be registered in the Bond Register shall be deemed and regarded by the City, the bond registrar and the Paying Agent as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment therefore or on account thereof and for all purposes, and neither the City, the bond registrar nor the Paying Agent shall be affected by notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on any Bond shall be made only to or upon the order of the Owner thereof or agent duly authorized in writing. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.

ARTICLE III **REDEMPTION OF BONDS**

Section 301. Redemption of Bonds. The Bonds shall be subject to redemption and payment prior to their Stated Maturities as follows:

(a) Mandatory Sinking Fund Redemption. In the event one or more term Series 2023A Bonds are issued as provided in **Section 203** of this Ordinance and as more specifically described in the Certificate of Final Terms, such Series 2023A Bonds shall be subject to mandatory redemption and payment prior to their Stated Maturity pursuant to the mandatory redemption requirements of this **Section 301(a)** on the dates of the Stated Maturities for serial Series 2023A Bonds at the principal amount thereof plus accrued interest to the Redemption Dates, without premium. The City shall redeem on such dates the principal amounts set forth as serial maturities by this Ordinance and the remaining principal amount of Series 2023A Bonds maturing on the

Stated Maturity of the respective term bond, shall be paid at their Stated Maturity.

The Paying Agent shall each year in which Bonds maturing on the Stated Maturity of the respective term bonds, are to be redeemed pursuant to this **Section 301(a)** make timely selection of such Bonds or portion of such Bonds to be so redeemed and shall give notice thereof as hereinafter provided. Upon instructions duly given by the City, moneys deposited in the Series 2023A Debt Service Account may be used at any time after January 1, in the year next preceding the first of such mandatory redemption to purchase term Bonds maturing on the Stated Maturity of the respective term bond, in the open market at a price not in excess of their principal amount and moneys deposited in the Series 2023A Debt Service Account may be used for the purpose of paying interest on the Bonds so purchased at the rate specified thereon to the date of purchase. Each bond so purchased shall be credited at 100% of the principal amount thereof on the obligation of the City to redeem Bonds on the next mandatory redemption date applicable to Bonds of such Stated Maturity, and the principal amount of Bonds of such Stated Maturity to be redeemed by operation of the preceding paragraph shall be reduced accordingly.

(b) Optional Redemption. At the option of the City, the Series 2023A Bonds or portions thereof may be called for redemption and payment prior to their Stated Maturities in whole or in part at any time in such amounts for each Stated Maturity as shall be determined by the City at a Redemption Price equal to 100% of the principal amount of the Series 2023A Bonds, plus accrued interest thereon to the Redemption Date, as set forth in the Certificate of Final Terms.

Section 302. Selection of Bonds to be Redeemed.

(a) The Paying Agent shall call Bonds for redemption and payment as herein provided upon receipt at least forty-five (45) days prior to the Redemption Date of a written request of the City; provided, however, that no such request shall be required for mandatory redemption of Bonds pursuant to **Section 301(a)** hereof. Such request shall specify the principal amount of the Bonds to be called for redemption, the Redemption Price or Price(s) and the Redemption Date.

(b) Bonds shall be redeemed in the principal amount of \$5,000.00 or an integral multiple thereof. In the case of a partial redemption of Bonds of the same Stated Maturity, the Bonds to be redeemed shall be selected by the Paying Agent from the Outstanding Bonds of that Stated Maturity by such methods as the Paying Agent shall deem fair and appropriate and which may provide for the selection for redemption of a portion of the principal of Outstanding Bonds of that Stated Maturity that have been issued in a denomination larger than \$5,000.00. The portions of the principal of Outstanding Bonds so selected for partial redemption shall be equal to \$5,000.00 or integral multiples thereof. Any Bond which is to be redeemed only in part shall be submitted to the Paying Agent and delivered to the bond registrar, who shall authenticate and deliver to the Owner of such Bond, without service charge, a new Bond or Bonds, of any authorized denomination as requested by such Owner in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered. If the Owner of any such Bond of a denomination greater than \$5,000.00 shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the principal amount of such Bond called for redemption (and to that extent only).

Section 303. Notice and Effect of Call for Redemption.

(a) The Paying Agent shall give written notice in the name of the City of its intention to redeem and pay Bonds at the principal corporate trust office of the Paying Agent or such other office as the Paying Agent may designate. Notice of redemption shall be given by first class mail, postage prepaid, mailed not less than

thirty (30) days prior to the Redemption Date, to each Owner of Bonds to be redeemed, at such Owner's address appearing in the Bond Register. All notices of redemption shall state:

- (1) The Redemption Date;
- (2) The Redemption Price;
- (3) If less than all Outstanding Bonds are to be redeemed, the identification (and in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (4) That on the Redemption Date, the Redemption Price will become due and payable upon each such Bond, and that interest thereon shall cease to accrue from and after said date;
- (5) The place where such Bonds are to be surrendered for payment of the Redemption Price; and
- (6) The Bond Number and CUSIP number, if any.

(b) With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Paying Agent on or prior to the Redemption Date in an amount sufficient to pay the Redemption Price on the Redemption Date. If such notice is conditional and either the Paying Agent receives written notice from the City that moneys sufficient to pay the Redemption Price will not be on deposit on the Redemption Date, or such moneys are not received on the Redemption Date, then such notice shall be of no force and effect, the Paying Agent shall not redeem such Bonds and the Paying Agent shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not or will not be so received and that such Bonds will not be redeemed.

(c) The failure of the Owner of any Bond to be redeemed to receive written notice mailed as hereinabove provided shall not affect or invalidate the redemption of said Bond. If any Bond is called for redemption and payment as aforesaid, all interest on such Bond shall cease from and after the date for which such call is made, provided funds are made available to the Paying Agent for its payment on the Redemption Date at the Redemption Price.

(d) The Paying Agent is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond to be redeemed.

ARTICLE IV **RATIFICATION AND CREATION OF FUNDS AND ACCOUNTS**

Section 401. Ratification and Creation of Funds and Accounts.

(a) The following separate accounts and funds in the treasury of the City are created in, or ratified by, this Ordinance and/or Outstanding Parity Bond Ordinance:

- (1) Sewer Fund;
- (2) Sanitary Sewer Renewal and Replacement Account (the **“Renewal and Replacement**

Account”); and

- (3) Sanitary Sewer Surplus Account (the **“Surplus Account”**)

(b) The following separate debt service funds and/or accounts created or acknowledged by the applicable Outstanding Parity Bond Ordinance are hereby acknowledged and ratified (collectively, the **“Outstanding Parity Bond Debt Service Account”**):

- (1) Principal Account, Interest Account and Debt Service Account established for the Series 2004H Bonds;
- (2) Principal Account, Interest Account and Debt Service Fund established for the Series 2009B Bonds;
- (3) Debt Service Account established for the Series 2016A Bonds;
- (4) Debt Service Account established for the Series 2018A Bonds;
- (5) Debt Service Account established for the Series 2018B Bonds;
- (6) Debt Service Account established for the Series 2019A Bonds;
- (7) Principal Account and Interest Account within the Repayment Fund and the Debt Service Fund established for the Series 2021 Bonds; and
- (8) Debt Service Account established for the Series 2021B Bonds.

(c) The following separate reserve funds and/or accounts created or acknowledged by the applicable Outstanding Parity Bond Ordinance are hereby acknowledged and ratified (collectively, the **“Outstanding Parity Bond Debt Service Reserve Account”**):

- (1) Reserve Account established for the Series 2004H Bonds;
- (2) Reserve Account established for the Series 2016A Bonds;
- (3) Reserve Account established for the Series 2018A Bonds;
- (4) Reserve Account established for the Series 2018B Bonds;
- (5) Reserve Account established for the Series 2019A Bonds; and
- (6) Reserve Account established for the Series 2021B Bonds.

(d) In addition, the following separate accounts and funds created or acknowledged by the Series 2021 Bond Ordinance are hereby acknowledged and ratified:

- (1) the Construction Fund.
- (2) Administrative Expense Fund.

(e) There are hereby created the following accounts to be administered and maintained pursuant to this Ordinance:

- (1) Series 2023A Construction Account;
- (2) Series 2023A Costs of Issuance Account;
- (3) Series 2023A Reserve Account;
- (4) Series 2023A Debt Service Account; and
- (5) Series 2023A Compliance Account.

Section 402. Administration of Funds and Accounts.

(a) The Sewer Fund, the Renewal and Replacement Account and the Surplus Account will be maintained and administered by the City while any of the Bonds and the Outstanding Parity Bonds are outstanding.

(b) The other separate funds and accounts created or acknowledged under the Outstanding Parity Bond Ordinance will be maintained and administered by the City while the applicable series of bonds, for which such funds and accounts were created, are outstanding, all in accordance with the terms of the Outstanding Parity Bond Ordinance.

Section 403. Series 2023A Reserve Account.

(a) The Series 2023A Reserve Account shall not be funded at the time of issuance of the Series 2023A Bonds. Upon the occurrence of a Bond Reserve Requirement Funding Commencement Date, the City shall, pursuant to the provisions of **Section 602** hereof, make equal monthly deposits as provided in the Certificate of Final Terms until the Bond Reserve Requirement is satisfied.

(b) In lieu of making cash deposits to the Series 2023A Reserve Account, the Bond Reserve Requirement may be satisfied by a surety bond, subject to the following requirements: (1) the provider of the surety bond must, at the time of issuance, have a Rating of one of the two highest rating categories by a Rating Agency; (2) the City shall not secure any obligation to the provider of a surety bond by a lien equal to or superior to the lien granted to the Bonds; (3) the surety bond shall have a term of at least one year (or, if less, the remaining term of the Bonds) and shall entitle the City to draw upon or demand payment and receive the amount so requested in immediately available funds on the date of such draw or demand; (4) the surety bond shall permit a drawing by the City for the full stated amount in the event (i) the surety bond expires or terminates for any reason prior to the final maturity of the Bonds, and (ii) the City fails to satisfy the Bond Reserve Requirement by the deposit to the Series 2023A Reserve Account of either (A) cash or Permitted Investments or (B) a letter of credit or a substitute surety bond (“**Substitute Surety Bond**”), or (C) any combination thereof, on or before the date of such expiration or termination; and (5) if the provider of the surety bond commences any insolvency proceedings or is determined to be insolvent or fails to make payments when due on its obligations, the City shall provide a Substitute Surety Bond within sixty (60) days thereafter, and, if no Substitute Surety Bond is obtained by such date, shall fund the Bond Reserve Requirement in equal monthly deposits as described in the Certificate of Final Terms commencing not later than the first day of the month immediately succeeding the date representing the end of such sixty (60) day period. If the event

described in clause (5) above occurs, the City shall not relinquish the surety bond at issue until after the Bond Reserve Requirement is fully satisfied by the provision of cash, obligations, or a Substitute Surety Bond or any combination thereof. Any amount received from a draw on the surety bond shall be deposited directly into the Series 2023A Debt Service Account, and such deposit shall constitute the application of amounts in the Series 2023A Reserve Account. Repayment of any draw-down on the surety bond (other than repayments which reinstate the surety bond) and any interest or fees due the provider of the surety bond under such surety bond shall be secured by a lien on the Net Sanitary Sewer Revenues subordinate to payments into the Series 2023A Debt Service Account securing the Bonds.

(c) If the City elects to deposit a Substitute Surety Bond in the Series 2023A Reserve Account in lieu of moneys on deposit therein, then, upon any such deposit, the cash in an amount equal to, or Permitted Investments held therein having a market value equal to, the face amount of the Substitute Surety Bond then being deposited, shall be returned to the City, except that moneys on deposit in such fund which were originally proceeds of any Bonds shall be either transferred to the Series 2023A Debt Service Account or applied for any other use specified by the City if there shall be delivered to the Paying Agent an Opinion of Bond Counsel to the effect that such other use will not adversely affect the excludability of the interest on the Series 2023A Bonds from the gross income of the Owners thereof for purposes of Federal income taxation and is permitted by the Outstanding Parity Bond Ordinance and the 2022 Election.

(d) The Director of Finance is hereby authorized to execute any and all agreements with a bond surety company (the “**Indemnitor**”) in order to effectuate the issuance of the surety bond, specifically including, but not limited to, any agreement necessary in order to reimburse the Indemnitor for moneys advanced under the surety bond. In the event moneys are advanced by the Indemnitor, the City shall reimburse the Indemnitor from all funds legally available in the Sewer Fund, subject only to the payments required by **Section 602(a) (1) and (2)** hereof.

(e) All moneys in any Outstanding Parity Bond Reserve Account shall be used for the payment of principal of and interest on the related series of bonds for which funds might not otherwise be available, or to pay a like amount of the last maturing bonds of such series.

(f) Should the City expend any portion of the Series 2023A Reserve Account and thereby reduce the amount therein below the Bond Reserve Requirement, except for the purpose for retiring all Outstanding Bonds, or should a valuation of the 2023A Reserve Account indicate that it is below the Bond Reserve Requirement, the City shall, subject to the provisions of **subsection (g)** of this **Section 403**, transfer monthly to such Series 2023A Reserve Account, all available funds after providing for the payments and transfers set forth in **Sections 602(a)(1) and (2)** hereof, until such Series 2023A Reserve Account shall have again satisfied the Bond Reserve Requirement. Any amounts in the Series 2023A Reserve Account in excess of the Bond Reserve Requirement on any Valuation Date shall be transferred by the City to the Sewer Fund or to such other fund or account described in this **Article IV**.

(g) If at any time the moneys in the Sewer Fund shall be insufficient to make in full any payments and credits at the time required to be made by the City to the bond reserve accounts established by the City to protect the payment of the outstanding Sanitary Sewer System Revenue Bonds of the City including only the Bonds, the Outstanding Parity Bonds and other sanitary system revenue bonds of the City hereafter issued and standing on a parity with the Bonds and the Outstanding Parity Bonds, the available moneys in the Sewer Fund shall be divided among such bond reserve accounts in proportion to the respective principal amounts of said series of Sanitary Sewer System Revenue Bonds of the City at the time outstanding which are payable from the moneys in such bond reserve accounts.

ARTICLE V
APPLICATION OF BOND PROCEEDS

Section 501. Disposition of Bond Proceeds.

(a) The net proceeds received from the sale of the Bonds, including any premium and accrued interest, will be deposited simultaneously with the delivery of the Bonds in accordance with the Certificate of Final Terms.

(b) Amounts remaining in the Series 2023A Costs of Issuance Account on the first day of the sixth month after the date of delivery of the Series 2023A Bonds, shall be transferred to the Series 2023A Construction Account. Upon the completion of the rehabilitations, expansions and improvements to the Sanitary Sewer System to be financed with proceeds of the Series 2023A Bonds, the plans and specifications for which have been approved by the Governing Body, any surplus remaining in the Series 2023A Construction Account shall be deposited in and credited to the Series 2023A Debt Service Account created by **Section 401(e)(4)** of this Ordinance. Any Bond proceeds or investment earnings thereon remaining in the Series 2023A Compliance Account five (5) years and 180 days after the date of issuance of the Series 2023A Bonds shall be disbursed as set forth in **Section 605(d)** of this Ordinance.

(c) Any surplus credited to the Series 2023A Debt Service Account shall be applied by the Paying Agent as directed by the City solely to the payment of principal of, redemption premium, if any, and interest on the Bonds through the payment or redemption thereof at the earliest date permissible under the terms of this Ordinance. The balance transferred to the Series 2023A Debt Service Account may first be used to pay any principal payment on the Bonds coming due in that current bond year. If the balance transferred is greater than the current bond year principal payment, the excess shall be used to call Bonds for redemption in accordance with **Section 301(b)** hereof. Any Bonds purchased by the Paying Agent pursuant to this **Section 501** with moneys from the Series 2023A Debt Service Account will be deemed cancelled.

ARTICLE VI
APPLICATION OF REVENUES

Section 601. Sewer Fund.

(a) The City covenants and agrees that all Sanitary Sewer Revenues will be deposited into the Sewer Fund when received. The Sanitary System Revenues will be segregated from all other moneys, revenues, funds and accounts of the City.

(b) All moneys deposited in the Sewer Fund will be designated as having been derived from the ownership and operation of the Sanitary Sewer System. All Sanitary Sewer Revenues will be deposited in the Sewer Fund.

(c) The Sewer Fund will be administered and applied solely for the purposes and in the manner provided in this Ordinance and any Parity Ordinance.

Section 602. Application of Moneys in Sanitary Sewer System Funds and Accounts.

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

- (1) on the first day of each month, the estimated cost of operating and maintaining the Sanitary Sewer System during the ensuing 30-day period, which amount shall include on the dates required by the applicable Outstanding Parity Bond Ordinance the amounts required to pay the fees described in the applicable Outstanding Parity Bond Ordinance, if any, but will exclude Administrative Service Fees; and
- (2) to the Series 2023A Debt Service Account and the Outstanding Parity Bond Debt Service Account, on a parity basis, the amount required under the Outstanding Parity Bond Ordinance at the time specified therein. In the case of the Series 2023A Bonds, the City shall transfer to the Paying Agent for the Series 2023A Bonds on the Business Day prior to any Interest Payment Date the amounts of principal and interest due on the Series 2023A Bonds on the next Interest Payment Date; and
- (3) on the first day of each month after the Bond Reserve Requirement Funding Commencement Date and as otherwise required by this Ordinance, to the Series 2023A Reserve Account, and as required by the Outstanding Parity Bond Ordinance, to the Outstanding Parity Bond Debt Service Reserve Account, and in the event the trustee or the Paying Agent has withdrawn moneys from the Series 2023A Reserve Account (other than investment earnings or the amount transferred from the Series 2023A Reserve Account upon the payment of principal on the Bonds), to the Series 2023A Reserve Account all available moneys until the Series 2023A Reserve Account has been replenished; and
- (4) on the first day of each month the Administrative Service Fees for the ensuing 30-day period; and
- (5) to deposit to the Renewal and Replacement Account (i) the amount required to be paid to such Renewal and Replacement Account, if any, by the applicable Outstanding Parity Bond Ordinance on the dates required by the applicable Outstanding Parity Bond Ordinance to be applied in accordance with said Outstanding Parity Bond Ordinance, and (ii) the amount determined by the Operating and Capital Reserves Policy established and approved by the Water Services Department and the Governing Body, as may be amended from time to time, to be applied in accordance with **subsection (c) of this Section 602**; and
- (6) on the first day of each month the remaining balance to the Surplus Account.

(b) If the amount in the Sewer Fund is not sufficient to make the payments at the time required to be made by the City to the Series 2023A Reserve Account (if required pursuant to **Section 402** hereof) and to the Outstanding Parity Bond Debt Service Reserve Account, the City will divide the balance in the Sewer Fund between the Series 2023A Reserve Account and the Outstanding Parity Bond Debt Service Reserve Account on a proportionate basis (based upon the outstanding principal amounts of the Series 2023A Bonds and the Outstanding Parity Bonds).

(c) Except as otherwise provided in this **Section 602** or any Outstanding Parity Bond Ordinance, all sums accumulated and retained in the Renewal and Replacement Account shall be used to meet the costs of capital improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System, and such sums may be encumbered by an estimation and appropriation ordinance of the Governing Body to accomplish the same. All unencumbered sums accumulated and retained in the Renewal and Replacement Account, if any, shall be applied by the City from time to time, as and when the City shall determine, to the following purposes and, prior to the occurrence and continuation of an Event of Default, in the order of priority determined by the City in its sole discretion:

(a) to maintain and improve the System as described above and (b) to pay the principal of and interest on any Sanitary Sewer System Revenue Bonds and any other obligations payable from Net Sanitary Sewer Revenues. No moneys credited to the Renewal and Replacement Account shall ever be directed or applied to the general governmental or municipal functions of the City so long as any of the Series 2023A Bonds remain Outstanding. Except as otherwise provided in the Series 2021 Bond Ordinance or any other Outstanding Parity Bond Ordinance, the total amount of money credited to the Renewal and Replacement Account shall not exceed the maximum amount established by the Operating and Capital Reserves Policy approved by the Water Services Department and the Governing Body, as may be amended from time to time.

(d) Except as otherwise provided in the Outstanding Parity Bond Ordinance, moneys in the Surplus Account are to be expended for the following purposes as determined by the Governing Body:

(1) paying the cost of the operation, maintenance and repair of the Sanitary Sewer System to the extent necessary;

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

(3) preventing default in, anticipating payments into or increasing the amounts in the accounts confirmed or established in **Section 401** hereof, 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 Sanitary Sewer System Revenue Bonds subsequently issued; or

(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 Sanitary Sewer 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) making payments on capital lease obligations; or

(6) any other lawful purpose in connection with the operation of the System and beneficial to the System.

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

Section 603. Deficiency of Payments into Funds and Accounts.

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

(b) If the moneys in the Outstanding Parity Bond Debt Service Account, the Outstanding Parity Bond Debt Service Reserve Account, the Series 2023A Debt Service Account or the Series 2023A Reserve Account (if required under **Section 403** hereof) 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 on a proportionate basis (based upon the outstanding principal amounts of the Bonds and the Outstanding Parity Bonds) to the Series 2023A 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 604. Transfer of Funds to Paying Agent. The Director of Finance is authorized and directed to make the payments to the Series 2023A Debt Service Account and the Outstanding Parity Bond Debt Service Account as provided in **Section 602** hereof, and, to the extent necessary to prevent a default in the payment of the Sanitary Sewer System Revenue Bonds, from the Outstanding Parity Bond Debt Service Reserve Account, the Series 2023A Reserve Account and the Surplus Account as provided in **Sections 602** and **603**, sums sufficient to pay the Sanitary Sewer System Revenue 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 Business Day immediately preceding the dates when payments on the Sanitary Sewer System Revenue Bonds are due. Upon the payment of all principal and interest on the Sanitary Sewer System Revenue Bonds, the Paying Agent will return any excess funds to the City.

Section 605. Application of Moneys in the Series 2023A Compliance Account.

(a) There shall be deposited in the Series 2023A Compliance Account (1) the amount required by **Section 501** hereof and (2) such amounts as are required to be deposited therein pursuant to the Federal Tax Certificate. Subject to the payment provisions provided in subsection (b) and (d) below, all money in the Series 2023A Compliance Account shall be held in trust, to the extent required to satisfy the Rebate Amount (as defined in the Federal Tax Certificate), 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 Series 2023A Compliance Account shall be governed by this Section and the Federal Tax Certificate.

(b) The City shall periodically determine the rebatable arbitrage under Section 148(f) of the Code in accordance with the Federal Tax Certificate, and the City shall make payments to the United States of America at the times and in the amounts determined under the Federal Tax Certificate. Except as provided in subsection (d) below with respect to Bond proceeds deposited in the Series 2023A Compliance Account pursuant to **Section 501** hereof, any moneys remaining in the Series 2023A Compliance Account after redemption and payment of all of the Bonds and the interest thereon and payment and satisfaction of any Rebate Amount, or provision made therefor, shall be released to the City.

(c) Notwithstanding any other provision of this Ordinance, including in particular **Article XI**, the obligation to pay rebatable arbitrage to the United States and to comply with all other requirements of this Section and the Federal Tax Certificate shall survive the defeasance or payment in full of the Bonds.

(d) The moneys deposited in the Series 2023A Compliance Account pursuant to **Section 501** shall be used to pay costs associated with retaining any rebate analyst or other expert to perform any rebate computations or other calculations necessary to ensure the City maintains compliance with the requirements for rebate under Section 148(f) of the Code or any of the City's duties with respect to the Series 2023A Compliance Account (as defined in the Federal Tax Certificate). Any Bond proceeds or investment earnings thereon remaining in the Series 2023A Compliance Account five (5) years and 180 days after the date of issuance of the Series 2023A Bonds shall be disbursed as follows:

(1) If the rehabilitations, expansions and improvements to the Sanitary Sewer System for which the Series 2023A Bonds were issued are not yet complete, Series 2023A Bond proceeds or investment earnings thereon remaining in the Series 2023A Compliance Account shall be transferred to the Series 2023A Construction Account created by **Section 401(e)(1)** of this Ordinance; or

(2) If the rehabilitations, expansions and improvements to the Sanitary Sewer System for which the Series 2023A Bonds were issued are complete, Series 2023A Bond proceeds or investment earnings thereon remaining in the Series 2023A Compliance Account shall be deposited in and credited to the Series 2023A Debt Service Account created by **Section 401(e)(4)** of this Ordinance.

ARTICLE VII
DEPOSIT AND INVESTMENT OF MONEYS

Section 701. Investment of Moneys.

(a) Moneys in each of the 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. Unless stated otherwise, all earnings on any investments held in any fund or account will accrue to the Sewer Fund. Notwithstanding the preceding sentence, all earnings on amounts in the Series 2023A Construction Account will accrue to the Series 2023A Debt Service 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 Sewer Fund.

(b) So long as the Outstanding Parity Bonds are outstanding, any investments made pursuant to this **Section 701** are subject to the applicable restrictions in the Outstanding Parity Bond Ordinance.

ARTICLE VIII
PARTICULAR COVENANTS OF THE CITY

Section 801. Efficient and Economical Operation. The City will continuously own and will operate the Sanitary Sewer System in an efficient and economical manner and will keep and maintain the Sanitary Sewer System in good repair and working order.

Section 802. Rate Covenant.

(a) The City will fix, establish, maintain and collect rates and charges for the use and services furnished by or through the Sanitary Sewer System to produce income and revenues sufficient to (1) pay the costs of the operation and maintenance of the Sanitary Sewer System; (2) pay the principal of and interest on the Bonds as and when due; (3) enable the City to have in each Fiscal Year Net Sanitary Sewer Revenues Available for Debt Service plus Administrative Service Fees of not less than 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 Sanitary Sewer System Revenue Bonds at the time outstanding, plus capital lease payments, if any, provided that interest on any SRF Program Bonds will be reduced by the SRF Subsidy, if any; and (4) provide reasonable and adequate reserves for the payment of the Bonds and the interest thereon and for the protection and benefit of the Sanitary Sewer System as provided in this Ordinance. The City will require the prompt payment of accounts for service rendered by or through the Sanitary Sewer System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges.

(b) The City has covenanted in the ordinances applicable to the Outstanding Parity Bonds to comply with the rate covenant set forth in the applicable ordinance so long as such bonds are outstanding.

Section 803. Reasonable Charges for all Services. None of the facilities or services provided by the Sanitary Sewer System will be furnished to any user without a reasonable charge being made therefore.

Section 804. Performance of Duties. The City will faithfully and punctually perform all duties and obligations with respect to the operation of the Sanitary Sewer System now or hereafter imposed upon the City by any applicable laws, including the constitution and laws of the State and the provisions of this Ordinance.

Section 805. Tax Covenants.

(a) The City covenants and agrees that (1) it will comply with all applicable provisions of the Code necessary to maintain the exclusion from federal gross income of the interest on the Bonds and (2) comply with all provisions and requirements of the Federal Tax Certificate. The Director of Finance is hereby authorized to execute the Federal Tax Certificate in a form approved by Bond Counsel, for and on behalf of and as the act and deed of the City. The City will also pass such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

(b) The covenants contained in this **Section 805** and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Bonds pursuant to **Article XI** of this Ordinance or any other provision of this Ordinance until the final Maturity of all Bonds Outstanding.

Section 806. Continuing Disclosure. The City covenants and agrees to enter into a Continuing Disclosure Undertaking (the “**Continuing Disclosure Undertaking**”) in order to satisfy the City’s ongoing disclosure requirements promulgated by Securities and Exchange Commission Rule 15c2-12, as amended, in connection with the issuance of the Bonds. The Director of Finance is hereby authorized to execute and deliver the Continuing Disclosure Undertaking for and on behalf of the City, with such changes therein as he deems necessary or desirable. Notwithstanding any other provision of this Ordinance, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered a default under this Ordinance. Remedies for a default under the Continuing Disclosure Undertaking shall be limited to those set forth in the Continuing Disclosure Undertaking.

ARTICLE IX
ADDITIONAL BONDS

Section 901. Prior Lien Bonds. Except as provided in **Section 904** hereof, the City will not issue any debt obligations payable out of the Net Sanitary Sewer Revenues which are superior in lien, security or otherwise to the Bonds.

Section 902. Parity Lien Bonds or Obligations.

(a) Except as provided in **Section 904** hereof, the City will not issue any additional bonds or other long-term obligations payable out of the Net Sanitary Sewer Revenues 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 the Parity Bonds or in making any deposit into the funds and accounts under this Ordinance or any Parity Ordinance; and

(2) For so long as any of the Series 2023A Bonds remain Outstanding, the City provides to the Paying Agent a certificate showing either of the following:

(i) The average annual Net Sanitary Sewer Revenues Available for Debt Service plus Administrative Service Fees as set forth in the two most recent annual audits for Fiscal Years preceding the issuance of additional bonds, are at least 110% of the average annual debt service on the Sanitary Sewer System Revenue Bonds (excluding subordinate revenue bonds or obligations), including the additional bonds proposed to be issued, to be paid out of the Net Sanitary Sewer Revenues Available for Debt Service in all succeeding Fiscal Years. Interest to be paid on any SRF Program Bonds may be reduced by the SRF Subsidy, if any. In determining Net Sanitary Sewer Revenues Available for Debt Service, the City may rely on a certificate of the Consultant to add the additional Net Sanitary Sewer Revenues Available for Debt Service which would have resulted if the rate increase had been in effect for the entire period to the audited Net Sanitary Sewer Revenues if the City has made any increase in rates for the use and services of the Sanitary Sewer System and the increase has not been in effect during all of the two Fiscal Years for which annual audits are available; or

(ii) The estimated average annual Net Sanitary Sewer Revenues Available for Debt Service plus Administrative Service Fees for the two Fiscal Years immediately following the Fiscal Year in which the improvements to the Sanitary Sewer System being financed by the additional bonds are to be in commercial operation, as certified by the Consultant, is at least 110% of the average annual debt service on the Sanitary Sewer System Revenue Bonds (excluding subordinate revenue bonds or obligations), including the additional bonds proposed to be issued, to be paid out of the Net Sanitary Sewer Revenues Available for Debt Service in succeeding Fiscal Years following the commencement of commercial operation of the improvements. Interest to be paid on any SRF Program Bonds may be reduced by the SRF Subsidy, if any. In determining the amount of estimated Net Sanitary Sewer 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 Sanitary Sewer Revenues Available for Debt Service resulting from any increase in rates for the use and services of the Sanitary Sewer System approved by the City.

(b) If the conditions set forth in this **Section 902** are satisfied, the City (1) 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 Sanitary Sewer Revenues with the Bonds, (2) may make equal provision for paying the additional revenue bonds or other obligations from the Sewer Fund, and (3) may secure the additional revenue bonds or other obligations by funding reasonable debt service accounts and debt service reserve accounts from the Net Sanitary Sewer Revenues.

(c) The City has covenanted in the ordinances applicable to the Outstanding Parity Bonds to comply with the additional bonds test set forth in the applicable ordinance so long as such bonds are outstanding.

Section 903. Junior Lien Bonds. Nothing in this **Article IX** 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 Sanitary Sewer 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, or if the Series 2023A Reserve Account is not fully funded to the extent required by **Section 403** hereof, the City

shall not make any payments on the subordinate revenue obligations until the default is cured. Subject to the limitations in this **Section 903**, the City may make provision for paying the principal of and interest on the subordinate revenue bonds or obligations from moneys in the Sewer Fund.

Section 904. Refunding Bonds. The City may, without complying with the provisions of **Section 902** hereof, 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 Outstanding Parity Bonds.

ARTICLE X **DEFAULT AND REMEDIES**

Section 1001. Acceleration of Maturity in 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 on any bond payment date, or if the City or the Council of the City or any of the officers, agents, or employees thereof shall fail or refuse to comply with any of the provisions of this Ordinance or of the constitution or statutes of the State, and such default continues for a period of sixty (60) days after written notice specifying such default has been given to the City by the Registered Owner of any Bond then Outstanding, then, at any time thereafter and while such default continues, the Registered Owners of twenty-five percent (25%) in principal amount of the Bonds then Outstanding may, by written notice to the City filed in the office of the City Clerk or delivered in person to the City Clerk, declare the principal of all Bonds then Outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of the 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 the Outstanding Bonds has been so declared to be due and payable, all arrears of interest upon all Outstanding 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 constitution or statutes of the State shall have been cured, then and in every such case, the Registered Owners of a majority 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 1002. 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 25% 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 Paying Agents 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 1003. Limitation on Rights of Bondowners. No Owner has any right in any manner whatever by the Owner's action to affect, disturb or prejudice the security granted and provided for in, or enforce any right under, this Ordinance, except in the manner provided in this Ordinance. All proceedings at law or in equity will be for the equal benefit of all Owners.

Section 1004. Remedies Cumulative. No remedy conferred upon the Owners is intended to be exclusive of any other remedy. Each remedy is in addition to every other remedy and may be exercised without exhausting any other remedy conferred under this Ordinance. No waiver by any Owner of any default or breach of duty or contract of the 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 1005. Exception for Continuing Disclosure. This Article X shall not apply to **Section 806** hereof regarding the City's continuing disclosure obligations, and the Registered Owners of the Bonds shall have no remedies for enforcement of said obligations other than the remedies provided for in **Section 806** hereof and the City's Continuing Disclosure Undertaking (hereinafter defined).

Section 1006. 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 XI **DEFEASANCE**

Section 1101. 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 City has deposited with the Paying Agent, or other bank or trust company located in the State, having full trust powers and meeting the requirements of a successor paying agent, (i) moneys and non-callable Defeasance Securities which, together with interest to be earned, as evidenced by the written report of an independent certified public accountant, will be sufficient for the payment of the principal and redemption premium, if any, of and interest to accrue on the Bonds to the date of maturity or redemption, and (ii) an opinion of Bond Counsel, addressed to the Paying Agent, that providing for the payment of the Bonds by depositing moneys or Defeasance Securities with the Paying Agent in accordance with this **Section 1101** will not cause the interest on the Bonds to be included in gross income for federal income tax purposes. If any Bonds will be redeemed prior to maturity, the City must have given irrevocable instructions to the Paying Agent to redeem the Bonds. Any moneys and obligations which at any time are deposited with the Paying Agent or other bank by or on behalf of the City, for the purpose of paying and discharging any of the Bonds, are assigned, transferred and set over in trust for the applicable Owners, and the moneys and obligations are irrevocably appropriated to the payment and discharge of the applicable Bonds.

ARTICLE XII **AMENDMENTS**

Section 1201. Amendments.

(a) The provisions of this **Article XII** are not applicable to (1) the Certificate of Final Terms or (2) the Continuing Disclosure Undertaking, which is subject to amendment and modification only as provided therein.

(b) Any provision of the Bonds or of this Ordinance may be amended by an ordinance, provided however, that the prior written consent of the Bondowners is required for any amendment which would:

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

(c) No amendment will be effective until (i) the City has received an opinion of Bond Counsel stating that the amendment is permitted by this Ordinance and the Act, complies with their respective terms, is valid and binding upon the City in accordance with its terms and does not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes, and (ii) the City Clerk has on file a copy of the amendment and all required consents.

ARTICLE XIII
MISCELLANEOUS PROVISIONS

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

Section 1302. Approval of Contracts. The City hereby approves the selection (1) of Gilmore & Bell, P.C., and Hardwick Law Firm, LLC, as co-bond counsel and co-disclosure counsel for the Bonds and (2) of Hilltop Securities Inc. and Independent Public Advisors, LLC, as the City's co-financial advisors.

Section 1303. 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 1304. Electronic Transaction. The transaction described herein may be conducted and related documents may be sent, stored and received by electronic means.

Section 1305. Governing Law. This Ordinance is governed by and will be construed in accordance with the laws of the State.

Section 1306. Estimation of Revenues. That revenue of \$2,120,000.00 is hereby estimated in Fund 8193, the Sewer Revenue Bond Fund Series 2023A, in the following accounts:

| | | |
|-----------------------|--------------------------|-----------------|
| AL-8193-120000-485100 | Premium on Sale of Bonds | \$ 2,120,000.00 |
|-----------------------|--------------------------|-----------------|

Section 1307. Appropriation of Revenues. That the sum of \$2,120,000.00 is hereby appropriated from the Unappropriated Fund Balance of Fund No. 8193, the Sewer Revenue Bond Fund Series 2023A, to the following accounts:

| | | |
|------------------|------------------------------|---------------------|
| AL-8193-129620-G | Cost of Issuance | \$390,000.00 |
| AL-8193-129686-B | Arbitrage Rebate Calculation | 10,000.00 |
| AL-8193-129631-G | Underwriters' Discount | 720,000.00 |
| AL-8193-129632-G | Discount on Sale of Bonds | <u>1,000,000.00</u> |
| | TOTAL | \$2,120,000.00 |

Section 1308. Requisitioning Authority. That the Director of Finance is designated as the requisitioning authority for Accounts Nos. AL-8193-129620, AL-8193-129686, AL-8193-129631 and AL-8193-129632.

Section 1309. Declaration of Intent. That the City Council hereby declares its official intent to reimburse itself for certain expenditures made within sixty (60) days prior to or on and after the date of this Ordinance with respect to appropriations in **Section 1307** the proceeds of the Bonds expected to be issued by the City. The maximum principal amount of the Bonds expected to be issued for the Appropriations is not anticipated to exceed \$2,120,000.00. This constitutes a declaration of official intent under Treasury Regulation 1.150-2.

Section 1310. Close Accounts. That the Director of Finance is hereby authorized to close project accounts upon project completion and return the unspent portion of the appropriation to the Fund Balance from which it came.

Section 1311. Modification of Accounts. That the Director of Finance is hereby authorized to modify the previously approved estimated revenues and appropriations in **Section 1306** and **Section 1307** hereof as required to correctly record the budgetary amounts finalized through the sale of the Bonds into the marketplace.

Section 1312. Effective Date. This Ordinance will take effect and be in full force and effect ten (10) days after its passage.

EXHIBIT A

TERMS OF BONDS

1. Purchase Price: Not less than 95% of the Principal Amount.
2. Weighted Average Maturity of the Bonds: Not less than 13.6 years nor more than 17.6 years.
3. Costs of Issuance, not including the Purchaser's Discount: Not to exceed \$750,000.00.
4. True Interest Cost: Not to exceed 6.25%.
5. Optional Redemption: The Bonds shall be subject to redemption at the option of the City

prior to their Stated Maturities on a date that is not later than January 1, 2035, at a Redemption Price not to exceed 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date.

- 6. Final Maturity: Not later than January 1, 2048.

EXHIBIT B

FINAL EXECUTED CERTIFICATE OF FINAL TERMS

EXHIBIT C

FORM OF CERTIFICATE OF FINAL TERMS

The undersigned Mayor of the City of Kansas City, Missouri (the "City"), in connection with the issuance of the City's Sanitary Sewer System Improvement Revenue Bonds, Series 2023A (the "Bonds"), certifies pursuant to **Section 211** of **Ordinance No. 22**_____:

- 1. **Principal Amount.** The Bonds are issued in the Principal Amount of \$_____.
- 2. **Interest Payment Dates.** Each [January 1] and [July 1], commencing [_____ 1, 20__].]
- 3. **Maturity Schedule.** The Bonds will mature on the dates and in the amounts and bear interest at the rates as follows:

Maturity **Principal Amount** **Interest Rate**
(January 1)

20__[†]

_____ [†] Term Bond

- 4. **Weighted Average Maturity of the Bonds.** The weighted average maturity of the Bonds is _____ years, as shown on **Schedule 1** to this Certificate.

5. **True Interest Cost:** The True Interest Cost of the Bonds is _____%, as shown on **Schedule 2** to this Certificate.
6. **Purchaser.** [*Pursuant to **Section 211(a)(1)** of this Ordinance, the Bonds are being sold to _____*, as the bidder submitting the lowest “true interest cost” in accordance with the Notice of Bond Sale*] [**Pursuant to **Section 211(a)(2)** of this Ordinance, the Bonds are being sold to Morgan Stanley & Co., LLC, as representative of the underwriters of the Bonds in accordance with the Purchase Contract.**]
7. **Purchase Price.** The purchase price of the Bonds is \$_____, (representing the principal amount of \$_____, plus the premium of \$_____, less the underwriter’s discount of \$_____, plus accrued interest in the amount of \$_____), which purchase price is _____% of the Principal Amount.
8. **Mandatory Sinking Fund Redemption.** [**There are no Term Bonds subject to mandatory sinking fund redemption prior to maturity.**][**The Term Bonds identified in paragraph 2 are subject to mandatory sinking fund redemption pursuant to **Section 301(a)** of the Ordinance on the dates and in the amounts as follows:

Term Bonds Maturing on [January 1], 20__

| <u>Year</u> | <u>Principal Amount</u> |
|-------------------|-------------------------|
| 20__ | \$ |
| 20__ [†] | |

[†] Final Maturity

9. **Deposit of Bond Proceeds.** The net proceeds received from the sale of the Bonds shall be deposited simultaneously with the delivery of the Bonds as follows:
- [**(a) \$_____ of the net proceeds of the Bonds shall be deposited in the Series 2023A Compliance Account.**]
- (b) \$_____ of the net proceeds of the Bonds shall be deposited in the Series 2023A Costs of Issuance Account to pay the costs of issuing the Bonds as authorized by the Director of Finance.
- (c) \$_____ of the net proceeds of the Bonds shall be deposited in the Series 2023A Construction Account
- (d) No proceeds of the Bonds are required at closing to be deposited into the Series 2023A Reserve Account.
10. **Series 2023A Reserve Account.** If the Series 2023A Reserve Account is required to be funded pursuant to **Section 403** of the Ordinance, the City shall, pursuant to the provisions of **Section 602** of the Ordinance, make monthly deposits equal to [**1/24th of the Bond Reserve Requirement for 24 months**] until the Bond Reserve Requirement is satisfied.

11. Bond Reserve Debt Service Coverage Requirement. [****130%****] of the average annual Debt Service Requirements.

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

Delivered this ____ day of _____, 2023.

CITY OF KANSAS CITY, MISSOURI

By:

Mayor

I hereby certify that there is a balance, otherwise unencumbered, to the credit of the appropriation to which the foregoing expenditure is to be charged, and a cash balance, otherwise unencumbered, in the treasury, to the credit of the fund from which payment is to be made, each sufficient to meet the obligation hereby incurred.

Tammy L. Queen
Director of Finance

Approved as to form:

Katherine Chandler
Senior Associate City Attorney