



City of Carthage, Missouri

BUDGET WAYS & MEANS COMMITTEE

November 14, 2022 - 5:30 PM
CITY HALL COUNCIL CHAMBERS

AGENDA

- 1. Call to Order**
- 2. Old Business**
 1. Approval of October 10, 2022 Minutes
- 3. Citizens Participation**

(Citizens wishing to speak should notify Department Head or Committee Chair in advance)
- 4. New Business**
 1. Discuss the Carthage Water and Electric Certificates of Participation Series 2022
 2. Staff Reports
- 5. Adjournment**

PERSONS WITH DISABILITIES WHO NEED SPECIAL ASSISTANCE CALL 417-237-7000 (VOICE) OR 1-800-735-2466 (TDD VIA RELAY MISSOURI) AT LEAST 24 HOURS PRIOR TO MEETING



City of Carthage, Missouri

BUDGET WAYS & MEANS COMMITTEE

October 10, 2022 - 5:30 PM
Council Chambers

MINUTES

1. Old Business

1. Approval of August 8, 2022 Minutes
Mr. Elliff made a motion to approve the August 8, 2022 minutes. Motion carried 4-0.

2. Citizens Participation

(Citizens wishing to speak should notify Department Head or Committee Chair in advance)

3. New Business

1. Consider Budget Adjustment for the FY 23 Budget Year
Ms. Cox explained to the committee what the budget adjustment was for. It included some carry-over projects from the previous budget year, emergency purchases that were recently made, and a journal entry that needed to be made after the audit.

Mr. Armstrong made a motion to accept the budget adjustment and forward to council for approval. Motion carried 4-0.
2. Consider a Budget amendment to add \$11,000 to the Parks and Recreation Budget to be used to remediate tree issues in Central Park that could interfere with Sparkle in the Park.
The \$11,000 for the Parks and Recreation to remediate tree issues was included in the budget adjustment. This work was done to keep certain limbs from interfering with Sparkle in the Park. There was no further action taken on this item.
3. Staff Reports
Ms. Cox reported that the sales tax numbers came in 13% above the same month last year, and 18% above what was projected. The use tax came in lower than expected, but is still on track to be above projected.

Mr. Snow asked if the tax revenue was looking good enough to revisit some of the items that were cut from the budget. Mr. Dagnan reminded the committee that there is a two-month lag in the sales tax numbers and that there is a potential 3% COLA that will be given in January. Mr. Armstrong reminded the

committee that he requested during the budget approval, that he would like to revisit the outside agency contracts in December and evaluate whether or not there is enough money to fully fund what they originally requested.

Ms. Cox also mentioned that they budgeted for a 2% COLA in January, and that health insurance renewals came in at a 2% increase rather than the 10% they had budgeted for.

Mr. Dagnan reported on the 5 year personnel plan that HR is currently working on. The goal is to have the department heads present to their committees what positions they are requesting and why they need them. Once their committees hear their presentation, they will go to the Insurance, Audit and Claims, and Budget committees. He also talked about the Purchasing Policy Manual getting some updates, the recent health fair, and the return of a nicotine cessation program. There will be discussions in the future on the budget processes involving outside agency contracts.

4. Adjournment

Mr. Elliff made a motion to adjourn at 5:50 pm. Motion carried 4-0.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2022

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATING: S&P: “[RATING]”
See “Rating” herein.**

In the opinion of Gilmore & Bell, P.C., Special Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the Series 2022 Certificates (including any original issue discount properly allocable to an owner thereof) (1) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax and (2) is exempt from income taxation by the State of Missouri. The Series 2022 Certificates have not been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Special Counsel notes that for tax years beginning after December 31, 2022, interest on the Series 2022 Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See “TAX MATTERS” in this Official Statement.

\$15,000,14,185,000*

**CITY OF CARTHAGE, MISSOURI
(CARTHAGE WATER AND ELECTRIC PLANT)
CERTIFICATES OF PARTICIPATION
SERIES 2022**

Dated: Date of Delivery

**Due: May 1,
as shown on inside cover**

The Series 2022 Certificates are deliverable only as fully registered certificates, without coupons, and, when delivered, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Series 2022 Certificates. Purchases of the Series 2022 Certificates will be made in book-entry form, in authorized denominations. Purchasers will not receive certificates representing their interests in Series 2022 Certificates purchased. So long as Cede & Co. is the registered owner of the Series 2022 Certificates, as nominee of DTC, references herein to the owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Series 2022 Certificates. Principal Components and Interest Components of Rental Payments represented by the Series 2022 Certificates will be payable at maturity or upon earlier prepayment at the payment office of UMB Bank, N.A., Kansas City, Missouri, as trustee and paying agent (the “Trustee” and “Paying Agent”). So long as DTC or its nominee, Cede & Co., is the owner, such payments will be made directly to such owner. DTC is expected, in turn, to remit such payments to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners.

The Series 2022 Certificates will be delivered in the denomination of \$5,000 or any integral multiple thereof. Principal Components of Rental Payments will be payable each May 1, beginning May 1, 2024, and semiannual Interest Components of Rental Payments will be payable each May 1 and November 1, beginning November 1, 2023. Principal Components of Rental Payments will be payable by check or draft mailed by the Trustee upon presentation and surrender of the Series 2022 Certificates by the registered owners thereof at the payment office of the Trustee. Interest Components of Rental Payments will be payable by check or draft mailed (or by electronic transfer in certain circumstances as described herein) by the Trustee to the person in whose name each Series 2022 Certificate is registered on the 15th day of the month next preceding each interest payment date.

The Series 2022 Certificates evidence undivided ownership interests in the right to receive Rental Payments from the City under an annually renewable Lease Agreement dated as of December 15, 2022 (the “Lease Agreement”), between the Trustee, as lessor and the City, as lessee. The Series 2022 Certificates are to be executed and delivered pursuant to a Trust Indenture dated as of December 15, 2022 (the “Indenture”) between the City and the Trustee. The net proceeds from the Series 2022 Certificates, together with other available funds of the City, will be used to (1) finance the costs of certain improvements for the City as further described herein and (2) to pay the costs related to the delivery and sale of the Series 2022 Certificates.

Neither the Series 2022 Certificates nor the Lease Agreement shall constitute a liability or obligation of the City beyond the Lease Term in effect at any time. The City is under no obligation to renew the Lease Agreement at the end of the Original Term or any Renewal Term. Neither the Series 2022 Certificates nor the Lease Agreement will constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.

Series 2022 Certificates shall be subject to payment prior to maturity as more fully described herein.

The Series 2022 Certificates will be offered when, as and if delivered and approved by the Underwriter, subject to prior sale, modification or withdrawal of the offer without sale, and subject to the approval of validity and certain other matters by Gilmore & Bell, P.C., Kansas City, Missouri, Special Counsel, and certain other conditions. Certain legal matters related to this Official Statement will be passed upon by Gilmore & Bell, P.C. It is expected that the Series 2022 Certificates will be available for delivery in New York, New York on or about December __, 2022.

PIPER | SANDLER

* Preliminary, subject to change.

The date of this Official Statement is December __, 2022.

~~\$15,000~~14,185,000*
 CITY OF CARTHAGE, MISSOURI
 (CARTHAGE WATER AND ELECTRIC PLANT)
 CERTIFICATES OF PARTICIPATION
 SERIES 2022

MATURITY SCHEDULE*

SERIAL CERTIFICATES

Maturity <u>May 1</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Price</u>	<u>Yield</u>	CUSIP <u>Number</u>
20__	\$				

* Preliminary, subject to change.

CITY OF CARTHAGE, MISSOURI

326 Grant Street
Carthage, MO 64836
(417) 237-7000

ELECTED OFFICIALS

Mayor and City Council	Term Expires
Dan Rife, Mayor	4/ 2022 2026
Brandi Ensor, Council Member, <u>Ward 1</u>	4/2024
Robin Harrison, Council Member, <u>Ward 1</u>	4/2023
David Armstrong, Council Member, <u>Ward 2</u>	4/2023
Trudy Blankenship, Council Member, <u>Ward 2</u>	4/2024
Robin Blair, Council Member, <u>Ward 3</u>	4/2024
Ceri Otero, Council Member, <u>Ward 3</u>	4/2023
Ed Hardesty, Council Member, <u>Ward 4</u>	4/2024
Alan Snow, Council Member, <u>Ward 4</u>	4/2023
Tiffany Cossey, Council Member, <u>Ward 5</u>	4/2023
Mark Elliff, Council Member, <u>Ward 5</u>	4/2024

ADMINISTRATIVE OFFICIALS

Greg Dagnan, City Administrator
Traci Cox, Assistant City Administrator
Miranda Deal, City Clerk
Nathaniel Dally, City Attorney

~~FINANCIAL~~MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Overland Park, Kansas and Saint Paul, Minnesota

SPECIAL COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

UNDERWRITER

Piper Sandler & Co.
Leawood, Kansas

|

(ii)

CARTHAGE WATER AND ELECTRIC PLANT

627 W. Centennial Avenue
Carthage, MO 64836
(417) 237-7300

BOARD OF PUBLIC UTILITIES

Name

Office

Danny Lambeth
Ron Ross
Darren Collier
Brian Schmidt
Pat Goff
G. Stephen Beimdiek
Alan Snow

President & Member
Vice President & Member
Secretary & Member
Member
Member
Member
City Council Liaison

ADMINISTRATIVE OFFICIALS

Name

Office

Chuck Bryant
Cassandra Ludwig
Kelli Nugent
Kevin Emery
Jason Peterson
Jason Choate

General Manager
General Counsel
Chief Financial Officer
Director of Power Services
Director of IT and Broadband Services
Director of Water Services

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2022 CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of that information.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representation with respect to the Series 2022 Certificates offered hereby other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Series 2022 Certificates offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and from other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “anticipate,” “projected,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE FUTURE RISKS AND UNCERTAINTIES INCLUDE THOSE DISCUSSED IN THE “RISK FACTORS AND INVESTMENT CONSIDERATIONS” SECTION OF THIS OFFICIAL STATEMENT. NEITHER THE CITY NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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APPENDIX A – INFORMATION CONCERNING THE ~~CITY AND THE~~ CARTHAGE
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FOR THE YEAR ENDED JUNE 30, 2021;

APPENDIX C - COMPONENT UNIT
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WATER AND
ELECTRIC PLANT FOR THE YEAR ENDED JUNE 30, 2021

APPENDIX ~~CD~~ – TRUST INDENTURE, LEASE AND BASE LEASE

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OFFICIAL STATEMENT

~~\$15,000~~14,185,000*
CITY OF CARTHAGE, MISSOURI
(CARTHAGE WATER AND ELECTRIC PLANT)
CERTIFICATES OF PARTICIPATION
SERIES 2022

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the entire Official Statement and should be read in conjunction with the more detailed information and financial statements of the City contained in the specific sections of this Official Statement and a full review should be made of the entire Official Statement and the documents included or described herein.

Purpose of this Official Statement

This Official Statement, including its appendices, is furnished to provide information relating to the City of Carthage, Missouri (the “City”) and ~~\$15,000~~14,185,000* aggregate principal amount of City of Carthage, Missouri (Carthage Water and Electric Plant) Certificates of Participation, Series 2022 (the “Series 2022 Certificates”).

The City

The City is a constitutional charter city and political subdivision organized and existing under the laws of the State of Missouri. See “THE CITY” and “ECONOMIC INFORMATION CONCERNING THE CITY” in *Appendix A* to this Official Statement.

The Carthage Water and Electric Plant

The Carthage Water and Electric Plant is a municipally owned utility which is a component unit of the City. Carthage Water and Electric Plant is an administrative board of the City duly organized under the Charter of the City to operate and control the public utilities of the City. Carthage Water and Electric Plant is engaged in the supply and distribution of electricity, supply and distribution of water, the collection and treatment of sanitary sewer and the providing of telecommunication services for the City. See “CARTHAGE WATER AND ELECTRIC PLANT” in *Appendix A* to this Official Statement.

Purpose of the Series 2022 Certificates

The proceeds from the sale of the Series 2022 Certificates will be used, together with other available funds of the City, to (1) acquire, construct, improve, renovate, furnish and equip improvements to the City’s electric system, including (a) replacement of transmission lines between the Southwest Power Administration Substation and Substation No. 1, (b) upgrading and improving infrastructure for transmitting and transforming electricity from Power Plant Substation to Substation No. 1, (c) replacement and upgrade of transformer and other infrastructure in Substation No. 2, and (d) upgrading and extending feeder that ties distribution system to Substation No. 2 (collectively, the “Project”); and (2) ~~to~~ pay the costs related to the delivery and sale of the Series 2022 Certificates. See the caption “PLAN OF FINANCE” herein.

Security and Source of Payment

* Preliminary, subject to change.

Pursuant to the terms of a Lease Agreement dated as of December 15, 2022 (the “Lease Agreement”), between the City and UMB Bank, N.A., as trustee (the “Trustee”), a Trust Indenture dated as of December 15, 2022 (the “Indenture”) between the City and the Trustee, and the terms of a Base Lease dated as of December 15, 2022 (the “Base Lease”) between the City and the Trustee, (a) the City will lease certain real estate and the improvements thereon (the “Site”) (collectively, the Site and the Project are the “Facilities”) to the Trustee, (b) the proceeds of the Series 2022 Certificates will be used to finance the costs of the Project, and (c) the Trustee will lease the Facilities to the City for an initial term ending June 30, 2023 (the “Original Term”), with successive one-year renewal options, provided that the final renewal term does not extend beyond June 30, 2043 (the “Renewal Terms”), which Renewal Terms are subject to the City’s annual budget appropriations. The City expects to make payments related to the Series 2022 Certificates from revenues derived from the operation of its electric system (the “System”).

The Series 2022 Certificates evidence undivided ownership interests in the right to receive lease payments (the “Rental Payments,” consisting of “Principal Components” and “Interest Components”) under the Lease Agreement. The Series 2022 Certificates are being executed and delivered pursuant to the Indenture, which will be executed by the City and the Trustee.

The Series 2022 Certificates will be payable solely from the rents, revenues and receipts received by the Trustee, as lessor under the Lease Agreement, for the use of the Facilities and not from any other fund or source of the Trustee, from certain proceeds of insurance policies or condemnation awards, from interest earnings on moneys in certain funds held by the Trustee, from money derived from the sale or lease of the Facilities or portions thereof and not from any other fund or source of the Trustee. Pursuant to the Indenture, the Trustee will pledge and assign such rents, revenues and receipts and other moneys to the payment of the Series 2022 Certificates and the Interest Component due thereon.

Parity Obligations

The Indenture provides for the future delivery of additional certificates (“Additional Certificates”) which, if delivered, would rank on a parity with the Series 2022 Certificates and any other certificates then outstanding under the Indenture. See the caption “SECURITY FOR THE SERIES 2022 CERTIFICATES – Parity Obligations” herein. The Series 2022 Certificates and any future Additional Certificates delivered under the Indenture are hereinafter referred to collectively as the “Certificates.”

Limited Obligations

The payments scheduled to be made by the City under the Lease Agreement are payable solely from amounts which may, but are not required to, be appropriated annually by the City. See “SECURITY FOR THE SERIES 2022 CERTIFICATES” herein. The Series 2022 Certificates, the Lease Agreement and any payments required under the Lease Agreement shall not constitute a mandatory payment obligation of the City in any year beyond the year during which the City is a lessee under the Lease Agreement, or constitute or give rise to a general obligation or other indebtedness of the City. The City is not legally obligated to budget or appropriate moneys for any fiscal year beyond the current fiscal year or any subsequent fiscal year in which the Lease Agreement is in effect, and there can be no assurance that the City will appropriate funds to make Rental Payments or renew the Lease Agreement after the Original Term or any Renewal Term of the Lease Agreement. The City may terminate its obligations under the Lease Agreement on an annual basis. The City will have the option to purchase the Trustee’s title and interest in the Facilities as provided in the Indenture and the Lease Agreement.

Except for its duties as Trustee to make payments from the funds and accounts created and held under the Indenture, UMB Bank, N.A. has no obligation to make any debt service payment on the Series 2022 Certificates or any payments under the Lease Agreement.

Risk Factors

Payment of the Principal Component and Interest Component distributable with respect to the Series 2022 Certificates is subject to certain risks. See the caption “RISK FACTORS AND INVESTMENT CONSIDERATIONS.”

Regulatory Factors

Due to the nature of the Facilities, the Project and the Facilities are subject to federal and state regulation. See the caption “CERTAIN REGULATORY FACTORS AFFECTING THE UTILITY INDUSTRIES.”

Continuing Disclosure Information

The City has covenanted in its Continuing Disclosure Certificate to provide certain financial information and notices of certain enumerated events to the Municipal Securities Rulemaking Board, in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See the caption “CONTINUING DISCLOSURE.”

Other Information

This Official Statement includes financial and other information about the City and also contains descriptions of the Series 2022 Certificates, the Base Lease, the Lease Agreement and the Indenture. See “TRUST INDENTURE, LEASE AND BASE LEASE” in *Appendix CD* hereto. The descriptions of the Series 2022 Certificates, the Base Lease, the Lease Agreement, the Indenture and other documents described in this Official Statement do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the approved form of those documents, copies of which may be viewed at the offices of the Underwriter, Piper Sandler & Co., 11635 Rosewood Street, Leawood, Kansas, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

THE SERIES 2022 CERTIFICATES

General

The Series 2022 Certificates will be dated as of their date of delivery, will mature on May 1 in the years and in the respective principal amounts (subject to prior prepayment as described herein) and shall bear interest at the respective rates per annum, as set forth on the inside cover page hereof. The Series 2022 Certificates will be delivered in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Principal Component and prepayment premium, if any, of Rental Payments represented by Series 2022 Certificates shall be payable by check or draft mailed to the registered owner thereof at the payment office of the Trustee upon presentation and surrender thereof. The Interest Components of Rental Payments represented by the Series 2022 Certificates shall be payable semiannually on May 1 and November 1, beginning November 1, 2023, to the registered owner of each Certificate, determined as of the close of business on the Record Date (which shall be the fifteenth day of the calendar month next preceding the Certificate Payment Date) (a) by check or draft mailed to such registered owner at the address appearing on the registration books of the Trustee or its successor, as registrar, or (b) in the case of an interest payment to the Securities Depository or to any other Registered Owner of \$500,000 or more in aggregate principal amount of the Series 2022 Certificates, by electronic transfer to such Registered Owner upon written request given to the Trustee by such Registered Owner, not less than 5 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account name and account number to which such Registered Owner wishes to have such transfer directed. All such payments shall be made in lawful money of the United States of America.

Prepayment of Series 2022 Certificates

Optional Prepayment. The Series 2022 Certificates are subject to prepayment on and after May 1, ____, as a whole or in part at any time at 100% of the Principal Component represented thereby, plus the Interest Component accrued thereon to the prepayment date.

Extraordinary Optional Prepayment. The Series 2022 Certificates shall be subject to extraordinary optional prepayment prior to the stated maturity thereof, upon instructions from the City, as a whole or in part at any time at a price of 100% of the Principal Component represented thereby, plus the Interest Component accrued thereon to the prepayment date, upon the occurrence of any of the following conditions or events:

- (a) if title to, or the use for a limited period of, all or substantially all of the Facilities is condemned by any authority having the power of eminent domain (other than the City or any entity controlled by or otherwise affiliated with the City);
- (b) if title to all, or substantially all, of the Facilities is found to be deficient or nonexistent to the extent that the efficient utilization of such Facilities by the City is impaired;
- (c) if all, or substantially all, of the Facilities are damaged or destroyed by fire or other casualty; or
- (d) if as a result of changes in the Constitution of the State of Missouri or of legislative or administrative action by the State of Missouri or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Indenture, the Lease Agreement, or the Base Lease shall become void or unenforceable, or impossible of performance without reasonable delay, or in any other way by reason of such change of circumstances, unreasonable burdens or excessive liabilities are imposed on the City with respect to the Indenture, the Lease Agreement or the Base Lease.

Selection of Series 2022 Certificates to be Prepaid

Series 2022 Certificates shall be prepaid only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Series 2022 Certificates are to be paid prior to maturity (other than by mandatory sinking fund prepayment, if any), such Series 2022 Certificates shall be prepaid from such maturities selected by the City, with Series 2022 Certificates of less than a full maturity to be selected by the Trustee in \$5,000 units of face value by lot or in such other equitable manner as the Trustee may determine.

Notice of Prepayment

Notice of the prepayment identifying the Series 2022 Certificates or portions thereof to be prepaid shall be given by the Trustee to the Owners of Series 2022 Certificates by mailing a copy of the notice by first-class mail, postage pre-paid, at least 20 days prior to the date of prepayment to the Owner of each Certificate to be prepaid at the address shown on the registration books maintained by the Trustee or at such other address as is furnished in writing by such Owner to the Trustee; provided, however, that any defect in giving such notice by mailing as aforesaid shall not affect the validity of any proceedings for the prepayment of Series 2022 Certificates. Any notice of prepayment shall state the date and place of prepayment, the maturities and the CUSIP numbers of the Series 2022 Certificates or portions of Certificates to be prepaid (and in the case of the prepayment of a portion of any Series 2022 Certificates, the amount of Principal Component being paid), the prepayment price and that interest will cease to accrue from and after the prepayment date.

Prepayments

Prior to the date fixed for prepayment, funds shall be deposited with the Trustee to pay, and the Trustee is authorized and directed to apply such funds to the prepayment of, the Series 2022 Certificates, together with the Interest Component accrued thereon to the prepayment date, and any required premium. Upon the giving of notice and the deposit of such funds or government securities as may be available for prepayment pursuant to the Indenture, the Interest Components of Rental Payments represented by the Series 2022 Certificates or portions thereof thus called shall no longer accrue after the date fixed for prepayment.

Registration, Transfer and Exchange of Series 2022 Certificates

Any Series 2022 Certificate may be transferred or exchanged only upon the Register upon surrender thereof at the payment office of the Trustee duly endorsed for transfer or accompanied by an assignment or authorization for exchange duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer or exchange, the Trustee shall execute and deliver in exchange for such Series 2022 Certificate a new fully registered Series 2022 Certificate or Certificates, registered in the name of the transferee, of the same series and maturity, of any denomination or denominations authorized by the Indenture, and bearing interest at the same rate.

In all cases in which Series 2022 Certificates shall be exchanged or transferred, the Trustee shall execute and deliver Series 2022 Certificates in accordance with the Indenture. All Series 2022 Certificates surrendered in any such exchange or transfer shall forthwith be cancelled by the Trustee. The Trustee may make a charge to the Registered Owner requesting the same for every such exchange or transfer of Series 2022 Certificates sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, and such charge shall be paid before any such new Certificate shall be delivered. The fees and charges of the Trustee for making any transfer or exchange hereunder and the expense of any certificate printing necessary to effect such transfer or exchange shall be paid by the City.

THE BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2022 Certificates. The Series 2022 Certificates will be delivered as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Series 2022 Certificates.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S.

and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2022 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2022 Certificates, except in the event that use of the book-entry system for the Series 2022 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2022 Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2022 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2022 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Certificates, such as prepayments, defaults, and proposed amendments to the related documents. For example, Beneficial Owners of Series 2022 Certificates may wish to ascertain that the nominee holding the Series 2022 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Series 2022 Certificates within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2022 Certificates unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Series 2022 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal Components and Interest Components on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or the Trustee, on each payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary

practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2022 Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2022 Certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2022 Certificates will be printed and delivered.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Transfer Outside Book-Entry Only System

If the Book-Entry Only System is discontinued the following provisions would apply. The Series 2022 Certificates are transferable only upon the Register upon presentation and surrender of the Series 2022 Certificates, together with instructions for transfer. Series 2022 Certificates may be exchanged for other Series 2022 Certificates of any denomination authorized by the Indenture in the same aggregate principal amount, series, payment date and interest rate, upon presentation to the Trustee, subject to the terms, conditions and limitations and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer.

SECURITY FOR THE SERIES 2022 CERTIFICATES

Nature of Series 2022 Certificates; Limited Obligations

Each Series 2022 Certificate evidences the undivided interest of the Owner thereof in the right to receive Rental Payments from the City under the Lease Agreement, and other payments, revenues and receipts derived under the Lease Agreement (including, in certain circumstances, Certificate proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards), and are secured by a pledge and assignment of the Trust Estate granted by the Trustee in favor of the Owners of the Series 2022 Certificates, as provided in the Indenture.

Neither the Lease Agreement nor the Series 2022 Certificates shall constitute a liability or obligation of the City beyond the Lease Term in effect at any time. The Series 2022 Certificates shall not constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The Lease Agreement is subject to termination on an annual basis at the option of the City.

The Original Term of the Lease Agreement shall commence on the date of its delivery (the “Commencement Date”), and subject to earlier termination pursuant to the provisions thereof, shall terminate on the last day of the City’s current fiscal year (i.e., June 30, 2023). The Lease Term may be extended, solely at the option of the City, at the end of the Original Term or any Renewal Term for an additional one-year Renewal Term for up to the final Renewal Term to expire not later than June 30, 2043. Under the terms of the Lease Agreement, if the City elects to renew the Lease Agreement at the end of the Original Term or any Renewal Term, it is obligated

to budget, appropriate and set aside a portion of its revenues derived from ~~property taxes~~electric utility revenues and other sources, which appropriation shall be sufficient to make the Rental Payments coming due during the ensuing fiscal year.

The City is obligated to make two annual Rental Payments to the Trustee prior to each Certificate Payment Date during each fiscal year in which the Lease Agreement is in effect, which payments represent the Principal Components, redemption premium, if any, and Interest Components of Rental Payments represented by the Series 2022 Certificates becoming due during such fiscal year (but only if the City elects to renew the Lease Agreement for each Renewal Term). THERE CAN BE NO ASSURANCE THAT THE CITY WILL APPROPRIATE FUNDS FOR RENTAL PAYMENTS OR RENEW THE LEASE AGREEMENT AFTER THE ORIGINAL TERM. NEITHER THE SERIES 2022 CERTIFICATES NOR THE LEASE AGREEMENT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE CITY, NOR A MANDATORY PAYMENT OBLIGATION IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR IN WHICH THE LEASE AGREEMENT IS IN EFFECT. THE CITY IS NOT LEGALLY REQUIRED TO BUDGET OR APPROPRIATE MONEYS FOR ANY SUBSEQUENT FISCAL YEAR BEYOND THE CURRENT FISCAL YEAR.

The City will have the option to purchase the Trustee's title and interest in the Facilities as provided in the Indenture and the Lease Agreement. See "LEASE – Option and Obligation to Purchase the Lessor's Interest in the Facilities," and "TRUST INDENTURE - Satisfaction and Discharge of the Indenture" in *Appendix ED* hereto.

Property Subject to the Base Lease and the Lease Agreement

Pursuant to the provisions of the Base Lease and the Lease Agreement between the Trustee and the City, (a) the City will lease the Site to the Trustee for a term ending June 30, 2073, (b) the proceeds of the Series 2022 Certificates will be used to pay the costs of the Project and pay costs related to the delivery of the Series 2022 Certificates as described in this Official Statement, and (c) the Trustee will lease the Facilities (including of the Site and the improvements thereon, as described below) to the City for an initial term ending June 30, 2023 (the "Original Term"), with successive one-year renewal options, provided that the final renewal term does not extend beyond June 30, 2043 (the "Renewal Terms"), which Renewal Terms are subject to annual budget appropriations.

The site will include the _____ and is situated on approximately _____ acres. The total insured value of the Site is \$ _____.

The site includes approximately 21.58 acres in the City. Include on the site is the Power Plant Substation, Substation No. 1, Substation No. 2 and various other improvements and pieces of equipment, including underground fuel tanks, to support the electric operations of Carthage Water and Electric Plant. The site is comprised of essential portions of the electric system and without such, the electric system would not function. The total insured value, plus the land value, of the Site is approximately \$10,500,000. Additionally, various transmission lines and pieces of underground equipment are of significant value to the electric system overall although not of an insurable nature.

Parity Obligations

Additional Certificates may be delivered without the consent of the Owners of the Certificates (a) to refund the Certificates of any series in a manner which provides present value debt service savings to the City or (b) to make additional improvements as the City may deem necessary, so long as the total principal amount of all Certificates then Outstanding under the Indenture does not exceed \$~~25~~30,000,000.

All Additional Certificates will be secured by the lien of the Indenture, the Lease Agreement and the Base Lease, and will rank on parity with the Series 2022 Certificates and any Additional Certificates. Unless provided otherwise in a supplement to the Indenture, any Additional Certificates will be in substantially the same form as the Series 2022 Certificates, but will bear such date or dates, bear such interest rate or rates, have such payment date or dates, prepayment dates and prepayment premiums, and be issued at such prices as are approved in writing by the City, subject to the requirements of the Indenture.

THE TRUSTEE

UMB Bank, N.A., Kansas City, Missouri, a national banking association authorized to transact business in the State of Missouri, will be the Trustee under the Indenture and a party to the Lease Agreement and the Base Lease. The Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection with respect to any action taken or suffered by the Trustee in good faith in accordance with such opinion. The Trustee may execute any trusts or powers or perform the duties required by the Indenture, the Lease Agreement or the Base Lease by or through attorneys, agents or receivers and will not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it in good faith.

The Series 2022 Certificates are executed by the Trustee, not individually or personally but solely as Trustee under the Indenture, in the exercise of the power and authority conferred upon and invested in it as such Trustee. Except for its negligence or willful misconduct, nothing contained in the Indenture, the Lease Agreement or the Base Lease is to be construed as creating any liability on the Trustee, individually or personally, to perform any covenant either expressed or implied in the Certificates, the Indenture, the Lease Agreement or the Base Lease, all such liability, if any, being expressly waived by the Owners of the Certificates by the acceptance thereof and by each and every person now or hereafter claiming by, through or under the Trustee or the Owners of the Certificates. Insofar as the City is concerned, the Trustee and the Owner of any Certificate and any person claiming by, through or under the Trustee or the Owner of any Certificate may look solely to the Trust Estate described in the Indenture for payment of the interests evidenced by the Certificates.

As security for the compensation, expenses, disbursements and indemnification to which it is entitled upon the occurrence of an Event of Default under the Indenture or an Event of Nonappropriation under the Lease Agreement, the Trustee will have a first lien with right of payment prior to payment on account of any Principal Components or Interest Components with respect to the Certificates for such compensation, expenses, disbursements and indemnification.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

The purchase of the Series 2022 Certificates involves certain investment risks that are discussed throughout this Official Statement. Each prospective purchaser of the Series 2022 Certificates should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain risk factors relating to the Series 2022 Certificates are described below.

General

The following is a discussion of certain risks that could affect the Rental Payments and other payments to be made by the City with respect to the Lease Agreement and the Series 2022 Certificates. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with

this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Series 2022 Certificates are an appropriate investment. Prospective purchasers of the Series 2022 Certificates should consider carefully all possible factors that may result in a default in the payment of the Principal Component or Interest Component of Rental Payments represented by the Series 2022 Certificates, by the City under the Lease Agreement, the prepayment of the Series 2022 Certificates prior to maturity or the determination that the Interest Component of the Rental Payments represented by the Series 2022 Certificates might be includible in gross income for purposes of federal and Missouri income taxation. The following list of possible factors, while not setting forth all the factors that must be considered, contains some of the factors that should be considered prior to purchasing the Series 2022 Certificates. **This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.**

Right of the City to Terminate the Lease Agreement Annually by Declining to Appropriate Funds

The City's obligations under the Lease Agreement may be terminated on an annual basis by the City without any penalty and there is no assurance that the City will renew the Lease Agreement. The likelihood that the City will renew the Lease Agreement throughout the Lease Term is dependent upon certain factors which are beyond the control of the owners of the Series 2022 Certificates, including (a) the continuing need of the City for the Facilities, (b) the demographic conditions within the City, and (c) the ability of the City to generate sufficient funds from taxes, utility rates and other sources to pay its obligations under the Lease Agreement and the other obligations of the City.

The City Council of the City has declared its current intention and expectation that the Lease Agreement will be renewed annually until the Trustee's leasehold interest in the Facilities is acquired by the City. Such a declaration cannot be construed as contractually obligating or otherwise binding the City. Neither the payment of the Rental Payments by the City under the Lease Agreement nor any payments under the Series 2022 Certificates constitutes a general obligation or other indebtedness of the City or a mandatory payment obligation of the City in any fiscal year subsequent to a fiscal year in which the Lease Agreement is in effect.

The obligation of the City to pay Rental Payments and Additional Payments is limited to those ~~District~~City funds which are specifically budgeted and appropriated annually by the City Council of the City for such purpose. The failure to renew the Lease Agreement would mean the loss of occupancy of the Facilities by the City for the remainder of the term of the Base Lease, which terminates no later than June 30, 2073.

Upon the occurrence of an Event of Default or an Event of Nonappropriation, the Trustee would exercise its available remedies under the Base Lease, the Lease Agreement and the Indenture against the City including the sale or lease of its interest in the Facilities on behalf of the owners of the Series 2022 Certificates. The Trustee's interest in the Facilities is the leasehold estate in the Site and the improvements thereon granted by the Base Lease. The moneys derived from any sale or lease of its interest in the Facilities, along with other moneys then held by the Trustee under the provisions of the Indenture (with certain exceptions as provided in the Lease Agreement and the Indenture), are required to be used to pay the Rental Payments to the extent moneys are available. Owners of the Series 2022 Certificates are cautioned, however, that due to the nature of the Facilities and the limited uses that can be made of Facilities, the ability of the Trustee to relet or sell its leasehold interest in the Facilities will be extremely limited. Such limitations may impair the Trustee's ability to sell any portions of the Facilities or assign or sublease the Site upon the occurrence of an Event of Default or Event of Nonappropriation or to obtain an amount that would be sufficient to pay the Rental Payments related to the Certificates then Outstanding.

Delays in Exercising Remedies

A termination of the City's right of possession of the Facilities under the Lease Agreement as a result of an Event of Default or an Event of Nonappropriation or expiration of the term of the Lease Agreement at the end of the Original Term or any Renewal Term without an extension for the next succeeding Renewal Term will give the Trustee the right to possession of, and the right to sell, relet or assign its interest in the Facilities in accordance with the provisions of the Base Lease, the Lease Agreement and the Indenture. However, the

enforceability of the Base Lease, the Lease Agreement and the Indenture is subject to applicable bankruptcy laws and trust instruction procedures available under the laws of certain states, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the exercise of judicial authority by State of Missouri, jurisdictions other than the State of Missouri potentially having jurisdiction under trust instruction procedure laws, or federal courts and the exercise by the United States of America of the powers delegated to it by the U.S. Constitution.

Further, the Facilities are used by the City for the performance of its governmental functions. Due to the governmental use of the Facilities and the delays inherent in obtaining possession of the Facilities and other judicial remedies, no assurance can be given that (1) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner, or (2) any money realized by the Trustee upon an exercise of any remedies would be sufficient to pay in full the Principal Components and Interest Components of Rental Payments with respect to the Series 2022 Certificates. The legal opinions to be delivered with the delivery of the Series 2022 Certificates will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases. If such money is insufficient to pay all outstanding Series 2022 Certificates in full, the Series 2022 Certificates would be paid in part on a *pro rata* basis. Any delays in the ability of the Trustee to obtain possession of the Facilities will, of necessity, result in delays in any payment of Principal Components and Interest Components of Rental Payments with respect to the Series 2022 Certificates.

Changes in Economic, Demographic and Market Conditions

Changes in real estate market conditions in the Carthage area, as well as changes in general or local demographic or economic conditions, could adversely affect the value of the property located within the City and the level of economic activity in the City and, consequently, the amounts of real estate taxes and other revenues generated by the City. Such changes could also have an adverse impact on the financial condition of the City and, thus, the City resources available for appropriation for the payment of the Rental Payments with respect to the Series 2022 Certificates.

Destruction of the Facilities

The Lease Agreement requires certain portions of the Facilities to be insured as described in "LEASE – Property and Casualty Insurance" in **Appendix CD** hereto. If the Facilities are damaged or destroyed, the City is nevertheless required to continue to make payments under the Lease Agreement, subject to the exercise of its option to extend the term of the Lease Agreement for each next succeeding Renewal Term and to the application of Net Proceeds from insurance, if any, and certain other sources to repair, restore, modify, improve or replace the affected portions of the Facilities. If the Net Proceeds from insurance and such other sources are sufficient to repair, restore, modify, improve or replace the affected portion of the Facilities, such proceeds are to be so applied. If the Net Proceeds are insufficient for such purpose, (1) the City is obligated to commence and thereafter complete the work and pay any cost in excess of such net proceeds, but only from Additional Payments appropriated by the City, in order for the affected portion of the Facilities to be repaired, restored and replaced, (2) if the failure to repair or restore does not materially detract from the value of the Facilities, such net proceeds may be deposited into the Certificate Fund, or (3) the City may apply net proceeds to the payment of the Option Purchase Price applicable on the next available Optional Payment Date and, if such net proceeds are insufficient to pay such Option Purchase Price, the City is required under the Lease Agreement to pay such amounts as are necessary to equal the full Option Purchase Price.

There can be no assurance either as to the adequacy of or timely payment under property damage insurance in effect at that time or that the City will elect to extend the term of the Lease Agreement for the next Renewal Term succeeding such damage or destruction. See "LEASE — Damage, Destruction and Condemnation" in **Appendix CD** hereto.

Construction Risks

Weather, labor disputes, availability of materials and supplies, casualty damages, unanticipated subsoil conditions, unanticipated construction difficulties and other “**force majeure**” occurrences or events or financial failure or failure to perform by a contractor, subcontractor or supplier may affect the timely construction of the Project. No assurance can be given that the acquisition, construction and installation of the Project will be completed on schedule, within budget or without material errors and defects. Any such failure could affect the City’s decision to continue appropriations under the Lease Agreement.

Potential Impacts Resulting from Coronavirus (COVID-19)

In December 2019, a novel strain of coronavirus (which leads to the disease known as “COVID-19”), was discovered in Wuhan, China. Since that date, the virus has spread throughout the world and was characterized as a pandemic. The impact of the COVID-19 pandemic on the U.S. economy has been broad based and negatively impacted national, state and local economies.

~~—————In response to such expectations, the President of the United States on March 13, 2020, declared a “national emergency,” which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation. On March 13, 2020, the Governor of the State of Missouri (the “Governor”) signed an Executive Order declaring a state of emergency in the State of Missouri (the “State”) in response to COVID-19. The Executive Orders were intended to allow more flexibility in utilizing resources and deploying them around the State where they are most appropriate, including allowing the Governor to waive certain State laws and regulations where necessary. The State remained under a “State of Emergency” through August 27, 2021.~~ The State is not currently under a statewide public health order. Despite the expiration of statewide orders, cities and counties have the ability to impose local public health orders restricting economic activities within the State and providing additional health and safety restrictions.

As a result of the COVID-19 pandemic, the City incurred certain expenditures relating to the increase of supply costs, technology upgrades and equipment to enable employees to work remotely and allow for social distancing, upgrades to Council equipment and chambers to allow for online meetings and remote voting, and to cover additional personal protective equipment and overtime for emergency services when essential front-line workers were unavailable due to COVID-19. The City applied for and received federal CARES Act grants in the amount of \$195,817 for reimbursement of the COVID-19 related expenditures the City had previously incurred. Carthage Water and Electric Plant received federal CARES Act grants in the amount of \$54,432 for reimbursement of the COVID-19 related expenditures previously incurred. The City has received funds from the American Rescue Plan Act (ARPA) in two equal payments totaling \$3,003,203. Any State or local measures implemented in the future which restrict economic and social activity within the City may have an adverse effect on general City operations and may also negatively impact the City's ability to pay the Certificates.

Carthage Water and Electric Plant has continued to serve its customers during the COVID-19 pandemic without interruption. The lobby of Carthage Water and Electric Plant was closed for a period of time due to the COVID-19 pandemic, however the drive-through remained open to meet customer demands. None of Carthage Water and Electric Plant's generation facilities has had material impacts to its operations as a result of the pandemic.

Carthage Water and Electric Plant did not disconnect any customers during the COVID-19 pandemic for pandemic-related non-payment. Additionally, there were no write-offs specific to the pandemic. As of the end of September, 2022, the percentage of customers currently in arrears was 19%. ~~Carthage Water and Electric Plant believes the number of accounts in arrears is primarily due to inflation rather than lingering effects of the pandemic.~~ Accounts in arrears from September 2019 through September 2021 averaged between 13% and 15%. Carthage Water and Electric Plant has not observed an impact to the 2023 fiscal year-to-date financial results through September 30, 2022, as a result of the COVID-19 pandemic.

The COVID-19 outbreak and its variants is continuing to evolve and is ongoing, and its dynamic nature leads to uncertainties, including: (1) the geographic spread of the virus; (2) the development of new variants and the severity of the disease; (3) the duration of the outbreak; (4) the vaccination rate and the development of therapeutics for treatment; (5) actions that may be taken by governmental authorities to contain or mitigate the outbreak or recurrences thereof; and (6) the authorization of additional federal relief funds. Any State or local measures implemented in the future which restrict economic and social activity within the City may have an adverse effect on general City operations and financial condition.

Results of a Termination of the Lease Term

In the event that the City Council of the City does not budget and appropriate, specifically with respect to the Lease Agreement, on or before July 1 of each year, moneys sufficient to pay all Rental Payments and the reasonably estimated Additional Payments coming due for the next Lease Term, an "Event of Nonappropriation" shall be deemed to have occurred.

Special Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default. If the Lease Term is terminated by reason of either such event, there is no assurance that the Series 2022 Certificates may be transferred by a holder thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

Special Counsel has rendered no opinion with respect to the income tax consequences applicable to the Interest Component of Rental Payments represented by the Series 2022 Certificates subsequent to a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default. If the Lease Term is terminated

by reason of either such event there is no assurance that the Interest Component of such Rental Payments will remain excludable from gross income for federal or Missouri income tax purposes.

See “LEASE – Event of Nonappropriation” and “LEASE – Default and Remedies” in *Appendix ED* hereto for a discussion of the results of an Event of Nonappropriation, and the ability of the Trustee to waive, under certain circumstances, the effects of the occurrence of an Event of Nonappropriation without notice to or the consent of the registered owners of the Series 2022 Certificates.

Cybersecurity Risks

The City relies on its information systems to provide security for processing, transmission and storage of confidential personal, health-related, credit and other information. It is possible that the City’s security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the City and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If personal or otherwise protected information is improperly accessed, tampered with or distributed, the City may incur significant costs to remediate possible injury to the affected persons, and the City may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. Any failure to maintain proper functionality and security of information systems could interrupt the City’s operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations. The City maintains cybersecurity insurance in the amount of \$2,000,000 and has not experienced any cyber security events.

Parity Obligations

The Indenture provides for the future delivery of Additional Certificates that, if delivered, would rank on a parity with the Series 2022 Certificates and any other Additional Certificates then Outstanding under the Indenture. Additional Certificates may be delivered for any purpose without the consent of or notice to the Registered Owners of the Series 2022 Certificates (i) if the Additional Certificates are being issued to refund Certificates to provide present value debt service savings for the City, or (ii) if Additional Certificates to be issued are in an amount, together with all other Certificates then Outstanding, not to exceed \$2530,000,000. There is no requirement to provide additional property in connection with the delivery of Additional Certificates that would be subject to the terms of the Base Lease or the Lease Agreement. The delivery of Additional Certificates without a corresponding addition to the Facilities could reduce the likelihood that, in the Event of Default or Event of Nonappropriation by the City, the Trustee would be able to relet or assign its interest in the Facilities for the amount necessary (after taking into account money legally available from other sources) to pay in full the Principal Components and Interest Components of Rental Payments then due with respect to the Certificates.

Bankruptcy

In addition to the limitations on remedies contained in the Indenture, the Base Lease and the Lease Agreement, the rights and remedies provided in the Indenture and the Lease Agreement may be limited by and are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies.

Pension and Other Postemployment Benefits

The City contributes to an agent multiple-employer defined-benefit pension plan on behalf of its employees. See “FINANCIAL INFORMATION CONCERNING THE CITY – Pension and Employee Retirement Plans” in Appendix A of this Official Statement. Future required contribution increases beyond the current fiscal year may require the City to increase its revenues, reduce its expenditures, or some combination thereof, which may impact the City’s operations or limit the City’s ability to generate additional revenues in the future.

For more information specific to the City’s participation, including the City’s past contributions, net pension liability, and pension expense, see the City’s financial statements included in *Appendix B* to this Official Statement.

Amendment of the Indenture, the Lease Agreement and the Base Lease

Certain amendments to the Indenture, the Base Lease and the Lease Agreement may be made without notice to or the consent of the owners of the Certificates (including amendments relating to the delivery of Additional Certificates). Certain other amendments to the Indenture and the Lease Agreement may be made with the consent of the owners of not less than a majority in principal amount of the Certificates (including any Additional Certificates which may be hereafter issued) then outstanding affected by such supplemental indentures or supplemental leases. Such amendments may adversely affect the security of the owners of the Certificates. In addition to the foregoing, in some jurisdictions outside the State of Missouri, there are a variety of trust instruction procedure (“TIP”) statutes, which generally allow judicially supervised remedies for trust estates of trustees that have a nexus, such as the Trustee’s office, with such jurisdiction. Under such TIP statutes, such jurisdictions may allow or order the Trustee to amend the documents relating to the Certificates, including the Base Lease, the Lease Agreement and the Indenture, in contravention of the manner provided for in these documents, including without limitation allowing the Trustee to disregard provisions requiring the consent of the holders of the Certificates prior to certain amendments of these documents.

The Hancock Amendment

An amendment to the Missouri Constitution limiting taxation and government spending was approved by Missouri voters on November 4, 1980. This amendment limits the ability of the City to impose new or increased taxes to provide funding for the payment of the Series 2022 Certificates, or other governmental purposes of the City, without voter approval. The amendment (commonly known as the Hancock Amendment) limits the rate of increase and the total amount of taxes which may be imposed in any Fiscal Year, and the limit may not be exceeded without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly assessed valuation of the City for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. The limitation on local governmental units does not apply to taxes imposed for the payment of principal of and interest on general obligation bonds approved by the requisite percentage of voters.

The Hancock Amendment also requires political subdivisions of the State to obtain voter approval in order to increase any “*tax, license or fee*.” The precise meaning and application of the phrase “*tax, license or fee*” is unclear, but decisions of the Missouri Supreme Court have indicated that it does not apply to traditionally set user fees. The limitations imposed by the Hancock Amendment restrict the City’s ability to increase many but not all taxes, licenses and certain fees without obtaining voter approval.

In 2008, through the enactment of Senate Bill 711 (“SB 711”), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a political subdivision such as the City. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of the City’s property tax levy if its current tax levy was less than its current tax levy ceiling, due to the City’s voluntary rollback from the maximum authorized tax levy. The property tax levy is the levy actually imposed by a political subdivision while the tax rate ceiling is the maximum levy the political subdivision may impose under the

provisions of the Hancock Amendment. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a political subdivision's actual property tax levy, regardless of whether that levy is at the political subdivision's tax levy ceiling. This further reduction is sometimes referred to as an "SB 711 rollback." In non-reassessment years (even-numbered years), the property tax levy may be increased to the political subdivision's tax levy ceiling (as adjusted by the Hancock rollback), only after a public hearing and adoption of a resolution or policy statement justifying the action.

On March 2, 2021, the Missouri Court of Appeals, Eastern Division, held in *Blankenship v. Franklin County Collector* (619 S.W. 3d 491) that an increase in the operating levy by political subdivisions pursuant to the provisions of Section 137.073.5(2), which allows political subdivisions to increase the operating levy to account for inflation in certain situations, cannot result in a levy that exceeds the highest voter-approved levy in violation of the Hancock Amendment. Approximately 600 taxing authorities were notified by the Missouri State Auditor's Office that their 2020 tax rates did not comply with the Blankenship decision and would need to be recalculated to determine their 2021 tax rates. To the extent a taxing authority levied taxes in violation of the Blankenship decision, refunds of such taxes are permitted if (1) a taxpayer files for injunctive relief before such taxes become payable, which is December 31 of the tax year, or (2) a taxpayer pays such taxes under protest and files suit against the tax collector within ninety days. The City did not receive a letter from the Missouri State Auditor's Office and will not need to adjust revenues because of the Blankenship decision.

Other Factors

One or more of the following factors or events could adversely affect the City's operations and financial performance to an extent that cannot be determined at this time:

1. *Changes in Administration.* Changes in key administrative personnel could affect the capability of the management of the City.
2. *Future Economic Conditions.* Adverse economic conditions or changes in demographics in the City, increased unemployment and inability to control expenses in periods of inflation, could adversely impact the City's financial condition.
3. *Operating Expense Risk.* Actual operation, maintenance and repair expenses of the utility system may be greater or less than currently projected. Factors such as damages to facilities and infrastructure, changes in technology, regulatory standards, and increased costs of material, energy, labor and administration can substantially affect expenses. Furthermore, increases in rates and charges could result in a decrease in demand for usage and result in a decrease in revenues.
4. *Organized Labor Efforts.* Efforts to organize employees of the City into collective bargaining units could result in adverse labor actions or increased labor costs.
5. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance could adversely impact the City's financial performance.
6. *Environmental Hazards.* The City has covenanted in the Lease Agreement to comply with all applicable environmental laws. No environmental studies have been performed with respect to the Facilities. The City is not aware of any environmental condition at the Facilities or any of the City's other property that requires any present remedial action. The discovery of such a condition with respect to the Facilities may adversely affect the City's willingness to renew the Lease Agreement after the expiration of any Renewal Term and the discovery of such a condition with respect to any of the other property of the City could adversely impact the City's financial performance.

7. *Natural Disasters.* The occurrence of natural disasters, such as tornadoes, earthquakes, pandemics, floods or droughts, could damage the facilities of the City, interrupt services or otherwise impair operations and the ability of the City to produce revenues.

No Reserve Fund or Credit Enhancement

No debt service reserve fund, financial guaranty insurance policy, letter of credit or other credit enhancement will be issued to insure payment of the Principal Component or Interest Component due with respect to the Series 2022 Certificates. Accordingly, any potential purchaser of the Series 2022 Certificates should consider the financial ability of the City to pay Rental Payments under the Lease Agreement.

Taxability

The Series 2022 Certificates are not subject to prepayment nor is the interest rate subject to adjustment in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the Interest Component paid or to be paid on any Series 2022 Certificate is or was includible in the gross income of the Owners of the Series 2022 Certificates for federal income tax purposes. **It may be that Owners of the Series 2022 Certificates would continue to hold their certificates, receiving Principal Components and Interest Components as and when due, but would be required to include such payments of Interest Component in gross income for federal income tax purposes. Special Counsel expresses no opinion as to the federal tax exemption of Interest Component on the Series 2022 Certificates in the event of payment thereof (a) if the City fails to budget and appropriate sufficient moneys to pay the Rental Payments under the Lease Agreement or (b) the Lease Agreement terminates for any reason.**

Risk of Audit

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine the legitimacy of the tax status of such obligations. No assurance can be given that the Internal Revenue Service will not commence an audit of the Series 2022 Certificates. Owners of the Series 2022 Certificates are advised that, if an audit of the Series 2022 Certificates were commenced, in accordance with its current published procedures, the Internal Revenue Service is likely to treat the City as the taxpayer, and the Owners of the Series 2022 Certificates may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2022 Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

Loss of Premium from Prepayment

Any person who purchases a Series 2022 Certificate at a price in excess of its principal amount or who holds such Certificate trading at a price in excess of par should consider the fact that the Series 2022 Certificates are subject to prepayment prior to maturity at the prepayment prices described herein in the event such Series 2022 Certificates are prepaid prior to maturity. See the section herein captioned “THE SERIES 2022 CERTIFICATES – Prepayment Provisions” herein.

Secondary Market

The Underwriter will not be obligated to repurchase any of the Series 2022 Certificates, and no representation is made concerning the existence of any secondary market for the Series 2022 Certificates. No assurance is given that any secondary market will develop following the completion of the offering of the Series 2022 Certificates and no assurance is given that the initial offering price for the Series 2022 Certificates will continue for any period of time.

The lowering or withdrawal of the investment rating initially assigned to the Series 2022 Certificates could adversely affect the market price for and the marketability of the Series 2022 Certificates. Prices of

municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating its facilities subject to the municipal securities. From time to time the secondary market trading in selected issues of municipal securities will fluctuate as a result of the financial condition or market position of the underwriter, prevailing market conditions, or a material adverse change in the operations of the City, whether or not the subject securities are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

Power of Eminent Domain

Cities are granted² under the laws of the State² the power to condemn property for any purpose for which such cities are authorized to acquire property. There is no assurance that if the City were to condemn the Trustee's interest under the Base Lease that the condemnation award would be sufficient to pay the outstanding Principal Components and Interest Components with respect to the Series 2022 Certificates. The City has agreed in the Lease that, in the event that the whole or any part of the Facilities is taken by eminent domain proceedings, the interest of the Trustee will be recognized. The City and the Trustee have reached an agreement on the terms of the acquisition of the Facilities at the City's option, and to the use of the Facilities. The City has agreed that any acquisition of the Facilities or rights to their use by the City (whether pursuant to the exercise of eminent domain powers or otherwise) shall be pursuant to and in accordance with the Lease, including payment of Rental Payments and the applicable purchase price. If the City allows the Lease to expire without exercising its option to purchase, whether by failure to exercise its option to extend the Lease for a Renewal Term, failure to exercise its option to purchase at the conclusion of the Lease Term or failure to cure an Event of Default (as such terms are defined in the Lease), the City's failure to exercise the option to purchase shall constitute an irrevocable determination by the City that the Facilities is not required by it for any public purpose for the remaining term of the Lease. The enforceability of the foregoing agreements of the City has not been the subject of judicial interpretation.

Defeasance Risks

When all Certificates are deemed paid as provided in the Indenture (See "TRUST INDENTURE – Satisfaction and Discharge of the Indenture" and "– Certificates Deemed to be Paid" in *Appendix CD* hereto), the Indenture will be released and terminated and the Facilities encumbered by the Base Lease and the Lease Agreement as security for the Certificates will be released. Any Certificate shall be deemed to be paid when (a) payment of the Principal Component of Rental Payments evidenced by such Certificate and premium, if any, thereon and the Interest Component of Rental Payments payable with respect thereto, whether such payment is by reason of the stated payment date or upon prepayment as provided in the Indenture, either (i) has been made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing, in trust and irrevocably set aside exclusively for such payment, (1) cash sufficient to make such payment and/or (2) Defeasance Obligations, maturing as to principal and interest in such amounts and at such time as will insure the availability of sufficient moneys to make such payment. Defeasance Obligations include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. Historically, such United States obligations have been rated in the highest rating category by the rating agencies. There is no legal requirement in the Indenture, the Base Lease or the Lease Agreement that Defeasance Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include the rating of Certificates defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

CERTAIN REGULATORY FACTORS AFFECTING THE UTILITY INDUSTRIES

General Background

Carthage Water and Electric Plant maintains firm power contracts with Sikeston Board of Municipal Utilities, Plum Point Energy Station and Southwest Power Administration. Carthage Water and Electric Plant also maintains a power plant (the “Power Plant”) that contains a combination of 9 Nordberg and Cooper dual fuel engines and can generate 35 megawatts of electricity an hour. Since 1989, the Carthage Water and Electric Plant supplies power to customers primarily through the purchase of power through its firm power contracts, as explained above and in *Appendix A*. The Power Plant, however, is maintained and ready to provide power as needed to supplement the supply from other entities.

While Carthage Water and Electric Plant does not own or maintain a coal-fired electric generating power plant, Carthage Water and Electric Plant purchases power from entities that utilize coal to produce power. As such, certain regulatory and climate-related changes have the potential to impact pricing or availability of power to Carthage Water and Electric Plant and are discussed herein.

Electrical Utility Industry Regulation, Generally.

The electric utility industry has been, and in the future will be, affected by a number of factors which will have an impact on the business, affairs and financial condition of both public and private electric utilities, including the City and the Carthage Water and Electric Plant.

Such factors include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (c) increased competition from independent power producers, marketers and brokers, (d) competition from other electric utilities (including increased competition resulting from mergers, acquisitions and “strategic alliances” of competing electric (and gas) utilities and from competitors offering less expensive electricity from much greater distances transmitted over an interconnected system, (e) new methods of producing low cost electricity (f) “self-generation” by certain residential, industrial and commercial customers, (g) issues relating to the ability to issue taxable and tax-exempt obligations, including severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax-exempt obligations, (h) changes from projected future load requirements, (i) increases in costs and effect of inflation on the operation and maintenance of an electric utility and its facilities, (j) shifts in the availability and relative costs of different fuels, (k) changes that may result from a national energy policy, climate change legislation and regulations that target contributions made by coal-fired and other fossil fueled generating units or other federal and state legislative changes, (l) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy, fuel and transmission capacity, (m) effects of financial instability of various participants in the power market, (n) issues related to reliability and both physical and cyber security at City facilities, (o) transmission availability and cost allocation, or (p) changes in revenue due to unseasonable changes in the weather. Any of these factors (as well as other factors) could have an effect on the financial condition of any given electric utility, including the City and Carthage Water and Electric Plant, and likely will affect individual utilities in different ways.

The City cannot predict what effects these factors will have on the business, operations and financial condition of the City or the Carthage Water and Electric Plant, but the effects could be significant. The following sections of this caption provide brief discussions of these factors. However, these discussions do not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date of this Official Statement. Extensive information on the electric utility industry is available from legislative and regulatory bodies and other sources in the public domain.

Federal Energy Legislation

The Energy Policy Act of 1992. The Energy Policy Act of 1992 (the “1992 Energy Act”) made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access. With the passage of the 1992 Energy Act, the United States Federal Energy Regulatory Commission (“FERC”) was given authority to direct utilities to make their transmission systems available for use by others at rates and terms comparable to the owners’ uses of their own systems. In particular, the 1992 Energy Act provides the FERC with the authority, upon application by an electric utility, federal power marketing agency or other power generator, to require a transmitting utility to provide transmission services to the applicant essentially on the cost of service basis. Municipally-owned electric utilities are “transmitting utilities” for purposes of these provisions of the 1992 Energy Act. This “open access” environment provides an expanded and more competitive market for both generators and wholesale purchasers of electricity, and such increased competition is expected to continue in the future.

The Carthage Water and Electric Plant operates under the Southwest Power Pool (“SPP”) Open Access Transmission Tariff, as modified by service agreements between Carthage Water and Electric Plant, SPP and Southwestern Power Administration (“SPA”). The Power Plant remains under Carthage Water and Electric Plant’s control and is not part of SPP’s bulk electric system, nor is it considered a transmission system.

Under certain FERC regulations, FERC has required open-access, mandatory transmission tariffs to be placed into effect for all jurisdictional utilities. Utilities are authorized to file for changes in their tariffs under the Federal Power Act. The goal of these regulations, according to FERC, is to deny to an owner of transmission facilities any unfair advantage over its competitors that exists by virtue of such owner’s control of its transmission system.

Energy Policy Act of 2005. –The Energy Policy Act of 2005 (the “2005 Energy Act”) addressed a wide array of energy matters that affect the entire electric utility industry, including Carthage Water and Electric Plant. Among other things, the 2005 Energy Act: (a) authorizes FERC to require non-FERC jurisdictional utilities to provide open access to their transmission systems and to comply with certain rate change provisions of the Federal Power Act (the “FPA”); (b) authorizes FERC to order refunds for certain short-term, wholesale sales by state and municipal power entities if such sales violate FERC-approved tariffs or FERC rules; (c) allows load-serving entities that hold certain firm transmission rights to continue to use those rights to serve their customers; (d) provides for the establishment of a national electric reliability organization to develop and enforce, subject to FERC’s oversight, mandatory reliability standards for operation of the transmission grid; (e) prohibits market manipulation and submission of false information; (f) gives FERC certain authority to issue construction permits for transmission projects that are to be located in “national interest electric transmission corridors” (to be designated by the Department of Energy); (g) eliminates certain ownership restrictions on qualifying cogeneration and small power production facilities under the Public Utility Regulatory Policies Act and authorizes FERC to eliminate prospective utilities’ obligation to purchase from these qualifying facilities under certain circumstances; (h) requires state utility regulatory commissions and “non regulated electric utilities” to consider adopting certain standards on net metering, fuel diversity, fossil fuel plant diversity, certain metering and time-based rate schedules and demand response, and interconnection with distributed generation facilities; (i) replaces regulation of utility holding companies under the Public Utility Holding Company Act of 1935 with more limited oversight of such companies; (j) increases FERC’s authority to review mergers of public utility companies; and (k) directs FERC to establish, for transmission companies whose rates are regulated by FERC, rate incentives to invest in transmission.

In accordance with the 2005 Energy Act, on July 20, 2006, FERC issued an order certifying the North American Energy Corporation (NERC) as the Electric Reliability Organization (ERO) for the United States. Order No. 1000, issued by FERC in 2011, requires public utility transmission providers to improve transmission planning processes and allocate cost for new transmission facilities to beneficiaries of those facilities, and requires public utility transmission providers to align transmission planning and cost allocation in order to remove barriers to development of transmission facilities, and competitive bidding for construction of certain transmission projects.

Municipally-owned electric utilities are not subject to FERC jurisdiction under these orders but may be denied transmission service by a FERC-jurisdictional utility if they do not offer comparable transmission services. Although Carthage Water and Electric Plant regards the reliability standards of NERC as important, it no longer is required to comply with the standards as the Power Plant was deregistered from the NERC compliance registry in August of 2020.

The Carthage Water and Electric Plant was last audited by NERC related to the reliability standards in 2016. The audit was considered a “spot check,” and identified no areas of concerns. The spot check did result in two recommendations.

FERC stated that its overall objective was to ensure that all participants in wholesale electricity markets have non-discriminatory open-access to transmission service, including network transmission service and ancillary services. FERC also indicated that it intends to apply the principles set forth in the regulations to the maximum possible extent to municipal and other non-jurisdictional utilities, both in deciding requests for transmission services orders, as described above, and by requiring such utilities to agree to provide open access transmission service as a condition to securing transmission service from jurisdictional investor-owned utilities under open access tariffs.

Other Federal Actions. In recent years, Congress has introduced various legislative proposals to set carbon fees, establish cap-and-trade programs, and increase climate-related research and development. The Inflation Reduction Act (the “IRA”), passed by Congress in 2022, included climate-related provisions such as tax credits and other incentives to promote renewable energy investment and energy efficiency. The effect of the IRA on the City and Carthage Water and Electric Plant is not certain at this time. It is impossible to predict when Congress will further act on climate change legislation, what form any such legislation will take, and whether the impact on the City or Carthage Water and Electric Plant of any such legislation will be material.

RTO-Operated Markets

In addition to coordinating wholesale transmission operations and services, RTOs operate centralized markets for wholesale electricity products such as capacity, energy and ancillary services. By virtue of its membership and having generating and transmission resources located in SPP, the Carthage Water and Electric Plant is subject to the tariff provisions and business practices governing the operation of wholesale electricity markets in this RTO. As a result, Carthage Water and Electric Plant’s costs of securing power to meet its needs are affected by the market and administrative mechanisms approved by FERC for use in setting prices for energy and ancillary services (as well as transmission service) in SPP.

The nature and operations of RTOs and RTO markets continue to evolve, and Carthage Water and Electric Plant cannot predict whether their existence will meet FERC’s goal of reducing transmission congestion and costs and creating a competitive power market.

Integrated Marketplace

On March 1, 2014, the SPP launched the Integrated Marketplace (“IM”). This market expansion is the latest and most complex incremental step in SPPs evolutionary approach to adding market functionality that will coordinate next-day generation across the region to maximize cost-effectiveness, provide participants with greater access to reserve energy, improve regional balancing of electricity supply and demand, and facilitate the integration of renewable resources. Specifically, the Integrated Marketplace includes:

- A Day-Ahead Market with Transmission Congestion Rights (TCRs).
- A Reliability Unit Commitment process.
- A Real-Time Balancing Market replacing SPPs Energy Imbalance Service (EIS) Market.
- Incorporation of a price-based Operating Reserve Market.
- Combining current Balancing Authorities into a single SPP Balancing Authority.

Carthage Water and Electric Plant successfully transitioned to IM requirements. Carthage Water and Electric Plant has experienced enhanced opportunities to market power from its generation fleet and to secure low cost generation from the grid. Carthage Water and Electric Plant works with Tyr Energy (its assigned Market Participant) to optimize the utilization of Carthage Water and Electric Plant's generating units and costs of load to its customers.

Climate Change and Regulation of Greenhouse Gasses

Limitations on emissions of greenhouse gasses (GHG), including CO₂, create significant exposure for electric fossil-fuel-fired generation facilities. The EPA issued final rules regulating CO₂ emissions from various classes of electric generating units in October 2015. The rules for existing generation, known as the Clean Power Plan ("CPP") call for a 32% reduction of carbon emissions from power plants from 2005 emission levels, by 2030. The rule became effective December 22, 2015. The CPP would not directly regulate greenhouse gas emissions by specific electric generating units, but instead would impose state-by-state caps on aggregate greenhouse gas emissions, allowing respective states to develop their own method to comply with their emissions cap.

In October 2017, the EPA proposed to repeal the CPP, and the repeal was finalized in July 2019. Also in July 2019, the EPA promulgated the Affordable Clean Energy Rule ("ACE"). ACE replaced CPP and applied only to large coal-fired power generating plants. On January 19, 2021, the D.C. Circuit Court vacated the ACE rule. The EPA has indicated that it will revisit options for regulating electric fossil-fuel-fired generation sources.

The Biden Administration has signaled a renewed focus on mitigating the effects of climate change. The Biden Administration issued executive orders, reentered the Paris Climate Accord, announced plans to pursue a 50-52% reduction from 2005 levels in economy-wide net greenhouse gas pollution in 2030 and stated a goal to reach net zero emissions economy-wide by no later than 2050.

Although Carthage Water and Electric Plant is unable to predict the outcome of these matters, the potential impacts of mandatory greenhouse gas emissions limitations on Carthage Water and Electric Plant could be material. Carthage Water and Electric Plant has not created a financial analysis or methodology regarding unenforced carbon legislation. As noted above, Carthage Water and Electric Plant purchases power from power generating entities and those entities may be subject to monitoring and reporting requirements for GHG under EPA's mandatory greenhouse gas reporting program.

Other Environmental Regulation

Clean Air Act. The Clean Air Act Amendments of 1990 (the "1990 CAA") mandated reduced Sulfur Dioxide ("SO₂") and Nitrogen Oxide ("NO_x") emissions from electric utility power plants. The 1990 CAA established a market-based compliance program which allows the selling and trading of SO₂ allowances. An "allowance" is the authorization to emit one ton of SO₂ in a given year.

Cross-State Air Pollution Rule. In 2011, the EPA promulgated the Cross-State Air Pollution Rule ("CSAPR") to reduce power plant emissions of SO₂ and NO_x emissions in certain states, including Missouri. Phase 1 of CSAPR began January 1, 2015 then followed by Phase 2 in 2017 for both Annual SO₂ and NO_x and the Ozone Season NO_x Programs. Entities from which Carthage Water and Electric Plant purchases power may be subject to CSAPR. Carthage Water and Electric Plant cannot predict the impact of any future rulemaking on its operations or the operations of the entities from which it purchases power.

National Ambient Air Quality Standards. The Clean Air Act requires EPA to establish NAAQS for certain air pollutants, including particulate matter and ozone. When a NAAQS has been established, each state must implement programs to achieve and maintain the NAAQS in that state. Each state must identify areas in its state that do not meet a NAAQS (known as "non-attainment areas") and develop regulatory measures to

reduce or control the emissions of that air pollutant in order to meet the NAAQS and become an “attainment area.”

In 2015, the EPA issued a final rule related to NAAQS for ground-level ozone. The rule established the 8-hour ground-level ozone standard of 70 ppb. In December 2020, the EPA acted to retain the 2015 standard. The December 2020 rule is being challenged by multiple parties in the D.C. Circuit.

Mercury and Air Toxics Standards Rule. On February 16, 2012, the EPA issued the Mercury and Air Toxics Standards (“MATS”) to control emissions of hazardous air pollutants (HAPs) from power plants. These pollutants include mercury, arsenic, chromium, nickel, dioxins, furans, acid gases, hydrogen chloride and hydrogen fluoride. For existing and new coal-fired electric generating units, MATS established numerical emission limits which were to be met by April 16, 2015, unless an extension was granted. MATS has been the subject of multiple legal challenges by both industry and environmental groups, but currently the rule as supplemented on May 22, 2020, remains in effect.

Entities from which Carthage Water and Electric Plant purchases power may be subject to MATS regulations, and those entities may or may not be fully compliant with the MATS monitoring, reporting and notification requirements.

Regional Haze. In June 2005, the EPA issued the Clean Air Visibility Rule, amending regulations that control air emissions to protect visibility in national parks and wilderness areas throughout the United States. Under the rule, some electric generating facilities were required to install best available retrofit technology (BART) to control particulate matter, sulfur dioxide and nitrogen oxide emissions. States were required to develop regional haze plans and identify facilities that would have to reduce emissions and then set BART emissions limits for those facilities. In 2012, EPA approved the Missouri Regional Haze State Implementation Plan. States were required to submit their regional haze implementation plan revisions to EPA by July 31, 2021, and every 10 years thereafter, and submit progress reports to EPA every five years. Entities from which Carthage Water and Electric Plant purchases power may be subject to the Missouri Regional Haze State Implementation Plan and the Clean Air Visibility Rule.

Internal Combustion Maximum Achievable Control Technology Rule. In 2010, the EPA issued a final rule regulating hazardous air pollutant emissions from Compression Ignition Reciprocating Internal Combustion Engines (“CI-RICE”) larger than 100 braking horsepower, including formaldehyde. The rule provided differing mandatory requirements for engines based on total horsepower, with the most stringent controls, including the installation of catalytic converters, reserved for units over 500 horsepower. The rule allows cities to designate these units for “emergency only” operation and generate with the units without any emission controls when power is interrupted from their regular supplier. Carthage Water and Electric Plant has installed catalytic converters on all nine (9) engines. Entities from which Carthage Water and Electric Plant purchases power may be subject to the rule.

Air Emissions New Source Review. Both the Federal Clean Air Act and Missouri Air Pollution Control Program contain new source review (“NSR”) requirements that require pre-construction permits authorizing the discharge of air emissions from new or modified facilities. Beginning in the late 1990’s, the EPA issued notices of violation against multiple utilities across the country for alleged violations of the NSR provisions. In many cases, the U.S. Department of Justice has filed lawsuits alleging NSR violations. Many of the lawsuits have been settled. Generally, the government alleged that projects performed at various coal-fired units were major modifications requiring permits and stringent air pollution controls under the Prevention of Significant Deterioration (“PSD”) and/or Title V programs. The lawsuits seek CAA statutory penalties and the installation of Best Available Control Technology (“BACT”). Affected facilities are required as part of the permitting process to undergo a BACT review to determine what additional emission controls or mitigation strategies, if any, could be implemented to further reduce emissions. The U.S. Supreme Court issued a ruling on June 23, 2014, invalidating that portion of the rule which requires new sources which would not be required to undergo Title V permitting or PSD review except for

their emissions of CO₂, to do so. Entities from which Carthage Water and Electric Plant purchases power may be subject to investigation as part of this enforcement initiative.

Solid Waste Disposal. In 2015, the EPA issued a final rule for the Effluent Limitation Guidelines (ELG) for Steam Electric Generation Point Sources. The rule required the dry handling of both bottom and fly ash from existing coal-fired boilers with generation capacity greater than 50 MW. On August 31, 2020, the EPA issued a final rule revising the bottom ash transport water waste ~~stream~~steam limits for existing facilities. Entities from which Carthage Water and Electric Plant purchases power may be subject to the rule and may incur additional costs to comply.

On April 17, 2015, the EPA published final rules for regulating the disposal and management of Coal Combustion Residuals (CCR). The final rule does not apply to landfills that ceased receiving residuals prior to the effective date of the rule. The final rule preserves the Bevill determination that coal combustion residuals are non-hazardous and maintains regulation CCR under Subtitle D of the Resource Conservation and Recovery Act (RCRA). Further, the rule supports recycling of CCR by encouraging safe, beneficial use practices currently used by many utility providers. The final rule requires utility providers to demonstrate compliance for its CCR surface impoundments and landfills through verification and demonstration process, including establishing groundwater monitoring, development of fugitive dust plans, and enhanced inspection programs. Elements of this demonstration and verification process may require capital investment, which could be significant depending on the results of the testing, and increase operating costs to entities from which Carthage Water and Electric Plant purchases power.

Permitting

Wastewater Discharge Permits. The Clean Water Act contains requirements relating to the discharge of process wastewater and storm water to navigable waters of the United States. The Missouri Department of Natural Resources (“MoDNR”) establishes the requirements for producers through issuance of National Pollutant Discharge Elimination system (“NPDES”) permits.

U.S. EPA proposed national changes to the steam-electric generating effluent limitations guidelines (ELGs) on June 7, 2013. The EPA Administrator signed the final rule for the Effluent Limitation Guidelines (ELG) for Steam Electric Generation Point Sources on September 30, 2015 and became effective later that year. The rule required the dry handling of both bottom and fly ash from exiting coal-fired boilers with generation capacity greater than 50 MW. In April 2017, EPA paused future compliance dates under the rule for two (2) years, as EPA reconsidered the best available technology economically achievable (BAT) limits. On August 31, 2020, the EPA finalized the revised technology-based effluent limitations guidelines and standards for bottom ash transport water (BA). Entities from which Carthage Water and Electric Plant purchases power may be subject to these guidelines and standards.

Waters of the United States. In 2015, the EPA issued a rule revising the definition of “Waters of the United States” (“WOTUS”). In the 2019, EPA repealed the 2015 rule and re-codified the prior definition of “Waters of the United States.” In April 2020, the EPA again revised the definition of “Waters of the United States” under its Navigable Waters Protection Rule. The rule includes four categories of federally regulated waters, as well as 12 exclusions that are explicitly not waters of the United States. In June 2021, the EPA announced its intent to initiate a new rulemaking process that restores the protections in place prior to the WOTUS implementation and develops a new rule to establish a definition of “Waters of the United States.” Entities providing utilities occasionally have projects that require a determination as to whether a water is a water of the United States. It is unknown whether this rulemaking will have a significant impact on potential utility projects.

In addition to the WOTUS rule, in April 2019, the EPA issued an Interpretative Statement regarding the scope of Clean Water Act permitting. The Interpretative Statement formalizes the EPA’s position that releases of pollutants to groundwater are excluded from the Clean Water Act’s permitting requirements, regardless of whether that groundwater is hydrologically connected to surface water. Since issuance of the Interpretative

Statement, the U.S. Supreme Court issued an Opinion finding that pollutants that leave a point source and reach navigable waters require a permit when there is a direct discharge from a point source into navigable waters or when there is the functional equivalent of a direct discharge.” It is not possible to evaluate the impact of any future determination regarding how hydrologic connections will impact future projects or operations of entities providing utilities.

Air Emissions Operating Permits. The Federal Clean Air Act (“CAA”) and Missouri Air Pollution Control Program (APCP) impose a suite of requirements on electric generating facilities. Many generating facilities are required to hold operating permits that list emissions limits, require that pollution control equipment is operated and maintained pursuant to applicable environmental regulations and rules, require compliance with applicable new or amended air quality rules, and set forth monitoring, recordkeeping and reporting requirements. The several EPA air quality regulations are generally implemented by MoDNR through its State Implementation Plan (SIP). The regulatory programs are summarized at a high-level below.

Acid Rain Permits. The Federal Clean Air Act, Title IV, establishes the Acid Rain Program to address the effects of acid rain and impose restrictions on sulfur dioxide (SO₂) emissions and nitrogen oxide (NO_x) emissions from electric generating facilities, particularly those fueled by coal. SO₂ emissions were limited by means of a market-based cap and trade program. Carthage Water and Electric Plant does not know if all necessary upgrades to generating units of entities from which they purchase power have been completed in order to comply with emissions limitations, nor does Carthage Water and Electric Plant know if such entities are allocated sufficient Acid Rain allowances for generating units to continue normal operations.

Solid Waste Disposal Permits. MoDNR has adopted a permitting system for the management and disposal of solid waste generated by power stations.

PLAN OF FINANCE

Sources and Uses of Funds

In connection with the sale and delivery of the Series 2022 Certificates, it is contemplated that funds will be obtained and applied as follows:

<i>Sources of Funds</i>	
Principal Amount of Series 2022 Certificates	\$15,000 <u>\$14,185,000.00*</u>
Net Original Issue Premium/Discount	
Total Sources	\$
<i>Uses of Funds</i>	
Project Costs	\$
Costs of Delivery including Underwriter’s Discount	
Total Uses	\$

The Project

The Project consists of replacing, upgrading and renovating various pieces of equipment of the utility system, including the relocation and upgrade of several transmission lines and switches. The Project includes four main components:

* Preliminary, subject to change.

~~(1) For approximately \$5,795,000, the~~(1) The transmission lines between the Southwest Power Administration Substation and Substation No. 1 will be replaced. Electricity that is purchased, as described in *Appendix A – Carthage Water and Electric Plant – Management and Organization of CWEP and its Electric System*, arrives at the utility via the Southwest Power Administration Substation and is then transmitted to the utility’s other substations.

~~(2) For approximately \$2,638,000, the~~(2) The infrastructure utilized in the transmission and transformation of electricity between the Power Plant Substation and Substation No. 1 will be upgraded and improved. Infrastructure upgrades in and near the Power Plant Substation include replacement of physical lines and ~~all switch gears and the moving relocation of circuits out of hard five distribution feeder circuit breakers to operate areas to areas with improved access and suitability.~~ Substation No. 1. Infrastructure upgrades in and near Substation No. 1 include upgrading and adding distribution feeder circuit breakers ~~and feeder positions~~ that allow for improved management of the equipment ~~will improve reliability and be easier to maintain.~~

~~(3) For approximately \$3,094,671, infrastructure~~(3) Infrastructure in and near Substation No. 2 will be replaced and upgraded. A transformer and switch gear will be replaced, and the improvements will be moved to an outdoor structure to provide for easier maintenance and operation.

~~(4) For approximately \$1,909,520, feeder~~(4) Feeder lines from Substation No. 2 will be upgraded and extended. The feeder line connects the substation to the distribution system. The extension will connect with neighborhoods and give improve flexibility in electric distribution.

LITIGATION

There is no action, suit, proceeding or litigation pending against the City, or to the knowledge of the City or of its officials threatened, that in any way questions or affects the validity of the Lease Agreement, the Base Lease, the Indenture, the Series 2022 Certificates or any proceedings or transactions relating to their authorization, sale or delivery, or that would affect the validity of the agreements related to the construction, operation or management of the Project, or that would adversely affect the financial condition of the City.

From time to time, claims and litigation against the City arises in the ordinary course of business. The City, after consultation with counsel, does not believe that the outcome of these matters will have a material impact on the financial condition of the City, and the City does not believe that such exposure would materially affect the City’s ability to meet its obligations to pay the Series 2022 Certificates.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2022 Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2022 Certificates as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers) and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2022 Certificates in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2022 Certificates.

Opinion of Special Counsel

In the opinion of Gilmore & Bell, P.C., Special Counsel, under the law existing as of the issue date of the Series 2022 Certificates:

Federal and Missouri Tax Exemption. The Interest Component of the Rental Payments paid by the City under the Lease Agreement and distributed to the owners of the Series 2022 Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal and Missouri income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The Interest Component of the Rental Payments under the Lease Agreement is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Series 2022 Certificates are not “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Special Counsel’s opinions are provided as of the date of the original delivery of the Series 2022 Certificates, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Series 2022 Certificates in order that the Interest Component be, or continue to be, excludable from gross income for federal and Missouri income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Component in gross income for federal and State of Missouri income tax purposes retroactive to the date of delivery of the Series 2022 Certificates. Special Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2022 Certificates but has reviewed the discussion under the section herein captioned “TAX MATTERS.”

Other Tax Consequences

[Original Issue Discount. For federal income tax purposes, original issue discount (“OID”) is the excess of the stated redemption price at maturity of a Series 2022 Certificate over its issue price. The issue price of a Series 2022 Certificate is the first price at which a substantial amount of the Series 2022 Certificates of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt obligations accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2022 Certificate during any accrual period generally equals (1) the issue price of that Series 2022 Certificate, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2022 Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any Interest Component payable on that Series 2022 Certificate during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Series 2022 Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.]

Original Issue Premium. If a Series 2022 Certificate is issued at a price that exceeds the stated redemption price at maturity of the Series 2022 Certificate, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Series 2022 Certificate. Under Section 171 of the Code, the purchaser of that Series 2022 Certificate must amortize the premium over the term of the Series 2022 Certificate using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2022 Certificate and the amount of tax-exempt Interest Component received will

be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2022 Certificate prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

Sale, Exchange or Retirement of Series 2022 Certificates. Upon the sale, exchange or retirement (including redemption) of a Series 2022 Certificate, an owner of the Series 2022 Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2022 Certificate (other than in respect of accrued and unpaid Interest Component) and such owner's adjusted tax basis in the Series 2022 Certificate. To the extent a Series 2022 Certificate is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2022 Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of Principal Component, Interest Component and prepayment premium paid on the Series 2022 Certificates, and to the proceeds paid on the sale of the Series 2022 Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2022 Certificates should be aware that ownership of the Series 2022 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2022 Certificates. Special Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2022 Certificates should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2022 Certificates, including the possible application of state, local, foreign and other tax laws.

Special Counsel notes that for tax years beginning after December 31, 2022, the interest on the Series 2022 Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

UNDERWRITING

The Series 2022 Certificates were sold to Piper Sandler & Co. (the "Underwriter") for reoffering by the Underwriter. The Underwriter has agreed to purchase the Series 2022 Certificates at an aggregate purchase price equal to \$_____ (the principal amount of the Series 2022 Certificates plus a net original issue premium of \$_____, less an underwriter's discount of \$_____), plus accrued interest, if any. The Underwriter is purchasing the Series 2022 Certificates for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Series 2022 Certificates to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter shall determine. The Underwriter reserves the right to join with dealers and other purchasers in offering the Series 2022 Certificates to the public. The Underwriter may offer and sell Series 2022 Certificates to certain dealers (including dealers depositing Series 2022 Certificates into investment trusts) at prices lower than the public offering prices.

The Underwriter has entered into a distribution agreement (“Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co”) for the retail distribution of certain securities offerings, including the Series 2022 Certificates, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co will purchase Series 2022 Certificates from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Series 2022 Certificates that CS&Co sells.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC as municipal advisor in connection with certain aspects of the issuance of the Series 2022 Certificates (the “Municipal Advisor” or “BTMA”). BTMA is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP (“BTUS”), an accounting firm and has been retained by the City to provide certain financial advisory services including, among other things, review of the deemed “nearly final” Preliminary Official Statement and the Final Official Statement (the “Official Statements”). The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements. The Municipal Advisor’s duties, responsibilities and fees arise solely as Municipal Advisor to the City and they have no secondary obligations or other responsibility.

Municipal Advisor Registration. BTMA is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, BTMA is providing certain specific municipal advisory services to the City, but is neither a placement agent to the City nor a broker/dealer and cannot participate in the underwriting of the Series 2022 Certificates.

The offer and sale of the Series 2022 Certificates shall be made by the City, in the sole discretion of the City, and under its control and supervision. The City has agreed that BTMA does not undertake to sell or attempt to sell the Series 2022 Certificates, and will take no part in the sale thereof.

Other Financial Industry Activities and Affiliations. BTUS is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTUS and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTUS is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 47 territories, with 33,600 professionals.

Baker Tilly Investment Services, LLC (“BTIS”) is registered as an investment adviser with the Securities and Exchange Commission (“SEC”) under the Federal Investment Advisers Act of 1940. BTIS provides discretionary and non-discretionary investment management services to government and municipal entities. BTIS may provide advisory services to the clients of BTMA.

Baker Tilly Capital, LLC (“BTC”), a wholly owned subsidiary of BTUS, is a limited purpose broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority. BTC provides merger & acquisition, capital sourcing and corporate finance advisory services. BTC may provide transaction advisory services to clients of BTMA.

Baker Tilly Financial, LLC (“BTF”), a wholly owned subsidiary of BTUS, is an investment adviser registered with the SEC. BTF provides both discretionary and non-discretionary portfolio management, consulting and retirement plan management services to individuals and retirement plans. BTF may provide advisory services to the clients of BTMA.

BTMA has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

RATING

~~Standard & Poor's~~ S&P Global Ratings Services is expected to give the Series 2022 Certificates a rating of "[RATING]". Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by said rating agency if, in its judgment, circumstances so warrant. Any such downward change or withdrawal of the rating may have an adverse effect on the market price and marketability of the Series 2022 Certificates.

The City has furnished the rating agency with certain information and materials relating to the Series 2022 Certificates and the City that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing such rating, circumstances so warrant. The Underwriter has not undertaken any responsibility to bring to the attention of the holders of the Series 2022 Certificates any proposed revision or withdrawal of the rating of the Series 2022 Certificates or to oppose any such proposed revision or withdrawal. Pursuant to the Continuing Disclosure Certificate, the City is required to bring to the attention of the holders of the Series 2022 Certificates any revision or withdrawal of the rating of the Series 2022 Certificates but has not undertaken any responsibility to oppose any such revision or withdrawal. See the section herein captioned "CONTINUING DISCLOSURE." Any such revision or withdrawal of the rating could have an adverse effect on the market price and marketability of the Series 2022 Certificates.

FINANCIAL STATEMENTS

The City maintains its financial records on the basis of a fiscal year ending June 30. Set forth in *Appendix B* are the audited financial statements of the City for the fiscal year ended June 30, 2021 ~~and~~. Set forth in Appendix C are the component unit financial statements of the Carthage Water and Electric Plant for the fiscal year ended June 30, 2021. Such financial statements have been examined by KPM CPAs & Advisors, independent certified public accountants located in Springfield, Missouri. The audited financial statements for the fiscal year ended June 30, 2022 are being prepared by KPM CPAs & Advisors and are expected to be available.

LEGAL MATTERS

Certain legal matters incident to the authorization and execution by the City of the Indenture, the Base Lease and the Lease Agreement and the delivery and sale of the Series 2022 Certificates and with regard to the tax-exempt status of the Interest Component of Rental Payments to be made on the Series 2022 Certificates are subject to the approving opinion of Gilmore & Bell, P.C., Special Counsel. Special Counsel has participated in the preparation of this Official Statement, but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the City.

CONTINUING DISCLOSURE

The City is executing a Continuing Disclosure Certificate for the benefit of the owners and Beneficial Owners of the Series 2022 Certificates in order to comply with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") in substantially the form attached hereto as **Appendix DE**. The City is the only "obligated person" with responsibility for continuing disclosure.

The City has engaged in undertakings similar to the Continuing Disclosure Certificate with respect to several series of obligations previously issued by the City to provide to the national information repositories (presently, only the MSRB) the audited financial statements of the City and updates of certain operating data of the City. Over the last five years, the City has been in material compliance with filing its audited financial statements and operating data in a timely manner. In order to promote compliance with the City's obligations

under the Continuing Disclosure Certificate and the City's prior undertakings, the City has engaged the law firm of Gilmore & Bell, P.C. to assist the City in determining the required content of the Annual Reports and in submitting such Annual Reports to the MSRB via EMMA.

All Annual Reports and notices of Material Events required to be filed by the City pursuant to the Continuing Disclosure Certificate must be submitted to the MSRB through the MSRB's Electronic Municipal Market Access system ("EMMA"). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org. Nothing contained on EMMA relating to the City or the Series 2022 Certificates is incorporated by reference in this Official Statement.

CERTAIN RELATIONSHIPS

Gilmore & Bell, P.C., Special Counsel to the City, has represented the Underwriter and the Trustee in transactions unrelated to the delivery of the Series 2022 Certificates, but is not representing the Underwriter or the Trustee in connection with the delivery of the Series 2022 Certificates.

MISCELLANEOUS

Certification and Other Matters Regarding Official Statement

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City, certified public accountants, and other sources, as referred to herein, which are believed to be reliable. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or registered owners of any of the Series 2022 Certificates.

References herein to the Indenture, the Lease Agreement, the Base Lease and certain other matters are brief discussions of certain provisions thereof. Such discussions do not purport to be complete, and reference is made to such documents for full and complete statements of such provisions.

The form of this Official Statement and its distribution and use by the Underwriter has been approved by the City. However, neither the City nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the City's financial condition or its ability to make payments required under the Lease Agreement and the Indenture other than those expressly imposed on the City by the Indenture, the Base Lease or the Lease Agreement.

CITY OF CARTHAGE, MISSOURI

By: _____
Mayor

APPENDIX A

INFORMATION REGARDING THE CARTHAGE WATER AND ELECTRIC PLANT AND THE CITY OF CARTHAGE, MISSOURI

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CARTHAGE WATER AND ELECTRIC PLANT

Management and Organization of CWEP and its Electric System

General

Carthage Water & Electric Plant (CWEP) is a municipally-owned, locally controlled, not for profit utility company responsible for operating and maintaining the municipal electric, water, wastewater and communication systems of Carthage, Missouri. The City began providing electricity in 1898, and following the acquisition of a private water plant in 1907, the electric plant and water plant were placed under the jurisdiction of the Board of Public Works, now referred to as CWEP. CWEP is authorized under the City's charter.

Construction of the current location of the CWEP power plant began in 1927. The plant fully supplied the electrical needs of the City until 1981 when it became more feasible to purchase the majority of power from large generating facilities. The plant currently has been maintained since that time and stands ready to provide power as needed. In 1990, CWEP began an expansion of the supply lines that formed a "loop" around the City. This system, which includes enhanced switching capabilities, allows power to be redirected around any major break in service. The power plant has frequently been brought on line to help keep the cost of power in the City low. The power plant has also had occasion to sell quantities of electrical power on the open market during shortages in other parts of the state and country.

The CWEP power plant serves residential, commercial and industrial accounts with electric service. The power plant is located at the intersection of 3rd and River Street in the City and is rated a 35 megawatt (MW) plant. This means the plant, which is a combination of 9 Nordberg and Cooper dual fuel reciprocating internal combustion generating engines, can generate 35 megawatts of electricity an hour. CWEP owns and maintains three substations, approximately 163 miles of 7.62/13.2kV distribution line, and approximately 4.3 miles of 69kV transmission line throughout the City and surrounding area.

CWEP maintains life of the plant contracts with two coal fired power plants: Sikeston Power Station and Plum Point Energy Station. The Sikeston Power Station in Sikeston, Missouri, provides 23 MW of electricity and the Plum Point Energy Station in Osceola, Arkansas provides 12 MW of electricity. Together, they account for more than half of CWEP's peak load. The delivery of coal to the facilities is subject to transportation and supply pricing fluctuations that are passed onto CWEP pursuant to the wholesale energy contracts. Pursuant to written agreement, the Southwest Power Administration guarantees 1,200 hours of up to 7 MW of hydropower that can be flexibly scheduled as needed. CWEP is entitled to additional supplemental hydropower up to the maximum of 7 MW during high water conditions. CWEP utilizes its powerplant to hedge against Southwest Power Pool market volatility and emergencies.

Annually, CWEP makes transfer payments to the City equal to 3.5% of the CWEP revenues, as reflected in the most recent annual audited financial statements. CWEP segregates and attributes revenues and expenditures based on department (i.e., water, wastewater, electric or communications). CWEP intends for the Series 2022 Certificates to be paid solely from revenues generated by the electric department.

Key Employees

In accordance with Missouri law, CWEP is operated by a Board of Public Works, called the Carthage Water and Electric Board, the members of which are appointed by the Mayor and approved by the City Council. Day-to-day operations are maintained by a staff of approximately 87 employees.

Chuck Bryant has served as General Manager of CWEP since 2015. Mr. Bryant joined CWEP in 1996 as a customer service representative, and assumed various positions before becoming General Manager. In 2000, he was put in charge of launching eCarthage.com, the ISP operated by CWEP. In 2001, he was promoted to direct the Technical Department, which operates the Dial-up and Wireless Internet, Gig-E Fiber Optic Network Services, Electric and Water SCADA Systems, Drafting, and Electric Metering. He served as CWEP Electric

Superintendent from 2006-2015, where he led the electric department in substantial upgrades and additions in the form of RICE NESHAP catalyst conversions to its peaking facility, and a complete overhaul to its SCADA and outage management systems to better serve the customers of CWEP. Under Bryant's leadership as General Manager, CWEP was first named a Diamond Level Reliable Public Power Provider (RP3) recipient. Mr. Bryant is involved in several national, state and regional industry activities, including being elected to serve on the American Public Power Association Board of Directors, and other boards of directors such as Southwestern Power Resources Association, Missouri Joint Municipal Electric Utility Commission, Missouri Association of Municipal Utilities, MPUA Joint Operating Committee, and the Tri-State Regional Water Commission.

Kelli Nugent, CPA, has served as the Chief Financial Officer (CFO) of CWEP since 2015. Prior to coming to CWEP, she worked in public accounting for over 31 years with both individuals and businesses primarily in the fields of accounting and tax. The extensive consulting work with small and medium sized businesses during her public accounting career is what prepared her for the role as CFO at CWEP. Ms. Nugent is a long-standing member of both the American Institute of CPAs and the Missouri Society of CPAs and has been involved in the Carthage community with the schools and as a member of various boards. Ms. Nugent graduated from Missouri State University in Springfield, Missouri (formerly Southwest Missouri State University) with a Bachelor of Science degree in accounting and went on to obtain a license as a certified public accountant.

Net Revenues Available for Debt Service

The following table shows the net revenues of CWEP available for debt service for the last three fiscal years and the extent to which such revenues covered debt service requirements on the actual long-term indebtedness of CWEP. This summary should be read in conjunction with the financial statements of the City, included in *Appendix B*, and CWEP, included in *Appendix C*, to this Official Statement. Reference is hereby made to such financial statements, including the notes thereto. There can be no assurance that CWEP will generate the revenues set forth below in subsequent fiscal years.

Revenues for all CWEP departments:

	<u>Fiscal Year Ended June 30</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues (operating revenues plus interest, Rental and other income)	\$33,432,840	\$34,299,480	\$36,030,237
Less operating expenses (including franchise fee)	<u>28,929,186</u>	<u>29,939,325</u>	<u>27,512,096</u>
Net Income (Loss)	\$ 4,503,654	\$ 4,360,155	\$ 8,518,141
Plus depreciation and amortization	<u>3,484,020</u>	<u>3,632,425</u>	<u>3,952,460</u>
Net Revenues Available for Debt Service	\$ 7,987,674	\$ 7,992,580	\$12,470,601
Debt Service for Long Term Obligations*	\$ 595,654	\$ 743,821	\$ 958,072
Coverage Ratio for Long Term Obligations	13.41x	10.75x	13.02x

Source: CWEP's Audited Financial Statements for the fiscal years ended June 30, 2019-2021.

* Includes CWEP Revenue Bonds as well as the annual appropriation certificates of participation financings and MAMU lease financings attributed to improvements of CWEP.

Unaudited financial statements for Fiscal Year 2022 indicate CWEP revenues of \$36,917,416. The Audited Financial Statements for the fiscal year ended June 30, 2021, indicated required payments on Long Term Debt of \$1,334,653 in Fiscal Year 2022.

Revenues for only Electric department:

Fiscal Year Ended June 30

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues (operating revenues plus interest, Rental and other income)	\$25,674,526	\$25,852,162	\$27,328,139
Less operating expenses (including franchise fee)	<u>22,931,632</u>	<u>23,795,721</u>	<u>21,057,379</u>
Net Income (Loss)	\$ 2,742,894	\$ 2,056,441	\$ 6,270,760
Plus depreciation and amortization	<u>1,409,465</u>	<u>1,540,349</u>	<u>1,708,855</u>
Net Revenues Available for Debt Service	\$ 4,152,359	\$ 3,596,790	\$ 7,979,615
Debt Service for Long Term Obligations*	\$ 203,706	\$ 252,705	\$ 253,219
Coverage Ratio for Long Term Obligations	20.38x	14.23x	31.51x

Source: CWEP's Audited Financial Statements for the fiscal years ended June 30, 2019-2021.

* Includes only obligations attributable to the electric department, including the MAMU lease dated November 18, 2018, and 52.64% of the annual payments on the Refunding Certificates of Participation (CWEP), Series 2012.

Unaudited financial statements for Fiscal Year 2022 indicate Electric department revenues of \$28,580,116. The Audited Financial Statements for the fiscal year ended June 30, 2021, indicated required payments on Long Term Debt by the Electric department of \$253,493 in Fiscal Year 2022.

Sources of Revenue

CWEP finances its general operations through the following service charges and miscellaneous sources as indicated below for Fiscal Year 2021 (the most recent fiscal year for which audited financial statements are available). Revenues for CWEP as a whole are below:

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Residential	\$ 12,738,749	35.54%
Commercial	7,142,320	19.93
Industrial	14,237,160	39.72
Interdepartmental Sales	909,769	2.54
Communication Services	374,922	1.05
Late Fees	259,153	0.72
Other Revenue	<u>179,505</u>	<u>0.50</u>
	<u>\$35,841,578</u>	<u>100.00%</u>

Source: City's Audited Financial Statements for fiscal year ended June 30, 2021; Component Unit Financial Statements: Carthage Water and Electric Plant.

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Revenues for only the Electric department, the department intended for repayment of the Series 2022 Certificates, are below:

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Residential	\$ 9,328,715	34.30%
Commercial	5,615,773	20.65
Industrial	11,175,687	41.09
Interdepartmental Sales	747,577	2.75
Communication Services	-	0.00
Late Fees	215,097	0.79
Other Revenue	<u>112,873</u>	<u>0.42</u>
	<u>\$27,195,722</u>	<u>100.00%</u>

Source: City's Audited Financial Statements for fiscal year ended June 30, 2021; Component Unit Financial Statements: Carthage Water and Electric Plant.

Long-Term Debt Obligations

Detailed information about CWEP's long-term debt obligations are reported with the City's long-term debt obligations, above. The obligations are repeated in this section for ease of reference. As noted previously, CWEP attributes revenues and expenditures by department. While all obligations listed below are obligations of CWEP, payment is allocated by department listed.

<u>Name of Issue</u>	<u>Department</u>	<u>Date of Issue</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>
Refunding Certificates of Participation (CWEP), Series 2012 ⁽¹⁾	Water, Wastewater and Electric*	9/27/2012	\$2,135,000	\$ 420,000
Refunding Certificates of Participation (CWEP), Series 2015	Water and Wastewater	6/9/2015	2,920,000	1,570,000
Combined Waterworks and Sewerage System Revenue Bonds (CWEP) (State of Missouri – Direct Loan Program), Series 2019	Water and Wastewater	9/27/2019	4,501,000	4,223,805

⁽¹⁾ CWEP and the City are in the process of prepaying the outstanding principal amount from funds in the debt service reserve fund for the Refunding Certificates of Participation (CWEP), Series 2012 and expect such prepayment to occur prior to the delivery of the Series 2022 Certificates.

* 52.64% of the annual payments are paid from the Electric fund.

Additionally, CWEP has entered into two lease agreements with the Missouri Association of Municipal Utilities (MAMU) that are currently outstanding. Principal and interest on these lease agreements are due monthly. As of the fiscal year ended June 30, 2022, the MAMU leases had the following amounts outstanding:

<u>Date of Lease</u>	<u>Department</u>	<u>Outstanding Principal Amount</u>
November 18, 2018	Electric	\$ 972,723
December 15, 2020	Communications	6,321,326

More information on CWEP's outstanding debt obligations can be found in the City's Audited Financial Statements, attached as **Appendix B**, and CWEP's Audited Financial Statements, attached as **Appendix C**.

User Charge Rates for Electric Service

Electric customers are billed based on customer-type and usage on a monthly basis. Rates are effective as of July 1, 2022. In addition to the monthly usage charge, users are charged a franchise fee (payment in lieu of tax) and sales tax. The franchise fee is applied to customers located within the City and is charged at 3.5% of the bill, not to exceed \$100 per month. A purchase power adjustment may be added to a customer's bill when the actual cost of wholesale electric energy purchased and generated is above the forecasted amount. Bills are due and payable upon receipt. A 10% late payment penalty charge is assessed on bills not paid by the past due date specified on the bill.

Charges for the following services are also charged:

Connect Fee	\$30.00
Disconnect – at the pole	\$125.00
Reinstate – at the pole	\$125.00
Disconnect – at the pole – after hours	\$210.00
Reinstate – at the pole – after hours	\$210.00
Non-payment reinstate – during office hours	\$40.00
Service call due to meter tampering	\$100.00
Service charge for return check	\$25.00
Set portable watt hour meter	\$30.00

Residential Service

Energy Charge	For all kWh used per month, per kWh:	\$0.09782
Monthly Customer Charge	Single Family Dwelling:	\$19.60
	Additional Structures:	\$26.60

General Service

Energy Charge (Demand Meters)	For the first 5,000 kWh used per month, per kWh:	\$0.08125
	For all additional kWh used per month, per kWh:	\$0.07876
Energy Charge (Non-Demand Meters)	For the first 5,000 kWh used per month, per kWh:	\$0.09675
	For all additional kWh used per month, per kWh:	\$0.09215
Monthly Customer Charge	Single-Phase Service:	\$32.00
	Three-Phase Service:	\$99.00
Monthly Demand Charge	Per kW of billing demand:	\$8.30

Primary (Industrial) Service

Energy Charge	For the first 200,000 kWh used per month, per kWh:	\$0.06656
	For all additional kWh used per month, per kWh:	\$0.05616
Monthly Customer Charge	Single-Phase Service:	\$32.00
	Three-Phase Service:	\$99.00
Monthly Demand Charge	Per kW of billing demand:	\$9.00

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Customers

As of June 30 of each of the last five fiscal years, CWEP has had approximately the following number of customer accounts:

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u>
2022	6,882	1,114	28	8,024
2021	6,871	1,117	29	8,017
2020	6,769	1,078	30	7,877
2019	6,723	1,086	30	7,839
2018	6,629	1,091	30	7,750

Note: Numbers are based on actual number of customer accounts.
Source: CWEP.

Top Ten Electric Customers

<u>Name</u>	<u>Revenue</u>	<u>Percent of Total Revenue</u>
1. Leggett & Platt	\$4,434,420	16.31%
2. Schreiber Food Inc.	3,634,578	13.36
3. Carthage R-9 Schools	1,215,573	4.47
4. Butterball LLC	1,005,125	3.70
5. ADM Milling	788,820	2.90
6. H.E. Williams	621,766	2.29
7. Brooks Hospital, Mercy McCune	503,272	1.85
8. Wal-Mart Store	304,842	1.12
9. Price Cutter	216,102	0.79
10. CRM	160,885	0.59

Source: CWEP.

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THE CITY OF CARTHAGE, MISSOURI

General

The City of Carthage, Missouri (the “City”) is a constitutional charter city and political subdivision, duly created and existing under the laws of the State of Missouri (the “State”). Additional information regarding the City may be obtained from Mr. Greg Dagnan, City Administrator, City of Carthage, Missouri, 326 Grant Street, Carthage, Missouri 64836, (417) 237-7000. Additional information regarding Carthage Water and Electric Plant may be obtained from Mr. Chuck Bryant, General Manager, Carthage Water and Electric Plant, 627 W. Centennial Ave., Carthage, Missouri 64836, (417) 237-7300. The City is located approximately 60 miles west of the City of Springfield, Missouri and approximately 20 miles east of the Missouri-Kansas state line. The City is the county seat of Jasper County, Missouri (“Jasper County”). The estimated population of the City according to the 2020 U.S. Census Bureau is 15,522.

The City is governed by a Mayor-City Council form of government with a City Administrator appointed by the Mayor with the approval of the City Council. The City is divided into five wards and each ward is represented by two Councilmembers; the Mayor is elected by the City at large. Each Councilmember is elected to serve a two-year term. The Mayor is elected to serve a term of four years and is the president of the Council. The Mayor is not entitled to a vote unless there is a tie of the Council. Other officials of the City are: the City Administrator who is the chief administrative officer of the City and is responsible for managing the operations of the City government, and the City Clerk who is responsible for keeping records of the proceedings of the City Council. The City’s fiscal year ends on June 30.

Municipal Services and Utilities

The City provides electric, water, wastewater and communications systems to residents through the Carthage Water and Electric Plant, a municipally-owned, locally controlled, not-for-profit utility company. Carthage Water and Electric Plant is discussed in *Carthage Water and Electric Plant*, below. The City facilitates garbage collection services for its residents by contracting with Republic Services. Spire provides gas service throughout the City. The City funds a police department and a fire department.

Medical and Health Facilities

There are many general practitioners and specialists who provide medical care in the City and in the surrounding area. Mercy Hospital Carthage has 25 beds and provides a range of specialties including cardiology, orthopedics, pulmonology, radiology, emergency, and surgery, among other services.

Transportation and Communication Facilities

The City is located 17 miles northeast of Joplin Regional Airport, and 60 miles west of the Springfield/Branson National Airport. The Joplin Regional Airport provides daily non-stop flights to Chicago and Denver on United Airlines. The Springfield/Branson National Airport provides service with four airlines offering 12 non-stop destinations and approximately 26 daily flights depending on the season. The City is located along I-49, a north-south interstate. The City is approximately five miles north of I-44, an east-west interstate. The City is served by television, radio stations and telecable systems.

Educational Institutions and Facilities

The Carthage R-9 School District (the “District”) is located in the City. The District currently holds an accredited rating from the State Department of Elementary and Secondary Education. The District currently has eleven educational buildings which house an early childhood education school, five elementary schools, one intermediate school, one sixth grade center, one junior high school, one high school, and a technical center with two locations. The total enrollment of the District is approximately 4,871 students.

There are many area colleges and universities in and around the City, including Missouri Southern State University and Kansas City University - Joplin Campus.

Recreational Facilities

The City operates seven parks that feature amenities such as trails, pavilions, baseball and softball fields, skate parks, pickleball courts, lakes, and a municipal pool. The City owns and operates a municipal golf course.

ECONOMIC INFORMATION CONCERNING THE CITY

Commerce and Industry

Major employers in the City include:

<u>Employer</u>	<u>Product/Service</u>	<u>Number of Employees</u>
1. Leggett & Platt, Inc.	Manufacturing	20,300
2. Butterball LLC	Manufacturing	800
3. Schreiber Foods Inc.	Manufacturing	600
4. Americold Logistics	Storage and Distribution	400
5. H.E. Williams Inc.	Manufacturing	350
6. Walmart Supercenter	Retail	300
7. Mercy Hospital Carthage	Hospital	291
8. General Dynamics Ordnance	Manufacturing	250
9. Precious Moments Chapel	Retail	250
10. D&D Sexton Inc.	Trucking Company	210

Source: Data Axle Genie (10/14/2022)

General and Demographic Information

The following table sets forth certain population information.

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
City of Carthage	10,747	12,668	14,378	15,522
Jasper County	90,465	104,686	117,404	122,761
State of Missouri	5,117,073	5,595,211	5,988,927	6,154,913

Source: U.S. Census Bureau.

Population Distribution by Age (2020 Estimate)

<u>Age</u>	<u>City of Carthage</u>	<u>Jasper County</u>	<u>State of Missouri</u>
Under 5	1,228	8,170	353,946
5-14 years	2,466	16,965	787,542
15-19 years	1,157	7,893	411,180
20-44 years	5,342	40,284	1,985,827
45-54 years	1,743	13,943	717,744
55-64 years	1,051	14,508	827,180
65 years and older	<u>1,712</u>	<u>18,765</u>	<u>1,084,768</u>
Total	<u>14,699</u>	<u>120,528</u>	<u>6,168,187</u>
Median Age	31.9	36.2	39.2

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2016-2020).

Note: Population distribution by age is not yet available for the 2020 Census; estimates listed above are the average for the five-year period and therefore vary from the totals available in the 2020 Census.

Employment

The following table sets forth unemployment figures for the years shown for Jasper County and the State.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022*</u>
<i>Jasper County</i>					
Total Labor Force	56,404	56,934	55,788	56,953	57,680
Unemployed	1,535	1,612	3,156	2,133	1,561
Unemployment Rate	2.7%	2.8%	5.7%	3.7%	2.7%
<i>State of Missouri</i>					
Total Labor Force	3,051,194	3,078,931	3,052,700	3,062,449	3,071,769
Unemployed	98,179	100,885	185,538	134,081	95,582
Unemployment Rate	3.2%	3.3%	6.1%	4.4%	3.1%

Source: Missouri Department of Economic Development, Local Area Unemployment Statistics.

* Average of January through August.

Income Statistics

The following table sets forth income figures for the year 2020:

	<u>Per Capita</u>	<u>Median Family</u>
City of Carthage	\$20,241	\$42,784
Jasper County	24,508	59,926
State of Missouri	31,839	72,834

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2016-2020).

Housing

The median value of owner occupied housing units in the area of the City and surrounding areas were as follows:

	<u>Median Value</u>
City of Carthage	\$89,800
Jasper County	115,900
State of Missouri	151,600

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2016-2020).

DEBT STRUCTURE OF THE CITY

Current General Obligation Indebtedness of the City

The City has no general obligation indebtedness currently outstanding.

Other Obligations

As of November 1, 2022, the City currently has the following obligations outstanding:

<u>Name of Issue</u>	<u>Date of Issue</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>
Refunding Certificates of Participation (CWEP), Series 2012 ⁽¹⁾	9/27/2012	\$2,135,000	\$ 420,000
Refunding Certificates of Participation, Series 2013	9/26/2013	1,450,000	255,000
Refunding Certificates of Participation (CWEP), Series 2015	6/9/2015	2,920,000	1,570,000
Combined Waterworks and Sewerage System Revenue Bonds (CWEP) (State of Missouri – Direct Loan Program)	9/27/2019	4,501,000	4,223,805

⁽¹⁾ CWEP and the City are in the process of prepaying the outstanding principal amount from funds in the debt service reserve fund for the Refunding Certificates of Participation (CWEP), Series 2012 and expect such prepayment to occur prior to the delivery of the Series 2022 Certificates.

Additionally, the City has entered into various capital lease obligations, as described in **Note 7** of the City's Basic Financial Statements for fiscal year ended June 30, 2021. Carthage Water and Electric Plant has entered into two capital lease obligations with Missouri Association of Municipal Utilities (MAMU) that are currently outstanding. Principal and interest on these lease agreements are due monthly. As of the fiscal year ended June 30, 2022, the MAMU leases had the following amounts outstanding:

<u>Date of Lease</u>	<u>Department</u>	<u>Outstanding Principal Amount</u>
November 18, 2018	Electric	\$ 972,723
December 15, 2020	Communications	6,321,326

History of General Obligation Indebtedness

The City has not had any general obligation debt outstanding in the last five fiscal years.

Debt Summary as of 11/1/2022

2022 Assessed Valuation:	\$205,428,714
2022 Estimated Actual Valuation:	\$829,004,228
Estimated Population (2020):	15,522
 Total Outstanding General Obligation Debt:	 \$ 0
Overlapping Debt ⁽¹⁾ :	\$15,611,600
Direct and Overlapping General Obligation Debt:	\$15,611,600
 Ratio of General Obligation Debt to Assessed Valuation:	 0.00%
Ratio of General Obligation Debt to Estimated Actual Valuation:	0.00%
Per Capita General Obligation Debt:	\$0.00
 Ratio of Direct and Overlapping Debt to Assessed Valuation:	 7.60%
Ratio of Direct and Overlapping Debt to Estimated Actual Valuation:	1.88%
Per Capita Direct and Overlapping Debt:	\$ 1,005.77

⁽¹⁾ Includes general obligation debt of political subdivisions with boundaries overlapping the City. See "Debt Structure of the City-Overlapping Indebtedness."

Overlapping Indebtedness

The following table sets forth the approximate overlapping indebtedness (general obligation bonds) of political subdivisions with boundaries overlapping the City as of November 1, 2022, and the percentage attributable (on the basis of 2022 current assessed valuation) to the City.

<u>Taxing Jurisdiction</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City</u>
Carthage R-9 School District	\$39,029,000	40.0%	\$15,611,600
Total			<u>\$15,611,600</u>

Legal Debt Capacity

Article VI, Sections 26(b) and (c) of the Constitution of the State of Missouri limit the net outstanding amount of authorized general obligation indebtedness for a city to 10% of the assessed valuation of the city by a two-thirds (four-sevenths at certain elections) vote of the qualified voters. Article VI, Section 26(d) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not to exceed an additional 10% for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues, and sanitary or storm sewer systems, provided the total general obligation indebtedness of a city does not exceed 20% of the assessed valuation. Article VI, Section 26(e) of the Constitution of the State of Missouri provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not exceeding an additional 10% for the purpose of purchasing or constructing waterworks, electric or other light plans to be owned exclusively by the city, provided that the total general obligation indebtedness of a city does not exceed 20% of the assessed valuation. The 2022 assessed valuation of the City is \$205,428,714, as shown in “FINANCIAL INFORMATION CONCERNING THE CITY – Property Valuation” hereto. The legal debt margin of the City is:

Constitutional Debt Limit	
(20% of assessed valuation)	\$41,085,742
Indebtedness Outstanding	<u>0</u>
LEGAL DEBT MARGIN	<u>\$41,085,742</u>

Defaults on City Indebtedness

The City has never defaulted on the payment of any of its debt obligations.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City currently produces financial statements that are in conformity with accounting principles generally accepted in the United States of America. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate.

An annual budget is prepared under the direction of the City Administrator and submitted to the City Council for consideration prior to the fiscal year commencing on July 1. The operating budget includes proposed expenditures and revenue sources. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through the adoption of an ordinance. The primary basis of budgetary control is at the departmental level. The City Administrator is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted on a cash basis.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The annual audit for the fiscal year ended June 30, 2021 was performed by KPM CPAs and Advisors, Springfield, Missouri. Copies of the audit reports for the past 5 years are on file in the City Administrator’s office and are available for review. The Comprehensive Annual Financial Report of the City for the fiscal year ended June 30, 2021, is included in **Appendix B** attached hereto.

Sources of Revenue

The City finances its general operations through the following taxes and other miscellaneous sources as indicated below for the City's governmental funds for Fiscal Year 2021 (the most recent fiscal year for which audited financial statements are available):

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 10,051,561	72.91%
Licenses, Permits & Fees	210,359	1.53
Intergovernmental Revenue	2,106,659	15.28
Charge for Services	923,719	6.70
Fines & Forfeitures	297,768	2.16
Other Revenue	<u>196,171</u>	<u>1.42</u>
	<u>\$13,786,237</u>	<u>100.00%</u>

Source: City's Audited Financial Statements for fiscal year ended June 30, 2021.

Retail Sales Taxes

The following table shows the retail sales tax collections for the City for the fiscal years shown:

<u>Fiscal Year</u>	<u>1-cent General</u>	<u>1/2-cent Transportation</u>	<u>1/2-cent Capital Improvement</u>	<u>1/2-cent Parks & Storm Water</u>	<u>1/4-cent Fire</u>
2022	\$2,895,631	\$1,393,931	\$1,393,931	\$1,393,730	\$696,915
2021	2,729,685	1,310,512	1,310,781	1,309,051	655,473
2020	2,490,281	1,182,395	1,182,395	1,180,458	591,079
2019	2,430,807	1,155,770	1,155,770	1,150,120	576,459
2018	2,233,337	1,102,310	1,102,310	1,104,491	551,117

Source: City's Audited Financial Statements for fiscal year ended June 30, 2018 through 2021; the City for the fiscal year ended June 30, 2022.

Property Valuations

Assessment Procedure:

All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

Residential real property.....	19%
Agricultural and horticultural real property	12%
Utility, industrial, commercial, railroad and all other real property	32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 1/2%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation:

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the City according to the assessment as of January 1, as finalized July 14, 2022:

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$89,786,370	19%	\$472,559,842
Commercial	50,914,797	32	159,108,741
Agricultural	587,580	12	4,896,500
Sub-Total	141,288,747		636,565,083
Personal Property ⁽¹⁾	64,139,967	33 1/3%*	192,439,145
Total	<u>\$205,428,714</u>		<u>\$829,004,228</u>

* Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" discussed above.

Source: Jasper County Clerk.

History of Property Valuation:

The total assessed valuation of all taxable tangible property situated in the City, including State assessed railroad and utility property, according to the assessments of January 1 in each of the following years, has been as follows:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2022	\$205,428,714	4.7%
2021	196,217,970	5.0
2020	186,814,072	0.4
2019	186,078,544	5.4
2018	176,538,980	1.5

Source: Jasper County Clerk.

Property Tax Levies and Collections

Tax Collection Procedure:

Property taxes are levied and collected by the City. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's debt for the

ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk not later than September first for entry in the tax books.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due by December 31 and become delinquent if not paid to the County Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of eighteen percent of each year's delinquency. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

The County Collector is required to make disbursements of collected taxes to the City each month. Because of the tax collection procedure described above, the City receives the bulk of its moneys from local property taxes in the months of December, January and February.

Tax Rates

Debt Service Levy. The current debt service levy of the City is \$0.0000 per \$100 of assessed valuation. Once indebtedness has been approved by the constitutionally required percentage of the voters voting therefor and bonds are issued, the City is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The City Council may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

Operating Levy. The current general fund levy of the City is \$0.0335 per \$100 of assessed valuation. The general fund levy cannot exceed the “tax rate ceiling” for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly assessed valuation of the City for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate. The tax levy for debt service on the City’s general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City’s general fund levy above \$1.00 must be approved by two-thirds of the voters voting on the proposition.

The following table shows the City’s tax levies (per \$100 of assessed valuation) for each of the last five fiscal years:

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Public Health Fund</u>	<u>Carthage Public Library</u>	<u>Parks and Recreation Fund</u>	<u>Total Levy</u>
2022	\$0.3335	\$0.0758	\$0.1665	\$0.1439	\$0.7197
2021	0.3528	0.0802	0.1762	0.1522	0.7614
2020	0.3528	0.0802	0.1762	0.1522	0.7614
2019	0.3541	0.0805	0.1768	0.1528	0.7642
2018	0.3541	0.0805	0.1768	0.1528	0.7642

Source: The City.

Tax Collection Record

The following table sets forth tax collection information for the City for the last five fiscal years.

Year Ended June 30	Total Levy	Taxes Levied⁽¹⁾	Current and Delinquent Taxes Collected	
			Amount	%
2022	\$0.7197	\$1,005,490	\$1,230,799	122.4%
2021	0.7614	985,538	1,223,213	124.1
2020	0.7614	951,982	996,852	104.7
2019	0.7642	940,588	976,363	103.8
2018	0.7642	925,773	903,130	97.6

⁽¹⁾ The City does not collect taxes on personal property.

Note: Collections exceeding 100% for the years 2019-2022 are attributable to

Source: The City.

Major Property Taxpayers

The following table sets forth the ten largest real property taxpayers in the City based upon an assessed valuation of \$205,428,714, as of January 1, 2022, as finalized by the Board of Equalization.

Real Property

	<u>Name of Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
1.	Art Mortgage Borrower Propco	\$5,173,000	2.52%
2.	Spire Missouri Inc.	2,396,850	1.17
3.	Wal Mart Real Estate Business Trust	2,020,340	0.98
4.	L&P Manufacturing Inc.	1,362,720	0.55
5.	Schreiber Foods Inc.	1,136,660	0.55
6.	Lowe's Home Centers	1,125,130	0.56
7.	Leggett & Platt	1,072,010	0.52
8.	GCG Carthage	858,570	0.42
9.	Southwest Missouri Bank	805,150	0.39
10.	HE Williams Products Co.	801,660	0.39

Source: Jasper County Assessor.

Personal Property

	<u>Name of Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
1.	Schreiber Foods Inc.	\$6,713,910	3.27%
2.	Leggett & Platt Manf.	5,941,000	2.89
3.	Butterball LLC	3,198,150	1.56
4.	Leggett & Platt 4601	2,868,680	1.40
5.	Leggett & Platt Inc.	2,184,730	1.06
6.	ADM Milling Company	1,437,600	0.70
7.	Schreiber Foods	1,362,940	0.66
8.	HE Williams	1,184,620	0.58
9.	Paradigm Tax Group	600,850	0.29
10.	Carthage Crushed Limestone	450,550	0.22

Source: Jasper County Assessor.

Pension and Employee Retirement Plans

The City participates in the Missouri Local Government Employees' Retirement System ("LAGERS"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS was created and is governed by State statute, and is a defined-benefit pension plan that provides retirement, disability and death benefits. The plan is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and is tax-exempt. LAGERS is governed by a seven-member Board of Trustees ("LAGERS' Board") consisting of three trustees elected by participating employees, three trustees elected by participating employers and one trustee appointed by the Missouri Governor.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021 (the "2021 LAGERS CAFR") is available at <https://www.molagers.org/wp-content/uploads/2021/11/ACFR-2021-WEB.pdf>. The link to the 2021 LAGERS CAFR is provided for general background information only, and the information in the 2021 LAGERS CAFR is not incorporated by reference into this Official Statement. The 2021 LAGERS CAFR provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

APPENDIX A

INFORMATION REGARDING THE CARTHAGE WATER AND ELECTRIC PLANT AND THE CITY OF CARTHAGE, MISSOURI

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CARTHAGE WATER AND ELECTRIC PLANT

Management and Organization of CWEP and its Electric System

General

Carthage Water & Electric Plant (CWEP) is a municipally-owned, locally controlled, not for profit utility company responsible for operating and maintaining the municipal electric, water, wastewater and communication systems of the City of Carthage, Missouri (the “City”). The City began providing electricity in 1898, and following the acquisition of a private water plant in 1907, the electric plant and water plant were placed under the jurisdiction of the Board of Public Works, now referred to as CWEP. CWEP is authorized under the City’s charter.

Construction of the current location of the CWEP power plant began in 1927. The plant fully supplied the electrical needs of the City until 1981 when it became more feasible to purchase the majority of power from large generating facilities. The plant currently has been maintained since that time and stands ready to provide power as needed. In 1990, CWEP began an expansion of the supply lines that formed a “loop” around the City. This system, which includes enhanced switching capabilities, allows power to be redirected around any major break in service. The power plant has frequently been brought on line to help keep the cost of power in the City low. The power plant has also had occasion to sell quantities of electrical power on the open market during shortages in other parts of the state and country.

The CWEP power plant serves residential, commercial and industrial accounts with electric service. The power plant is located at the intersection of 3rd and River Street in the City and is rated a 35 megawatt (MW) plant. This means the plant, which is a combination of 9 Nordberg and Cooper dual fuel reciprocating internal combustion generating engines, can generate 35 megawatts of electricity an hour. CWEP owns and maintains three substations, approximately 163 miles of 7.62/13.2kV distribution line, and approximately 4.3 miles of 69kV transmission line throughout the City and surrounding area.

CWEP maintains life of the plant contracts with two coal fired power plants: Sikeston Power Station and Plum Point Energy Station. The Sikeston Power Station in Sikeston, Missouri, provides 23 MW of electricity and the Plum Point Energy Station in Osceola, Arkansas provides 12 MW of electricity. Together, they account for more than half of CWEP’s peak load. The delivery of coal to the facilities is subject to transportation and supply pricing fluctuations that are passed onto CWEP pursuant to the wholesale energy contracts. Pursuant to written agreement, the Southwest Power Administration guarantees 1,200 hours of up to 7 MW of hydropower that can be flexibly scheduled as needed. CWEP is entitled to additional supplemental hydropower up to the maximum of 7 MW during high water conditions. CWEP utilizes its powerplant to hedge against Southwest Power Pool market volatility and emergencies.

Annually, CWEP makes transfer payments to the City equal to 3.5% of the CWEP revenues, as reflected in the most recent annual audited financial statements. CWEP segregates and attributes revenues and expenditures based on department (i.e., water, wastewater, electric or communications). CWEP intends for the Series 2022 Certificates to be paid solely from revenues generated by the electric department.

Key Employees

In accordance with Missouri law, CWEP is operated by a Board of Public Works, called the Carthage Water and Electric Board, the members of which are appointed by the Mayor and approved by the City Council. Day-to-day operations are maintained by a staff of approximately 87 employees.

Chuck Bryant has served as General Manager of CWEP since 2015. Mr. Bryant joined CWEP in 1996 as a customer service representative, and assumed various positions before becoming General Manager. In 2000, he was put in charge of launching eCarthage.com, the ISP operated by CWEP. In 2001, he was promoted to direct the Technical Department, which operates the Dial-up and Wireless Internet, Gig-E Fiber Optic Network Services, Electric and Water SCADA Systems, Drafting, and Electric Metering. He served as CWEP Electric Superintendent

from 2006-2015, where he led the electric department in substantial upgrades and additions in the form of RICE NESHAP catalyst conversions to its peaking facility, and a complete overhaul to its SCADA and outage management systems to better serve the customers of CWEP. Under Bryant's leadership as General Manager, CWEP was first named a Diamond Level Reliable Public Power Provider (RP3) recipient. Mr. Bryant is involved in several national, state and regional industry activities, including being elected to serve on the American Public Power Association Board of Directors, and other boards of directors such as Southwestern Power Resources Association, Missouri Joint Municipal Electric Utility Commission, Missouri Association of Municipal Utilities, MPUA Joint Operating Committee, and the Tri-State Regional Water Commission.

Kelli Nugent, CPA, has served as the Chief Financial Officer (CFO) of CWEP since 2015. Prior to coming to CWEP, she worked in public accounting for over 31 years with both individuals and businesses primarily in the fields of accounting and tax. The extensive consulting work with small and medium sized businesses during her public accounting career is what prepared her for the role as CFO at CWEP. Ms. Nugent is a long-standing member of both the American Institute of CPAs and the Missouri Society of CPAs and has been involved in the Carthage community with the schools and as a member of various boards. Ms. Nugent graduated from Missouri State University in Springfield, Missouri (formerly Southwest Missouri State University) with a Bachelor of Science degree in accounting and went on to obtain a license as a certified public accountant.

Net Revenues Available for Debt Service

The following table shows the net revenues of CWEP available for debt service for the last three fiscal years and the extent to which such revenues covered debt service requirements on the actual long-term indebtedness of CWEP. This summary should be read in conjunction with the financial statements of the City, included in *Appendix B*, and CWEP, included in *Appendix C*, to this Official Statement. Reference is hereby made to such financial statements, including the notes thereto. There can be no assurance that CWEP will generate the revenues set forth below in subsequent fiscal years.

Revenues for all CWEP departments:

	<u>Fiscal Year Ended June 30</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues (operating revenues plus interest, Rental and other income)	\$33,432,840	\$34,299,480	\$36,030,237
Less operating expenses (including franchise fee)	<u>28,929,186</u>	<u>29,939,325</u>	<u>27,512,096</u>
Net Income (Loss)	\$ 4,503,654	\$ 4,360,155	\$ 8,518,141
Plus depreciation and amortization	<u>3,484,020</u>	<u>3,632,425</u>	<u>3,952,460</u>
Net Revenues Available for Debt Service	\$ 7,987,674	\$ 7,992,580	\$12,470,601
Debt Service for Long Term Obligations*	\$ 595,654	\$ 743,821	\$ 958,072
Coverage Ratio for Long Term Obligations	13.41x	10.75x	13.02x

Source: CWEP's Audited Financial Statements for the fiscal years ended June 30, 2019-2021.

* Includes CWEP Revenue Bonds as well as the annual appropriation certificates of participation financings and MAMU lease financings attributed to improvements of CWEP.

Unaudited financial statements for Fiscal Year 2022 indicate CWEP revenues of \$36,917,416. The Audited Financial Statements for the fiscal year ended June 30, 2021, indicated required payments on Long Term Debt of \$1,334,653 in Fiscal Year 2022.

Revenues for only Electric department:

Fiscal Year Ended June 30

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues (operating revenues plus interest, Rental and other income)	\$25,674,526	\$25,852,162	\$27,328,139
Less operating expenses (including franchise fee)	<u>22,931,632</u>	<u>23,795,721</u>	<u>21,057,379</u>
Net Income (Loss)	\$ 2,742,894	\$ 2,056,441	\$ 6,270,760
Plus depreciation and amortization	<u>1,409,465</u>	<u>1,540,349</u>	<u>1,708,855</u>
Net Revenues Available for Debt Service	\$ 4,152,359	\$ 3,596,790	\$ 7,979,615
Debt Service for Long Term Obligations*	\$ 203,706	\$ 252,705	\$ 253,219
Coverage Ratio for Long Term Obligations	20.38x	14.23x	31.51x

Source: CWEP's Audited Financial Statements for the fiscal years ended June 30, 2019-2021.

* Includes only obligations attributable to the electric department, including the MAMU lease dated November 18, 2018, and 52.64% of the annual payments on the Refunding Certificates of Participation (CWEP), Series 2012. CWEP and the City are in the process of prepaying the outstanding principal amount of the Refunding Certificates of Participation (CWEP), Series 2012 from funds currently held in the debt service reserve fund and expect such prepayment to occur prior to the delivery of the Series 2022 Certificates.

Unaudited financial statements for Fiscal Year 2022 indicate Electric department revenues of \$28,580,116. The Audited Financial Statements for the fiscal year ended June 30, 2021, indicated required payments on Long Term Debt by the Electric department of \$253,493 in Fiscal Year 2022.

Sources of Revenue

CWEP finances its general operations through the following service charges and miscellaneous sources as indicated below for Fiscal Year 2021 (the most recent fiscal year for which audited financial statements are available). Revenues for CWEP as a whole are below:

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Residential	\$ 12,738,749	35.54%
Commercial	7,142,320	19.93
Industrial	14,237,160	39.72
Interdepartmental Sales	909,769	2.54
Communication Services	374,922	1.05
Late Fees	259,153	0.72
Other Revenue	<u>179,505</u>	<u>0.50</u>
	<u>\$35,841,578</u>	<u>100.00%</u>

Source: City's Audited Financial Statements for fiscal year ended June 30, 2021; Component Unit Financial Statements: Carthage Water and Electric Plant.

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Revenues for only the Electric department, the department intended for repayment of the Series 2022 Certificates, are below:

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Residential	\$ 9,328,715	34.30%
Commercial	5,615,773	20.65
Industrial	11,175,687	41.09
Interdepartmental Sales	747,577	2.75
Communication Services	-	0.00
Late Fees	215,097	0.79
Other Revenue	<u>112,873</u>	<u>0.42</u>
	<u>\$27,195,722</u>	<u>100.00%</u>

Source: City's Audited Financial Statements for fiscal year ended June 30, 2021; Component Unit Financial Statements: Carthage Water and Electric Plant.

Long-Term Debt Obligations

Detailed information about CWEP's long-term debt obligations are reported with the City's long-term debt obligations, above. The obligations are repeated in this section for ease of reference. As noted previously, CWEP attributes revenues and expenditures by department. While all obligations listed below are obligations of CWEP, payment is allocated by department listed.

<u>Name of Issue</u>	<u>Department</u>	<u>Date of Issue</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>
Refunding Certificates of Participation (CWEP), Series 2012 ⁽¹⁾	Water, Wastewater and Electric ^{(2)*}	9/27/2012	\$2,135,000	\$ 420,000
Refunding Certificates of Participation (CWEP), Series 2015	Water and Wastewater	6/9/2015	2,920,000	1,570,000
Combined Waterworks and Sewerage System Revenue Bonds (CWEP) (State of Missouri – Direct Loan Program), Series 2019	Water and Wastewater	9/27/2019	4,501,000	4,223,805

⁽¹⁾ CWEP and the City are in the process of prepaying the outstanding principal amount of the Refunding Certificates of Participation (CWEP), Series 2012 from funds in the debt service reserve fund ~~for the Refunding Certificates of Participation (CWEP), Series 2012~~ and expect such prepayment to occur prior to the delivery of the Series 2022 Certificates.

^{(2)*} 52.64% of the annual payments are paid from the Electric fund.

Additionally, CWEP has entered into two lease agreements with the Missouri Association of Municipal Utilities (MAMU) that are currently outstanding. Principal and interest on these lease agreements are due monthly. As of the fiscal year ended June 30, 2022, the MAMU leases had the following amounts outstanding:

<u>Date of Lease</u>	<u>Department</u>	<u>Outstanding Principal Amount</u>
November 18, 2018	Electric	\$ 972,723
December 15, 2020	Communications	6,321,326

More information on CWEP's outstanding debt obligations can be found in the City's Audited Financial Statements, attached as **Appendix B**, and CWEP's Audited Financial Statements, attached as **Appendix C**.

User Charge Rates for Electric Service

Electric customers are billed based on customer-type and usage on a monthly basis. Rates are effective as of July 1, 2022. In addition to the monthly usage charge, users are charged a franchise fee (payment in lieu of tax) and sales tax. The franchise fee is applied to customers located within the City and is charged at 3.5% of the bill, not to exceed \$100 per month. A purchase power adjustment may be added to a customer's bill when the actual cost of wholesale electric energy purchased and generated is above the forecasted amount. Bills are due and payable upon receipt. A 10% late payment penalty charge is assessed on bills not paid by the past due date specified on the bill.

Charges for the following services are also charged:

Connect Fee	\$30.00
Disconnect – at the pole	\$125.00
Reinstate – at the pole	\$125.00
Disconnect – at the pole – after hours	\$210.00
Reinstate – at the pole – after hours	\$210.00
Non-payment reinstate – during office hours	\$40.00
Service call due to meter tampering	\$100.00
Service charge for return check	\$25.00
Set portable watt hour meter	\$30.00

Residential Service

Energy Charge	For all kWh used per month, per kWh:	\$0.09782
Monthly Customer Charge	Single Family Dwelling:	\$19.60
	Additional Structures:	\$26.60

General Service

Energy Charge (Demand Meters)	For the first 5,000 kWh used per month, per kWh:	\$0.08125
	For all additional kWh used per month, per kWh:	\$0.07876
Energy Charge (Non-Demand Meters)	For the first 5,000 kWh used per month, per kWh:	\$0.09675
	For all additional kWh used per month, per kWh:	\$0.09215
Monthly Customer Charge	Single-Phase Service:	\$32.00
	Three-Phase Service:	\$99.00
Monthly Demand Charge	Per kW of billing demand:	\$8.30

Primary (Industrial) Service

Energy Charge	For the first 200,000 kWh used per month, per kWh:	\$0.06656
	For all additional kWh used per month, per kWh:	\$0.05616
Monthly Customer Charge	Single-Phase Service:	\$32.00
	Three-Phase Service:	\$99.00
Monthly Demand Charge	Per kW of billing demand:	\$9.00

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Customers

As of June 30 of each of the last five fiscal years, CWEP has had approximately the following number of customer accounts:

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u>
2022	6,882	1,114	28	8,024
2021	6,871	1,117	29	8,017
2020	6,769	1,078	30	7,877
2019	6,723	1,086	30	7,839
2018	6,629	1,091	30	7,750

Note: Numbers are based on actual number of customer accounts.
Source: CWEP.

Top Ten Electric Customers

	<u>Name</u>	<u>Revenue</u>	<u>Percent of Total Revenue</u>
1.	Leggett & Platt	\$4,434,420	16.31%
2.	Schreiber Food Inc.	3,634,578	13.36
3.	Carthage R-9 Schools	1,215,573	4.47
4.	Butterball LLC	1,005,125	3.70
5.	ADM Milling	788,820	2.90
6.	H.E. Williams	621,766	2.29
7.	Brooks Hospital, Mercy McCune	503,272	1.85
8.	Wal-Mart Store	304,842	1.12
9.	Price Cutter	216,102	0.79
10.	CRM	160,885	0.59

Source: CWEP.

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THE CITY OF CARTHAGE, MISSOURI

General

The City of Carthage, Missouri (the “City”) is a constitutional charter city and political subdivision, duly created and existing under the laws of the State of Missouri (the “State”). Additional information regarding the City may be obtained from Mr. Greg Dagnan, City Administrator, City of Carthage, Missouri, 326 Grant Street, Carthage, Missouri 64836, (417) 237-7000. Additional information regarding Carthage Water and Electric Plant may be obtained from Mr. Chuck Bryant, General Manager, Carthage Water and Electric Plant, 627 W. Centennial Ave., Carthage, Missouri 64836, (417) 237-7300. The City is located approximately 60 miles west of the City of Springfield, Missouri and approximately 20 miles east of the Missouri-Kansas state line. The City is the county seat of Jasper County, Missouri (“Jasper County”). The estimated population of the City according to the 2020 U.S. Census Bureau is 15,522.

The City is governed by a Mayor-City Council form of government with a City Administrator appointed by the Mayor with the approval of the City Council. The City is divided into five wards and each ward is represented by two Councilmembers; the Mayor is elected by the City at large. Each Councilmember is elected to serve a two-year term. The Mayor is elected to serve a term of four years and is the president of the Council. The Mayor is not entitled to a vote unless there is a tie of the Council. Other officials of the City are: the City Administrator who is the chief administrative officer of the City and is responsible for managing the operations of the City government, and the City Clerk who is responsible for keeping records of the proceedings of the City Council. The City’s fiscal year ends on June 30.

Municipal Services and Utilities

The City provides electric, water, wastewater and communications systems to residents through the Carthage Water and Electric Plant, a municipally-owned, locally controlled, not-for-profit utility company. Carthage Water and Electric Plant is discussed in *Carthage Water and Electric Plant*, below. The City facilitates garbage collection services for its residents by contracting with Republic Services. Spire provides gas service throughout the City. The City funds a police department and a fire department.

Medical and Health Facilities

There are many general practitioners and specialists who provide medical care in the City and in the surrounding area. Mercy Hospital Carthage has 25 beds and provides a range of specialties including cardiology, orthopedics, pulmonology, radiology, emergency, and surgery, among other services.

Transportation and Communication Facilities

The City is located 17 miles northeast of Joplin Regional Airport, and 60 miles west of the Springfield/Branson National Airport. The Joplin Regional Airport provides daily non-stop flights to Chicago and Denver on United Airlines. The Springfield/Branson National Airport provides service with four airlines offering 12 non-stop destinations and approximately 26 daily flights depending on the season. The City is located along I-49, a north-south interstate. The City is approximately five miles north of I-44, an east-west interstate. The City is served by television, radio stations and telecable systems.

Educational Institutions and Facilities

The Carthage R-9 School District (the “District”) is located in the City. The District currently holds an accredited rating from the State Department of Elementary and Secondary Education. The District currently has eleven educational buildings which house an early childhood education school, five elementary schools, one intermediate school, one sixth grade center, one junior high school, one high school, and a technical center with two locations. The total enrollment of the District is approximately 4,871 students.

There are many area colleges and universities in and around the City, including Missouri Southern State University and Kansas City University - Joplin Campus.

Recreational Facilities

The City operates seven parks that feature amenities such as trails, pavilions, baseball and softball fields, skate parks, pickleball courts, lakes, and a municipal pool. The City owns and operates a municipal golf course.

ECONOMIC INFORMATION CONCERNING THE CITY

Commerce and Industry

Major employers in the City include:

	<u>Employer</u>	<u>Product/Service</u>	<u>Number of Employees</u>
1.	Leggett & Platt, Inc.	Manufacturing	20,300
2.	Butterball LLC	Manufacturing	800
3.	Schreiber Foods Inc.	Manufacturing	600
4.	Americold Logistics	Storage and Distribution	400
5.	H.E. Williams Inc.	Manufacturing	350
6.	Walmart Supercenter	Retail	300
7.	Mercy Hospital Carthage	Hospital	291
8.	General Dynamics Ordnance	Manufacturing	250
9.	Precious Moments Chapel	Retail	250
10.	D&D Sexton Inc.	Trucking Company	210

Source: Data Axle Genie (10/14/2022)

General and Demographic Information

The following table sets forth certain population information.

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
City of Carthage	10,747	12,668	14,378	15,522
Jasper County	90,465	104,686	117,404	122,761
State of Missouri	5,117,073	5,595,211	5,988,927	6,154,913

Source: U.S. Census Bureau.

Population Distribution by Age (2020 Estimate)

<u>Age</u>	<u>City of Carthage</u>	<u>Jasper County</u>	<u>State of Missouri</u>
Under 5	1,228	8,170	353,946
5-14 years	2,466	16,965	787,542
15-19 years	1,157	7,893	411,180
20-44 years	5,342	40,284	1,985,827
45-54 years	1,743	13,943	717,744
55-64 years	1,051	14,508	827,180
65 years and older	<u>1,712</u>	<u>18,765</u>	<u>1,084,768</u>
Total	<u>14,699</u>	<u>120,528</u>	<u>6,168,187</u>
Median Age	31.9	36.2	39.2

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2016-2020).

Note: Population distribution by age is not yet available for the 2020 Census; estimates listed above are the average for the five-year period and therefore vary from the totals available in the 2020 Census.

Employment

The following table sets forth unemployment figures for the years shown for Jasper County and the State.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022*</u>
<i>Jasper County</i>					
Total Labor Force	56,404	56,934	55,788	56,953	57,680
Unemployed	1,535	1,612	3,156	2,133	1,561
Unemployment Rate	2.7%	2.8%	5.7%	3.7%	2.7%
<i>State of Missouri</i>					
Total Labor Force	3,051,194	3,078,931	3,052,700	3,062,449	3,071,769
Unemployed	98,179	100,885	185,538	134,081	95,582
Unemployment Rate	3.2%	3.3%	6.1%	4.4%	3.1%

Source: Missouri Department of Economic Development, Local Area Unemployment Statistics.

* Average of January through August.

Income Statistics

The following table sets forth income figures for the year 2020:

	<u>Per Capita</u>	<u>Median Family</u>
City of Carthage	\$20,241	\$42,784
Jasper County	24,508	59,926
State of Missouri	31,839	72,834

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2016-2020).

Housing

The median value of owner occupied housing units in the area of the City and surrounding areas were as follows:

	<u>Median Value</u>
City of Carthage	\$89,800
Jasper County	115,900
State of Missouri	151,600

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2016-2020).

DEBT STRUCTURE OF THE CITY

Current General Obligation Indebtedness of the City

The City has no general obligation indebtedness currently outstanding.

Other Obligations

As of November 1, 2022, the City currently has the following obligations outstanding:

<u>Name of Issue</u>	<u>Date of Issue</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>
Refunding Certificates of Participation (CWEP), Series 2012 ⁽¹⁾	9/27/2012	\$2,135,000	\$ 420,000
Refunding Certificates of Participation, Series 2013	9/26/2013	1,450,000	255,000
Refunding Certificates of Participation (CWEP), Series 2015	6/9/2015	2,920,000	1,570,000
Combined Waterworks and Sewerage System Revenue Bonds (CWEP) (State of Missouri – Direct Loan Program)	9/27/2019	4,501,000	4,223,805

⁽¹⁾ CWEP and the City are in the process of prepaying the outstanding principal amount from funds in the debt service reserve fund for the Refunding Certificates of Participation (CWEP), Series 2012 and expect such prepayment to occur prior to the delivery of the Series 2022 Certificates.

Additionally, the City has entered into various capital lease obligations, as described in **Note 7** of the City's Basic Financial Statements for fiscal year ended June 30, 2021. Carthage Water and Electric Plant has entered into two capital lease obligations with Missouri Association of Municipal Utilities (MAMU) that are currently outstanding. Principal and interest on these lease agreements are due monthly. As of the fiscal year ended June 30, 2022, the MAMU leases had the following amounts outstanding:

<u>Date of Lease</u>	<u>Department</u>	<u>Outstanding Principal Amount</u>
November 18, 2018	Electric	\$ 972,723
December 15, 2020	Communications	6,321,326

History of General Obligation Indebtedness

The City has not had any general obligation debt outstanding in the last five fiscal years.

Debt Summary as of 11/1/2022

2022 Assessed Valuation:	\$205,428,714
2022 Estimated Actual Valuation:	\$829,004,228
Estimated Population (2020):	15,522
Total Outstanding General Obligation Debt:	\$ 0
Overlapping Debt ⁽¹⁾ :	\$15,611,600
Direct and Overlapping General Obligation Debt:	\$15,611,600
Ratio of General Obligation Debt to Assessed Valuation:	0.00%
Ratio of General Obligation Debt to Estimated Actual Valuation:	0.00%
Per Capita General Obligation Debt:	\$0.00
Ratio of Direct and Overlapping Debt to Assessed Valuation:	7.60%
Ratio of Direct and Overlapping Debt to Estimated Actual Valuation:	1.88%
Per Capita Direct and Overlapping Debt:	\$ 1,005.77

⁽¹⁾ Includes general obligation debt of political subdivisions with boundaries overlapping the City. See "Debt Structure of the City-Overlapping Indebtedness."

Overlapping Indebtedness

The following table sets forth the approximate overlapping indebtedness (general obligation bonds) of political subdivisions with boundaries overlapping the City as of November 1, 2022, and the percentage attributable (on the basis of 2022 current assessed valuation) to the City.

<u>Taxing Jurisdiction</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City</u>
Carthage R-9 School District	\$39,029,000	40.0%	\$15,611,600
Total			<u>\$15,611,600</u>

Legal Debt Capacity

Article VI, Sections 26(b) and (c) of the Constitution of the State of Missouri limit the net outstanding amount of authorized general obligation indebtedness for a city to 10% of the assessed valuation of the city by a two-thirds (four-sevenths at certain elections) vote of the qualified voters. Article VI, Section 26(d) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not to exceed an additional 10% for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues, and sanitary or storm sewer systems, provided the total general obligation indebtedness of a city does not exceed 20% of the assessed valuation. Article VI, Section 26(e) of the Constitution of the State of Missouri provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not exceeding an additional 10% for the purpose of purchasing or constructing waterworks, electric or other light plans to be owned exclusively by the city, provided that the total general obligation indebtedness of a city does not exceed 20% of the assessed valuation. The 2022 assessed valuation of the City is \$205,428,714, as shown in “FINANCIAL INFORMATION CONCERNING THE CITY – Property Valuation” hereto. The legal debt margin of the City is:

Constitutional Debt Limit	
(20% of assessed valuation)	\$41,085,742
Indebtedness Outstanding	<u>0</u>
LEGAL DEBT MARGIN	<u>\$41,085,742</u>

Defaults on City Indebtedness

The City has never defaulted on the payment of any of its debt obligations.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City currently produces financial statements that are in conformity with accounting principles generally accepted in the United States of America. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate.

An annual budget is prepared under the direction of the City Administrator and submitted to the City Council for consideration prior to the fiscal year commencing on July 1. The operating budget includes proposed expenditures and revenue sources. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through the adoption of an ordinance. The primary basis of budgetary control is at the departmental level. The City Administrator is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted on a cash basis.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The annual audit for the fiscal year ended June 30, 2021 was performed by KPM CPAs and Advisors, Springfield, Missouri. Copies of the audit reports for the past 5 years are on file in the City Administrator's office and are available for review. The Comprehensive Annual Financial Report of the City for the fiscal year ended June 30, 2021, is included in *Appendix B* attached hereto.

Sources of Revenue

The City finances its general operations through the following taxes and other miscellaneous sources as indicated below for the City's governmental funds for Fiscal Year 2021 (the most recent fiscal year for which audited financial statements are available):

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 10,051,561	72.91%
Licenses, Permits & Fees	210,359	1.53
Intergovernmental Revenue	2,106,659	15.28
Charge for Services	923,719	6.70
Fines & Forfeitures	297,768	2.16
Other Revenue	<u>196,171</u>	<u>1.42</u>
	<u>\$13,786,237</u>	<u>100.00%</u>

Source: City's Audited Financial Statements for fiscal year ended June 30, 2021.

Retail Sales Taxes

The following table shows the retail sales tax collections for the City for the fiscal years shown:

<u>Fiscal Year</u>	<u>1-cent General</u>	<u>1/2-cent Transportation</u>	<u>1/2-cent Capital Improvement</u>	<u>1/2-cent Parks & Storm Water</u>	<u>1/4-cent Fire</u>
2022	\$2,895,631	\$1,393,931	\$1,393,931	\$1,393,730	\$696,915
2021	2,729,685	1,310,512	1,310,781	1,309,051	655,473
2020	2,490,281	1,182,395	1,182,395	1,180,458	591,079
2019	2,430,807	1,155,770	1,155,770	1,150,120	576,459
2018	2,233,337	1,102,310	1,102,310	1,104,491	551,117

Source: City's Audited Financial Statements for fiscal year ended June 30, 2018 through 2021; the City for the fiscal year ended June 30, 2022.

Property Valuations

Assessment Procedure:

All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

Residential real property.....	19%
Agricultural and horticultural real property	12%
Utility, industrial, commercial, railroad and all other real property	32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 1/2%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation:

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the City according to the assessment as of January 1, as finalized July 14, 2022:

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$89,786,370	19%	\$472,559,842
Commercial	50,914,797	32	159,108,741
Agricultural	587,580	12	4,896,500
Sub-Total	141,288,747		636,565,083
Personal Property ⁽¹⁾	64,139,967	33 1/3%*	192,439,145
Total	<u>\$205,428,714</u>		<u>\$829,004,228</u>

* Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" discussed above.

Source: Jasper County Clerk.

History of Property Valuation:

The total assessed valuation of all taxable tangible property situated in the City, including State assessed railroad and utility property, according to the assessments of January 1 in each of the following years, has been as follows:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2022	\$205,428,714	4.7%
2021	196,217,970	5.0
2020	186,814,072	0.4
2019	186,078,544	5.4
2018	176,538,980	1.5

Source: Jasper County Clerk.

Property Tax Levies and Collections

Tax Collection Procedure:

Property taxes are levied and collected by the City. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's debt for the ensuing budget year.

Such estimates are based on the assessed valuation figures provided by the County Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk not later than September first for entry in the tax books.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due by December 31 and become delinquent if not paid to the County Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of eighteen percent of each year's delinquency. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

The County Collector is required to make disbursements of collected taxes to the City each month. Because of the tax collection procedure described above, the City receives the bulk of its moneys from local property taxes in the months of December, January and February.

Tax Rates

Debt Service Levy. The current debt service levy of the City is \$0.0000 per \$100 of assessed valuation. Once indebtedness has been approved by the constitutionally required percentage of the voters voting therefor and bonds are issued, the City is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The City Council may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

Operating Levy. The current general fund levy of the City is \$0.0335 per \$100 of assessed valuation. The general fund levy cannot exceed the "tax rate ceiling" for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly assessed valuation of the City for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate. The tax levy for debt service on the City's general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City's general fund levy above \$1.00 must be approved by two-thirds of the voters voting on the proposition.

The following table shows the City's tax levies (per \$100 of assessed valuation) for each of the last five fiscal years:

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Public Health Fund</u>	<u>Carthage Public Library</u>	<u>Parks and Recreation Fund</u>	<u>Total Levy</u>
2022	\$0.3335	\$0.0758	\$0.1665	\$0.1439	\$0.7197
2021	0.3528	0.0802	0.1762	0.1522	0.7614
2020	0.3528	0.0802	0.1762	0.1522	0.7614
2019	0.3541	0.0805	0.1768	0.1528	0.7642
2018	0.3541	0.0805	0.1768	0.1528	0.7642

Source: The City.

Tax Collection Record

The following table sets forth tax collection information for the City for the last five fiscal years.

Year Ended June 30	Total Levy	Taxes Levied⁽¹⁾	Current and Delinquent Taxes Collected	
			Amount	%
2022	\$0.7197	\$1,005,490	\$1,230,799	122.4%
2021	0.7614	985,538	1,223,213	124.1
2020	0.7614	951,982	996,852	104.7
2019	0.7642	940,588	976,363	103.8
2018	0.7642	925,773	903,130	97.6

⁽¹⁾ The City does not collect taxes on personal property.

Note: Collections exceeding 100% for the years 2019-2022 are attributable to

Source: The City.

Major Property Taxpayers

The following table sets forth the ten largest real property taxpayers in the City based upon an assessed valuation of \$205,428,714, as of January 1, 2022, as finalized by the Board of Equalization.

Real Property

	<u>Name of Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
1.	Art Mortgage Borrower Propco	\$5,173,000	2.52%
2.	Spire Missouri Inc.	2,396,850	1.17
3.	Wal Mart Real Estate Business Trust	2,020,340	0.98
4.	L&P Manufacturing Inc.	1,362,720	0.55
5.	Schreiber Foods Inc.	1,136,660	0.55
6.	Lowe's Home Centers	1,125,130	0.56
7.	Leggett & Platt	1,072,010	0.52
8.	GCG Carthage	858,570	0.42
9.	Southwest Missouri Bank	805,150	0.39
10.	HE Williams Products Co.	801,660	0.39

Source: Jasper County Assessor.

Personal Property

	<u>Name of Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
1.	Schreiber Foods Inc.	\$6,713,910	3.27%
2.	Leggett & Platt Manf.	5,941,000	2.89
3.	Butterball LLC	3,198,150	1.56
4.	Leggett & Platt 4601	2,868,680	1.40
5.	Leggett & Platt Inc.	2,184,730	1.06
6.	ADM Milling Company	1,437,600	0.70
7.	Schreiber Foods	1,362,940	0.66
8.	HE Williams	1,184,620	0.58
9.	Paradigm Tax Group	600,850	0.29
10.	Carthage Crushed Limestone	450,550	0.22

Source: Jasper County Assessor.

Pension and Employee Retirement Plans

The City participates in the Missouri Local Government Employees' Retirement System ("LAGERS"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS was created and is governed by State statute, and is a defined-benefit pension plan that provides retirement, disability and death benefits. The plan is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and is tax-exempt. LAGERS is governed by a seven-member Board of Trustees ("LAGERS' Board") consisting of three trustees elected by participating employees, three trustees elected by participating employers and one trustee appointed by the Missouri Governor.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021 (the "2021 LAGERS CAFR") is available at <https://www.molagers.org/wp-content/uploads/2021/11/ACFR-2021-WEB.pdf>. The link to the 2021 LAGERS CAFR is provided for general background information only, and the information in the 2021 LAGERS CAFR is not incorporated by reference into this Official Statement. The 2021 LAGERS CAFR provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2022

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATING: S&P: “[RATING]”
See “Rating” herein.**

In the opinion of Gilmore & Bell, P.C., Special Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the Series 2022 Certificates (including any original issue discount properly allocable to an owner thereof) (1) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax and (2) is exempt from income taxation by the State of Missouri. The Series 2022 Certificates have not been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Special Counsel notes that for tax years beginning after December 31, 2022, interest on the Series 2022 Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See “TAX MATTERS” in this Official Statement.

\$14,185,000*
CITY OF CARTHAGE, MISSOURI
(CARTHAGE WATER AND ELECTRIC PLANT)
CERTIFICATES OF PARTICIPATION
SERIES 2022

Dated: Date of Delivery

**Due: May 1,
as shown on inside cover**

The Series 2022 Certificates are deliverable only as fully registered certificates, without coupons, and, when delivered, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Series 2022 Certificates. Purchases of the Series 2022 Certificates will be made in book-entry form, in authorized denominations. Purchasers will not receive certificates representing their interests in Series 2022 Certificates purchased. So long as Cede & Co. is the registered owner of the Series 2022 Certificates, as nominee of DTC, references herein to the owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Series 2022 Certificates. Principal Components and Interest Components of Rental Payments represented by the Series 2022 Certificates will be payable at maturity or upon earlier prepayment at the payment office of UMB Bank, N.A., Kansas City, Missouri, as trustee and paying agent (the “Trustee” and “Paying Agent”). So long as DTC or its nominee, Cede & Co., is the owner, such payments will be made directly to such owner. DTC is expected, in turn, to remit such payments to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners.

The Series 2022 Certificates will be delivered in the denomination of \$5,000 or any integral multiple thereof. Principal Components of Rental Payments will be payable each May 1, beginning May 1, 2024, and semiannual Interest Components of Rental Payments will be payable each May 1 and November 1, beginning November 1, 2023. Principal Components of Rental Payments will be payable by check or draft mailed by the Trustee upon presentation and surrender of the Series 2022 Certificates by the registered owners thereof at the payment office of the Trustee. Interest Components of Rental Payments will be payable by check or draft mailed (or by electronic transfer in certain circumstances as described herein) by the Trustee to the person in whose name each Series 2022 Certificate is registered on the 15th day of the month next preceding each interest payment date.

The Series 2022 Certificates evidence undivided ownership interests in the right to receive Rental Payments from the City under an annually renewable Lease Agreement dated as of December 15, 2022 (the “Lease Agreement”), between the Trustee, as lessor and the City, as lessee. The Series 2022 Certificates are to be executed and delivered pursuant to a Trust Indenture dated as of December 15, 2022 (the “Indenture”) between the City and the Trustee. The net proceeds from the Series 2022 Certificates, together with other available funds of the City, will be used to (1) finance the costs of certain improvements for the City as further described herein and (2) to pay the costs related to the delivery and sale of the Series 2022 Certificates.

Neither the Series 2022 Certificates nor the Lease Agreement shall constitute a liability or obligation of the City beyond the Lease Term in effect at any time. The City is under no obligation to renew the Lease Agreement at the end of the Original Term or any Renewal Term. Neither the Series 2022 Certificates nor the Lease Agreement will constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.

Series 2022 Certificates shall be subject to payment prior to maturity as more fully described herein.

The Series 2022 Certificates will be offered when, as and if delivered and approved by the Underwriter, subject to prior sale, modification or withdrawal of the offer without sale, and subject to the approval of validity and certain other matters by Gilmore & Bell, P.C., Kansas City, Missouri, Special Counsel, and certain other conditions. Certain legal matters related to this Official Statement will be passed upon by Gilmore & Bell, P.C. It is expected that the Series 2022 Certificates will be available for delivery in New York, New York on or about December __, 2022.

PIPER | SANDLER

The date of this Official Statement is December __, 2022.

* Preliminary, subject to change.

\$14,185,000*
CITY OF CARTHAGE, MISSOURI
(CARTHAGE WATER AND ELECTRIC PLANT)
CERTIFICATES OF PARTICIPATION
SERIES 2022

MATURITY SCHEDULE*

SERIAL CERTIFICATES

Maturity <u>May 1</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Price</u>	<u>Yield</u>	CUSIP <u>Number</u>
20__	\$				

CITY OF CARTHAGE, MISSOURI

326 Grant Street
Carthage, MO 64836
(417) 237-7000

ELECTED OFFICIALS

Mayor and City Council	Term Expires
Dan Rife, Mayor	4/2026
Brandi Ensor, Council Member, Ward 1	4/2024
Robin Harrison, Council Member, Ward 1	4/2023
David Armstrong, Council Member, Ward 2	4/2023
Trudy Blankenship, Council Member, Ward 2	4/2024
Robin Blair, Council Member, Ward 3	4/2024
Ceri Otero, Council Member, Ward 3	4/2023
Ed Hardesty, Council Member, Ward 4	4/2024
Alan Snow, Council Member, Ward 4	4/2023
Tiffany Cossey, Council Member, Ward 5	4/2023
Mark Elliff, Council Member, Ward 5	4/2024

ADMINISTRATIVE OFFICIALS

Greg Dagnan, City Administrator
Traci Cox, Assistant City Administrator
Miranda Deal, City Clerk
Nathaniel Dally, City Attorney

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Overland Park, Kansas and Saint Paul, Minnesota

SPECIAL COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

UNDERWRITER

Piper Sandler & Co.
Leawood, Kansas

CARTHAGE WATER AND ELECTRIC PLANT

627 W. Centennial Avenue
Carthage, MO 64836
(417) 237-7300

BOARD OF PUBLIC UTILITIES

Name

Office

Danny Lambeth	President & Member
Ron Ross	Vice President & Member
Darren Collier	Secretary & Member
Brian Schmidt	Member
Pat Goff	Member
G. Stephen Beimdiek	Member
Alan Snow	City Council Liaison

ADMINISTRATIVE OFFICIALS

Name

Office

Chuck Bryant	General Manager
Cassandra Ludwig	General Counsel
Kelli Nugent	Chief Financial Officer
Kevin Emery	Director of Power Services
Jason Peterson	Director of IT and Broadband Services
Jason Choate	Director of Water Services

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2022 CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of that information.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representation with respect to the Series 2022 Certificates offered hereby other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Series 2022 Certificates offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and from other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “anticipate,” “projected,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE FUTURE RISKS AND UNCERTAINTIES INCLUDE THOSE DISCUSSED IN THE “RISK FACTORS AND INVESTMENT CONSIDERATIONS” SECTION OF THIS OFFICIAL STATEMENT. NEITHER THE CITY NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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OFFICIAL STATEMENT

\$14,185,000*
CITY OF CARTHAGE, MISSOURI
(CARTHAGE WATER AND ELECTRIC PLANT)
CERTIFICATES OF PARTICIPATION
SERIES 2022

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the entire Official Statement and should be read in conjunction with the more detailed information and financial statements of the City contained in the specific sections of this Official Statement and a full review should be made of the entire Official Statement and the documents included or described herein.

Purpose of this Official Statement

This Official Statement, including its appendices, is furnished to provide information relating to the City of Carthage, Missouri (the “City”) and \$14,185,000* aggregate principal amount of City of Carthage, Missouri (Carthage Water and Electric Plant) Certificates of Participation, Series 2022 (the “Series 2022 Certificates”).

The City

The City is a constitutional charter city and political subdivision organized and existing under the laws of the State of Missouri. See “THE CITY” and “ECONOMIC INFORMATION CONCERNING THE CITY” in *Appendix A* to this Official Statement.

The Carthage Water and Electric Plant

The Carthage Water and Electric Plant is a municipally owned utility which is a component unit of the City. Carthage Water and Electric Plant is an administrative board of the City duly organized under the Charter of the City to operate and control the public utilities of the City. Carthage Water and Electric Plant is engaged in the supply and distribution of electricity, supply and distribution of water, the collection and treatment of sanitary sewer and the providing of telecommunication services for the City. See “CARTHAGE WATER AND ELECTRIC PLANT” in *Appendix A* to this Official Statement.

Purpose of the Series 2022 Certificates

The proceeds from the sale of the Series 2022 Certificates will be used, together with other available funds of the City, to (1) acquire, construct, improve, renovate, furnish and equip improvements to the City’s electric system, including (a) replacement of transmission lines between the Southwest Power Administration Substation and Substation No. 1, (b) upgrading and improving infrastructure for transmitting and transforming electricity from Power Plant Substation to Substation No. 1, (c) replacement and upgrade of transformer and other infrastructure in Substation No. 2, and (d) upgrading and extending feeder that ties distribution system to Substation No. 2 (collectively, the “Project”); and (2) pay the costs related to the delivery and sale of the Series 2022 Certificates. See the caption “PLAN OF FINANCE” herein.

Security and Source of Payment

Pursuant to the terms of a Lease Agreement dated as of December 15, 2022 (the “Lease Agreement”), between the City and UMB Bank, N.A., as trustee (the “Trustee”), a Trust Indenture dated as of December 15,

* Preliminary, subject to change.

2022 (the “Indenture”) between the City and the Trustee, and the terms of a Base Lease dated as of December 15, 2022 (the “Base Lease”) between the City and the Trustee, (a) the City will lease certain real estate and the improvements thereon (the “Site”) (collectively, the Site and the Project are the “Facilities”) to the Trustee, (b) the proceeds of the Series 2022 Certificates will be used to finance the costs of the Project, and (c) the Trustee will lease the Facilities to the City for an initial term ending June 30, 2023 (the “Original Term”), with successive one-year renewal options, provided that the final renewal term does not extend beyond June 30, 2043 (the “Renewal Terms”), which Renewal Terms are subject to the City’s annual budget appropriations. The City expects to make payments related to the Series 2022 Certificates from revenues derived from the operation of its electric system (the “System”).

The Series 2022 Certificates evidence undivided ownership interests in the right to receive lease payments (the “Rental Payments,” consisting of “Principal Components” and “Interest Components”) under the Lease Agreement. The Series 2022 Certificates are being executed and delivered pursuant to the Indenture, which will be executed by the City and the Trustee.

The Series 2022 Certificates will be payable solely from the rents, revenues and receipts received by the Trustee, as lessor under the Lease Agreement, for the use of the Facilities and not from any other fund or source of the Trustee, from certain proceeds of insurance policies or condemnation awards, from interest earnings on moneys in certain funds held by the Trustee, from money derived from the sale or lease of the Facilities or portions thereof and not from any other fund or source of the Trustee. Pursuant to the Indenture, the Trustee will pledge and assign such rents, revenues and receipts and other moneys to the payment of the Series 2022 Certificates and the Interest Component due thereon.

Parity Obligations

The Indenture provides for the future delivery of additional certificates (“Additional Certificates”) which, if delivered, would rank on a parity with the Series 2022 Certificates and any other certificates then outstanding under the Indenture. See the caption “SECURITY FOR THE SERIES 2022 CERTIFICATES – Parity Obligations” herein. The Series 2022 Certificates and any future Additional Certificates delivered under the Indenture are hereinafter referred to collectively as the “Certificates.”

Limited Obligations

The payments scheduled to be made by the City under the Lease Agreement are payable solely from amounts which may, but are not required to, be appropriated annually by the City. See “SECURITY FOR THE SERIES 2022 CERTIFICATES” herein. The Series 2022 Certificates, the Lease Agreement and any payments required under the Lease Agreement shall not constitute a mandatory payment obligation of the City in any year beyond the year during which the City is a lessee under the Lease Agreement, or constitute or give rise to a general obligation or other indebtedness of the City. The City is not legally obligated to budget or appropriate moneys for any fiscal year beyond the current fiscal year or any subsequent fiscal year in which the Lease Agreement is in effect, and there can be no assurance that the City will appropriate funds to make Rental Payments or renew the Lease Agreement after the Original Term or any Renewal Term of the Lease Agreement. The City may terminate its obligations under the Lease Agreement on an annual basis. The City will have the option to purchase the Trustee’s title and interest in the Facilities as provided in the Indenture and the Lease Agreement.

Except for its duties as Trustee to make payments from the funds and accounts created and held under the Indenture, UMB Bank, N.A. has no obligation to make any debt service payment on the Series 2022 Certificates or any payments under the Lease Agreement.

Risk Factors

Payment of the Principal Component and Interest Component distributable with respect to the Series 2022 Certificates is subject to certain risks. See the caption “RISK FACTORS AND INVESTMENT CONSIDERATIONS.”

Regulatory Factors

Due to the nature of the Facilities, the Project and the Facilities are subject to federal and state regulation. See the caption “CERTAIN REGULATORY FACTORS AFFECTING THE UTILITY INDUSTRIES.”

Continuing Disclosure Information

The City has covenanted in its Continuing Disclosure Certificate to provide certain financial information and notices of certain enumerated events to the Municipal Securities Rulemaking Board, in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See the caption “CONTINUING DISCLOSURE.”

Other Information

This Official Statement includes financial and other information about the City and also contains descriptions of the Series 2022 Certificates, the Base Lease, the Lease Agreement and the Indenture. See “TRUST INDENTURE, LEASE AND BASE LEASE” in *Appendix D* hereto. The descriptions of the Series 2022 Certificates, the Base Lease, the Lease Agreement, the Indenture and other documents described in this Official Statement do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the approved form of those documents, copies of which may be viewed at the offices of the Underwriter, Piper Sandler & Co., 11635 Rosewood Street, Leawood, Kansas, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

THE SERIES 2022 CERTIFICATES

General

The Series 2022 Certificates will be dated as of their date of delivery, will mature on May 1 in the years and in the respective principal amounts (subject to prior prepayment as described herein) and shall bear interest at the respective rates per annum, as set forth on the inside cover page hereof. The Series 2022 Certificates will be delivered in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Principal Component and prepayment premium, if any, of Rental Payments represented by Series 2022 Certificates shall be payable by check or draft mailed to the registered owner thereof at the payment office of the Trustee upon presentation and surrender thereof. The Interest Components of Rental Payments represented by the Series 2022 Certificates shall be payable semiannually on May 1 and November 1, beginning November 1, 2023, to the registered owner of each Certificate, determined as of the close of business on the Record Date (which shall be the fifteenth day of the calendar month next preceding the Certificate Payment Date) (a) by check or draft mailed to such registered owner at the address appearing on the registration books of the Trustee or its successor, as registrar, or (b) in the case of an interest payment to the Securities Depository or to any other Registered Owner of \$500,000 or more in aggregate principal amount of the Series 2022 Certificates, by electronic transfer to such Registered Owner upon written request given to the Trustee by such Registered Owner, not less than 5 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account name and account number to which such Registered Owner wishes to have such transfer directed. All such payments shall be made in lawful money of the United States of America.

Prepayment of Series 2022 Certificates

Optional Prepayment. The Series 2022 Certificates are subject to prepayment on and after May 1, ____, as a whole or in part at any time at 100% of the Principal Component represented thereby, plus the Interest Component accrued thereon to the prepayment date.

Extraordinary Optional Prepayment. The Series 2022 Certificates shall be subject to extraordinary optional prepayment prior to the stated maturity thereof, upon instructions from the City, as a whole or in part at any time at a price of 100% of the Principal Component represented thereby, plus the Interest Component accrued thereon to the prepayment date, upon the occurrence of any of the following conditions or events:

- (a) if title to, or the use for a limited period of, all or substantially all of the Facilities is condemned by any authority having the power of eminent domain (other than the City or any entity controlled by or otherwise affiliated with the City);
- (b) if title to all, or substantially all, of the Facilities is found to be deficient or nonexistent to the extent that the efficient utilization of such Facilities by the City is impaired;
- (c) if all, or substantially all, of the Facilities are damaged or destroyed by fire or other casualty; or
- (d) if as a result of changes in the Constitution of the State of Missouri or of legislative or administrative action by the State of Missouri or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Indenture, the Lease Agreement, or the Base Lease shall become void or unenforceable, or impossible of performance without reasonable delay, or in any other way by reason of such change of circumstances, unreasonable burdens or excessive liabilities are imposed on the City with respect to the Indenture, the Lease Agreement or the Base Lease.

Selection of Series 2022 Certificates to be Prepaid

Series 2022 Certificates shall be prepaid only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Series 2022 Certificates are to be paid prior to maturity (other than by mandatory sinking fund prepayment, if any), such Series 2022 Certificates shall be prepaid from such maturities selected by the City, with Series 2022 Certificates of less than a full maturity to be selected by the Trustee in \$5,000 units of face value by lot or in such other equitable manner as the Trustee may determine.

Notice of Prepayment

Notice of the prepayment identifying the Series 2022 Certificates or portions thereof to be prepaid shall be given by the Trustee to the Owners of Series 2022 Certificates by mailing a copy of the notice by first-class mail, postage pre-paid, at least 20 days prior to the date of prepayment to the Owner of each Certificate to be prepaid at the address shown on the registration books maintained by the Trustee or at such other address as is furnished in writing by such Owner to the Trustee; provided, however, that any defect in giving such notice by mailing as aforesaid shall not affect the validity of any proceedings for the prepayment of Series 2022 Certificates. Any notice of prepayment shall state the date and place of prepayment, the maturities and the CUSIP numbers of the Series 2022 Certificates or portions of Certificates to be prepaid (and in the case of the prepayment of a portion of any Series 2022 Certificates, the amount of Principal Component being paid), the prepayment price and that interest will cease to accrue from and after the prepayment date.

Prepayments

Prior to the date fixed for prepayment, funds shall be deposited with the Trustee to pay, and the Trustee is authorized and directed to apply such funds to the prepayment of, the Series 2022 Certificates, together with the Interest Component accrued thereon to the prepayment date, and any required premium. Upon the giving of notice and the deposit of such funds or government securities as may be available for prepayment pursuant to the Indenture, the Interest Components of Rental Payments represented by the Series 2022 Certificates or portions thereof thus called shall no longer accrue after the date fixed for prepayment.

Registration, Transfer and Exchange of Series 2022 Certificates

Any Series 2022 Certificate may be transferred or exchanged only upon the Register upon surrender thereof at the payment office of the Trustee duly endorsed for transfer or accompanied by an assignment or authorization for exchange duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer or exchange, the Trustee shall execute and deliver in exchange for such Series 2022 Certificate a new fully registered Series 2022 Certificate or Certificates, registered in the name of the transferee, of the same series and maturity, of any denomination or denominations authorized by the Indenture, and bearing interest at the same rate.

In all cases in which Series 2022 Certificates shall be exchanged or transferred, the Trustee shall execute and deliver Series 2022 Certificates in accordance with the Indenture. All Series 2022 Certificates surrendered in any such exchange or transfer shall forthwith be cancelled by the Trustee. The Trustee may make a charge to the Registered Owner requesting the same for every such exchange or transfer of Series 2022 Certificates sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, and such charge shall be paid before any such new Certificate shall be delivered. The fees and charges of the Trustee for making any transfer or exchange hereunder and the expense of any certificate printing necessary to effect such transfer or exchange shall be paid by the City.

THE BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2022 Certificates. The Series 2022 Certificates will be delivered as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Series 2022 Certificates.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S.

and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2022 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2022 Certificates, except in the event that use of the book-entry system for the Series 2022 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2022 Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2022 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2022 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Certificates, such as prepayments, defaults, and proposed amendments to the related documents. For example, Beneficial Owners of Series 2022 Certificates may wish to ascertain that the nominee holding the Series 2022 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Series 2022 Certificates within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2022 Certificates unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Series 2022 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal Components and Interest Components on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or the Trustee, on each payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary

practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2022 Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2022 Certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2022 Certificates will be printed and delivered.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Transfer Outside Book-Entry Only System

If the Book-Entry Only System is discontinued the following provisions would apply. The Series 2022 Certificates are transferable only upon the Register upon presentation and surrender of the Series 2022 Certificates, together with instructions for transfer. Series 2022 Certificates may be exchanged for other Series 2022 Certificates of any denomination authorized by the Indenture in the same aggregate principal amount, series, payment date and interest rate, upon presentation to the Trustee, subject to the terms, conditions and limitations and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer.

SECURITY FOR THE SERIES 2022 CERTIFICATES

Nature of Series 2022 Certificates; Limited Obligations

Each Series 2022 Certificate evidences the undivided interest of the Owner thereof in the right to receive Rental Payments from the City under the Lease Agreement, and other payments, revenues and receipts derived under the Lease Agreement (including, in certain circumstances, Certificate proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards), and are secured by a pledge and assignment of the Trust Estate granted by the Trustee in favor of the Owners of the Series 2022 Certificates, as provided in the Indenture.

Neither the Lease Agreement nor the Series 2022 Certificates shall constitute a liability or obligation of the City beyond the Lease Term in effect at any time. The Series 2022 Certificates shall not constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The Lease Agreement is subject to termination on an annual basis at the option of the City.

The Original Term of the Lease Agreement shall commence on the date of its delivery (the “Commencement Date”), and subject to earlier termination pursuant to the provisions thereof, shall terminate on the last day of the City’s current fiscal year (i.e., June 30, 2023). The Lease Term may be extended, solely at the option of the City, at the end of the Original Term or any Renewal Term for an additional one-year Renewal Term for up to the final Renewal Term to expire not later than June 30, 2043. Under the terms of the Lease Agreement, if the City elects to renew the Lease Agreement at the end of the Original Term or any Renewal Term, it is obligated

to budget, appropriate and set aside a portion of its revenues derived from electric utility revenues and other sources, which appropriation shall be sufficient to make the Rental Payments coming due during the ensuing fiscal year.

The City is obligated to make two annual Rental Payments to the Trustee prior to each Certificate Payment Date during each fiscal year in which the Lease Agreement is in effect, which payments represent the Principal Components, redemption premium, if any, and Interest Components of Rental Payments represented by the Series 2022 Certificates becoming due during such fiscal year (but only if the City elects to renew the Lease Agreement for each Renewal Term). THERE CAN BE NO ASSURANCE THAT THE CITY WILL APPROPRIATE FUNDS FOR RENTAL PAYMENTS OR RENEW THE LEASE AGREEMENT AFTER THE ORIGINAL TERM. NEITHER THE SERIES 2022 CERTIFICATES NOR THE LEASE AGREEMENT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE CITY, NOR A MANDATORY PAYMENT OBLIGATION IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR IN WHICH THE LEASE AGREEMENT IS IN EFFECT. THE CITY IS NOT LEGALLY REQUIRED TO BUDGET OR APPROPRIATE MONEYS FOR ANY SUBSEQUENT FISCAL YEAR BEYOND THE CURRENT FISCAL YEAR.

The City will have the option to purchase the Trustee's title and interest in the Facilities as provided in the Indenture and the Lease Agreement. See "LEASE – Option and Obligation to Purchase the Lessor's Interest in the Facilities," and "TRUST INDENTURE - Satisfaction and Discharge of the Indenture" in *Appendix D* hereto.

Property Subject to the Base Lease and the Lease Agreement

Pursuant to the provisions of the Base Lease and the Lease Agreement between the Trustee and the City, (a) the City will lease the Site to the Trustee for a term ending June 30, 2073, (b) the proceeds of the Series 2022 Certificates will be used to pay the costs of the Project and pay costs related to the delivery of the Series 2022 Certificates as described in this Official Statement, and (c) the Trustee will lease the Facilities (including of the Site and the improvements thereon, as described below) to the City for an initial term ending June 30, 2023 (the "Original Term"), with successive one-year renewal options, provided that the final renewal term does not extend beyond June 30, 2043 (the "Renewal Terms"), which Renewal Terms are subject to annual budget appropriations.

The site includes approximately 21.58 acres in the City. Include on the site is the Power Plant Substation, Substation No. 1, Substation No. 2 and various other improvements and pieces of equipment, including underground fuel tanks, to support the electric operations of Carthage Water and Electric Plant. The site is comprised of essential portions of the electric system and without such, the electric system would not function. The total insured value, plus the land value, of the Site is approximately \$10,500,000. Additionally, various transmission lines and pieces of underground equipment are of significant value to the electric system overall although not of an insurable nature.

Parity Obligations

Additional Certificates may be delivered without the consent of the Owners of the Certificates (a) to refund the Certificates of any series in a manner which provides present value debt service savings to the City or (b) to make additional improvements as the City may deem necessary, so long as the total principal amount of all Certificates then Outstanding under the Indenture does not exceed \$30,000,000.

All Additional Certificates will be secured by the lien of the Indenture, the Lease Agreement and the Base Lease, and will rank on parity with the Series 2022 Certificates and any Additional Certificates. Unless provided otherwise in a supplement to the Indenture, any Additional Certificates will be in substantially the same form as the Series 2022 Certificates, but will bear such date or dates, bear such interest rate or rates, have such payment date or dates, prepayment dates and prepayment premiums, and be issued at such prices as are approved in writing by the City, subject to the requirements of the Indenture.

THE TRUSTEE

UMB Bank, N.A., Kansas City, Missouri, a national banking association authorized to transact business in the State of Missouri, will be the Trustee under the Indenture and a party to the Lease Agreement and the Base Lease. The Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection with respect to any action taken or suffered by the Trustee in good faith in accordance with such opinion. The Trustee may execute any trusts or powers or perform the duties required by the Indenture, the Lease Agreement or the Base Lease by or through attorneys, agents or receivers and will not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it in good faith.

The Series 2022 Certificates are executed by the Trustee, not individually or personally but solely as Trustee under the Indenture, in the exercise of the power and authority conferred upon and invested in it as such Trustee. Except for its negligence or willful misconduct, nothing contained in the Indenture, the Lease Agreement or the Base Lease is to be construed as creating any liability on the Trustee, individually or personally, to perform any covenant either expressed or implied in the Certificates, the Indenture, the Lease Agreement or the Base Lease, all such liability, if any, being expressly waived by the Owners of the Certificates by the acceptance thereof and by each and every person now or hereafter claiming by, through or under the Trustee or the Owners of the Certificates. Insofar as the City is concerned, the Trustee and the Owner of any Certificate and any person claiming by, through or under the Trustee or the Owner of any Certificate may look solely to the Trust Estate described in the Indenture for payment of the interests evidenced by the Certificates.

As security for the compensation, expenses, disbursements and indemnification to which it is entitled upon the occurrence of an Event of Default under the Indenture or an Event of Nonappropriation under the Lease Agreement, the Trustee will have a first lien with right of payment prior to payment on account of any Principal Components or Interest Components with respect to the Certificates for such compensation, expenses, disbursements and indemnification.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

The purchase of the Series 2022 Certificates involves certain investment risks that are discussed throughout this Official Statement. Each prospective purchaser of the Series 2022 Certificates should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain risk factors relating to the Series 2022 Certificates are described below.

General

The following is a discussion of certain risks that could affect the Rental Payments and other payments to be made by the City with respect to the Lease Agreement and the Series 2022 Certificates. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Series 2022 Certificates are an appropriate investment. Prospective purchasers of the Series 2022 Certificates should consider carefully all possible factors that may result in a default in the payment of the Principal Component or Interest Component of Rental Payments represented by the Series 2022 Certificates, by the City under the Lease Agreement, the prepayment of the Series 2022 Certificates prior to maturity or the determination that the Interest Component of the Rental Payments represented by the Series 2022 Certificates might be includible in gross income for purposes of federal and Missouri income taxation. The following list of possible factors, while not setting forth all the factors that must be considered, contains some of the factors that should be considered prior to purchasing the Series 2022 Certificates. **This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.**

Right of the City to Terminate the Lease Agreement Annually by Declining to Appropriate Funds

The City's obligations under the Lease Agreement may be terminated on an annual basis by the City without any penalty and there is no assurance that the City will renew the Lease Agreement. The likelihood that the City will renew the Lease Agreement throughout the Lease Term is dependent upon certain factors which are beyond the control of the owners of the Series 2022 Certificates, including (a) the continuing need of the City for the Facilities, (b) the demographic conditions within the City, and (c) the ability of the City to generate sufficient funds from taxes, utility rates and other sources to pay its obligations under the Lease Agreement and the other obligations of the City.

The City Council of the City has declared its current intention and expectation that the Lease Agreement will be renewed annually until the Trustee's leasehold interest in the Facilities is acquired by the City. Such a declaration cannot be construed as contractually obligating or otherwise binding the City. Neither the payment of the Rental Payments by the City under the Lease Agreement nor any payments under the Series 2022 Certificates constitutes a general obligation or other indebtedness of the City or a mandatory payment obligation of the City in any fiscal year subsequent to a fiscal year in which the Lease Agreement is in effect.

The obligation of the City to pay Rental Payments and Additional Payments is limited to those City funds which are specifically budgeted and appropriated annually by the City Council of the City for such purpose. The failure to renew the Lease Agreement would mean the loss of occupancy of the Facilities by the City for the remainder of the term of the Base Lease, which terminates no later than June 30, 2073.

Upon the occurrence of an Event of Default or an Event of Nonappropriation, the Trustee would exercise its available remedies under the Base Lease, the Lease Agreement and the Indenture against the City including the sale or lease of its interest in the Facilities on behalf of the owners of the Series 2022 Certificates. The Trustee's interest in the Facilities is the leasehold estate in the Site and the improvements thereon granted by the Base Lease. The moneys derived from any sale or lease of its interest in the Facilities, along with other moneys then held by the Trustee under the provisions of the Indenture (with certain exceptions as provided in the Lease Agreement and the Indenture), are required to be used to pay the Rental Payments to the extent moneys are available. Owners of the Series 2022 Certificates are cautioned, however, that due to the nature of the Facilities and the limited uses that can be made of Facilities, the ability of the Trustee to relet or sell its leasehold interest in the Facilities will be extremely limited. Such limitations may impair the Trustee's ability to sell any portions of the Facilities or assign or sublease the Site upon the occurrence of an Event of Default or Event of Nonappropriation or to obtain an amount that would be sufficient to pay the Rental Payments related to the Certificates then Outstanding.

Delays in Exercising Remedies

A termination of the City's right of possession of the Facilities under the Lease Agreement as a result of an Event of Default or an Event of Nonappropriation or expiration of the term of the Lease Agreement at the end of the Original Term or any Renewal Term without an extension for the next succeeding Renewal Term will give the Trustee the right to possession of, and the right to sell, relet or assign its interest in the Facilities in accordance with the provisions of the Base Lease, the Lease Agreement and the Indenture. However, the enforceability of the Base Lease, the Lease Agreement and the Indenture is subject to applicable bankruptcy laws and trust instruction procedures available under the laws of certain states, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the exercise of judicial authority by State of Missouri, jurisdictions other than the State of Missouri potentially having jurisdiction under trust instruction procedure laws, or federal courts and the exercise by the United States of America of the powers delegated to it by the U.S. Constitution.

Further, the Facilities are used by the City for the performance of its governmental functions. Due to the governmental use of the Facilities and the delays inherent in obtaining possession of the Facilities and other judicial remedies, no assurance can be given that (1) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner, or (2) any money realized by the Trustee upon an exercise of any remedies

would be sufficient to pay in full the Principal Components and Interest Components of Rental Payments with respect to the Series 2022 Certificates. The legal opinions to be delivered with the delivery of the Series 2022 Certificates will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases. If such money is insufficient to pay all outstanding Series 2022 Certificates in full, the Series 2022 Certificates would be paid in part on a *pro rata* basis. Any delays in the ability of the Trustee to obtain possession of the Facilities will, of necessity, result in delays in any payment of Principal Components and Interest Components of Rental Payments with respect to the Series 2022 Certificates.

Changes in Economic, Demographic and Market Conditions

Changes in real estate market conditions in the Carthage area, as well as changes in general or local demographic or economic conditions, could adversely affect the value of the property located within the City and the level of economic activity in the City and, consequently, the amounts of real estate taxes and other revenues generated by the City. Such changes could also have an adverse impact on the financial condition of the City and, thus, the City resources available for appropriation for the payment of the Rental Payments with respect to the Series 2022 Certificates.

Destruction of the Facilities

The Lease Agreement requires certain portions of the Facilities to be insured as described in "LEASE – Property and Casualty Insurance" in *Appendix D* hereto. If the Facilities are damaged or destroyed, the City is nevertheless required to continue to make payments under the Lease Agreement, subject to the exercise of its option to extend the term of the Lease Agreement for each next succeeding Renewal Term and to the application of Net Proceeds from insurance, if any, and certain other sources to repair, restore, modify, improve or replace the affected portions of the Facilities. If the Net Proceeds from insurance and such other sources are sufficient to repair, restore, modify, improve or replace the affected portion of the Facilities, such proceeds are to be so applied. If the Net Proceeds are insufficient for such purpose, (1) the City is obligated to commence and thereafter complete the work and pay any cost in excess of such net proceeds, but only from Additional Payments appropriated by the City, in order for the affected portion of the Facilities to be repaired, restored and replaced, (2) if the failure to repair or restore does not materially detract from the value of the Facilities, such net proceeds may be deposited into the Certificate Fund, or (3) the City may apply net proceeds to the payment of the Option Purchase Price applicable on the next available Optional Payment Date and, if such net proceeds are insufficient to pay such Option Purchase Price, the City is required under the Lease Agreement to pay such amounts as are necessary to equal the full Option Purchase Price.

There can be no assurance either as to the adequacy of or timely payment under property damage insurance in effect at that time or that the City will elect to extend the term of the Lease Agreement for the next Renewal Term succeeding such damage or destruction. See "LEASE — Damage, Destruction and Condemnation" in *Appendix D* hereto.

Construction Risks

Weather, labor disputes, availability of materials and supplies, casualty damages, unanticipated subsoil conditions, unanticipated construction difficulties and other "**force majeure**" occurrences or events or financial failure or failure to perform by a contractor, subcontractor or supplier may affect the timely construction of the Project. No assurance can be given that the acquisition, construction and installation of the Project will be completed on schedule, within budget or without material errors and defects. Any such failure could affect the City's decision to continue appropriations under the Lease Agreement.

Potential Impacts Resulting from Coronavirus (COVID-19)

In December 2019, a novel strain of coronavirus (which leads to the disease known as “COVID-19”), was discovered in Wuhan, China. Since that date, the virus has spread throughout the world and was characterized as a pandemic. The impact of the COVID-19 pandemic on the U.S. economy has been broad based and negatively impacted national, state and local economies.

The State is not currently under a statewide public health order. Despite the expiration of statewide orders, cities and counties have the ability to impose local public health orders restricting economic activities within the State and providing additional health and safety restrictions.

As a result of the COVID-19 pandemic, the City incurred certain expenditures relating to the increase of supply costs, technology upgrades and equipment to enable employees to work remotely and allow for social distancing, upgrades to Council equipment and chambers to allow for online meetings and remote voting, and to cover additional personal protective equipment and overtime for emergency services when essential front-line workers were unavailable due to COVID-19. The City applied for and received federal CARES Act grants in the amount of \$195,817 for reimbursement of the COVID-19 related expenditures the City had previously incurred. Carthage Water and Electric Plant received federal CARES Act grants in the amount of \$54,432 for reimbursement of the COVID-19 related expenditures previously incurred. The City has received funds from the American Rescue Plan Act (ARPA) in two equal payments totaling \$3,003,203. Any State or local measures implemented in the future which restrict economic and social activity within the City may have an adverse effect on general City operations and may also negatively impact the City’s ability to pay the Certificates.

Carthage Water and Electric Plant has continued to serve its customers during the COVID-19 pandemic without interruption. The lobby of Carthage Water and Electric Plant was closed for a period of time due to the COVID-19 pandemic, however the drive-through remained open to meet customer demands. None of Carthage Water and Electric Plant’s generation facilities has had material impacts to its operations as a result of the pandemic.

Carthage Water and Electric Plant did not disconnect any customers during the COVID-19 pandemic for pandemic-related non-payment. Additionally, there were no write-offs specific to the pandemic. As of the end of September 2022, the percentage of customers currently in arrears was 19%. Accounts in arrears from September 2019 through September 2021 averaged between 13% and 15%. Carthage Water and Electric Plant has not observed an impact to the 2023 fiscal year-to-date financial results through September 30, 2022, as a result of the COVID-19 pandemic.

The COVID-19 outbreak and its variants is continuing to evolve and is ongoing, and its dynamic nature leads to uncertainties, including: (1) the geographic spread of the virus; (2) the development of new variants and the severity of the disease; (3) the duration of the outbreak; (4) the vaccination rate and the development of therapeutics for treatment; (5) actions that may be taken by governmental authorities to contain or mitigate the outbreak or recurrences thereof; and (6) the authorization of additional federal relief funds. Any State or local measures implemented in the future which restrict economic and social activity within the City may have an adverse effect on general City operations and financial condition.

Results of a Termination of the Lease Term

In the event that the City Council of the City does not budget and appropriate, specifically with respect to the Lease Agreement, on or before July 1 of each year, moneys sufficient to pay all Rental Payments and the reasonably estimated Additional Payments coming due for the next Lease Term, an “Event of Nonappropriation” shall be deemed to have occurred.

Special Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default. If the Lease Term is terminated by reason of either such event, there is no assurance that the Series 2022 Certificates may be transferred by a holder thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

Special Counsel has rendered no opinion with respect to the income tax consequences applicable to the Interest Component of Rental Payments represented by the Series 2022 Certificates subsequent to a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default. If the Lease Term is terminated by reason of either such event there is no assurance that the Interest Component of such Rental Payments will remain excludable from gross income for federal or Missouri income tax purposes.

See “LEASE – Event of Nonappropriation” and “LEASE – Default and Remedies” in *Appendix D* hereto for a discussion of the results of an Event of Nonappropriation, and the ability of the Trustee to waive, under certain circumstances, the effects of the occurrence of an Event of Nonappropriation without notice to or the consent of the registered owners of the Series 2022 Certificates.

Cybersecurity Risks

The City relies on its information systems to provide security for processing, transmission and storage of confidential personal, health-related, credit and other information. It is possible that the City’s security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the City and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If personal or otherwise protected information is improperly accessed, tampered with or distributed, the City may incur significant costs to remediate possible injury to the affected persons, and the City may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. Any failure to maintain proper functionality and security of information systems could interrupt the City’s operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations. The City maintains cybersecurity insurance in the amount of \$2,000,000 and has not experienced any cyber security events.

Parity Obligations

The Indenture provides for the future delivery of Additional Certificates that, if delivered, would rank on a parity with the Series 2022 Certificates and any other Additional Certificates then Outstanding under the Indenture. Additional Certificates may be delivered for any purpose without the consent of or notice to the Registered Owners of the Series 2022 Certificates (i) if the Additional Certificates are being issued to refund Certificates to provide present value debt service savings for the City, or (ii) if Additional Certificates to be issued are in an amount, together with all other Certificates then Outstanding, not to exceed \$30,000,000. There is no requirement to provide additional property in connection with the delivery of Additional Certificates that would be subject to the terms of the Base Lease or the Lease Agreement. The delivery of Additional Certificates without a corresponding addition to the Facilities could reduce the likelihood that, in the Event of Default or Event of Nonappropriation by the City, the Trustee would be able to relet or assign its interest in the Facilities for the amount necessary (after taking into account money legally available from other sources) to pay in full the Principal Components and Interest Components of Rental Payments then due with respect to the Certificates.

Bankruptcy

In addition to the limitations on remedies contained in the Indenture, the Base Lease and the Lease Agreement, the rights and remedies provided in the Indenture and the Lease Agreement may be limited by and

are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies.

Pension and Other Postemployment Benefits

The City contributes to an agent multiple-employer defined-benefit pension plan on behalf of its employees. See "FINANCIAL INFORMATION CONCERNING THE CITY – Pension and Employee Retirement Plans" in Appendix A of this Official Statement. Future required contribution increases beyond the current fiscal year may require the City to increase its revenues, reduce its expenditures, or some combination thereof, which may impact the City's operations or limit the City's ability to generate additional revenues in the future.

For more information specific to the City's participation, including the City's past contributions, net pension liability, and pension expense, see the City's financial statements included in *Appendix B* to this Official Statement.

Amendment of the Indenture, the Lease Agreement and the Base Lease

Certain amendments to the Indenture, the Base Lease and the Lease Agreement may be made without notice to or the consent of the owners of the Certificates (including amendments relating to the delivery of Additional Certificates). Certain other amendments to the Indenture and the Lease Agreement may be made with the consent of the owners of not less than a majority in principal amount of the Certificates (including any Additional Certificates which may be hereafter issued) then outstanding affected by such supplemental indentures or supplemental leases. Such amendments may adversely affect the security of the owners of the Certificates. In addition to the foregoing, in some jurisdictions outside the State of Missouri, there are a variety of trust instruction procedure ("TIP") statutes, which generally allow judicially supervised remedies for trust estates of trustees that have a nexus, such as the Trustee's office, with such jurisdiction. Under such TIP statutes, such jurisdictions may allow or order the Trustee to amend the documents relating to the Certificates, including the Base Lease, the Lease Agreement and the Indenture, in contravention of the manner provided for in these documents, including without limitation allowing the Trustee to disregard provisions requiring the consent of the holders of the Certificates prior to certain amendments of these documents.

The Hancock Amendment

An amendment to the Missouri Constitution limiting taxation and government spending was approved by Missouri voters on November 4, 1980. This amendment limits the ability of the City to impose new or increased taxes to provide funding for the payment of the Series 2022 Certificates, or other governmental purposes of the City, without voter approval. The amendment (commonly known as the Hancock Amendment) limits the rate of increase and the total amount of taxes which may be imposed in any Fiscal Year, and the limit may not be exceeded without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly assessed valuation of the City for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. The limitation on local governmental units does not apply to taxes imposed for the payment of principal of and interest on general obligation bonds approved by the requisite percentage of voters.

The Hancock Amendment also requires political subdivisions of the State to obtain voter approval in order to increase any "tax, license or fee." The precise meaning and application of the phrase "tax, license or fee" is unclear, but decisions of the Missouri Supreme Court have indicated that it does not apply to traditionally set user fees. The limitations imposed by the Hancock Amendment restrict the City's ability to increase many but not all taxes, licenses and certain fees without obtaining voter approval.

In 2008, through the enactment of Senate Bill 711 (“SB 711”), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a political subdivision such as the City. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of the City’s property tax levy if its current tax levy was less than its current tax levy ceiling, due to the City’s voluntary rollback from the maximum authorized tax levy. The property tax levy is the levy actually imposed by a political subdivision while the tax rate ceiling is the maximum levy the political subdivision may impose under the provisions of the Hancock Amendment. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a political subdivision’s actual property tax levy, regardless of whether that levy is at the political subdivision’s tax levy ceiling. This further reduction is sometimes referred to as an “SB 711 rollback.” In non-reassessment years (even-numbered years), the property tax levy may be increased to the political subdivision’s tax levy ceiling (as adjusted by the Hancock rollback), only after a public hearing and adoption of a resolution or policy statement justifying the action.

On March 2, 2021, the Missouri Court of Appeals, Eastern Division, held in *Blankenship v. Franklin County Collector* (619 S.W. 3d 491) that an increase in the operating levy by political subdivisions pursuant to the provisions of Section 137.073.5(2), which allows political subdivisions to increase the operating levy to account for inflation in certain situations, cannot result in a levy that exceeds the highest voter-approved levy in violation of the Hancock Amendment. Approximately 600 taxing authorities were notified by the Missouri State Auditor’s Office that their 2020 tax rates did not comply with the Blankenship decision and would need to be recalculated to determine their 2021 tax rates. To the extent a taxing authority levied taxes in violation of the Blankenship decision, refunds of such taxes are permitted if (1) a taxpayer files for injunctive relief before such taxes become payable, which is December 31 of the tax year, or (2) a taxpayer pays such taxes under protest and files suit against the tax collector within ninety days. The City did not receive a letter from the Missouri State Auditor’s Office and will not need to adjust revenues because of the Blankenship decision.

Other Factors

One or more of the following factors or events could adversely affect the City’s operations and financial performance to an extent that cannot be determined at this time:

1. *Changes in Administration.* Changes in key administrative personnel could affect the capability of the management of the City.
2. *Future Economic Conditions.* Adverse economic conditions or changes in demographics in the City, increased unemployment and inability to control expenses in periods of inflation, could adversely impact the City’s financial condition.
3. *Operating Expense Risk.* Actual operation, maintenance and repair expenses of the utility system may be greater or less than currently projected. Factors such as damages to facilities and infrastructure, changes in technology, regulatory standards, and increased costs of material, energy, labor and administration can substantially affect expenses. Furthermore, increases in rates and charges could result in a decrease in demand for usage and result in a decrease in revenues.
4. *Organized Labor Efforts.* Efforts to organize employees of the City into collective bargaining units could result in adverse labor actions or increased labor costs.
5. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance could adversely impact the City’s financial performance.
6. *Environmental Hazards.* The City has covenanted in the Lease Agreement to comply with all applicable environmental laws. No environmental studies have been performed with respect to the Facilities. The City is not aware of any environmental condition at the Facilities or any of the City’s

other property that requires any present remedial action. The discovery of such a condition with respect to the Facilities may adversely affect the City's willingness to renew the Lease Agreement after the expiration of any Renewal Term and the discovery of such a condition with respect to any of the other property of the City could adversely impact the City's financial performance.

7. *Natural Disasters.* The occurrence of natural disasters, such as tornadoes, earthquakes, pandemics, floods or droughts, could damage the facilities of the City, interrupt services or otherwise impair operations and the ability of the City to produce revenues.

No Reserve Fund or Credit Enhancement

No debt service reserve fund, financial guaranty insurance policy, letter of credit or other credit enhancement will be issued to insure payment of the Principal Component or Interest Component due with respect to the Series 2022 Certificates. Accordingly, any potential purchaser of the Series 2022 Certificates should consider the financial ability of the City to pay Rental Payments under the Lease Agreement.

Taxability

The Series 2022 Certificates are not subject to prepayment nor is the interest rate subject to adjustment in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the Interest Component paid or to be paid on any Series 2022 Certificate is or was includible in the gross income of the Owners of the Series 2022 Certificates for federal income tax purposes. **It may be that Owners of the Series 2022 Certificates would continue to hold their certificates, receiving Principal Components and Interest Components as and when due, but would be required to include such payments of Interest Component in gross income for federal income tax purposes. Special Counsel expresses no opinion as to the federal tax exemption of Interest Component on the Series 2022 Certificates in the event of payment thereof (a) if the City fails to budget and appropriate sufficient moneys to pay the Rental Payments under the Lease Agreement or (b) the Lease Agreement terminates for any reason.**

Risk of Audit

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine the legitimacy of the tax status of such obligations. No assurance can be given that the Internal Revenue Service will not commence an audit of the Series 2022 Certificates. Owners of the Series 2022 Certificates are advised that, if an audit of the Series 2022 Certificates were commenced, in accordance with its current published procedures, the Internal Revenue Service is likely to treat the City as the taxpayer, and the Owners of the Series 2022 Certificates may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2022 Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

Loss of Premium from Prepayment

Any person who purchases a Series 2022 Certificate at a price in excess of its principal amount or who holds such Certificate trading at a price in excess of par should consider the fact that the Series 2022 Certificates are subject to prepayment prior to maturity at the prepayment prices described herein in the event such Series 2022 Certificates are prepaid prior to maturity. See the section herein captioned "THE SERIES 2022 CERTIFICATES – Prepayment Provisions" herein.

Secondary Market

The Underwriter will not be obligated to repurchase any of the Series 2022 Certificates, and no representation is made concerning the existence of any secondary market for the Series 2022 Certificates. No assurance is given that any secondary market will develop following the completion of the offering of the Series

2022 Certificates and no assurance is given that the initial offering price for the Series 2022 Certificates will continue for any period of time.

The lowering or withdrawal of the investment rating initially assigned to the Series 2022 Certificates could adversely affect the market price for and the marketability of the Series 2022 Certificates. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating its facilities subject to the municipal securities. From time to time the secondary market trading in selected issues of municipal securities will fluctuate as a result of the financial condition or market position of the underwriter, prevailing market conditions, or a material adverse change in the operations of the City, whether or not the subject securities are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

Power of Eminent Domain

Cities are granted, under the laws of the State, the power to condemn property for any purpose for which such cities are authorized to acquire property. There is no assurance that if the City were to condemn the Trustee's interest under the Base Lease that the condemnation award would be sufficient to pay the outstanding Principal Components and Interest Components with respect to the Series 2022 Certificates. The City has agreed in the Lease that, in the event that the whole or any part of the Facilities is taken by eminent domain proceedings, the interest of the Trustee will be recognized. The City and the Trustee have reached an agreement on the terms of the acquisition of the Facilities at the City's option, and to the use of the Facilities. The City has agreed that any acquisition of the Facilities or rights to their use by the City (whether pursuant to the exercise of eminent domain powers or otherwise) shall be pursuant to and in accordance with the Lease, including payment of Rental Payments and the applicable purchase price. If the City allows the Lease to expire without exercising its option to purchase, whether by failure to exercise its option to extend the Lease for a Renewal Term, failure to exercise its option to purchase at the conclusion of the Lease Term or failure to cure an Event of Default (as such terms are defined in the Lease), the City's failure to exercise the option to purchase shall constitute an irrevocable determination by the City that the Facilities is not required by it for any public purpose for the remaining term of the Lease. The enforceability of the foregoing agreements of the City has not been the subject of judicial interpretation.

Defeasance Risks

When all Certificates are deemed paid as provided in the Indenture (See "TRUST INDENTURE – Satisfaction and Discharge of the Indenture" and "– Certificates Deemed to be Paid" in *Appendix D* hereto), the Indenture will be released and terminated and the Facilities encumbered by the Base Lease and the Lease Agreement as security for the Certificates will be released. Any Certificate shall be deemed to be paid when (a) payment of the Principal Component of Rental Payments evidenced by such Certificate and premium, if any, thereon and the Interest Component of Rental Payments payable with respect thereto, whether such payment is by reason of the stated payment date or upon prepayment as provided in the Indenture, either (i) has been made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing, in trust and irrevocably set aside exclusively for such payment, (1) cash sufficient to make such payment and/or (2) Defeasance Obligations, maturing as to principal and interest in such amounts and at such time as will insure the availability of sufficient moneys to make such payment. Defeasance Obligations include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. Historically, such United States obligations have been rated in the highest rating category by the rating agencies. There is no legal requirement in the Indenture, the Base Lease or the Lease Agreement that Defeasance Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal

securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include the rating of Certificates defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

CERTAIN REGULATORY FACTORS AFFECTING THE UTILITY INDUSTRIES

General Background

Carthage Water and Electric Plant maintains firm power contracts with Sikeston Board of Municipal Utilities, Plum Point Energy Station and Southwest Power Administration. Carthage Water and Electric Plant also maintains a power plant (the “Power Plant”) that contains a combination of 9 Nordberg and Cooper dual fuel engines and can generate 35 megawatts of electricity an hour. Since 1989, the Carthage Water and Electric Plant supplies power to customers primarily through the purchase of power through its firm power contracts, as explained above and in *Appendix A*. The Power Plant, however, is maintained and ready to provide power as needed to supplement the supply from other entities.

While Carthage Water and Electric Plant does not own or maintain a coal-fired electric generating power plant, Carthage Water and Electric Plant purchases power from entities that utilize coal to produce power. As such, certain regulatory and climate-related changes have the potential to impact pricing or availability of power to Carthage Water and Electric Plant and are discussed herein.

Electrical Utility Industry Regulation, Generally.

The electric utility industry has been, and in the future will be, affected by a number of factors which will have an impact on the business, affairs and financial condition of both public and private electric utilities, including the City and the Carthage Water and Electric Plant.

Such factors include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (c) increased competition from independent power producers, marketers and brokers, (d) competition from other electric utilities (including increased competition resulting from mergers, acquisitions and “strategic alliances” of competing electric (and gas) utilities and from competitors offering less expensive electricity from much greater distances transmitted over an interconnected system, (e) new methods of producing low cost electricity (f) “self-generation” by certain residential, industrial and commercial customers, (g) issues relating to the ability to issue taxable and tax-exempt obligations, including severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax-exempt obligations, (h) changes from projected future load requirements, (i) increases in costs and effect of inflation on the operation and maintenance of an electric utility and its facilities, (j) shifts in the availability and relative costs of different fuels, (k) changes that may result from a national energy policy, climate change legislation and regulations that target contributions made by coal-fired and other fossil fueled generating units or other federal and state legislative changes, (l) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy, fuel and transmission capacity, (m) effects of financial instability of various participants in the power market, (n) issues related to reliability and both physical and cyber security at City facilities, (o) transmission availability and cost allocation, or (p) changes in revenue due to unseasonable changes in the weather. Any of these factors (as well as other factors) could have an effect on the financial condition of any given electric utility, including the City and Carthage Water and Electric Plant, and likely will affect individual utilities in different ways.

The City cannot predict what effects these factors will have on the business, operations and financial condition of the City or the Carthage Water and Electric Plant, but the effects could be significant. The following sections of this caption provide brief discussions of these factors. However, these discussions do not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date of this Official

Statement. Extensive information on the electric utility industry is available from legislative and regulatory bodies and other sources in the public domain.

Federal Energy Legislation

The Energy Policy Act of 1992. The Energy Policy Act of 1992 (the “1992 Energy Act”) made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access. With the passage of the 1992 Energy Act, the United States Federal Energy Regulatory Commission (“FERC”) was given authority to direct utilities to make their transmission systems available for use by others at rates and terms comparable to the owners’ uses of their own systems. In particular, the 1992 Energy Act provides the FERC with the authority, upon application by an electric utility, federal power marketing agency or other power generator, to require a transmitting utility to provide transmission services to the applicant essentially on the cost of service basis. Municipally-owned electric utilities are “transmitting utilities” for purposes of these provisions of the 1992 Energy Act. This “open access” environment provides an expanded and more competitive market for both generators and wholesale purchasers of electricity, and such increased competition is expected to continue in the future.

The Carthage Water and Electric Plant operates under the Southwest Power Pool (“SPP”) Open Access Transmission Tariff, as modified by service agreements between Carthage Water and Electric Plant, SPP and Southwestern Power Administration (“SPA”). The Power Plant remains under Carthage Water and Electric Plant’s control and is not part of SPP’s bulk electric system, nor is it considered a transmission system.

Under certain FERC regulations, FERC has required open-access, mandatory transmission tariffs to be placed into effect for all jurisdictional utilities. Utilities are authorized to file for changes in their tariffs under the Federal Power Act. The goal of these regulations, according to FERC, is to deny to an owner of transmission facilities any unfair advantage over its competitors that exists by virtue of such owner’s control of its transmission system.

Energy Policy Act of 2005. The Energy Policy Act of 2005 (the “2005 Energy Act”) addressed a wide array of energy matters that affect the entire electric utility industry, including Carthage Water and Electric Plant. Among other things, the 2005 Energy Act: (a) authorizes FERC to require non-FERC jurisdictional utilities to provide open access to their transmission systems and to comply with certain rate change provisions of the Federal Power Act (the “FPA”); (b) authorizes FERC to order refunds for certain short-term, wholesale sales by state and municipal power entities if such sales violate FERC-approved tariffs or FERC rules; (c) allows load-serving entities that hold certain firm transmission rights to continue to use those rights to serve their customers; (d) provides for the establishment of a national electric reliability organization to develop and enforce, subject to FERC’s oversight, mandatory reliability standards for operation of the transmission grid; (e) prohibits market manipulation and submission of false information; (f) gives FERC certain authority to issue construction permits for transmission projects that are to be located in “national interest electric transmission corridors” (to be designated by the Department of Energy); (g) eliminates certain ownership restrictions on qualifying cogeneration and small power production facilities under the Public Utility Regulatory Policies Act and authorizes FERC to eliminate prospective utilities’ obligation to purchase from these qualifying facilities under certain circumstances; (h) requires state utility regulatory commissions and “non regulated electric utilities” to consider adopting certain standards on net metering, fuel diversity, fossil fuel plant diversity, certain metering and time-based rate schedules and demand response, and interconnection with distributed generation facilities; (i) replaces regulation of utility holding companies under the Public Utility Holding Company Act of 1935 with more limited oversight of such companies; (j) increases FERC’s authority to review mergers of public utility companies; and (k) directs FERC to establish, for transmission companies whose rates are regulated by FERC, rate incentives to invest in transmission.

In accordance with the 2005 Energy Act, on July 20, 2006, FERC issued an order certifying the North American Energy Corporation (NERC) as the Electric Reliability Organization (ERO) for the United States. Order No. 1000, issued by FERC in 2011, requires public utility transmission providers to improve transmission

planning processes and allocate cost for new transmission facilities to beneficiaries of those facilities, and requires public utility transmission providers to align transmission planning and cost allocation in order to remove barriers to development of transmission facilities, and competitive bidding for construction of certain transmission projects. Municipally-owned electric utilities are not subject to FERC jurisdiction under these orders but may be denied transmission service by a FERC-jurisdictional utility if they do not offer comparable transmission services. Although Carthage Water and Electric Plant regards the reliability standards of NERC as important, it no longer is required to comply with the standards as the Power Plant was deregistered from the NERC compliance registry in August of 2020.

The Carthage Water and Electric Plant was last audited by NERC related to the reliability standards in 2016. The audit was considered a “spot check,” and identified no areas of concerns. The spot check did result in two recommendations.

FERC stated that its overall objective was to ensure that all participants in wholesale electricity markets have non-discriminatory open-access to transmission service, including network transmission service and ancillary services. FERC also indicated that it intends to apply the principles set forth in the regulations to the maximum possible extent to municipal and other non-jurisdictional utilities, both in deciding requests for transmission services orders, as described above, and by requiring such utilities to agree to provide open access transmission service as a condition to securing transmission service from jurisdictional investor-owned utilities under open access tariffs.

Other Federal Actions. In recent years, Congress has introduced various legislative proposals to set carbon fees, establish cap-and-trade programs, and increase climate-related research and development. The Inflation Reduction Act (the “IRA”), passed by Congress in 2022, included climate-related provisions such as tax credits and other incentives to promote renewable energy investment and energy efficiency. The effect of the IRA on the City and Carthage Water and Electric Plant is not certain at this time. It is impossible to predict when Congress will further act on climate change legislation, what form any such legislation will take, and whether the impact on the City or Carthage Water and Electric Plant of any such legislation will be material.

RTO-Operated Markets

In addition to coordinating wholesale transmission operations and services, RTOs operate centralized markets for wholesale electricity products such as capacity, energy and ancillary services. By virtue of its membership and having generating and transmission resources located in SPP, the Carthage Water and Electric Plant is subject to the tariff provisions and business practices governing the operation of wholesale electricity markets in this RTO. As a result, Carthage Water and Electric Plant’s costs of securing power to meet its needs are affected by the market and administrative mechanisms approved by FERC for use in setting prices for energy and ancillary services (as well as transmission service) in SPP.

The nature and operations of RTOs and RTO markets continue to evolve, and Carthage Water and Electric Plant cannot predict whether their existence will meet FERC’s goal of reducing transmission congestion and costs and creating a competitive power market.

Integrated Marketplace

On March 1, 2014, the SPP launched the Integrated Marketplace (“IM”). This market expansion is the latest and most complex incremental step in SPPs evolutionary approach to adding market functionality that will coordinate next-day generation across the region to maximize cost-effectiveness, provide participants with greater access to reserve energy, improve regional balancing of electricity supply and demand, and facilitate the integration of renewable resources. Specifically, the Integrated Marketplace includes:

- A Day-Ahead Market with Transmission Congestion Rights (TCRs).
- A Reliability Unit Commitment process.

- A Real-Time Balancing Market replacing SPPs Energy Imbalance Service (EIS) Market.
- Incorporation of a price-based Operating Reserve Market.
- Combining current Balancing Authorities into a single SPP Balancing Authority.

Carthage Water and Electric Plant successfully transitioned to IM requirements. Carthage Water and Electric Plant has experienced enhanced opportunities to market power from its generation fleet and to secure low cost generation from the grid. Carthage Water and Electric Plant works with Tyr Energy (its assigned Market Participant) to optimize the utilization of Carthage Water and Electric Plant's generating units and costs of load to its customers.

Climate Change and Regulation of Greenhouse Gasses

Limitations on emissions of greenhouse gasses (GHG), including CO₂, create significant exposure for electric fossil-fuel-fired generation facilities. The EPA issued final rules regulating CO₂ emissions from various classes of electric generating units in October 2015. The rules for existing generation, known as the Clean Power Plan ("CPP") call for a 32% reduction of carbon emissions from power plants from 2005 emission levels, by 2030. The rule became effective December 22, 2015. The CPP would not directly regulate greenhouse gas emissions by specific electric generating units, but instead would impose state-by-state caps on aggregate greenhouse gas emissions, allowing respective states to develop their own method to comply with their emissions cap.

In October 2017, the EPA proposed to repeal the CPP, and the repeal was finalized in July 2019. Also in July 2019, the EPA promulgated the Affordable Clean Energy Rule ("ACE"). ACE replaced CPP and applied only to large coal-fired power generating plants. On January 19, 2021, the D.C. Circuit Court vacated the ACE rule. The EPA has indicated that it will revisit options for regulating electric fossil-fuel-fired generation sources.

The Biden Administration has signaled a renewed focus on mitigating the effects of climate change. The Biden Administration issued executive orders, reentered the Paris Climate Accord, announced plans to pursue a 50-52% reduction from 2005 levels in economy-wide net greenhouse gas pollution in 2030 and stated a goal to reach net zero emissions economy-wide by no later than 2050.

Although Carthage Water and Electric Plant is unable to predict the outcome of these matters, the potential impacts of mandatory greenhouse gas emissions limitations on Carthage Water and Electric Plant could be material. Carthage Water and Electric Plant has not created a financial analysis or methodology regarding unenforced carbon legislation. As noted above, Carthage Water and Electric Plant purchases power from power generating entities and those entities may be subject to monitoring and reporting requirements for GHG under EPA's mandatory greenhouse gas reporting program.

Other Environmental Regulation

Clean Air Act. The Clean Air Act Amendments of 1990 (the "1990 CAA") mandated reduced Sulfur Dioxide ("SO₂") and Nitrogen Oxide ("NO_x") emissions from electric utility power plants. The 1990 CAA established a market-based compliance program which allows the selling and trading of SO₂ allowances. An "allowance" is the authorization to emit one ton of SO₂ in a given year.

Cross-State Air Pollution Rule. In 2011, the EPA promulgated the Cross-State Air Pollution Rule ("CSAPR") to reduce power plant emissions of SO₂ and NO_x emissions in certain states, including Missouri. Phase 1 of CSAPR began January 1, 2015 then followed by Phase 2 in 2017 for both Annual SO₂ and NO_x and the Ozone Season NO_x Programs. Entities from which Carthage Water and Electric Plant purchases power may be subject to CSAPR. Carthage Water and Electric Plant cannot predict the impact of any future rulemaking on its operations or the operations of the entities from which it purchases power.

National Ambient Air Quality Standards. The Clean Air Act requires EPA to establish NAAQS for certain air pollutants, including particulate matter and ozone. When a NAAQS has been established, each state

must implement programs to achieve and maintain the NAAQS in that state. Each state must identify areas in its state that do not meet a NAAQS (known as “non-attainment areas”) and develop regulatory measures to reduce or control the emissions of that air pollutant in order to meet the NAAQS and become an “attainment area.”

In 2015, the EPA issued a final rule related to NAAQS for ground-level ozone. The rule established the 8-hour ground-level ozone standard of 70 ppb. In December 2020, the EPA acted to retain the 2015 standard. The December 2020 rule is being challenged by multiple parties in the D.C. Circuit.

Mercury and Air Toxics Standards Rule. On February 16, 2012, the EPA issued the Mercury and Air Toxics Standards (“MATS”) to control emissions of hazardous air pollutants (HAPs) from power plants. These pollutants include mercury, arsenic, chromium, nickel, dioxins, furans, acid gases, hydrogen chloride and hydrogen fluoride. For existing and new coal-fired electric generating units, MATS established numerical emission limits which were to be met by April 16, 2015, unless an extension was granted. MATS has been the subject of multiple legal challenges by both industry and environmental groups, but currently the rule as supplemented on May 22, 2020, remains in effect.

Entities from which Carthage Water and Electric Plant purchases power may be subject to MATS regulations, and those entities may or may not be fully compliant with the MATS monitoring, reporting and notification requirements.

Regional Haze. In June 2005, the EPA issued the Clean Air Visibility Rule, amending regulations that control air emissions to protect visibility in national parks and wilderness areas throughout the United States. Under the rule, some electric generating facilities were required to install best available retrofit technology (BART) to control particulate matter, sulfur dioxide and nitrogen oxide emissions. States were required to develop regional haze plans and identify facilities that would have to reduce emissions and then set BART emissions limits for those facilities. In 2012, EPA approved the Missouri Regional Haze State Implementation Plan. States were required to submit their regional haze implementation plan revisions to EPA by July 31, 2021, and every 10 years thereafter, and submit progress reports to EPA every five years. Entities from which Carthage Water and Electric Plant purchases power may be subject to the Missouri Regional Haze State Implementation Plan and the Clean Air Visibility Rule.

Internal Combustion Maximum Achievable Control Technology Rule. In 2010, the EPA issued a final rule regulating hazardous air pollutant emissions from Compression Ignition Reciprocating Internal Combustion Engines (“CI-RICE”) larger than 100 braking horsepower, including formaldehyde. The rule provided differing mandatory requirements for engines based on total horsepower, with the most stringent controls, including the installation of catalytic converters, reserved for units over 500 horsepower. The rule allows cities to designate these units for “emergency only” operation and generate with the units without any emission controls when power is interrupted from their regular supplier. Carthage Water and Electric Plant has installed catalytic converters on all nine (9) engines. Entities from which Carthage Water and Electric Plant purchases power may be subject to the rule.

Air Emissions New Source Review. Both the Federal Clean Air Act and Missouri Air Pollution Control Program contain new source review (“NSR”) requirements that require pre-construction permits authorizing the discharge of air emissions from new or modified facilities. Beginning in the late 1990’s, the EPA issued notices of violation against multiple utilities across the country for alleged violations of the NSR provisions. In many cases, the U.S. Department of Justice has filed lawsuits alleging NSR violations. Many of the lawsuits have been settled. Generally, the government alleged that projects performed at various coal-fired units were major modifications requiring permits and stringent air pollution controls under the Prevention of Significant Deterioration (“PSD”) and/or Title V programs. The lawsuits seek CAA statutory penalties and the installation of Best Available Control Technology (“BACT”). Affected facilities are required as part of the permitting process to undergo a BACT review to determine what additional emission controls or mitigation strategies, if any, could be implemented to further reduce emissions. The U.S. Supreme Court issued a ruling on June 23, 2014, invalidating that portion of the rule

which requires new sources which would not be required to undergo Title V permitting or PSD review except for their emissions of CO₂, to do so. Entities from which Carthage Water and Electric Plant purchases power may be subject to investigation as part of this enforcement initiative.

Solid Waste Disposal. In 2015, the EPA issued a final rule for the Effluent Limitation Guidelines (ELG) for Steam Electric Generation Point Sources. The rule required the dry handling of both bottom and fly ash from existing coal-fired boilers with generation capacity greater than 50 MW. On August 31, 2020, the EPA issued a final rule revising the bottom ash transport water waste steam limits for existing facilities. Entities from which Carthage Water and Electric Plant purchases power may be subject to the rule and may incur additional costs to comply.

On April 17, 2015, the EPA published final rules for regulating the disposal and management of Coal Combustion Residuals (CCR). The final rule does not apply to landfills that ceased receiving residuals prior to the effective date of the rule. The final rule preserves the Bevill determination that coal combustion residuals are non-hazardous and maintains regulation CCR under Subtitle D of the Resource Conservation and Recovery Act (RCRA). Further, the rule supports recycling of CCR by encouraging safe, beneficial use practices currently used by many utility providers. The final rule requires utility providers to demonstrate compliance for its CCR surface impoundments and landfills through verification and demonstration process, including establishing groundwater monitoring, development of fugitive dust plans, and enhanced inspection programs. Elements of this demonstration and verification process may require capital investment, which could be significant depending on the results of the testing, and increase operating costs to entities from which Carthage Water and Electric Plant purchases power.

Permitting

Wastewater Discharge Permits. The Clean Water Act contains requirements relating to the discharge of process wastewater and storm water to navigable waters of the United States. The Missouri Department of Natural Resources (“MoDNR”) establishes the requirements for producers through issuance of National Pollutant Discharge Elimination system (“NPDES”) permits.

U.S. EPA proposed national changes to the steam-electric generating effluent limitations guidelines (ELGs) on June 7, 2013. The EPA Administrator signed the final rule for the Effluent Limitation Guidelines (ELG) for Steam Electric Generation Point Sources on September 30, 2015 and became effective later that year. The rule required the dry handling of both bottom and fly ash from exiting coal-fired boilers with generation capacity greater than 50 MW. In April 2017, EPA paused future compliance dates under the rule for two (2) years, as EPA reconsidered the best available technology economically achievable (BAT) limits. On August 31, 2020, the EPA finalized the revised technology-based effluent limitations guidelines and standards for bottom ash transport water (BA). Entities from which Carthage Water and Electric Plant purchases power may be subject to these guidelines and standards.

Waters of the United States. In 2015, the EPA issued a rule revising the definition of “Waters of the United States” (“WOTUS”). In the 2019, EPA repealed the 2015 rule and re-codified the prior definition of “Waters of the United States.” In April 2020, the EPA again revised the definition of “Waters of the United States” under its Navigable Waters Protection Rule. The rule includes four categories of federally regulated waters, as well as 12 exclusions that are explicitly not waters of the United States. In June 2021, the EPA announced its intent to initiate a new rulemaking process that restores the protections in place prior to the WOTUS implementation and develops a new rule to establish a definition of “Waters of the United States.” Entities providing utilities occasionally have projects that require a determination as to whether a water is a water of the United States. It is unknown whether this rulemaking will have a significant impact on potential utility projects.

In addition to the WOTUS rule, in April 2019, the EPA issued an Interpretative Statement regarding the scope of Clean Water Act permitting. The Interpretative Statement formalizes the EPA’s position that releases of pollutants to groundwater are excluded from the Clean Water Act’s permitting requirements, regardless of

whether that groundwater is hydrologically connected to surface water. Since issuance of the Interpretative Statement, the U.S. Supreme Court issued an Opinion finding that pollutants that leave a point source and reach navigable waters require a permit when there is a direct discharge from a point source into navigable waters or when there is the functional equivalent of a direct discharge.” It is not possible to evaluate the impact of any future determination regarding how hydrologic connections will impact future projects or operations of entities providing utilities.

Air Emissions Operating Permits. The Federal Clean Air Act (“CAA”) and Missouri Air Pollution Control Program (APCP) impose a suite of requirements on electric generating facilities. Many generating facilities are required to hold operating permits that list emissions limits, require that pollution control equipment is operated and maintained pursuant to applicable environmental regulations and rules, require compliance with applicable new or amended air quality rules, and set forth monitoring, recordkeeping and reporting requirements. The several EPA air quality regulations are generally implemented by MoDNR through its State Implementation Plan (SIP). The regulatory programs are summarized at a high-level below.

Acid Rain Permits. The Federal Clean Air Act, Title IV, establishes the Acid Rain Program to address the effects of acid rain and impose restrictions on sulfur dioxide (SO₂) emissions and nitrogen oxide (NO_x) emissions from electric generating facilities, particularly those fueled by coal. SO₂ emissions were limited by means of a market-based cap and trade program. Carthage Water and Electric Plant does not know if all necessary upgrades to generating units of entities from which they purchase power have been completed in order to comply with emissions limitations, nor does Carthage Water and Electric Plant know if such entities are allocated sufficient Acid Rain allowances for generating units to continue normal operations.

Solid Waste Disposal Permits. MoDNR has adopted a permitting system for the management and disposal of solid waste generated by power stations.

PLAN OF FINANCE

Sources and Uses of Funds

In connection with the sale and delivery of the Series 2022 Certificates, it is contemplated that funds will be obtained and applied as follows:

<i>Sources of Funds</i>	
Principal Amount of Series 2022 Certificates	\$14,185,000.00*
Net Original Issue Premium/Discount	
Total Sources	\$
<i>Uses of Funds</i>	
Project Costs	\$
Costs of Delivery including Underwriter’s Discount	
Total Uses	\$

The Project

The Project consists of replacing, upgrading and renovating various pieces of equipment of the utility system, including the relocation and upgrade of several transmission lines and switches. The Project includes four main components:

* Preliminary, subject to change.

(1) The transmission lines between the Southwest Power Administration Substation and Substation No. 1 will be replaced. Electricity that is purchased, as described in *Appendix A – Carthage Water and Electric Plant – Management and Organization of CWEP and its Electric System*, arrives at the utility via the Southwest Power Administration Substation and is then transmitted to the utility’s other substations.

(2) The infrastructure utilized in the transmission and transformation of electricity between the Power Plant Substation and Substation No. 1 will be upgraded and improved. Infrastructure upgrades in and near the Power Plant Substation include replacement of physical lines and relocation of five distribution feeder circuit breakers to Substation No. 1. Infrastructure upgrades in and near Substation No. 1 include upgrading and adding distribution feeder circuit breakers that will improve reliability and be easier to maintain.

(3) Infrastructure in and near Substation No. 2 will be replaced and upgraded. A transformer and switch gear will be replaced, and the improvements will be moved to an outdoor structure to provide for easier maintenance and operation.

(4) Feeder lines from Substation No. 2 will be upgraded and extended. The feeder line connects the substation to the distribution system. The extension will connect with neighborhoods and improve flexibility in electric distribution.

LITIGATION

There is no action, suit, proceeding or litigation pending against the City, or to the knowledge of the City or of its officials threatened, that in any way questions or affects the validity of the Lease Agreement, the Base Lease, the Indenture, the Series 2022 Certificates or any proceedings or transactions relating to their authorization, sale or delivery, or that would affect the validity of the agreements related to the construction, operation or management of the Project, or that would adversely affect the financial condition of the City.

From time to time, claims and litigation against the City arises in the ordinary course of business. The City, after consultation with counsel, does not believe that the outcome of these matters will have a material impact on the financial condition of the City, and the City does not believe that such exposure would materially affect the City’s ability to meet its obligations to pay the Series 2022 Certificates.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2022 Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2022 Certificates as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers) and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2022 Certificates in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2022 Certificates.

Opinion of Special Counsel

In the opinion of Gilmore & Bell, P.C., Special Counsel, under the law existing as of the issue date of the Series 2022 Certificates:

Federal and Missouri Tax Exemption. The Interest Component of the Rental Payments paid by the City under the Lease Agreement and distributed to the owners of the Series 2022 Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal and Missouri income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The Interest Component of the Rental Payments under the Lease Agreement is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Series 2022 Certificates are not “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Special Counsel’s opinions are provided as of the date of the original delivery of the Series 2022 Certificates, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Series 2022 Certificates in order that the Interest Component be, or continue to be, excludable from gross income for federal and Missouri income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Component in gross income for federal and State of Missouri income tax purposes retroactive to the date of delivery of the Series 2022 Certificates. Special Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2022 Certificates but has reviewed the discussion under the section herein captioned “TAX MATTERS.”

Other Tax Consequences

[Original Issue Discount. For federal income tax purposes, original issue discount (“OID”) is the excess of the stated redemption price at maturity of a Series 2022 Certificate over its issue price. The issue price of a Series 2022 Certificate is the first price at which a substantial amount of the Series 2022 Certificates of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt obligations accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2022 Certificate during any accrual period generally equals (1) the issue price of that Series 2022 Certificate, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2022 Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any Interest Component payable on that Series 2022 Certificate during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Series 2022 Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.]

Original Issue Premium. If a Series 2022 Certificate is issued at a price that exceeds the stated redemption price at maturity of the Series 2022 Certificate, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Series 2022 Certificate. Under Section 171 of the Code, the purchaser of that Series 2022 Certificate must amortize the premium over the term of the Series 2022 Certificate using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2022 Certificate and the amount of tax-exempt Interest Component received will

be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2022 Certificate prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

Sale, Exchange or Retirement of Series 2022 Certificates. Upon the sale, exchange or retirement (including redemption) of a Series 2022 Certificate, an owner of the Series 2022 Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2022 Certificate (other than in respect of accrued and unpaid Interest Component) and such owner's adjusted tax basis in the Series 2022 Certificate. To the extent a Series 2022 Certificate is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2022 Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of Principal Component, Interest Component and prepayment premium paid on the Series 2022 Certificates, and to the proceeds paid on the sale of the Series 2022 Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2022 Certificates should be aware that ownership of the Series 2022 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2022 Certificates. Special Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2022 Certificates should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2022 Certificates, including the possible application of state, local, foreign and other tax laws.

Special Counsel notes that for tax years beginning after December 31, 2022, the interest on the Series 2022 Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

UNDERWRITING

The Series 2022 Certificates were sold to Piper Sandler & Co. (the "Underwriter") for reoffering by the Underwriter. The Underwriter has agreed to purchase the Series 2022 Certificates at an aggregate purchase price equal to \$_____ (the principal amount of the Series 2022 Certificates plus a net original issue premium of \$_____, less an underwriter's discount of \$_____), plus accrued interest, if any. The Underwriter is purchasing the Series 2022 Certificates for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Series 2022 Certificates to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter shall determine. The Underwriter reserves the right to join with dealers and other purchasers in offering the Series 2022 Certificates to the public. The Underwriter may offer and sell Series 2022 Certificates to certain dealers (including dealers depositing Series 2022 Certificates into investment trusts) at prices lower than the public offering prices.

The Underwriter has entered into a distribution agreement (“Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co”) for the retail distribution of certain securities offerings, including the Series 2022 Certificates, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co will purchase Series 2022 Certificates from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Series 2022 Certificates that CS&Co sells.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC as municipal advisor in connection with certain aspects of the issuance of the Series 2022 Certificates (the “Municipal Advisor” or “BTMA”). BTMA is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP (“BTUS”), an accounting firm and has been retained by the City to provide certain financial advisory services including, among other things, review of the deemed “nearly final” Preliminary Official Statement and the Final Official Statement (the “Official Statements”). The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements. The Municipal Advisor’s duties, responsibilities and fees arise solely as Municipal Advisor to the City and they have no secondary obligations or other responsibility.

Municipal Advisor Registration. BTMA is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, BTMA is providing certain specific municipal advisory services to the City, but is neither a placement agent to the City nor a broker/dealer and cannot participate in the underwriting of the Series 2022 Certificates.

The offer and sale of the Series 2022 Certificates shall be made by the City, in the sole discretion of the City, and under its control and supervision. The City has agreed that BTMA does not undertake to sell or attempt to sell the Series 2022 Certificates, and will take no part in the sale thereof.

Other Financial Industry Activities and Affiliations. BTUS is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTUS and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTUS is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 47 territories, with 33,600 professionals.

Baker Tilly Investment Services, LLC (“BTIS”) is registered as an investment adviser with the Securities and Exchange Commission (“SEC”) under the Federal Investment Advisers Act of 1940. BTIS provides discretionary and non-discretionary investment management services to government and municipal entities. BTIS may provide advisory services to the clients of BTMA.

Baker Tilly Capital, LLC (“BTC”), a wholly owned subsidiary of BTUS, is a limited purpose broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority. BTC provides merger & acquisition, capital sourcing and corporate finance advisory services. BTC may provide transaction advisory services to clients of BTMA.

Baker Tilly Financial, LLC (“BTF”), a wholly owned subsidiary of BTUS, is an investment adviser registered with the SEC. BTF provides both discretionary and non-discretionary portfolio management, consulting and retirement plan management services to individuals and retirement plans. BTF may provide advisory services to the clients of BTMA.

BTMA has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

RATING

S&P Global Ratings is expected to give the Series 2022 Certificates a rating of “[RATING]”. Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by said rating agency if, in its judgment, circumstances so warrant. Any such downward change or withdrawal of the rating may have an adverse effect on the market price and marketability of the Series 2022 Certificates.

The City has furnished the rating agency with certain information and materials relating to the Series 2022 Certificates and the City that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing such rating, circumstances so warrant. The Underwriter has not undertaken any responsibility to bring to the attention of the holders of the Series 2022 Certificates any proposed revision or withdrawal of the rating of the Series 2022 Certificates or to oppose any such proposed revision or withdrawal. Pursuant to the Continuing Disclosure Certificate, the City is required to bring to the attention of the holders of the Series 2022 Certificates any revision or withdrawal of the rating of the Series 2022 Certificates but has not undertaken any responsibility to oppose any such revision or withdrawal. See the section herein captioned “CONTINUING DISCLOSURE.” Any such revision or withdrawal of the rating could have an adverse effect on the market price and marketability of the Series 2022 Certificates.

FINANCIAL STATEMENTS

The City maintains its financial records on the basis of a fiscal year ending June 30. Set forth in *Appendix B* are the audited financial statements of the City for the fiscal year ended June 30, 2021. Set forth in *Appendix C* are the component unit financial statements of the Carthage Water and Electric Plant for the fiscal year ended June 30, 2021. Such financial statements have been examined by KPM CPAs & Advisors, independent certified public accountants located in Springfield, Missouri. The audited financial statements for the fiscal year ended June 30, 2022 are being prepared by KPM CPAs & Advisors and are expected to be **available**.

LEGAL MATTERS

Certain legal matters incident to the authorization and execution by the City of the Indenture, the Base Lease and the Lease Agreement and the delivery and sale of the Series 2022 Certificates and with regard to the tax-exempt status of the Interest Component of Rental Payments to be made on the Series 2022 Certificates are subject to the approving opinion of Gilmore & Bell, P.C., Special Counsel. Special Counsel has participated in the preparation of this Official Statement, but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the City.

CONTINUING DISCLOSURE

The City is executing a Continuing Disclosure Certificate for the benefit of the owners and Beneficial Owners of the Series 2022 Certificates in order to comply with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”) in substantially the form attached hereto as **Appendix E**. The City is the only “obligated person” with responsibility for continuing disclosure.

The City has engaged in undertakings similar to the Continuing Disclosure Certificate with respect to several series of obligations previously issued by the City to provide to the national information repositories (presently, only the MSRB) the audited financial statements of the City and updates of certain operating data of the City. Over the last five years, the City has been in material compliance with filing its audited financial statements and operating data in a timely manner. In order to promote compliance with the City’s obligations

under the Continuing Disclosure Certificate and the City's prior undertakings, the City has engaged the law firm of Gilmore & Bell, P.C. to assist the City in determining the required content of the Annual Reports and in submitting such Annual Reports to the MSRB via EMMA.

All Annual Reports and notices of Material Events required to be filed by the City pursuant to the Continuing Disclosure Certificate must be submitted to the MSRB through the MSRB's Electronic Municipal Market Access system ("EMMA"). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org. Nothing contained on EMMA relating to the City or the Series 2022 Certificates is incorporated by reference in this Official Statement.

CERTAIN RELATIONSHIPS

Gilmore & Bell, P.C., Special Counsel to the City, has represented the Underwriter and the Trustee in transactions unrelated to the delivery of the Series 2022 Certificates, but is not representing the Underwriter or the Trustee in connection with the delivery of the Series 2022 Certificates.

MISCELLANEOUS

Certification and Other Matters Regarding Official Statement

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City, certified public accountants, and other sources, as referred to herein, which are believed to be reliable. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or registered owners of any of the Series 2022 Certificates.

References herein to the Indenture, the Lease Agreement, the Base Lease and certain other matters are brief discussions of certain provisions thereof. Such discussions do not purport to be complete, and reference is made to such documents for full and complete statements of such provisions.

The form of this Official Statement and its distribution and use by the Underwriter has been approved by the City. However, neither the City nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the City's financial condition or its ability to make payments required under the Lease Agreement and the Indenture other than those expressly imposed on the City by the Indenture, the Base Lease or the Lease Agreement.

CITY OF CARTHAGE, MISSOURI

By: _____
Mayor

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2022

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATING: S&P: “[RATING]”
See “Rating” herein.**

In the opinion of Gilmore & Bell, P.C., Special Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), the interest on the Series 2022 Certificates (including any original issue discount properly allocable to an owner thereof) (1) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax and (2) is exempt from income taxation by the State of Missouri. The Series 2022 Certificates have not been designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Special Counsel notes that for tax years beginning after December 31, 2022, interest on the Series 2022 Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See “TAX MATTERS” in this Official Statement.

\$14,185,000*
CITY OF CARTHAGE, MISSOURI
(CARTHAGE WATER AND ELECTRIC PLANT)
CERTIFICATES OF PARTICIPATION
SERIES 2022

Dated: Date of Delivery

**Due: May 1,
as shown on inside cover**

The Series 2022 Certificates are deliverable only as fully registered certificates, without coupons, and, when delivered, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Series 2022 Certificates. Purchases of the Series 2022 Certificates will be made in book-entry form, in authorized denominations. Purchasers will not receive certificates representing their interests in Series 2022 Certificates purchased. So long as Cede & Co. is the registered owner of the Series 2022 Certificates, as nominee of DTC, references herein to the owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Series 2022 Certificates. Principal Components and Interest Components of Rental Payments represented by the Series 2022 Certificates will be payable at maturity or upon earlier prepayment at the payment office of UMB Bank, N.A., Kansas City, Missouri, as trustee and paying agent (the “Trustee” and “Paying Agent”). So long as DTC or its nominee, Cede & Co., is the owner, such payments will be made directly to such owner. DTC is expected, in turn, to remit such payments to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners.

The Series 2022 Certificates will be delivered in the denomination of \$5,000 or any integral multiple thereof. Principal Components of Rental Payments will be payable each May 1, beginning May 1, 2024, and semiannual Interest Components of Rental Payments will be payable each May 1 and November 1, beginning November 1, 2023. Principal Components of Rental Payments will be payable by check or draft mailed by the Trustee upon presentation and surrender of the Series 2022 Certificates by the registered owners thereof at the payment office of the Trustee. Interest Components of Rental Payments will be payable by check or draft mailed (or by electronic transfer in certain circumstances as described herein) by the Trustee to the person in whose name each Series 2022 Certificate is registered on the 15th day of the month next preceding each interest payment date.

The Series 2022 Certificates evidence undivided ownership interests in the right to receive Rental Payments from the City under an annually renewable Lease Agreement dated as of December 15, 2022 (the “Lease Agreement”), between the Trustee, as lessor and the City, as lessee. The Series 2022 Certificates are to be executed and delivered pursuant to a Trust Indenture dated as of December 15, 2022 (the “Indenture”) between the City and the Trustee. The net proceeds from the Series 2022 Certificates, together with other available funds of the City, will be used to (1) finance the costs of certain improvements for the City as further described herein and (2) to pay the costs related to the delivery and sale of the Series 2022 Certificates.

Neither the Series 2022 Certificates nor the Lease Agreement shall constitute a liability or obligation of the City beyond the Lease Term in effect at any time. The City is under no obligation to renew the Lease Agreement at the end of the Original Term or any Renewal Term. Neither the Series 2022 Certificates nor the Lease Agreement will constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.

Series 2022 Certificates shall be subject to payment prior to maturity as more fully described herein.

The Series 2022 Certificates will be offered when, as and if delivered and approved by the Underwriter, subject to prior sale, modification or withdrawal of the offer without sale, and subject to the approval of validity and certain other matters by Gilmore & Bell, P.C., Kansas City, Missouri, Special Counsel, and certain other conditions. Certain legal matters related to this Official Statement will be passed upon by Gilmore & Bell, P.C. It is expected that the Series 2022 Certificates will be available for delivery in New York, New York on or about December __, 2022.

PIPER | SANDLER

The date of this Official Statement is December __, 2022.

* Preliminary, subject to change.

\$14,185,000*
CITY OF CARTHAGE, MISSOURI
(CARTHAGE WATER AND ELECTRIC PLANT)
CERTIFICATES OF PARTICIPATION
SERIES 2022

MATURITY SCHEDULE*

SERIAL CERTIFICATES

<u>Maturity</u> <u>May 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>Yield</u>	<u>CUSIP</u> <u>Number</u>
20__	\$				

* Preliminary, subject to change.

CITY OF CARTHAGE, MISSOURI

326 Grant Street
Carthage, MO 64836
(417) 237-7000

ELECTED OFFICIALS

Mayor and City Council	Term Expires
Dan Rife, Mayor	4/2026
Brandi Ensor, Council Member, Ward 1	4/2024
Robin Harrison, Council Member, Ward 1	4/2023
David Armstrong, Council Member, Ward 2	4/2023
Trudy Blankenship, Council Member, Ward 2	4/2024
Robin Blair, Council Member, Ward 3	4/2024
Ceri Otero, Council Member, Ward 3	4/2023
Ed Hardesty, Council Member, Ward 4	4/2024
Alan Snow, Council Member, Ward 4	4/2023
Tiffany Cossey, Council Member, Ward 5	4/2023
Mark Elliff, Council Member, Ward 5	4/2024

ADMINISTRATIVE OFFICIALS

Greg Dagnan, City Administrator
Traci Cox, Assistant City Administrator
Miranda Deal, City Clerk
Nathaniel Dally, City Attorney

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Overland Park, Kansas and Saint Paul, Minnesota

SPECIAL COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

UNDERWRITER

Piper Sandler & Co.
Leawood, Kansas

CARTHAGE WATER AND ELECTRIC PLANT

627 W. Centennial Avenue
Carthage, MO 64836
(417) 237-7300

BOARD OF PUBLIC UTILITIES

Name

Office

Danny Lambeth	President & Member
Ron Ross	Vice President & Member
Darren Collier	Secretary & Member
Brian Schmidt	Member
Pat Goff	Member
G. Stephen Beimdiek	Member
Alan Snow	City Council Liaison

ADMINISTRATIVE OFFICIALS

Name

Office

Chuck Bryant	General Manager
Cassandra Ludwig	General Counsel
Kelli Nugent	Chief Financial Officer
Kevin Emery	Director of Power Services
Jason Peterson	Director of IT and Broadband Services
Jason Choate	Director of Water Services

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2022 CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2022 CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of that information.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representation with respect to the Series 2022 Certificates offered hereby other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Series 2022 Certificates offered hereby by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and from other sources believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “anticipate,” “projected,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE FUTURE RISKS AND UNCERTAINTIES INCLUDE THOSE DISCUSSED IN THE “RISK FACTORS AND INVESTMENT CONSIDERATIONS” SECTION OF THIS OFFICIAL STATEMENT. NEITHER THE CITY NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED OCCUR.

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OFFICIAL STATEMENT

\$14,185,000*
CITY OF CARTHAGE, MISSOURI
(CARTHAGE WATER AND ELECTRIC PLANT)
CERTIFICATES OF PARTICIPATION
SERIES 2022

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to the entire Official Statement and should be read in conjunction with the more detailed information and financial statements of the City contained in the specific sections of this Official Statement and a full review should be made of the entire Official Statement and the documents included or described herein.

Purpose of this Official Statement

This Official Statement, including its appendices, is furnished to provide information relating to the City of Carthage, Missouri (the “City”) and \$14,185,000* aggregate principal amount of City of Carthage, Missouri (Carthage Water and Electric Plant) Certificates of Participation, Series 2022 (the “Series 2022 Certificates”).

The City

The City is a constitutional charter city and political subdivision organized and existing under the laws of the State of Missouri. See “THE CITY” and “ECONOMIC INFORMATION CONCERNING THE CITY” in *Appendix A* to this Official Statement.

The Carthage Water and Electric Plant

The Carthage Water and Electric Plant is a municipally owned utility which is a component unit of the City. Carthage Water and Electric Plant is an administrative board of the City duly organized under the Charter of the City to operate and control the public utilities of the City. Carthage Water and Electric Plant is engaged in the supply and distribution of electricity, supply and distribution of water, the collection and treatment of sanitary sewer and the providing of telecommunication services for the City. See “CARTHAGE WATER AND ELECTRIC PLANT” in *Appendix A* to this Official Statement.

Purpose of the Series 2022 Certificates

The proceeds from the sale of the Series 2022 Certificates will be used, together with other available funds of the City, to (1) acquire, construct, improve, renovate, furnish and equip improvements to the City’s electric system, including (a) replacement of transmission lines between the Southwest Power Administration Substation and Substation No. 1, (b) upgrading and improving infrastructure for transmitting and transforming electricity from Power Plant Substation to Substation No. 1, (c) replacement and upgrade of transformer and other infrastructure in Substation No. 2, and (d) upgrading and extending feeder that ties distribution system to Substation No. 2 (collectively, the “Project”); and (2) pay the costs related to the delivery and sale of the Series 2022 Certificates. See the caption “PLAN OF FINANCE” herein.

Security and Source of Payment

Pursuant to the terms of a Lease Agreement dated as of December 15, 2022 (the “Lease Agreement”), between the City and UMB Bank, N.A., as trustee (the “Trustee”), a Trust Indenture dated as of December 15,

* Preliminary, subject to change.

2022 (the “Indenture”) between the City and the Trustee, and the terms of a Base Lease dated as of December 15, 2022 (the “Base Lease”) between the City and the Trustee, (a) the City will lease certain real estate and the improvements thereon (the “Site”) (collectively, the Site and the Project are the “Facilities”) to the Trustee, (b) the proceeds of the Series 2022 Certificates will be used to finance the costs of the Project, and (c) the Trustee will lease the Facilities to the City for an initial term ending June 30, 2023 (the “Original Term”), with successive one-year renewal options, provided that the final renewal term does not extend beyond June 30, 2043 (the “Renewal Terms”), which Renewal Terms are subject to the City’s annual budget appropriations. The City expects to make payments related to the Series 2022 Certificates from revenues derived from the operation of its electric system (the “System”).

The Series 2022 Certificates evidence undivided ownership interests in the right to receive lease payments (the “Rental Payments,” consisting of “Principal Components” and “Interest Components”) under the Lease Agreement. The Series 2022 Certificates are being executed and delivered pursuant to the Indenture, which will be executed by the City and the Trustee.

The Series 2022 Certificates will be payable solely from the rents, revenues and receipts received by the Trustee, as lessor under the Lease Agreement, for the use of the Facilities and not from any other fund or source of the Trustee, from certain proceeds of insurance policies or condemnation awards, from interest earnings on moneys in certain funds held by the Trustee, from money derived from the sale or lease of the Facilities or portions thereof and not from any other fund or source of the Trustee. Pursuant to the Indenture, the Trustee will pledge and assign such rents, revenues and receipts and other moneys to the payment of the Series 2022 Certificates and the Interest Component due thereon.

Parity Obligations

The Indenture provides for the future delivery of additional certificates (“Additional Certificates”) which, if delivered, would rank on a parity with the Series 2022 Certificates and any other certificates then outstanding under the Indenture. See the caption “SECURITY FOR THE SERIES 2022 CERTIFICATES – Parity Obligations” herein. The Series 2022 Certificates and any future Additional Certificates delivered under the Indenture are hereinafter referred to collectively as the “Certificates.”

Limited Obligations

The payments scheduled to be made by the City under the Lease Agreement are payable solely from amounts which may, but are not required to, be appropriated annually by the City. See “SECURITY FOR THE SERIES 2022 CERTIFICATES” herein. The Series 2022 Certificates, the Lease Agreement and any payments required under the Lease Agreement shall not constitute a mandatory payment obligation of the City in any year beyond the year during which the City is a lessee under the Lease Agreement, or constitute or give rise to a general obligation or other indebtedness of the City. The City is not legally obligated to budget or appropriate moneys for any fiscal year beyond the current fiscal year or any subsequent fiscal year in which the Lease Agreement is in effect, and there can be no assurance that the City will appropriate funds to make Rental Payments or renew the Lease Agreement after the Original Term or any Renewal Term of the Lease Agreement. The City may terminate its obligations under the Lease Agreement on an annual basis. The City will have the option to purchase the Trustee’s title and interest in the Facilities as provided in the Indenture and the Lease Agreement.

Except for its duties as Trustee to make payments from the funds and accounts created and held under the Indenture, UMB Bank, N.A. has no obligation to make any debt service payment on the Series 2022 Certificates or any payments under the Lease Agreement.

Risk Factors

Payment of the Principal Component and Interest Component distributable with respect to the Series 2022 Certificates is subject to certain risks. See the caption “RISK FACTORS AND INVESTMENT CONSIDERATIONS.”

Regulatory Factors

Due to the nature of the Facilities, the Project and the Facilities are subject to federal and state regulation. See the caption “CERTAIN REGULATORY FACTORS AFFECTING THE UTILITY INDUSTRIES.”

Continuing Disclosure Information

The City has covenanted in its Continuing Disclosure Certificate to provide certain financial information and notices of certain enumerated events to the Municipal Securities Rulemaking Board, in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See the caption “CONTINUING DISCLOSURE.”

Other Information

This Official Statement includes financial and other information about the City and also contains descriptions of the Series 2022 Certificates, the Base Lease, the Lease Agreement and the Indenture. See “TRUST INDENTURE, LEASE AND BASE LEASE” in *Appendix D* hereto. The descriptions of the Series 2022 Certificates, the Base Lease, the Lease Agreement, the Indenture and other documents described in this Official Statement do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the approved form of those documents, copies of which may be viewed at the offices of the Underwriter, Piper Sandler & Co., 11635 Rosewood Street, Leawood, Kansas, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

THE SERIES 2022 CERTIFICATES

General

The Series 2022 Certificates will be dated as of their date of delivery, will mature on May 1 in the years and in the respective principal amounts (subject to prior prepayment as described herein) and shall bear interest at the respective rates per annum, as set forth on the inside cover page hereof. The Series 2022 Certificates will be delivered in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Principal Component and prepayment premium, if any, of Rental Payments represented by Series 2022 Certificates shall be payable by check or draft mailed to the registered owner thereof at the payment office of the Trustee upon presentation and surrender thereof. The Interest Components of Rental Payments represented by the Series 2022 Certificates shall be payable semiannually on May 1 and November 1, beginning November 1, 2023, to the registered owner of each Certificate, determined as of the close of business on the Record Date (which shall be the fifteenth day of the calendar month next preceding the Certificate Payment Date) (a) by check or draft mailed to such registered owner at the address appearing on the registration books of the Trustee or its successor, as registrar, or (b) in the case of an interest payment to the Securities Depository or to any other Registered Owner of \$500,000 or more in aggregate principal amount of the Series 2022 Certificates, by electronic transfer to such Registered Owner upon written request given to the Trustee by such Registered Owner, not less than 5 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account name and account number to which such Registered Owner wishes to have such transfer directed. All such payments shall be made in lawful money of the United States of America.

Prepayment of Series 2022 Certificates

Optional Prepayment. The Series 2022 Certificates are subject to prepayment on and after May 1, ____, as a whole or in part at any time at 100% of the Principal Component represented thereby, plus the Interest Component accrued thereon to the prepayment date.

Extraordinary Optional Prepayment. The Series 2022 Certificates shall be subject to extraordinary optional prepayment prior to the stated maturity thereof, upon instructions from the City, as a whole or in part at any time at a price of 100% of the Principal Component represented thereby, plus the Interest Component accrued thereon to the prepayment date, upon the occurrence of any of the following conditions or events:

- (a) if title to, or the use for a limited period of, all or substantially all of the Facilities is condemned by any authority having the power of eminent domain (other than the City or any entity controlled by or otherwise affiliated with the City);
- (b) if title to all, or substantially all, of the Facilities is found to be deficient or nonexistent to the extent that the efficient utilization of such Facilities by the City is impaired;
- (c) if all, or substantially all, of the Facilities are damaged or destroyed by fire or other casualty; or
- (d) if as a result of changes in the Constitution of the State of Missouri or of legislative or administrative action by the State of Missouri or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Indenture, the Lease Agreement, or the Base Lease shall become void or unenforceable, or impossible of performance without reasonable delay, or in any other way by reason of such change of circumstances, unreasonable burdens or excessive liabilities are imposed on the City with respect to the Indenture, the Lease Agreement or the Base Lease.

Selection of Series 2022 Certificates to be Prepaid

Series 2022 Certificates shall be prepaid only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Series 2022 Certificates are to be paid prior to maturity (other than by mandatory sinking fund prepayment, if any), such Series 2022 Certificates shall be prepaid from such maturities selected by the City, with Series 2022 Certificates of less than a full maturity to be selected by the Trustee in \$5,000 units of face value by lot or in such other equitable manner as the Trustee may determine.

Notice of Prepayment

Notice of the prepayment identifying the Series 2022 Certificates or portions thereof to be prepaid shall be given by the Trustee to the Owners of Series 2022 Certificates by mailing a copy of the notice by first-class mail, postage pre-paid, at least 20 days prior to the date of prepayment to the Owner of each Certificate to be prepaid at the address shown on the registration books maintained by the Trustee or at such other address as is furnished in writing by such Owner to the Trustee; provided, however, that any defect in giving such notice by mailing as aforesaid shall not affect the validity of any proceedings for the prepayment of Series 2022 Certificates. Any notice of prepayment shall state the date and place of prepayment, the maturities and the CUSIP numbers of the Series 2022 Certificates or portions of Certificates to be prepaid (and in the case of the prepayment of a portion of any Series 2022 Certificates, the amount of Principal Component being paid), the prepayment price and that interest will cease to accrue from and after the prepayment date.

Prepayments

Prior to the date fixed for prepayment, funds shall be deposited with the Trustee to pay, and the Trustee is authorized and directed to apply such funds to the prepayment of, the Series 2022 Certificates, together with the Interest Component accrued thereon to the prepayment date, and any required premium. Upon the giving of notice and the deposit of such funds or government securities as may be available for prepayment pursuant to the Indenture, the Interest Components of Rental Payments represented by the Series 2022 Certificates or portions thereof thus called shall no longer accrue after the date fixed for prepayment.

Registration, Transfer and Exchange of Series 2022 Certificates

Any Series 2022 Certificate may be transferred or exchanged only upon the Register upon surrender thereof at the payment office of the Trustee duly endorsed for transfer or accompanied by an assignment or authorization for exchange duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer or exchange, the Trustee shall execute and deliver in exchange for such Series 2022 Certificate a new fully registered Series 2022 Certificate or Certificates, registered in the name of the transferee, of the same series and maturity, of any denomination or denominations authorized by the Indenture, and bearing interest at the same rate.

In all cases in which Series 2022 Certificates shall be exchanged or transferred, the Trustee shall execute and deliver Series 2022 Certificates in accordance with the Indenture. All Series 2022 Certificates surrendered in any such exchange or transfer shall forthwith be cancelled by the Trustee. The Trustee may make a charge to the Registered Owner requesting the same for every such exchange or transfer of Series 2022 Certificates sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, and such charge shall be paid before any such new Certificate shall be delivered. The fees and charges of the Trustee for making any transfer or exchange hereunder and the expense of any certificate printing necessary to effect such transfer or exchange shall be paid by the City.

THE BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2022 Certificates. The Series 2022 Certificates will be delivered as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Series 2022 Certificates.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S.

and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2022 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2022 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2022 Certificates, except in the event that use of the book-entry system for the Series 2022 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2022 Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2022 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2022 Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2022 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2022 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022 Certificates, such as prepayments, defaults, and proposed amendments to the related documents. For example, Beneficial Owners of Series 2022 Certificates may wish to ascertain that the nominee holding the Series 2022 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the Series 2022 Certificates within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2022 Certificates unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Series 2022 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal Components and Interest Components on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or the Trustee, on each payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary

practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2022 Certificates at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2022 Certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2022 Certificates will be printed and delivered.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Transfer Outside Book-Entry Only System

If the Book-Entry Only System is discontinued the following provisions would apply. The Series 2022 Certificates are transferable only upon the Register upon presentation and surrender of the Series 2022 Certificates, together with instructions for transfer. Series 2022 Certificates may be exchanged for other Series 2022 Certificates of any denomination authorized by the Indenture in the same aggregate principal amount, series, payment date and interest rate, upon presentation to the Trustee, subject to the terms, conditions and limitations and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer.

SECURITY FOR THE SERIES 2022 CERTIFICATES

Nature of Series 2022 Certificates; Limited Obligations

Each Series 2022 Certificate evidences the undivided interest of the Owner thereof in the right to receive Rental Payments from the City under the Lease Agreement, and other payments, revenues and receipts derived under the Lease Agreement (including, in certain circumstances, Certificate proceeds and income from the temporary investment thereof and proceeds from insurance and condemnation awards), and are secured by a pledge and assignment of the Trust Estate granted by the Trustee in favor of the Owners of the Series 2022 Certificates, as provided in the Indenture.

Neither the Lease Agreement nor the Series 2022 Certificates shall constitute a liability or obligation of the City beyond the Lease Term in effect at any time. The Series 2022 Certificates shall not constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction. The Lease Agreement is subject to termination on an annual basis at the option of the City.

The Original Term of the Lease Agreement shall commence on the date of its delivery (the “Commencement Date”), and subject to earlier termination pursuant to the provisions thereof, shall terminate on the last day of the City’s current fiscal year (i.e., June 30, 2023). The Lease Term may be extended, solely at the option of the City, at the end of the Original Term or any Renewal Term for an additional one-year Renewal Term for up to the final Renewal Term to expire not later than June 30, 2043. Under the terms of the Lease Agreement, if the City elects to renew the Lease Agreement at the end of the Original Term or any Renewal Term, it is obligated

to budget, appropriate and set aside a portion of its revenues derived from electric utility revenues and other sources, which appropriation shall be sufficient to make the Rental Payments coming due during the ensuing fiscal year.

The City is obligated to make two annual Rental Payments to the Trustee prior to each Certificate Payment Date during each fiscal year in which the Lease Agreement is in effect, which payments represent the Principal Components, redemption premium, if any, and Interest Components of Rental Payments represented by the Series 2022 Certificates becoming due during such fiscal year (but only if the City elects to renew the Lease Agreement for each Renewal Term). THERE CAN BE NO ASSURANCE THAT THE CITY WILL APPROPRIATE FUNDS FOR RENTAL PAYMENTS OR RENEW THE LEASE AGREEMENT AFTER THE ORIGINAL TERM. NEITHER THE SERIES 2022 CERTIFICATES NOR THE LEASE AGREEMENT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE CITY, NOR A MANDATORY PAYMENT OBLIGATION IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR IN WHICH THE LEASE AGREEMENT IS IN EFFECT. THE CITY IS NOT LEGALLY REQUIRED TO BUDGET OR APPROPRIATE MONEYS FOR ANY SUBSEQUENT FISCAL YEAR BEYOND THE CURRENT FISCAL YEAR.

The City will have the option to purchase the Trustee's title and interest in the Facilities as provided in the Indenture and the Lease Agreement. See "LEASE – Option and Obligation to Purchase the Lessor's Interest in the Facilities," and "TRUST INDENTURE - Satisfaction and Discharge of the Indenture" in *Appendix D* hereto.

Property Subject to the Base Lease and the Lease Agreement

Pursuant to the provisions of the Base Lease and the Lease Agreement between the Trustee and the City, (a) the City will lease the Site to the Trustee for a term ending June 30, 2073, (b) the proceeds of the Series 2022 Certificates will be used to pay the costs of the Project and pay costs related to the delivery of the Series 2022 Certificates as described in this Official Statement, and (c) the Trustee will lease the Facilities (including of the Site and the improvements thereon, as described below) to the City for an initial term ending June 30, 2023 (the "Original Term"), with successive one-year renewal options, provided that the final renewal term does not extend beyond June 30, 2043 (the "Renewal Terms"), which Renewal Terms are subject to annual budget appropriations.

The site includes approximately 21.58 acres within the City. Included on the site is the Power Plant Substation, Substation No. 1, Substation No. 2, and various other improvements and pieces of equipment, including underground fuel tanks, to support the electric operations of Carthage Water and Electric Plant. The site is comprised of essential portions of the electric system and, without such, the electric system would not function. The total insured value, plus the land value, of the Site is approximately \$10,500,000. Additionally, various transmission lines and pieces of underground equipment are of significant value to the electric system overall, although not of an insurable nature.

Parity Obligations

Additional Certificates may be delivered without the consent of the Owners of the Certificates (a) to refund the Certificates of any series in a manner which provides present value debt service savings to the City or (b) to make additional improvements as the City may deem necessary, so long as the total principal amount of all Certificates then Outstanding under the Indenture does not exceed \$30,000,000.

All Additional Certificates will be secured by the lien of the Indenture, the Lease Agreement and the Base Lease, and will rank on parity with the Series 2022 Certificates and any Additional Certificates. Unless provided otherwise in a supplement to the Indenture, any Additional Certificates will be in substantially the same form as the Series 2022 Certificates, but will bear such date or dates, bear such interest rate or rates, have such payment date or dates, prepayment dates and prepayment premiums, and be issued at such prices as are approved in writing by the City, subject to the requirements of the Indenture.

THE TRUSTEE

UMB Bank, N.A., Kansas City, Missouri, a national banking association authorized to transact business in the State of Missouri, will be the Trustee under the Indenture and a party to the Lease Agreement and the Base Lease. The Trustee may consult with counsel, and the opinion of such counsel will be full and complete authorization and protection with respect to any action taken or suffered by the Trustee in good faith in accordance with such opinion. The Trustee may execute any trusts or powers or perform the duties required by the Indenture, the Lease Agreement or the Base Lease by or through attorneys, agents or receivers and will not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it in good faith.

The Series 2022 Certificates are executed by the Trustee, not individually or personally but solely as Trustee under the Indenture, in the exercise of the power and authority conferred upon and invested in it as such Trustee. Except for its negligence or willful misconduct, nothing contained in the Indenture, the Lease Agreement or the Base Lease is to be construed as creating any liability on the Trustee, individually or personally, to perform any covenant either expressed or implied in the Certificates, the Indenture, the Lease Agreement or the Base Lease, all such liability, if any, being expressly waived by the Owners of the Certificates by the acceptance thereof and by each and every person now or hereafter claiming by, through or under the Trustee or the Owners of the Certificates. Insofar as the City is concerned, the Trustee and the Owner of any Certificate and any person claiming by, through or under the Trustee or the Owner of any Certificate may look solely to the Trust Estate described in the Indenture for payment of the interests evidenced by the Certificates.

As security for the compensation, expenses, disbursements and indemnification to which it is entitled upon the occurrence of an Event of Default under the Indenture or an Event of Nonappropriation under the Lease Agreement, the Trustee will have a first lien with right of payment prior to payment on account of any Principal Components or Interest Components with respect to the Certificates for such compensation, expenses, disbursements and indemnification.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

The purchase of the Series 2022 Certificates involves certain investment risks that are discussed throughout this Official Statement. Each prospective purchaser of the Series 2022 Certificates should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain risk factors relating to the Series 2022 Certificates are described below.

General

The following is a discussion of certain risks that could affect the Rental Payments and other payments to be made by the City with respect to the Lease Agreement and the Series 2022 Certificates. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the Appendices hereto) in order to make a judgment as to whether the Series 2022 Certificates are an appropriate investment. Prospective purchasers of the Series 2022 Certificates should consider carefully all possible factors that may result in a default in the payment of the Principal Component or Interest Component of Rental Payments represented by the Series 2022 Certificates, by the City under the Lease Agreement, the prepayment of the Series 2022 Certificates prior to maturity or the determination that the Interest Component of the Rental Payments represented by the Series 2022 Certificates might be includible in gross income for purposes of federal and Missouri income taxation. The following list of possible factors, while not setting forth all the factors that must be considered, contains some of the factors that should be considered prior to purchasing the Series 2022 Certificates. **This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.**

Right of the City to Terminate the Lease Agreement Annually by Declining to Appropriate Funds

The City's obligations under the Lease Agreement may be terminated on an annual basis by the City without any penalty and there is no assurance that the City will renew the Lease Agreement. The likelihood that the City will renew the Lease Agreement throughout the Lease Term is dependent upon certain factors which are beyond the control of the owners of the Series 2022 Certificates, including (a) the continuing need of the City for the Facilities, (b) the demographic conditions within the City, and (c) the ability of the City to generate sufficient funds from taxes, utility rates and other sources to pay its obligations under the Lease Agreement and the other obligations of the City.

The City Council of the City has declared its current intention and expectation that the Lease Agreement will be renewed annually until the Trustee's leasehold interest in the Facilities is acquired by the City. Such a declaration cannot be construed as contractually obligating or otherwise binding the City. Neither the payment of the Rental Payments by the City under the Lease Agreement nor any payments under the Series 2022 Certificates constitutes a general obligation or other indebtedness of the City or a mandatory payment obligation of the City in any fiscal year subsequent to a fiscal year in which the Lease Agreement is in effect.

The obligation of the City to pay Rental Payments and Additional Payments is limited to those City funds which are specifically budgeted and appropriated annually by the City Council of the City for such purpose. The failure to renew the Lease Agreement would mean the loss of occupancy of the Facilities by the City for the remainder of the term of the Base Lease, which terminates no later than June 30, 2073.

Upon the occurrence of an Event of Default or an Event of Nonappropriation, the Trustee would exercise its available remedies under the Base Lease, the Lease Agreement and the Indenture against the City including the sale or lease of its interest in the Facilities on behalf of the owners of the Series 2022 Certificates. The Trustee's interest in the Facilities is the leasehold estate in the Site and the improvements thereon granted by the Base Lease. The moneys derived from any sale or lease of its interest in the Facilities, along with other moneys then held by the Trustee under the provisions of the Indenture (with certain exceptions as provided in the Lease Agreement and the Indenture), are required to be used to pay the Rental Payments to the extent moneys are available. Owners of the Series 2022 Certificates are cautioned, however, that due to the nature of the Facilities and the limited uses that can be made of Facilities, the ability of the Trustee to relet or sell its leasehold interest in the Facilities will be extremely limited. Such limitations may impair the Trustee's ability to sell any portions of the Facilities or assign or sublease the Site upon the occurrence of an Event of Default or Event of Nonappropriation or to obtain an amount that would be sufficient to pay the Rental Payments related to the Certificates then Outstanding.

Delays in Exercising Remedies

A termination of the City's right of possession of the Facilities under the Lease Agreement as a result of an Event of Default or an Event of Nonappropriation or expiration of the term of the Lease Agreement at the end of the Original Term or any Renewal Term without an extension for the next succeeding Renewal Term will give the Trustee the right to possession of, and the right to sell, relet or assign its interest in the Facilities in accordance with the provisions of the Base Lease, the Lease Agreement and the Indenture. However, the enforceability of the Base Lease, the Lease Agreement and the Indenture is subject to applicable bankruptcy laws and trust instruction procedures available under the laws of certain states, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the exercise of judicial authority by State of Missouri, jurisdictions other than the State of Missouri potentially having jurisdiction under trust instruction procedure laws, or federal courts and the exercise by the United States of America of the powers delegated to it by the U.S. Constitution.

Further, the Facilities are used by the City for the performance of its governmental functions. Due to the governmental use of the Facilities and the delays inherent in obtaining possession of the Facilities and other judicial remedies, no assurance can be given that (1) a court, in the exercise of judicial discretion, would enforce these remedies in a timely manner, or (2) any money realized by the Trustee upon an exercise of any remedies

would be sufficient to pay in full the Principal Components and Interest Components of Rental Payments with respect to the Series 2022 Certificates. The legal opinions to be delivered with the delivery of the Series 2022 Certificates will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases. If such money is insufficient to pay all outstanding Series 2022 Certificates in full, the Series 2022 Certificates would be paid in part on a *pro rata* basis. Any delays in the ability of the Trustee to obtain possession of the Facilities will, of necessity, result in delays in any payment of Principal Components and Interest Components of Rental Payments with respect to the Series 2022 Certificates.

Changes in Economic, Demographic and Market Conditions

Changes in real estate market conditions in the Carthage area, as well as changes in general or local demographic or economic conditions, could adversely affect the value of the property located within the City and the level of economic activity in the City and, consequently, the amounts of real estate taxes and other revenues generated by the City. Such changes could also have an adverse impact on the financial condition of the City and, thus, the City resources available for appropriation for the payment of the Rental Payments with respect to the Series 2022 Certificates.

Destruction of the Facilities

The Lease Agreement requires certain portions of the Facilities to be insured as described in "LEASE – Property and Casualty Insurance" in *Appendix D* hereto. If the Facilities are damaged or destroyed, the City is nevertheless required to continue to make payments under the Lease Agreement, subject to the exercise of its option to extend the term of the Lease Agreement for each next succeeding Renewal Term and to the application of Net Proceeds from insurance, if any, and certain other sources to repair, restore, modify, improve or replace the affected portions of the Facilities. If the Net Proceeds from insurance and such other sources are sufficient to repair, restore, modify, improve or replace the affected portion of the Facilities, such proceeds are to be so applied. If the Net Proceeds are insufficient for such purpose, (1) the City is obligated to commence and thereafter complete the work and pay any cost in excess of such net proceeds, but only from Additional Payments appropriated by the City, in order for the affected portion of the Facilities to be repaired, restored and replaced, (2) if the failure to repair or restore does not materially detract from the value of the Facilities, such net proceeds may be deposited into the Certificate Fund, or (3) the City may apply net proceeds to the payment of the Option Purchase Price applicable on the next available Optional Payment Date and, if such net proceeds are insufficient to pay such Option Purchase Price, the City is required under the Lease Agreement to pay such amounts as are necessary to equal the full Option Purchase Price.

There can be no assurance either as to the adequacy of or timely payment under property damage insurance in effect at that time or that the City will elect to extend the term of the Lease Agreement for the next Renewal Term succeeding such damage or destruction. See "LEASE — Damage, Destruction and Condemnation" in *Appendix D* hereto.

Construction Risks

Weather, labor disputes, availability of materials and supplies, casualty damages, unanticipated subsoil conditions, unanticipated construction difficulties and other "**force majeure**" occurrences or events or financial failure or failure to perform by a contractor, subcontractor or supplier may affect the timely construction of the Project. No assurance can be given that the acquisition, construction and installation of the Project will be completed on schedule, within budget or without material errors and defects. Any such failure could affect the City's decision to continue appropriations under the Lease Agreement.

Potential Impacts Resulting from Coronavirus (COVID-19)

In December 2019, a novel strain of coronavirus (which leads to the disease known as “COVID-19”), was discovered in Wuhan, China. Since that date, the virus has spread throughout the world and was characterized as a pandemic. The impact of the COVID-19 pandemic on the U.S. economy has been broad based and negatively impacted national, state and local economies.

The State is not currently under a statewide public health order. Despite the expiration of statewide orders, cities and counties have the ability to impose local public health orders restricting economic activities within the State and providing additional health and safety restrictions.

As a result of the COVID-19 pandemic, the City incurred certain expenditures relating to the increase of supply costs, technology upgrades and equipment to enable employees to work remotely and allow for social distancing, upgrades to Council equipment and chambers to allow for online meetings and remote voting, and to cover additional personal protective equipment and overtime for emergency services when essential front-line workers were unavailable due to COVID-19. The City applied for and received federal CARES Act grants in the amount of \$195,817 for reimbursement of the COVID-19 related expenditures the City had previously incurred. Carthage Water and Electric Plant received federal CARES Act grants in the amount of \$54,432 for reimbursement of the COVID-19 related expenditures previously incurred. The City has received funds from the American Rescue Plan Act (ARPA) in two equal payments totaling \$3,003,203. Any State or local measures implemented in the future which restrict economic and social activity within the City may have an adverse effect on general City operations and may also negatively impact the City’s ability to pay the Certificates.

Carthage Water and Electric Plant has continued to serve its customers during the COVID-19 pandemic without interruption. The lobby of Carthage Water and Electric Plant was closed for a period of time due to the COVID-19 pandemic, however the drive-through remained open to meet customer demands. None of Carthage Water and Electric Plant’s generation facilities has had material impacts to its operations as a result of the pandemic.

Carthage Water and Electric Plant did not disconnect any customers during the COVID-19 pandemic for pandemic-related non-payment. Additionally, there were no write-offs specific to the pandemic. As of the end of September 2022, the percentage of customers currently in arrears was 19%. Accounts in arrears from September 2019 through September 2021 averaged between 13% and 15%. Carthage Water and Electric Plant has not observed an impact to the 2023 fiscal year-to-date financial results through September 30, 2022, as a result of the COVID-19 pandemic.

The COVID-19 outbreak and its variants is continuing to evolve and is ongoing, and its dynamic nature leads to uncertainties, including: (1) the geographic spread of the virus; (2) the development of new variants and the severity of the disease; (3) the duration of the outbreak; (4) the vaccination rate and the development of therapeutics for treatment; (5) actions that may be taken by governmental authorities to contain or mitigate the outbreak or recurrences thereof; and (6) the authorization of additional federal relief funds. Any State or local measures implemented in the future which restrict economic and social activity within the City may have an adverse effect on general City operations and financial condition.

Results of a Termination of the Lease Term

In the event that the City Council of the City does not budget and appropriate, specifically with respect to the Lease Agreement, on or before July 1 of each year, moneys sufficient to pay all Rental Payments and the reasonably estimated Additional Payments coming due for the next Lease Term, an “Event of Nonappropriation” shall be deemed to have occurred.

Special Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default. If the Lease Term is terminated by reason of either such event, there is no assurance that the Series 2022 Certificates may be transferred by a holder thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

Special Counsel has rendered no opinion with respect to the income tax consequences applicable to the Interest Component of Rental Payments represented by the Series 2022 Certificates subsequent to a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default. If the Lease Term is terminated by reason of either such event there is no assurance that the Interest Component of such Rental Payments will remain excludable from gross income for federal or Missouri income tax purposes.

See “LEASE – Event of Nonappropriation” and “LEASE – Default and Remedies” in *Appendix D* hereto for a discussion of the results of an Event of Nonappropriation, and the ability of the Trustee to waive, under certain circumstances, the effects of the occurrence of an Event of Nonappropriation without notice to or the consent of the registered owners of the Series 2022 Certificates.

Cybersecurity Risks

The City relies on its information systems to provide security for processing, transmission and storage of confidential personal, health-related, credit and other information. It is possible that the City’s security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the City and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If personal or otherwise protected information is improperly accessed, tampered with or distributed, the City may incur significant costs to remediate possible injury to the affected persons, and the City may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. Any failure to maintain proper functionality and security of information systems could interrupt the City’s operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations. The City maintains cybersecurity insurance in the amount of \$2,000,000 and has not experienced any cyber security events.

Parity Obligations

The Indenture provides for the future delivery of Additional Certificates that, if delivered, would rank on a parity with the Series 2022 Certificates and any other Additional Certificates then Outstanding under the Indenture. Additional Certificates may be delivered for any purpose without the consent of or notice to the Registered Owners of the Series 2022 Certificates (i) if the Additional Certificates are being issued to refund Certificates to provide present value debt service savings for the City, or (ii) if Additional Certificates to be issued are in an amount, together with all other Certificates then Outstanding, not to exceed \$30,000,000. There is no requirement to provide additional property in connection with the delivery of Additional Certificates that would be subject to the terms of the Base Lease or the Lease Agreement. The delivery of Additional Certificates without a corresponding addition to the Facilities could reduce the likelihood that, in the Event of Default or Event of Nonappropriation by the City, the Trustee would be able to relet or assign its interest in the Facilities for the amount necessary (after taking into account money legally available from other sources) to pay in full the Principal Components and Interest Components of Rental Payments then due with respect to the Certificates.

Bankruptcy

In addition to the limitations on remedies contained in the Indenture, the Base Lease and the Lease Agreement, the rights and remedies provided in the Indenture and the Lease Agreement may be limited by and

are subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies.

Pension and Other Postemployment Benefits

The City contributes to an agent multiple-employer defined-benefit pension plan on behalf of its employees. See "FINANCIAL INFORMATION CONCERNING THE CITY – Pension and Employee Retirement Plans" in Appendix A of this Official Statement. Future required contribution increases beyond the current fiscal year may require the City to increase its revenues, reduce its expenditures, or some combination thereof, which may impact the City's operations or limit the City's ability to generate additional revenues in the future.

For more information specific to the City's participation, including the City's past contributions, net pension liability, and pension expense, see the City's financial statements included in *Appendix B* to this Official Statement.

Amendment of the Indenture, the Lease Agreement and the Base Lease

Certain amendments to the Indenture, the Base Lease and the Lease Agreement may be made without notice to or the consent of the owners of the Certificates (including amendments relating to the delivery of Additional Certificates). Certain other amendments to the Indenture and the Lease Agreement may be made with the consent of the owners of not less than a majority in principal amount of the Certificates (including any Additional Certificates which may be hereafter issued) then outstanding affected by such supplemental indentures or supplemental leases. Such amendments may adversely affect the security of the owners of the Certificates. In addition to the foregoing, in some jurisdictions outside the State of Missouri, there are a variety of trust instruction procedure ("TIP") statutes, which generally allow judicially supervised remedies for trust estates of trustees that have a nexus, such as the Trustee's office, with such jurisdiction. Under such TIP statutes, such jurisdictions may allow or order the Trustee to amend the documents relating to the Certificates, including the Base Lease, the Lease Agreement and the Indenture, in contravention of the manner provided for in these documents, including without limitation allowing the Trustee to disregard provisions requiring the consent of the holders of the Certificates prior to certain amendments of these documents.

The Hancock Amendment

An amendment to the Missouri Constitution limiting taxation and government spending was approved by Missouri voters on November 4, 1980. This amendment limits the ability of the City to impose new or increased taxes to provide funding for the payment of the Series 2022 Certificates, or other governmental purposes of the City, without voter approval. The amendment (commonly known as the Hancock Amendment) limits the rate of increase and the total amount of taxes which may be imposed in any Fiscal Year, and the limit may not be exceeded without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly assessed valuation of the City for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. The limitation on local governmental units does not apply to taxes imposed for the payment of principal of and interest on general obligation bonds approved by the requisite percentage of voters.

The Hancock Amendment also requires political subdivisions of the State to obtain voter approval in order to increase any "tax, license or fee." The precise meaning and application of the phrase "tax, license or fee" is unclear, but decisions of the Missouri Supreme Court have indicated that it does not apply to traditionally set user fees. The limitations imposed by the Hancock Amendment restrict the City's ability to increase many but not all taxes, licenses and certain fees without obtaining voter approval.

In 2008, through the enactment of Senate Bill 711 (“SB 711”), the Missouri General Assembly approved further limitations on the amount of property taxes that can be imposed by a political subdivision such as the City. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of the City’s property tax levy if its current tax levy was less than its current tax levy ceiling, due to the City’s voluntary rollback from the maximum authorized tax levy. The property tax levy is the levy actually imposed by a political subdivision while the tax rate ceiling is the maximum levy the political subdivision may impose under the provisions of the Hancock Amendment. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a political subdivision’s actual property tax levy, regardless of whether that levy is at the political subdivision’s tax levy ceiling. This further reduction is sometimes referred to as an “SB 711 rollback.” In non-reassessment years (even-numbered years), the property tax levy may be increased to the political subdivision’s tax levy ceiling (as adjusted by the Hancock rollback), only after a public hearing and adoption of a resolution or policy statement justifying the action.

On March 2, 2021, the Missouri Court of Appeals, Eastern Division, held in *Blankenship v. Franklin County Collector* (619 S.W. 3d 491) that an increase in the operating levy by political subdivisions pursuant to the provisions of Section 137.073.5(2), which allows political subdivisions to increase the operating levy to account for inflation in certain situations, cannot result in a levy that exceeds the highest voter-approved levy in violation of the Hancock Amendment. Approximately 600 taxing authorities were notified by the Missouri State Auditor’s Office that their 2020 tax rates did not comply with the Blankenship decision and would need to be recalculated to determine their 2021 tax rates. To the extent a taxing authority levied taxes in violation of the Blankenship decision, refunds of such taxes are permitted if (1) a taxpayer files for injunctive relief before such taxes become payable, which is December 31 of the tax year, or (2) a taxpayer pays such taxes under protest and files suit against the tax collector within ninety days. The City did not receive a letter from the Missouri State Auditor’s Office and will not need to adjust revenues because of the Blankenship decision.

Other Factors

One or more of the following factors or events could adversely affect the City’s operations and financial performance to an extent that cannot be determined at this time:

1. *Changes in Administration.* Changes in key administrative personnel could affect the capability of the management of the City.
2. *Future Economic Conditions.* Adverse economic conditions or changes in demographics in the City, increased unemployment and inability to control expenses in periods of inflation, could adversely impact the City’s financial condition.
3. *Operating Expense Risk.* Actual operation, maintenance and repair expenses of the utility system may be greater or less than currently projected. Factors such as damages to facilities and infrastructure, changes in technology, regulatory standards, and increased costs of material, energy, labor and administration can substantially affect expenses. Furthermore, increases in rates and charges could result in a decrease in demand for usage and result in a decrease in revenues.
4. *Organized Labor Efforts.* Efforts to organize employees of the City into collective bargaining units could result in adverse labor actions or increased labor costs.
5. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance could adversely impact the City’s financial performance.
6. *Environmental Hazards.* The City has covenanted in the Lease Agreement to comply with all applicable environmental laws. No environmental studies have been performed with respect to the Facilities. The City is not aware of any environmental condition at the Facilities or any of the City’s

other property that requires any present remedial action. The discovery of such a condition with respect to the Facilities may adversely affect the City's willingness to renew the Lease Agreement after the expiration of any Renewal Term and the discovery of such a condition with respect to any of the other property of the City could adversely impact the City's financial performance.

7. *Natural Disasters.* The occurrence of natural disasters, such as tornadoes, earthquakes, pandemics, floods or droughts, could damage the facilities of the City, interrupt services or otherwise impair operations and the ability of the City to produce revenues.

No Reserve Fund or Credit Enhancement

No debt service reserve fund, financial guaranty insurance policy, letter of credit or other credit enhancement will be issued to insure payment of the Principal Component or Interest Component due with respect to the Series 2022 Certificates. Accordingly, any potential purchaser of the Series 2022 Certificates should consider the financial ability of the City to pay Rental Payments under the Lease Agreement.

Taxability

The Series 2022 Certificates are not subject to prepayment nor is the interest rate subject to adjustment in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the Interest Component paid or to be paid on any Series 2022 Certificate is or was includible in the gross income of the Owners of the Series 2022 Certificates for federal income tax purposes. **It may be that Owners of the Series 2022 Certificates would continue to hold their certificates, receiving Principal Components and Interest Components as and when due, but would be required to include such payments of Interest Component in gross income for federal income tax purposes. Special Counsel expresses no opinion as to the federal tax exemption of Interest Component on the Series 2022 Certificates in the event of payment thereof (a) if the City fails to budget and appropriate sufficient moneys to pay the Rental Payments under the Lease Agreement or (b) the Lease Agreement terminates for any reason.**

Risk of Audit

The Internal Revenue Service has established an ongoing program to audit tax-exempt obligations to determine the legitimacy of the tax status of such obligations. No assurance can be given that the Internal Revenue Service will not commence an audit of the Series 2022 Certificates. Owners of the Series 2022 Certificates are advised that, if an audit of the Series 2022 Certificates were commenced, in accordance with its current published procedures, the Internal Revenue Service is likely to treat the City as the taxpayer, and the Owners of the Series 2022 Certificates may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2022 Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

Loss of Premium from Prepayment

Any person who purchases a Series 2022 Certificate at a price in excess of its principal amount or who holds such Certificate trading at a price in excess of par should consider the fact that the Series 2022 Certificates are subject to prepayment prior to maturity at the prepayment prices described herein in the event such Series 2022 Certificates are prepaid prior to maturity. See the section herein captioned "THE SERIES 2022 CERTIFICATES – Prepayment Provisions" herein.

Secondary Market

The Underwriter will not be obligated to repurchase any of the Series 2022 Certificates, and no representation is made concerning the existence of any secondary market for the Series 2022 Certificates. No assurance is given that any secondary market will develop following the completion of the offering of the Series

2022 Certificates and no assurance is given that the initial offering price for the Series 2022 Certificates will continue for any period of time.

The lowering or withdrawal of the investment rating initially assigned to the Series 2022 Certificates could adversely affect the market price for and the marketability of the Series 2022 Certificates. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating its facilities subject to the municipal securities. From time to time the secondary market trading in selected issues of municipal securities will fluctuate as a result of the financial condition or market position of the underwriter, prevailing market conditions, or a material adverse change in the operations of the City, whether or not the subject securities are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

Power of Eminent Domain

Cities are granted, under the laws of the State, the power to condemn property for any purpose for which such cities are authorized to acquire property. There is no assurance that if the City were to condemn the Trustee's interest under the Base Lease that the condemnation award would be sufficient to pay the outstanding Principal Components and Interest Components with respect to the Series 2022 Certificates. The City has agreed in the Lease that, in the event that the whole or any part of the Facilities is taken by eminent domain proceedings, the interest of the Trustee will be recognized. The City and the Trustee have reached an agreement on the terms of the acquisition of the Facilities at the City's option, and to the use of the Facilities. The City has agreed that any acquisition of the Facilities or rights to their use by the City (whether pursuant to the exercise of eminent domain powers or otherwise) shall be pursuant to and in accordance with the Lease, including payment of Rental Payments and the applicable purchase price. If the City allows the Lease to expire without exercising its option to purchase, whether by failure to exercise its option to extend the Lease for a Renewal Term, failure to exercise its option to purchase at the conclusion of the Lease Term or failure to cure an Event of Default (as such terms are defined in the Lease), the City's failure to exercise the option to purchase shall constitute an irrevocable determination by the City that the Facilities is not required by it for any public purpose for the remaining term of the Lease. The enforceability of the foregoing agreements of the City has not been the subject of judicial interpretation.

Defeasance Risks

When all Certificates are deemed paid as provided in the Indenture (See "TRUST INDENTURE – Satisfaction and Discharge of the Indenture" and "– Certificates Deemed to be Paid" in *Appendix D* hereto), the Indenture will be released and terminated and the Facilities encumbered by the Base Lease and the Lease Agreement as security for the Certificates will be released. Any Certificate shall be deemed to be paid when (a) payment of the Principal Component of Rental Payments evidenced by such Certificate and premium, if any, thereon and the Interest Component of Rental Payments payable with respect thereto, whether such payment is by reason of the stated payment date or upon prepayment as provided in the Indenture, either (i) has been made in accordance with the terms thereof, or (ii) has been provided by irrevocably depositing, in trust and irrevocably set aside exclusively for such payment, (1) cash sufficient to make such payment and/or (2) Defeasance Obligations, maturing as to principal and interest in such amounts and at such time as will insure the availability of sufficient moneys to make such payment. Defeasance Obligations include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. Historically, such United States obligations have been rated in the highest rating category by the rating agencies. There is no legal requirement in the Indenture, the Base Lease or the Lease Agreement that Defeasance Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal

securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include the rating of Certificates defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

CERTAIN REGULATORY FACTORS AFFECTING THE UTILITY INDUSTRIES

General Background

Carthage Water and Electric Plant maintains firm power contracts with Sikeston Board of Municipal Utilities, Plum Point Energy Station and Southwest Power Administration. Carthage Water and Electric Plant also maintains a power plant (the “Power Plant”) that contains a combination of 9 Nordberg and Cooper dual fuel engines and can generate 35 megawatts of electricity an hour. Since 1989, the Carthage Water and Electric Plant supplies power to customers primarily through the purchase of power through its firm power contracts, as explained above and in *Appendix A*. The Power Plant, however, is maintained and ready to provide power as needed to supplement the supply from other entities.

While Carthage Water and Electric Plant does not own or maintain a coal-fired electric generating power plant, Carthage Water and Electric Plant purchases power from entities that utilize coal to produce power. As such, certain regulatory and climate-related changes have the potential to impact pricing or availability of power to Carthage Water and Electric Plant and are discussed herein.

Electrical Utility Industry Regulation, Generally.

The electric utility industry has been, and in the future will be, affected by a number of factors which will have an impact on the business, affairs and financial condition of both public and private electric utilities, including the City and the Carthage Water and Electric Plant.

Such factors include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy, (c) increased competition from independent power producers, marketers and brokers, (d) competition from other electric utilities (including increased competition resulting from mergers, acquisitions and “strategic alliances” of competing electric (and gas) utilities and from competitors offering less expensive electricity from much greater distances transmitted over an interconnected system, (e) new methods of producing low cost electricity (f) “self-generation” by certain residential, industrial and commercial customers, (g) issues relating to the ability to issue taxable and tax-exempt obligations, including severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax-exempt obligations, (h) changes from projected future load requirements, (i) increases in costs and effect of inflation on the operation and maintenance of an electric utility and its facilities, (j) shifts in the availability and relative costs of different fuels, (k) changes that may result from a national energy policy, climate change legislation and regulations that target contributions made by coal-fired and other fossil fueled generating units or other federal and state legislative changes, (l) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy, fuel and transmission capacity, (m) effects of financial instability of various participants in the power market, (n) issues related to reliability and both physical and cyber security at City facilities, (o) transmission availability and cost allocation, or (p) changes in revenue due to unseasonable changes in the weather. Any of these factors (as well as other factors) could have an effect on the financial condition of any given electric utility, including the City and Carthage Water and Electric Plant, and likely will affect individual utilities in different ways.

The City cannot predict what effects these factors will have on the business, operations and financial condition of the City or the Carthage Water and Electric Plant, but the effects could be significant. The following sections of this caption provide brief discussions of these factors. However, these discussions do not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date of this Official

Statement. Extensive information on the electric utility industry is available from legislative and regulatory bodies and other sources in the public domain.

Federal Energy Legislation

The Energy Policy Act of 1992. The Energy Policy Act of 1992 (the “1992 Energy Act”) made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access. With the passage of the 1992 Energy Act, the United States Federal Energy Regulatory Commission (“FERC”) was given authority to direct utilities to make their transmission systems available for use by others at rates and terms comparable to the owners’ uses of their own systems. In particular, the 1992 Energy Act provides the FERC with the authority, upon application by an electric utility, federal power marketing agency or other power generator, to require a transmitting utility to provide transmission services to the applicant essentially on the cost of service basis. Municipally-owned electric utilities are “transmitting utilities” for purposes of these provisions of the 1992 Energy Act. This “open access” environment provides an expanded and more competitive market for both generators and wholesale purchasers of electricity, and such increased competition is expected to continue in the future.

The Carthage Water and Electric Plant operates under the Southwest Power Pool (“SPP”) Open Access Transmission Tariff, as modified by service agreements between Carthage Water and Electric Plant, SPP and Southwestern Power Administration (“SPA”). The Power Plant remains under Carthage Water and Electric Plant’s control and is not part of SPP’s bulk electric system, nor is it considered a transmission system.

Under certain FERC regulations, FERC has required open-access, mandatory transmission tariffs to be placed into effect for all jurisdictional utilities. Utilities are authorized to file for changes in their tariffs under the Federal Power Act. The goal of these regulations, according to FERC, is to deny to an owner of transmission facilities any unfair advantage over its competitors that exists by virtue of such owner’s control of its transmission system.

Energy Policy Act of 2005. The Energy Policy Act of 2005 (the “2005 Energy Act”) addressed a wide array of energy matters that affect the entire electric utility industry, including Carthage Water and Electric Plant. Among other things, the 2005 Energy Act: (a) authorizes FERC to require non-FERC jurisdictional utilities to provide open access to their transmission systems and to comply with certain rate change provisions of the Federal Power Act (the “FPA”); (b) authorizes FERC to order refunds for certain short-term, wholesale sales by state and municipal power entities if such sales violate FERC-approved tariffs or FERC rules; (c) allows load-serving entities that hold certain firm transmission rights to continue to use those rights to serve their customers; (d) provides for the establishment of a national electric reliability organization to develop and enforce, subject to FERC’s oversight, mandatory reliability standards for operation of the transmission grid; (e) prohibits market manipulation and submission of false information; (f) gives FERC certain authority to issue construction permits for transmission projects that are to be located in “national interest electric transmission corridors” (to be designated by the Department of Energy); (g) eliminates certain ownership restrictions on qualifying cogeneration and small power production facilities under the Public Utility Regulatory Policies Act and authorizes FERC to eliminate prospective utilities’ obligation to purchase from these qualifying facilities under certain circumstances; (h) requires state utility regulatory commissions and “non regulated electric utilities” to consider adopting certain standards on net metering, fuel diversity, fossil fuel plant diversity, certain metering and time-based rate schedules and demand response, and interconnection with distributed generation facilities; (i) replaces regulation of utility holding companies under the Public Utility Holding Company Act of 1935 with more limited oversight of such companies; (j) increases FERC’s authority to review mergers of public utility companies; and (k) directs FERC to establish, for transmission companies whose rates are regulated by FERC, rate incentives to invest in transmission.

In accordance with the 2005 Energy Act, on July 20, 2006, FERC issued an order certifying the North American Energy Corporation (NERC) as the Electric Reliability Organization (ERO) for the United States. Order No. 1000, issued by FERC in 2011, requires public utility transmission providers to improve transmission

planning processes and allocate cost for new transmission facilities to beneficiaries of those facilities, and requires public utility transmission providers to align transmission planning and cost allocation in order to remove barriers to development of transmission facilities, and competitive bidding for construction of certain transmission projects. Municipally-owned electric utilities are not subject to FERC jurisdiction under these orders but may be denied transmission service by a FERC-jurisdictional utility if they do not offer comparable transmission services. Although Carthage Water and Electric Plant regards the reliability standards of NERC as important, it no longer is required to comply with the standards as the Power Plant was deregistered from the NERC compliance registry in August of 2020.

The Carthage Water and Electric Plant was last audited by NERC related to the reliability standards in 2016. The audit was considered a “spot check,” and identified no areas of concerns. The spot check did result in two recommendations.

FERC stated that its overall objective was to ensure that all participants in wholesale electricity markets have non-discriminatory open-access to transmission service, including network transmission service and ancillary services. FERC also indicated that it intends to apply the principles set forth in the regulations to the maximum possible extent to municipal and other non-jurisdictional utilities, both in deciding requests for transmission services orders, as described above, and by requiring such utilities to agree to provide open access transmission service as a condition to securing transmission service from jurisdictional investor-owned utilities under open access tariffs.

Other Federal Actions. In recent years, Congress has introduced various legislative proposals to set carbon fees, establish cap-and-trade programs, and increase climate-related research and development. The Inflation Reduction Act (the “IRA”), passed by Congress in 2022, included climate-related provisions such as tax credits and other incentives to promote renewable energy investment and energy efficiency. The effect of the IRA on the City and Carthage Water and Electric Plant is not certain at this time. It is impossible to predict when Congress will further act on climate change legislation, what form any such legislation will take, and whether the impact on the City or Carthage Water and Electric Plant of any such legislation will be material.

RTO-Operated Markets

In addition to coordinating wholesale transmission operations and services, RTOs operate centralized markets for wholesale electricity products such as capacity, energy and ancillary services. By virtue of its membership and having generating and transmission resources located in SPP, the Carthage Water and Electric Plant is subject to the tariff provisions and business practices governing the operation of wholesale electricity markets in this RTO. As a result, Carthage Water and Electric Plant’s costs of securing power to meet its needs are affected by the market and administrative mechanisms approved by FERC for use in setting prices for energy and ancillary services (as well as transmission service) in SPP.

The nature and operations of RTOs and RTO markets continue to evolve, and Carthage Water and Electric Plant cannot predict whether their existence will meet FERC’s goal of reducing transmission congestion and costs and creating a competitive power market.

Integrated Marketplace

On March 1, 2014, the SPP launched the Integrated Marketplace (“IM”). This market expansion is the latest and most complex incremental step in SPPs evolutionary approach to adding market functionality that will coordinate next-day generation across the region to maximize cost-effectiveness, provide participants with greater access to reserve energy, improve regional balancing of electricity supply and demand, and facilitate the integration of renewable resources. Specifically, the Integrated Marketplace includes:

- A Day-Ahead Market with Transmission Congestion Rights (TCRs).
- A Reliability Unit Commitment process.

- A Real-Time Balancing Market replacing SPPs Energy Imbalance Service (EIS) Market.
- Incorporation of a price-based Operating Reserve Market.
- Combining current Balancing Authorities into a single SPP Balancing Authority.

Carthage Water and Electric Plant successfully transitioned to IM requirements. Carthage Water and Electric Plant has experienced enhanced opportunities to market power from its generation fleet and to secure low cost generation from the grid. Carthage Water and Electric Plant works with Tyr Energy (its assigned Market Participant) to optimize the utilization of Carthage Water and Electric Plant's generating units and costs of load to its customers.

Climate Change and Regulation of Greenhouse Gasses

Limitations on emissions of greenhouse gasses (GHG), including CO₂, create significant exposure for electric fossil-fuel-fired generation facilities. The EPA issued final rules regulating CO₂ emissions from various classes of electric generating units in October 2015. The rules for existing generation, known as the Clean Power Plan ("CPP") call for a 32% reduction of carbon emissions from power plants from 2005 emission levels, by 2030. The rule became effective December 22, 2015. The CPP would not directly regulate greenhouse gas emissions by specific electric generating units, but instead would impose state-by-state caps on aggregate greenhouse gas emissions, allowing respective states to develop their own method to comply with their emissions cap.

In October 2017, the EPA proposed to repeal the CPP, and the repeal was finalized in July 2019. Also in July 2019, the EPA promulgated the Affordable Clean Energy Rule ("ACE"). ACE replaced CPP and applied only to large coal-fired power generating plants. On January 19, 2021, the D.C. Circuit Court vacated the ACE rule. The EPA has indicated that it will revisit options for regulating electric fossil-fuel-fired generation sources.

The Biden Administration has signaled a renewed focus on mitigating the effects of climate change. The Biden Administration issued executive orders, reentered the Paris Climate Accord, announced plans to pursue a 50-52% reduction from 2005 levels in economy-wide net greenhouse gas pollution in 2030 and stated a goal to reach net zero emissions economy-wide by no later than 2050.

Although Carthage Water and Electric Plant is unable to predict the outcome of these matters, the potential impacts of mandatory greenhouse gas emissions limitations on Carthage Water and Electric Plant could be material. Carthage Water and Electric Plant has not created a financial analysis or methodology regarding unenforced carbon legislation. As noted above, Carthage Water and Electric Plant purchases power from power generating entities and those entities may be subject to monitoring and reporting requirements for GHG under EPA's mandatory greenhouse gas reporting program.

Other Environmental Regulation

Clean Air Act. The Clean Air Act Amendments of 1990 (the "1990 CAA") mandated reduced Sulfur Dioxide ("SO₂") and Nitrogen Oxide ("NO_x") emissions from electric utility power plants. The 1990 CAA established a market-based compliance program which allows the selling and trading of SO₂ allowances. An "allowance" is the authorization to emit one ton of SO₂ in a given year.

Cross-State Air Pollution Rule. In 2011, the EPA promulgated the Cross-State Air Pollution Rule ("CSAPR") to reduce power plant emissions of SO₂ and NO_x emissions in certain states, including Missouri. Phase 1 of CSAPR began January 1, 2015 then followed by Phase 2 in 2017 for both Annual SO₂ and NO_x and the Ozone Season NO_x Programs. Entities from which Carthage Water and Electric Plant purchases power may be subject to CSAPR. Carthage Water and Electric Plant cannot predict the impact of any future rulemaking on its operations or the operations of the entities from which it purchases power.

National Ambient Air Quality Standards. The Clean Air Act requires EPA to establish NAAQS for certain air pollutants, including particulate matter and ozone. When a NAAQS has been established, each state

must implement programs to achieve and maintain the NAAQS in that state. Each state must identify areas in its state that do not meet a NAAQS (known as “non-attainment areas”) and develop regulatory measures to reduce or control the emissions of that air pollutant in order to meet the NAAQS and become an “attainment area.”

In 2015, the EPA issued a final rule related to NAAQS for ground-level ozone. The rule established the 8-hour ground-level ozone standard of 70 ppb. In December 2020, the EPA acted to retain the 2015 standard. The December 2020 rule is being challenged by multiple parties in the D.C. Circuit.

Mercury and Air Toxics Standards Rule. On February 16, 2012, the EPA issued the Mercury and Air Toxics Standards (“MATS”) to control emissions of hazardous air pollutants (HAPs) from power plants. These pollutants include mercury, arsenic, chromium, nickel, dioxins, furans, acid gases, hydrogen chloride and hydrogen fluoride. For existing and new coal-fired electric generating units, MATS established numerical emission limits which were to be met by April 16, 2015, unless an extension was granted. MATS has been the subject of multiple legal challenges by both industry and environmental groups, but currently the rule as supplemented on May 22, 2020, remains in effect.

Entities from which Carthage Water and Electric Plant purchases power may be subject to MATS regulations, and those entities may or may not be fully compliant with the MATS monitoring, reporting and notification requirements.

Regional Haze. In June 2005, the EPA issued the Clean Air Visibility Rule, amending regulations that control air emissions to protect visibility in national parks and wilderness areas throughout the United States. Under the rule, some electric generating facilities were required to install best available retrofit technology (BART) to control particulate matter, sulfur dioxide and nitrogen oxide emissions. States were required to develop regional haze plans and identify facilities that would have to reduce emissions and then set BART emissions limits for those facilities. In 2012, EPA approved the Missouri Regional Haze State Implementation Plan. States were required to submit their regional haze implementation plan revisions to EPA by July 31, 2021, and every 10 years thereafter, and submit progress reports to EPA every five years. Entities from which Carthage Water and Electric Plant purchases power may be subject to the Missouri Regional Haze State Implementation Plan and the Clean Air Visibility Rule.

Internal Combustion Maximum Achievable Control Technology Rule. In 2010, the EPA issued a final rule regulating hazardous air pollutant emissions from Compression Ignition Reciprocating Internal Combustion Engines (“CI-RICE”) larger than 100 braking horsepower, including formaldehyde. The rule provided differing mandatory requirements for engines based on total horsepower, with the most stringent controls, including the installation of catalytic converters, reserved for units over 500 horsepower. The rule allows cities to designate these units for “emergency only” operation and generate with the units without any emission controls when power is interrupted from their regular supplier. Carthage Water and Electric Plant has installed catalytic converters on all nine (9) engines. Entities from which Carthage Water and Electric Plant purchases power may be subject to the rule.

Air Emissions New Source Review. Both the Federal Clean Air Act and Missouri Air Pollution Control Program contain new source review (“NSR”) requirements that require pre-construction permits authorizing the discharge of air emissions from new or modified facilities. Beginning in the late 1990’s, the EPA issued notices of violation against multiple utilities across the country for alleged violations of the NSR provisions. In many cases, the U.S. Department of Justice has filed lawsuits alleging NSR violations. Many of the lawsuits have been settled. Generally, the government alleged that projects performed at various coal-fired units were major modifications requiring permits and stringent air pollution controls under the Prevention of Significant Deterioration (“PSD”) and/or Title V programs. The lawsuits seek CAA statutory penalties and the installation of Best Available Control Technology (“BACT”). Affected facilities are required as part of the permitting process to undergo a BACT review to determine what additional emission controls or mitigation strategies, if any, could be implemented to further reduce emissions. The U.S. Supreme Court issued a ruling on June 23, 2014, invalidating that portion of the rule

which requires new sources which would not be required to undergo Title V permitting or PSD review except for their emissions of CO₂, to do so. Entities from which Carthage Water and Electric Plant purchases power may be subject to investigation as part of this enforcement initiative.

Solid Waste Disposal. In 2015, the EPA issued a final rule for the Effluent Limitation Guidelines (ELG) for Steam Electric Generation Point Sources. The rule required the dry handling of both bottom and fly ash from existing coal-fired boilers with generation capacity greater than 50 MW. On August 31, 2020, the EPA issued a final rule revising the bottom ash transport water waste steam limits for existing facilities. Entities from which Carthage Water and Electric Plant purchases power may be subject to the rule and may incur additional costs to comply.

On April 17, 2015, the EPA published final rules for regulating the disposal and management of Coal Combustion Residuals (CCR). The final rule does not apply to landfills that ceased receiving residuals prior to the effective date of the rule. The final rule preserves the Bevill determination that coal combustion residuals are non-hazardous and maintains regulation CCR under Subtitle D of the Resource Conservation and Recovery Act (RCRA). Further, the rule supports recycling of CCR by encouraging safe, beneficial use practices currently used by many utility providers. The final rule requires utility providers to demonstrate compliance for its CCR surface impoundments and landfills through verification and demonstration process, including establishing groundwater monitoring, development of fugitive dust plans, and enhanced inspection programs. Elements of this demonstration and verification process may require capital investment, which could be significant depending on the results of the testing, and increase operating costs to entities from which Carthage Water and Electric Plant purchases power.

Permitting

Wastewater Discharge Permits. The Clean Water Act contains requirements relating to the discharge of process wastewater and storm water to navigable waters of the United States. The Missouri Department of Natural Resources (“MoDNR”) establishes the requirements for producers through issuance of National Pollutant Discharge Elimination system (“NPDES”) permits.

U.S. EPA proposed national changes to the steam-electric generating effluent limitations guidelines (ELGs) on June 7, 2013. The EPA Administrator signed the final rule for the Effluent Limitation Guidelines (ELG) for Steam Electric Generation Point Sources on September 30, 2015 and became effective later that year. The rule required the dry handling of both bottom and fly ash from exiting coal-fired boilers with generation capacity greater than 50 MW. In April 2017, EPA paused future compliance dates under the rule for two (2) years, as EPA reconsidered the best available technology economically achievable (BAT) limits. On August 31, 2020, the EPA finalized the revised technology-based effluent limitations guidelines and standards for bottom ash transport water (BA). Entities from which Carthage Water and Electric Plant purchases power may be subject to these guidelines and standards.

Waters of the United States. In 2015, the EPA issued a rule revising the definition of “Waters of the United States” (“WOTUS”). In the 2019, EPA repealed the 2015 rule and re-codified the prior definition of “Waters of the United States.” In April 2020, the EPA again revised the definition of “Waters of the United States” under its Navigable Waters Protection Rule. The rule includes four categories of federally regulated waters, as well as 12 exclusions that are explicitly not waters of the United States. In June 2021, the EPA announced its intent to initiate a new rulemaking process that restores the protections in place prior to the WOTUS implementation and develops a new rule to establish a definition of “Waters of the United States.” Entities providing utilities occasionally have projects that require a determination as to whether a water is a water of the United States. It is unknown whether this rulemaking will have a significant impact on potential utility projects.

In addition to the WOTUS rule, in April 2019, the EPA issued an Interpretative Statement regarding the scope of Clean Water Act permitting. The Interpretative Statement formalizes the EPA’s position that releases of pollutants to groundwater are excluded from the Clean Water Act’s permitting requirements, regardless of

whether that groundwater is hydrologically connected to surface water. Since issuance of the Interpretative Statement, the U.S. Supreme Court issued an Opinion finding that pollutants that leave a point source and reach navigable waters require a permit when there is a direct discharge from a point source into navigable waters or when there is the functional equivalent of a direct discharge.” It is not possible to evaluate the impact of any future determination regarding how hydrologic connections will impact future projects or operations of entities providing utilities.

Air Emissions Operating Permits. The Federal Clean Air Act (“CAA”) and Missouri Air Pollution Control Program (APCP) impose a suite of requirements on electric generating facilities. Many generating facilities are required to hold operating permits that list emissions limits, require that pollution control equipment is operated and maintained pursuant to applicable environmental regulations and rules, require compliance with applicable new or amended air quality rules, and set forth monitoring, recordkeeping and reporting requirements. The several EPA air quality regulations are generally implemented by MoDNR through its State Implementation Plan (SIP). The regulatory programs are summarized at a high-level below.

Acid Rain Permits. The Federal Clean Air Act, Title IV, establishes the Acid Rain Program to address the effects of acid rain and impose restrictions on sulfur dioxide (SO₂) emissions and nitrogen oxide (NO_x) emissions from electric generating facilities, particularly those fueled by coal. SO₂ emissions were limited by means of a market-based cap and trade program. Carthage Water and Electric Plant does not know if all necessary upgrades to generating units of entities from which they purchase power have been completed in order to comply with emissions limitations, nor does Carthage Water and Electric Plant know if such entities are allocated sufficient Acid Rain allowances for generating units to continue normal operations.

Solid Waste Disposal Permits. MoDNR has adopted a permitting system for the management and disposal of solid waste generated by power stations.

PLAN OF FINANCE

Sources and Uses of Funds

In connection with the sale and delivery of the Series 2022 Certificates, it is contemplated that funds will be obtained and applied as follows:

<i>Sources of Funds</i>	
Principal Amount of Series 2022 Certificates	\$14,185,000.00*
Net Original Issue Premium/Discount	
Total Sources	\$
<i>Uses of Funds</i>	
Project Costs	\$
Costs of Delivery including Underwriter’s Discount	
Total Uses	\$

The Project

The Project consists of replacing, upgrading and renovating various pieces of equipment of the utility system, including the relocation and upgrade of several transmission lines and switches. The Project includes four main components:

* Preliminary, subject to change.

(1) The transmission lines between the Southwest Power Administration Substation and Substation No. 1 will be replaced. Electricity that is purchased, as described in *Appendix A – Carthage Water and Electric Plant – Management and Organization of CWEP and its Electric System*, arrives at the utility via the Southwest Power Administration Substation and is then transmitted to the utility’s other substations.

(2) The infrastructure utilized in the transmission and transformation of electricity between the Power Plant Substation and Substation No. 1 will be upgraded and improved. Infrastructure upgrades in and near the Power Plant Substation include replacement of physical lines and relocation of five distribution feeder circuit breakers to Substation No. 1. ~~Infrastructure upgrades in and near Substation No. 1 include upgrading and adding distribution feeder circuit breakers that, which~~ will improve reliability and be easier to maintain.

(3) Infrastructure in and near Substation No. 2 will be replaced and upgraded. A transformer and switch gear will be replaced, and the improvements will be moved to an outdoor structure to provide for easier maintenance and operation.

(4) Feeder lines from Substation No. 2 will be upgraded and extended. The feeder line connects the substation to the distribution system. The extension will connect with neighborhoods and improve flexibility in electric distribution.

LITIGATION

There is no action, suit, proceeding or litigation pending against the City, or to the knowledge of the City or of its officials threatened, that in any way questions or affects the validity of the Lease Agreement, the Base Lease, the Indenture, the Series 2022 Certificates or any proceedings or transactions relating to their authorization, sale or delivery, or that would affect the validity of the agreements related to the construction, operation or management of the Project, or that would adversely affect the financial condition of the City.

From time to time, claims and litigation against the City arises in the ordinary course of business. The City, after consultation with counsel, does not believe that the outcome of these matters will have a material impact on the financial condition of the City, and the City does not believe that such exposure would materially affect the City’s ability to meet its obligations to pay the Series 2022 Certificates.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2022 Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2022 Certificates as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers) and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2022 Certificates in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2022 Certificates.

Opinion of Special Counsel

In the opinion of Gilmore & Bell, P.C., Special Counsel, under the law existing as of the issue date of the Series 2022 Certificates:

Federal and Missouri Tax Exemption. The Interest Component of the Rental Payments paid by the City under the Lease Agreement and distributed to the owners of the Series 2022 Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal and Missouri income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The Interest Component of the Rental Payments under the Lease Agreement is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Series 2022 Certificates are not “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Special Counsel’s opinions are provided as of the date of the original delivery of the Series 2022 Certificates, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Series 2022 Certificates in order that the Interest Component be, or continue to be, excludable from gross income for federal and Missouri income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Component in gross income for federal and State of Missouri income tax purposes retroactive to the date of delivery of the Series 2022 Certificates. Special Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2022 Certificates but has reviewed the discussion under the section herein captioned “TAX MATTERS.”

Other Tax Consequences

[Original Issue Discount. For federal income tax purposes, original issue discount (“OID”) is the excess of the stated redemption price at maturity of a Series 2022 Certificate over its issue price. The issue price of a Series 2022 Certificate is the first price at which a substantial amount of the Series 2022 Certificates of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt obligations accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2022 Certificate during any accrual period generally equals (1) the issue price of that Series 2022 Certificate, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2022 Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any Interest Component payable on that Series 2022 Certificate during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Series 2022 Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.]

Original Issue Premium. If a Series 2022 Certificate is issued at a price that exceeds the stated redemption price at maturity of the Series 2022 Certificate, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Series 2022 Certificate. Under Section 171 of the Code, the purchaser of that Series 2022 Certificate must amortize the premium over the term of the Series 2022 Certificate using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2022 Certificate and the amount of tax-exempt Interest Component received will

be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2022 Certificate prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

Sale, Exchange or Retirement of Series 2022 Certificates. Upon the sale, exchange or retirement (including redemption) of a Series 2022 Certificate, an owner of the Series 2022 Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2022 Certificate (other than in respect of accrued and unpaid Interest Component) and such owner's adjusted tax basis in the Series 2022 Certificate. To the extent a Series 2022 Certificate is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2022 Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of Principal Component, Interest Component and prepayment premium paid on the Series 2022 Certificates, and to the proceeds paid on the sale of the Series 2022 Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2022 Certificates should be aware that ownership of the Series 2022 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2022 Certificates. Special Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2022 Certificates should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2022 Certificates, including the possible application of state, local, foreign and other tax laws.

Special Counsel notes that for tax years beginning after December 31, 2022, the interest on the Series 2022 Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

UNDERWRITING

The Series 2022 Certificates were sold to Piper Sandler & Co. (the "Underwriter") for reoffering by the Underwriter. The Underwriter has agreed to purchase the Series 2022 Certificates at an aggregate purchase price equal to \$_____ (the principal amount of the Series 2022 Certificates plus a net original issue premium of \$_____, less an underwriter's discount of \$_____), plus accrued interest, if any. The Underwriter is purchasing the Series 2022 Certificates for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Series 2022 Certificates to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter shall determine. The Underwriter reserves the right to join with dealers and other purchasers in offering the Series 2022 Certificates to the public. The Underwriter may offer and sell Series 2022 Certificates to certain dealers (including dealers depositing Series 2022 Certificates into investment trusts) at prices lower than the public offering prices.

The Underwriter has entered into a distribution agreement (“Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co”) for the retail distribution of certain securities offerings, including the Series 2022 Certificates, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co will purchase Series 2022 Certificates from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Series 2022 Certificates that CS&Co sells.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC as municipal advisor in connection with certain aspects of the issuance of the Series 2022 Certificates (the “Municipal Advisor” or “BTMA”). BTMA is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP (“BTUS”), an accounting firm and has been retained by the City to provide certain financial advisory services including, among other things, review of the deemed “nearly final” Preliminary Official Statement and the Final Official Statement (the “Official Statements”). The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements. The Municipal Advisor’s duties, responsibilities and fees arise solely as Municipal Advisor to the City and they have no secondary obligations or other responsibility.

Municipal Advisor Registration. BTMA is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, BTMA is providing certain specific municipal advisory services to the City, but is neither a placement agent to the City nor a broker/dealer and cannot participate in the underwriting of the Series 2022 Certificates.

The offer and sale of the Series 2022 Certificates shall be made by the City, in the sole discretion of the City, and under its control and supervision. The City has agreed that BTMA does not undertake to sell or attempt to sell the Series 2022 Certificates, and will take no part in the sale thereof.

Other Financial Industry Activities and Affiliations. BTUS is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTUS and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTUS is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 47 territories, with 33,600 professionals.

Baker Tilly Investment Services, LLC (“BTIS”) is registered as an investment adviser with the Securities and Exchange Commission (“SEC”) under the Federal Investment Advisers Act of 1940. BTIS provides discretionary and non-discretionary investment management services to government and municipal entities. BTIS may provide advisory services to the clients of BTMA.

Baker Tilly Capital, LLC (“BTC”), a wholly owned subsidiary of BTUS, is a limited purpose broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority. BTC provides merger & acquisition, capital sourcing and corporate finance advisory services. BTC may provide transaction advisory services to clients of BTMA.

Baker Tilly Financial, LLC (“BTF”), a wholly owned subsidiary of BTUS, is an investment adviser registered with the SEC. BTF provides both discretionary and non-discretionary portfolio management, consulting and retirement plan management services to individuals and retirement plans. BTF may provide advisory services to the clients of BTMA.

BTMA has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

RATING

S&P Global Ratings is expected to give the Series 2022 Certificates a rating of “[RATING]”. Such rating reflects only the view of such organization and an explanation of the significance of such rating may be obtained from the rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by said rating agency if, in its judgment, circumstances so warrant. Any such downward change or withdrawal of the rating may have an adverse effect on the market price and marketability of the Series 2022 Certificates.

The City has furnished the rating agency with certain information and materials relating to the Series 2022 Certificates and the City that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing such rating, circumstances so warrant. The Underwriter has not undertaken any responsibility to bring to the attention of the holders of the Series 2022 Certificates any proposed revision or withdrawal of the rating of the Series 2022 Certificates or to oppose any such proposed revision or withdrawal. Pursuant to the Continuing Disclosure Certificate, the City is required to bring to the attention of the holders of the Series 2022 Certificates any revision or withdrawal of the rating of the Series 2022 Certificates but has not undertaken any responsibility to oppose any such revision or withdrawal. See the section herein captioned “CONTINUING DISCLOSURE.” Any such revision or withdrawal of the rating could have an adverse effect on the market price and marketability of the Series 2022 Certificates.

FINANCIAL STATEMENTS

The City maintains its financial records on the basis of a fiscal year ending June 30. Set forth in *Appendix B* are the audited financial statements of the City for the fiscal year ended June 30, 2021. Set forth in *Appendix C* are the component unit financial statements of the Carthage Water and Electric Plant for the fiscal year ended June 30, 2021. Such financial statements have been examined by KPM CPAs & Advisors, independent certified public accountants located in Springfield, Missouri. The audited financial statements for the fiscal year ended June 30, 2022 are being prepared by KPM CPAs & Advisors and are expected to be **available**.

LEGAL MATTERS

Certain legal matters incident to the authorization and execution by the City of the Indenture, the Base Lease and the Lease Agreement and the delivery and sale of the Series 2022 Certificates and with regard to the tax-exempt status of the Interest Component of Rental Payments to be made on the Series 2022 Certificates are subject to the approving opinion of Gilmore & Bell, P.C., Special Counsel. Special Counsel has participated in the preparation of this Official Statement, but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the City.

CONTINUING DISCLOSURE

The City is executing a Continuing Disclosure Certificate for the benefit of the owners and Beneficial Owners of the Series 2022 Certificates in order to comply with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”) in substantially the form attached hereto as **Appendix E**. The City is the only “obligated person” with responsibility for continuing disclosure.

The City has engaged in undertakings similar to the Continuing Disclosure Certificate with respect to several series of obligations previously issued by the City to provide to the national information repositories (presently, only the MSRB) the audited financial statements of the City and updates of certain operating data of the City. Over the last five years, the City has been in material compliance with filing its audited financial statements and operating data in a timely manner. In order to promote compliance with the City’s obligations

under the Continuing Disclosure Certificate and the City's prior undertakings, the City has engaged the law firm of Gilmore & Bell, P.C. to assist the City in determining the required content of the Annual Reports and in submitting such Annual Reports to the MSRB via EMMA.

All Annual Reports and notices of Material Events required to be filed by the City pursuant to the Continuing Disclosure Certificate must be submitted to the MSRB through the MSRB's Electronic Municipal Market Access system ("EMMA"). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org. Nothing contained on EMMA relating to the City or the Series 2022 Certificates is incorporated by reference in this Official Statement.

CERTAIN RELATIONSHIPS

Gilmore & Bell, P.C., Special Counsel to the City, has represented the Underwriter and the Trustee in transactions unrelated to the delivery of the Series 2022 Certificates, but is not representing the Underwriter or the Trustee in connection with the delivery of the Series 2022 Certificates.

MISCELLANEOUS

Certification and Other Matters Regarding Official Statement

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the City, certified public accountants, and other sources, as referred to herein, which are believed to be reliable. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or registered owners of any of the Series 2022 Certificates.

References herein to the Indenture, the Lease Agreement, the Base Lease and certain other matters are brief discussions of certain provisions thereof. Such discussions do not purport to be complete, and reference is made to such documents for full and complete statements of such provisions.

The form of this Official Statement and its distribution and use by the Underwriter has been approved by the City. However, neither the City nor any of its officers, directors or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the City's financial condition or its ability to make payments required under the Lease Agreement and the Indenture other than those expressly imposed on the City by the Indenture, the Base Lease or the Lease Agreement.

CITY OF CARTHAGE, MISSOURI

By: _____
Mayor

APPENDIX A

INFORMATION REGARDING THE ~~CITY OF CARTHAGE, MISSOURI~~ ~~AND CARTHAGE WATER AND ELECTRIC PLANT~~

AND THE CITY OF CARTHAGE, MISSOURI

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~~CARTHAGE WATER AND ELECTRIC PLANT~~

CARTHAGE WATER AND ELECTRIC PLANT

Management and Organization of CWEP and its Electric System A-12

General

Carthage Water & Electric Plant (CWEP) is a municipally-owned, locally controlled, not for profit utility company responsible for operating and maintaining the municipal electric, water, wastewater and communication systems of Carthage, Missouri. The City began providing electricity in 1898, and following the acquisition of a private water plant in 1907, the electric plant and water plant were placed under the jurisdiction of the Board of Public Works, now referred to as CWEP. CWEP is authorized under the City's charter.

Construction of the current location of the CWEP power plant began in 1927. The plant fully supplied the electrical needs of the City until 1981 when it became more feasible to purchase the majority of power from large generating facilities. The plant currently has been maintained since that time and stands ready to provide power as needed. In 1990, CWEP began an expansion of the supply lines that formed a "loop" around the City. This system, which includes enhanced switching capabilities, allows power to be redirected around any major break in service. The power plant has frequently been brought on line to help keep the cost of power in the City low. The power plant has also had occasion to sell quantities of electrical power on the open market during shortages in other parts of the state and country.

The CWEP power plant serves residential, commercial and industrial accounts with electric service. The power plant is located at the intersection of 3rd and River Street in the City and is rated a 35 megawatt (MW) plant. This means the plant, which is a combination of 9 Nordberg and Cooper dual fuel reciprocating internal combustion generating engines, can generate 35 megawatts of electricity an hour. CWEP owns and maintains three substations, approximately 163 miles of 7.62/13.2kV distribution line, and approximately 4.3 miles of 69kV transmission line throughout the City and surrounding area.

CWEP maintains life of the plant contracts with two coal fired power plants: Sikeston Power Station and Plum Point Energy Station. The Sikeston Power Station in Sikeston, Missouri, provides 23 MW of electricity and the Plum Point Energy Station in Osceola, Arkansas provides 12 MW of electricity. Together, they account for more than half of CWEP's peak load. The delivery of coal to the facilities is subject to transportation and supply pricing fluctuations that are passed onto CWEP pursuant to the wholesale energy contracts. Pursuant to written agreement, the Southwest Power Administration guarantees 1,200 hours of up to 7 MW of hydropower that can be flexibly scheduled as needed. CWEP is entitled to additional supplemental hydropower up to the maximum of 7 MW during high water conditions. CWEP utilizes its powerplant to hedge against Southwest Power Pool market volatility and emergencies.

Annually, CWEP makes transfer payments to the City equal to 3.5% of the CWEP revenues, as reflected in the most recent annual audited financial statements. CWEP segregates and attributes revenues and expenditures based on department (i.e., water, wastewater, electric or communications). CWEP intends for the Series 2022 Certificates to be paid solely from revenues generated by the electric department.

Key Employees

In accordance with Missouri law, CWEP is operated by a Board of Public Works, called the Carthage Water and Electric Board, the members of which are appointed by the Mayor and approved by the City Council. Day-to-day operations are maintained by a staff of approximately 87 employees.

Chuck Bryant has served as General Manager of CWEP since 2015. Mr. Bryant joined CWEP in 1996 as a customer service representative, and assumed various positions before becoming General Manager. In 2000, he was put in charge of launching eCarthage.com, the ISP operated by CWEP. In 2001, he was promoted to direct the Technical Department, which operates the Dial-up and Wireless Internet, Gig-E Fiber Optic Network Services, Electric and Water SCADA Systems, Drafting, and Electric Metering. He served as CWEP Electric

Superintendent from 2006-2015, where he led the electric department in substantial upgrades and additions in the form of RICE NESHAP catalyst conversions to its peaking facility, and a complete overhaul to its SCADA and outage management systems to better serve the customers of CWEP. Under Bryant's leadership as General Manager, CWEP was first named a Diamond Level Reliable Public Power Provider (RP3) recipient. Mr. Bryant is involved in several national, state and regional industry activities, including being elected to serve on the American Public Power Association Board of Directors, and other boards of directors such as Southwestern Power Resources Association, Missouri Joint Municipal Electric Utility Commission, Missouri Association of Municipal Utilities, MPUA Joint Operating Committee, and the Tri-State Regional Water Commission.

Kelli Nugent, CPA, has served as the Chief Financial Officer (CFO) of CWEP since 2015. Prior to coming to CWEP, she worked in public accounting for over 31 years with both individuals and businesses primarily in the fields of accounting and tax. The extensive consulting work with small and medium sized businesses during her public accounting career is what prepared her for the role as CFO at CWEP. Ms. Nugent is a long-standing member of both the American Institute of CPAs and the Missouri Society of CPAs and has been involved in the Carthage community with the schools and as a member of various boards. Ms. Nugent graduated from Missouri State University in Springfield, Missouri (formerly Southwest Missouri State University) with a Bachelor of Science degree in accounting and went on to obtain a license as a certified public accountant.

Net Revenues Available for Debt Service

The following table shows the net revenues of CWEP available for debt service for the last three fiscal years and the extent to which such revenues covered debt service requirements on the actual long-term indebtedness of CWEP. This summary should be read in conjunction with the financial statements of the City, included in *Appendix B*, and CWEP, included in *Appendix C*, to this Official Statement. Reference is hereby made to such financial statements, including the notes thereto. There can be no assurance that CWEP will generate the revenues set forth below in subsequent fiscal years.

Revenues for all CWEP departments:

	Fiscal Year Ended June 30		
	2019	2020	2021
Revenues (operating revenues plus interest, Rental and other income)	\$33,432,840	\$34,299,480	\$36,030,237
— Sources of Revenue.....			A-14
— Long-Term Debt Obligations.....			A-15
— User Charge Rates for Electric Service.....			A-16
— Customers.....			A-17
— Less operating expenses (including franchise fee)		28,929,186	29,939,325
27,512,096			
Net Income (Loss)	\$ 4,503,654	\$ 4,360,155	\$ 8,518,141
Plus depreciation and amortization	3,484,020	3,632,425	3,952,460
Net Revenues Available for Debt Service		A-18\$ 7,987,674	\$ 7,992,580
	\$12,470,601		
Debt Service for Long Term Obligations*	\$ 595,654	\$ 743,821	\$ 958,072
Coverage Ratio for Long Term Obligations	13.41x	10.75x	13.02x

Source: CWEP's Audited Financial Statements for the fiscal years ended June 30, 2019-2021.

* Includes CWEP Revenue Bonds as well as the annual appropriation certificates of participation financings and MAMU lease financings attributed to improvements of CWEP.

Unaudited financial statements for Fiscal Year 2022 indicate CWEP revenues of \$36,917,416. The Audited Financial Statements for the fiscal year ended June 30, 2021, indicated required payments on Long Term Debt of \$1,334,653 in Fiscal Year 2022.

Revenues for only Electric department:

	Fiscal Year Ended June 30		
	2019	2020	2021
Revenues (operating revenues plus interest, Rental and other income)	\$25,674,526	\$25,852,162	\$27,328,139
Less operating expenses (including franchise fee)	22,931,632	23,795,721	21,057,379
Net Income (Loss)	\$ 2,742,894	\$ 2,056,441	\$ 6,270,760
Plus depreciation and amortization	1,409,465	1,540,349	1,708,855
Net Revenues Available for Debt Service	\$ 4,152,359	\$ 3,596,790	\$ 7,979,615
Debt Service for Long Term Obligations*	\$ 203,706	\$ 252,705	\$ 253,219
Coverage Ratio for Long Term Obligations	20.38x	14.23x	31.51x

Source: CWEP's Audited Financial Statements for the fiscal years ended June 30, 2019-2021.

* Includes only obligations attributable to the electric department, including the MAMU lease dated November 18, 2018, and 52.64% of the annual payments on the Refunding Certificates of Participation (CWEP), Series 2012.

Unaudited financial statements for Fiscal Year 2022 indicate Electric department revenues of \$28,580,116. The Audited Financial Statements for the fiscal year ended June 30, 2021, indicated required payments on Long Term Debt by the Electric department of \$253,493 in Fiscal Year 2022.

Sources of Revenue

CWEP finances its general operations through the following service charges and miscellaneous sources as indicated below for Fiscal Year 2021 (the most recent fiscal year for which audited financial statements are available). Revenues for CWEP as a whole are below:

Source	Amount	Percent
Residential	\$ 12,738,749	35.54%
Commercial	7,142,320	19.93
Industrial	14,237,160	39.72
Interdepartmental Sales	909,769	2.54
Communication Services	374,922	1.05
Late Fees	259,153	0.72
Other Revenue	179,505	0.50
	\$35,841,578	100.00%

Source: City's Audited Financial Statements for fiscal year ended June 30, 2021; Component Unit Financial Statements: Carthage Water and Electric Plant.

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Revenues for only the Electric department, the department intended for repayment of the Series 2022 Certificates, are below:

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Residential	\$ 9,328,715	34.30%
Commercial	5,615,773	20.65
Industrial	11,175,687	41.09
Interdepartmental Sales	747,577	2.75
Communication Services	-	0.00
Late Fees	215,097	0.79
Other Revenue	112,873	0.42
	\$27,195,722	100.00%

Source: City's Audited Financial Statements for fiscal year ended June 30, 2021; Component Unit Financial Statements: Carthage Water and Electric Plant.

Long-Term Debt Obligations

Detailed information about CWEP's long-term debt obligations are reported with the City's long-term debt obligations, above. The obligations are repeated in this section for ease of reference. As noted previously, CWEP attributes revenues and expenditures by department. While all obligations listed below are obligations of CWEP, payment is allocated by department listed.

<u>Name of Issue</u>	<u>Department</u>	<u>Date of Issue</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>
<u>Refunding Certificates of Participation (CWEP), Series 2012⁽¹⁾</u>	<u>Water, Wastewater and Electric*</u>	<u>9/27/2012</u>	<u>\$2,135,000</u>	<u>\$ 420,000</u>
<u>Refunding Certificates of Participation (CWEP), Series 2015</u>	<u>Water and Wastewater</u>	<u>6/9/2015</u>	<u>2,920,000</u>	<u>1,570,000</u>
<u>Combined Waterworks and Sewerage System Revenue Bonds (CWEP) (State of Missouri – Direct Loan Program), Series 2019</u>	<u>Water and Wastewater</u>	<u>9/27/2019</u>	<u>4,501,000</u>	<u>4,223,805</u>

⁽¹⁾ CWEP and the City are in the process of prepaying the outstanding principal amount from funds in the debt service reserve fund for the Refunding Certificates of Participation (CWEP), Series 2012 and expect such prepayment to occur prior to the delivery of the Series 2022 Certificates.

* 52.64% of the annual payments are paid from the Electric fund.

Additionally, CWEP has entered into two lease agreements with the Missouri Association of Municipal Utilities (MAMU) that are currently outstanding. Principal and interest on these lease agreements are due monthly. As of the fiscal year ended June 30, 2022, the MAMU leases had the following amounts outstanding:

<u>Date of Lease</u>	<u>Department</u>	<u>Outstanding Principal Amount</u>
<u>November 18, 2018</u>	<u>Electric</u>	<u>\$ 972,723</u>
<u>December 15, 2020</u>	<u>Communications</u>	<u>6,321,326</u>

More information on CWEP's outstanding debt obligations can be found in the City's Audited Financial Statements, attached as **Appendix B**, and CWEP's Audited Financial Statements, attached as **Appendix C**.

User Charge Rates for Electric Service

Electric customers are billed based on customer-type and usage on a monthly basis. Rates are effective as of July 1, 2022. In addition to the monthly usage charge, users are charged a franchise fee (payment in lieu of tax) and sales tax. The franchise fee is applied to customers located within the City and is charged at 3.5% of the bill, not to exceed \$100 per month. A purchase power adjustment may be added to a customer's bill when the actual cost of wholesale electric energy purchased and generated is above the forecasted amount. Bills are due and payable upon receipt. A 10% late payment penalty charge is assessed on bills not paid by the past due date specified on the bill.

Charges for the following services are also charged:

<u>Connect Fee</u>	<u>\$30.00</u>
<u>Disconnect – at the pole</u>	<u>\$125.00</u>
<u>Reinstate – at the pole</u>	<u>\$125.00</u>
<u>Disconnect – at the pole – after hours</u>	<u>\$210.00</u>
<u>Reinstate – at the pole – after hours</u>	<u>\$210.00</u>
<u>Non-payment reinstate – during office hours</u>	<u>\$40.00</u>
<u>Service call due to meter tampering</u>	<u>\$100.00</u>
<u>Service charge for return check</u>	<u>\$25.00</u>
<u>Set portable watt hour meter</u>	<u>\$30.00</u>

Residential Service

<u>Energy Charge</u>	<u>For all kWh used per month, per kWh:</u>	<u>\$0.09782</u>
<u>Monthly Customer Charge</u>	<u>Single Family Dwelling:</u>	<u>\$19.60</u>
	<u>Additional Structures:</u>	<u>\$26.60</u>

General Service

<u>Energy Charge</u> <u>(Demand Meters)</u>	<u>For the first 5,000 kWh used per month, per kWh:</u>	<u>\$0.08125</u>
	<u>For all additional kWh used per month, per kWh:</u>	<u>\$0.07876</u>
<u>Energy Charge</u> <u>(Non-Demand Meters)</u>	<u>For the first 5,000 kWh used per month, per kWh:</u>	<u>\$0.09675</u>
	<u>For all additional kWh used per month, per kWh:</u>	<u>\$0.09215</u>
<u>Monthly Customer Charge</u>	<u>Single-Phase Service:</u>	<u>\$32.00</u>
	<u>Three-Phase Service:</u>	<u>\$99.00</u>
<u>Monthly Demand Charge</u>	<u>Per kW of billing demand:</u>	<u>\$8.30</u>

Primary (Industrial) Service

<u>Energy Charge</u>	<u>For the first 200,000 kWh used per month, per kWh:</u>	<u>\$0.06656</u>
	<u>For all additional kWh used per month, per kWh:</u>	<u>\$0.05616</u>
<u>Monthly Customer Charge</u>	<u>Single-Phase Service:</u>	<u>\$32.00</u>
	<u>Three-Phase Service:</u>	<u>\$99.00</u>
<u>Monthly Demand Charge</u>	<u>Per kW of billing demand:</u>	<u>\$9.00</u>

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Customers

As of June 30 of each of the last five fiscal years, CWEP has had approximately the following number of customer accounts:

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u>
<u>2022</u>	<u>6,882</u>	<u>1,114</u>	<u>28</u>	<u>8,024</u>
<u>2021</u>	<u>6,871</u>	<u>1,117</u>	<u>29</u>	<u>8,017</u>
<u>2020</u>	<u>6,769</u>	<u>1,078</u>	<u>30</u>	<u>7,877</u>
<u>2019</u>	<u>6,723</u>	<u>1,086</u>	<u>30</u>	<u>7,839</u>
<u>2018</u>	<u>6,629</u>	<u>1,091</u>	<u>30</u>	<u>7,750</u>

Note: Numbers are based on actual number of customer accounts.

Source: CWEP.

Top Ten Electric Customers

<u>Name</u>	<u>Revenue</u>	<u>Percent of Total Revenue</u>
<u>1. Leggett & Platt</u>	<u>\$4,434,420</u>	<u>16.31%</u>
<u>2. Schreiber Food Inc.</u>	<u>3,634,578</u>	<u>13.36</u>
<u>3. Carthage R-9 Schools</u>	<u>1,215,573</u>	<u>4.47</u>
<u>4. Butterball LLC</u>	<u>1,005,125</u>	<u>3.70</u>
<u>5. ADM Milling</u>	<u>788,820</u>	<u>2.90</u>
<u>6. H.E. Williams</u>	<u>621,766</u>	<u>2.29</u>
<u>7. Brooks Hospital, Mercy McCune</u>	<u>503,272</u>	<u>1.85</u>
<u>8. Wal-Mart Store</u>	<u>304,842</u>	<u>1.12</u>
<u>9. Price Cutter</u>	<u>216,102</u>	<u>0.79</u>
<u>10. CRM</u>	<u>160,885</u>	<u>0.59</u>

Source: CWEP.

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THE CITY OF CARTHAGE, MISSOURI

General

The City of Carthage, Missouri (the “City”) is a constitutional charter city and political subdivision, duly created and existing under the laws of the State of Missouri (the “State”). Additional information regarding the City may be obtained from Mr. Greg Dagnan, City Administrator, City of Carthage, Missouri, 326 Grant Street, Carthage, Missouri 64836, (417) 237-7000. Additional information regarding Carthage Water and Electric Plant may be obtained from Mr. Chuck Bryant, General Manager, Carthage Water and Electric Plant, 627 W. Centennial Ave., Carthage, Missouri 64836, (417) 237-7300. The City is located approximately 60 miles west of the City of Springfield, Missouri and approximately 20 miles east of the Missouri-Kansas state line. The City is the county seat of Jasper County, Missouri (“Jasper County”). The estimated population of the City according to the 2020 U.S. Census Bureau is 15,522.

The City is governed by a Mayor-City Council form of government with a City Administrator appointed by the Mayor with the approval of the City Council. The City is divided into five wards and each ward is represented by two Councilmembers; the Mayor is elected by the City at large. Each Councilmember is elected to serve a two-year term. The Mayor is elected to serve a term of four years and is the president of the Council. The Mayor is not entitled to a vote unless there is a tie of the Council. Other officials of the City are: the City Administrator who is the chief administrative officer of the City and is responsible for managing the operations of the City government, and the City Clerk who is responsible for keeping records of the proceedings of the City Council. The City’s fiscal year ends on June 30.

~~The current members of the City Council of the City are:~~

<u>Name</u>	<u>Office</u>
Dan Rife	Mayor
David Armstrong	Councilmember, Ward 2
Robin Blair	Councilmember, Ward 3
Trudy Blankenship	Councilmember, Ward 2
Tiffany Cossey	Councilmember, Ward 5
Mark Elliff	Councilmember, Ward 5
Brandi Ensor	Councilmember, Ward 1
Ed Hardesty	Councilmember, Ward 4
Robin Harrison	Councilmember, Ward 1
Ceri Otero	Councilmember, Ward 3
Alan Snow	Councilmember, Ward 4
Greg Dagnan	City Administrator
Miranda Deal	City Clerk

Municipal Services and Utilities

The City provides electric, water, wastewater and communications systems to residents through the Carthage Water and Electric Plant, a municipally-owned, locally controlled, not-for-profit utility company. Carthage Water and Electric Plant is discussed in ***Carthage Water and Electric Plant***, below. The City facilitates garbage collection services for its residents by contracting with Republic Services. Spire provides gas service throughout the City. The City funds a police department and a fire department.

Medical and Health Facilities

There are many general practitioners and specialists who provide medical care in the City and in the surrounding area. ~~Mercy assumed operations of McCune-Brooks Regional Hospital in 2012 and purchased the hospital from the City in 2016 following voter approval. The hospital, now known as Mercy Hospital~~

Carthage, Mercy Hospital Carthage has 25 beds and provides a range of specialties including cardiology, orthopedics, pulmonology, radiology, emergency, and surgery, among other services.

Transportation and Communication Facilities

The City is located 17 miles northeast of Joplin Regional Airport, and 60 miles west of the Springfield/Branson National Airport. The Joplin Regional Airport provides daily non-stop flights to Chicago and Denver on United Airlines. The Springfield/Branson National Airport provides service with four airlines offering 12 non-stop destinations and approximately 26 daily flights depending on the season. The City is located along I-49, a north-south interstate. The City is approximately five miles north of I-44, an east-west interstate. The City is served by television, radio stations and telecable systems.

Educational Institutions and Facilities

The Carthage R-9 School District (the “District”) is located in the City. The District currently holds an accredited rating from the State Department of Elementary and Secondary Education. The District currently has eleven educational buildings which house an early childhood education school, five elementary schools, one intermediate school, one sixth grade center, one junior high school, one high school, and a technical center with two locations. The total enrollment of the District is approximately 4,871 students.

There are many area colleges and universities in and around the City, including Missouri Southern State University and Kansas City University - Joplin Campus.

Recreational Facilities

The City operates seven parks that feature amenities such as trails, pavilions, baseball and softball fields, skate parks, pickleball courts, lakes, and a municipal pool. The City owns and operates a municipal golf course.

ECONOMIC INFORMATION CONCERNING THE CITY

Commerce and Industry

Major employers in the City include:

<u>Employer</u>	<u>Product/Service</u>	<u>Number of Employees</u>
1. Leggett & Platt, Inc.	Manufacturing	20,300
2. Butterball LLC	Manufacturing	800
3. Schreiber Foods Inc.	Manufacturing	600
4. Americold Logistics	Storage and Distribution	400
5. H.E. Williams Inc.	Manufacturing	350
6. Walmart Supercenter	Retail	300
7. Mercy Hospital Carthage	Hospital	291
8. General Dynamics Ordnance	Manufacturing	250
9. Precious Moments Chapel	Retail	250
10. D&D Sexton Inc.	Trucking Company	210

Source: Data Axle Genie (10/14/2022)

General and Demographic Information

The following table sets forth certain population information.

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
City of Carthage	10,747	12,668	14,378	15,522
Jasper County	90,465	104,686	117,404	122,761
State of Missouri	5,117,073	5,595,211	5,988,927	6,154,913

Source: U.S. Census Bureau.

Population Distribution by Age (2020 Estimate)

<u>Age</u>	<u>City of Carthage</u>	<u>Jasper County</u>	<u>State of Missouri</u>
Under 5	1,228	8,170	353,946
5-14 years	2,466	16,965	787,542
15-19 years	1,157	7,893	411,180
20-44 years	5,342	40,284	1,985,827
45-54 years	1,743	13,943	717,744
55-64 years	1,051	14,508	827,180
65 years and older	<u>1,712</u>	<u>18,765</u>	<u>1,084,768</u>
Total	<u>14,699</u>	<u>120,528</u>	<u>6,168,187</u>
Median Age	31.9	36.2	39.2

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2016-2020).

Note: Population distribution by age is not yet available for the 2020 Census; estimates listed above are the average for the five-year period and therefore vary from the totals available in the 2020 Census.

Employment

The following table sets forth unemployment figures for the years shown for Jasper County and the State.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022*</u>
<i>Jasper County</i>					
Total Labor Force	56,404	56,934	55,788	56,953	57,680
Unemployed	1,535	1,612	3,156	2,133	1,561
Unemployment Rate	2.7%	2.8%	5.7%	3.7%	2.7%
<i>State of Missouri</i>					
Total Labor Force	3,051,194	3,078,931	3,052,700	3,062,449	3,071,769
Unemployed	98,179	100,885	185,538	134,081	95,582
Unemployment Rate	3.2%	3.3%	6.1%	4.4%	3.1%

Source: Missouri Department of Economic Development, Local Area Unemployment Statistics.

* Average of January through August.

Income Statistics

The following table sets forth income figures for the year 2020:

	<u>Per Capita</u>	<u>Median Family</u>
City of Carthage	\$20,241	\$42,784
Jasper County	24,508	59,926
State of Missouri	31,839	72,834

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2016-2020).

Housing

The median value of owner occupied housing units in the area of the City and surrounding areas were as follows:

	<u>Median Value</u>
City of Carthage	\$89,800
Jasper County	115,900
State of Missouri	151,600

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2016-2020).

DEBT STRUCTURE OF THE CITY

Current General Obligation Indebtedness of the City

The City has no general obligation indebtedness currently outstanding.

Other Obligations

As of November 1, 2022, the City currently has the following obligations outstanding:

<u>Name of Issue</u>	<u>Date of Issue</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>
Refunding Certificates of Participation (CWEP), Series 2012 ⁽¹⁾	9/27/2012	\$2,135,000	\$ 420,000
Refunding Certificates of Participation, Series 2013	9/26/2013	1,450,000	255,000
Refunding Certificates of Participation (CWEP), Series 2015	6/9/2015	2,920,000	1,570,000
Combined Waterworks and Sewerage System Revenue Bonds (CWEP) (State of Missouri – Direct Loan Program)	9/27/2019	4,501,000	3,984,318 4,223,805

⁽¹⁾ CWEP and the City are in the process of prepaying the outstanding principal amount from funds in the debt service reserve fund for the Refunding Certificates of Participation (CWEP), Series 2012 and expect such prepayment to occur prior to the delivery of the Series 2022 Certificates.

Additionally, the City has entered into various capital lease obligations, as described in **Note 7** of the City's Basic Financial Statements for fiscal year ended June 30, 2021. Carthage Water and Electric Plant has entered into two

capital lease obligations with Missouri Association of Municipal Utilities (MAMU), ~~as described in Note 14~~ that are currently outstanding. Principal and interest on these lease agreements are due monthly. As of the City's Basic Financial Statements for fiscal year ended June 30, ~~2021~~2022, the MAMU leases had the following amounts outstanding:

<u>Date of Lease</u>	<u>Department</u>	<u>Outstanding Principal Amount</u>
<u>November 18, 2018</u>	<u>Electric</u>	<u>\$ 972,723</u>
<u>December 15, 2020</u>	<u>Communications</u>	<u>6,321,326</u>

History of General Obligation Indebtedness

The following table sets forth City has not had any general obligation debt information pertaining to the City as of the end of each of outstanding in the last five fiscal years:

<u>As of</u>	<u>Total Outstanding Debt</u>	<u>Debt as Percentage of Assessed Value</u>
<u>June 30</u>		
2022	\$ 0	0.00%
2021	0	0.00
2020	0	0.00
2019	0	0.00
2018	0	0.00

Debt Summary as of 11/1/2022

2022 Assessed Valuation:	\$205,428,714
2022 Estimated Actual Valuation:	\$829,004,228
Estimated Population (2020):	15,522
Total Outstanding General Obligation Debt:	\$ 0
Overlapping Debt ⁽¹⁾ :	\$15,611,600
Direct and Overlapping General Obligation Debt:	\$15,611,600
Ratio of General Obligation Debt to Assessed Valuation:	0.00%
Ratio of General Obligation Debt to Estimated Actual Valuation:	0.00%
Per Capita General Obligation Debt:	\$0.00
Ratio of Direct and Overlapping Debt to Assessed Valuation:	7.60%
Ratio of Direct and Overlapping Debt to Estimated Actual Valuation:	1.88%
Per Capita Direct and Overlapping Debt:	\$ 1,005.77

⁽¹⁾ Includes general obligation debt of political subdivisions with boundaries overlapping the City. See "Debt Structure of the City-Overlapping Indebtedness."

Overlapping Indebtedness

The following table sets forth the approximate overlapping indebtedness (general obligation bonds) of political subdivisions with boundaries overlapping the City as of November 1, 2022, and the percentage attributable (on the basis of ~~2021~~2022 current assessed valuation) to the City.

<u>Taxing Jurisdiction</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City</u>
Carthage R-9 School District	\$39,029,000	40.0%	<u>\$15,611,600</u>
Total			<u>\$15,611,600</u>

Legal Debt Capacity

Article VI, Sections 26(b) and (c) of the Constitution of the State of Missouri limit the net outstanding amount of authorized general obligation indebtedness for a city to 10% of the assessed valuation of the city by a two-thirds (four-sevenths at certain elections) vote of the qualified voters. Article VI, Section 26(d) provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not to exceed an additional 10% for the purpose of acquiring rights-of-way, construction, extending and improving streets and avenues, and sanitary or storm sewer systems, provided the total general obligation indebtedness of a city does not exceed 20% of the assessed valuation. Article VI, Section 26(e) of the Constitution of the State of Missouri provides that a city may, by a two-thirds (four-sevenths at certain elections) vote of the qualified voters, incur indebtedness in an amount not exceeding an additional 10% for the purpose of purchasing or constructing waterworks, electric or other light plans to be owned exclusively by the city, provided that the total general obligation indebtedness of a city does not exceed 20% of the assessed valuation. The 2022 assessed valuation of the City is \$205,428,714, as shown in “FINANCIAL INFORMATION CONCERNING THE CITY – Property Valuation” hereto. The legal debt margin of the City is:

Constitutional Debt Limit (20% of assessed valuation)	\$41,085,742
Indebtedness Outstanding	<u>0</u>
LEGAL DEBT MARGIN	<u>\$41,085,742</u>

Defaults on City Indebtedness

The City has never defaulted on the payment of any of its debt obligations.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The City currently produces financial statements that are in conformity with accounting principles generally accepted in the United States of America. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate.

An annual budget is prepared under the direction of the City Administrator and submitted to the City Council for consideration prior to the fiscal year commencing on July 1. The operating budget includes proposed expenditures and revenue sources. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through the adoption of an ordinance. The primary basis of budgetary control is at the departmental level. The City Administrator is authorized to transfer budgeted amounts between programs within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for all funds. Budgets for all funds are adopted on a cash basis.

The financial records of the City are audited annually by a firm of independent certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The annual audit for the fiscal year ended June 30, 2021 was performed by KPM CPAs and Advisors, Springfield, Missouri. Copies of the audit reports for the past 5 years are on file in the City Administrator's office and are available for review. The Comprehensive Annual Financial Report of the City for the fiscal year ended June 30, 2021, is included in *Appendix B* attached hereto.

Sources of Revenue

The City finances its general operations through the following taxes and other miscellaneous sources as indicated below for the City's governmental funds for Fiscal Year 2021 (the most recent fiscal year for which audited financial statements are available):

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 10,051,561	72.91%
Licenses, Permits & Fees	210,359	1.53
Intergovernmental Revenue	2,106,659	15.28
Charge for Services	923,719	6.70
Fines & Forfeitures	297,768	2.16
Other Revenue	196,171	1.42
	<u>\$13,786,237</u>	<u>100.00%</u>

Source: City's Audited Financial Statements for fiscal year ended June 30, 2021.

Retail Sales Taxes

The following table shows the retail sales tax collections for the City for the fiscal years shown:

<u>Fiscal Year</u>	<u>1-cent General</u>	<u>1/2-cent Transportation</u>	<u>1/2-cent Capital Improvement</u>	<u>1/2-cent Parks & Storm Water</u>	<u>1/4-cent Fire</u>
2022	\$2,895,631	\$1,393,931	\$1,393,931	\$1,393,730	\$696,915
2021	2,729,685	1,310,512	1,310,781	1,309,051	655,473
2020	2,490,281	1,182,395	1,182,395	1,180,458	591,079
2019	2,430,807	1,155,770	1,155,770	1,150,120	576,459
2018	2,233,337	1,102,310	1,102,310	1,104,491	551,117

Source: City's Audited Financial Statements for fiscal year ended June 30, 2018 through 2021; the City for the fiscal year ended June 30, 2022.

Property Valuations

Assessment Procedure:

All taxable real and personal property within the City is assessed annually by the County Assessor. Missouri law requires that real property be assessed at the following percentages of true value:

Residential real property.....	19%
Agricultural and horticultural real property	12%
Utility, industrial, commercial, railroad and all other real property	32%

A general reassessment of real property occurred statewide in 1985. In order to maintain equalized assessed valuations following this reassessment, the Missouri General Assembly adopted a maintenance law in 1986. Beginning January 1, 1987, and every odd-numbered year thereafter, each County Assessor must adjust the assessed valuation of all real property located within his or her county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

The assessment ratio for personal property is generally 33-1/3% of true value. However, subclasses of tangible personal property are assessed at the following assessment percentages: grain and other agricultural crops in an unmanufactured condition, 1/2%; livestock, 12%; farm machinery, 12%; historic motor vehicles, 5%; and poultry, 12%.

The County Assessor is responsible for preparing the tax roll each year and for submitting the tax roll to the Board of Equalization. The County Board of Equalization has the authority to adjust and equalize the values of individual properties appearing on the tax rolls.

Current Assessed Valuation:

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the City according to the assessment as of January 1, as finalized July 14, 2022:

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$89,786,370	19%	\$472,559,842
Commercial	50,914,797	32	159,108,741
Agricultural	587,580	12	4,896,500
Sub-Total	141,288,747		636,565,083
Personal Property ⁽¹⁾	64,139,967	33 1/3%*	192,439,145
Total	<u>\$205,428,714</u>		<u>\$829,004,228</u>

* Assumes all personal property is assessed at 33 1/3%; because certain subclasses of tangible personal property are assessed at less than 33 1/3%, the estimated actual valuation for personal property would likely be greater than that shown above. See "Assessment Procedure" discussed above.

Source: Jasper County Clerk.

History of Property Valuation:

The total assessed valuation of all taxable tangible property situated in the City, including State assessed railroad and utility property, according to the assessments of January 1 in each of the following years, has been as follows:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Percent Change</u>
2022	\$205,428,714	4.7%
2021	196,217,970	5.0
2020	186,814,072	0.4
2019	186,078,544	5.4
2018	176,538,980	1.5

Source: Jasper County Clerk.

Property Tax Levies and Collections

Tax Collection Procedure:

Property taxes are levied and collected by the City. The City is required by law to prepare an annual budget, which includes an estimate of the amount of revenues to be received from all sources for the budget year, including an estimate of the amount of money required to be raised from property taxes and the tax levy rates required to produce such amounts. The budget must also include proposed expenditures and must state the amount required for the payment of interest, amortization and redemption charges on the City's debt for the ensuing budget year. Such estimates are based on the assessed valuation figures provided by the County Clerk. The City must fix its ad valorem property tax rates and certify them to the County Clerk not later than September first for entry in the tax books.

The County Clerk receives the county tax books from the County Assessor, which set forth the assessments of real and personal property. The County Clerk enters the tax rates certified to him by the local taxing bodies in the tax books and assesses such rates against all taxable property in the City as shown in such books. The County Clerk forwards the tax books by October 31 to the County Collector, who is charged with levying and collecting taxes as shown therein. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December. Taxes are due by December 31 and become delinquent if not paid to the County Collector by that time. All tracts of land and city lots on which delinquent taxes are due are charged with a penalty of eighteen percent of each year's delinquency. All lands and lots on which taxes are delinquent and unpaid are subject to sale at public auction in August of each year.

The County Collector is required to make disbursements of collected taxes to the City each month. Because of the tax collection procedure described above, the City receives the bulk of its moneys from local property taxes in the months of December, January and February.

Tax Rates

Debt Service Levy. The current debt service levy of the City is \$0.0000 per \$100 of assessed valuation. Once indebtedness has been approved by the constitutionally required percentage of the voters voting therefor and bonds are issued, the City is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The City Council may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

Operating Levy. The current general fund levy of the City is \$0.0335 per \$100 of assessed valuation. The general fund levy cannot exceed the "tax rate ceiling" for the current year without voter approval. The tax rate ceiling, determined annually, is the rate of levy which, when charged against the newly assessed valuation of the City for the current year, excluding new construction and improvements, will produce an amount of tax revenues equal to tax revenues for the previous year increased by 5% or the Consumer Price Index, whichever is lower. Without the required percentage of voter approval, the tax rate ceiling cannot at any time exceed the greater of the tax rate in effect in 1980 or the most recent voter-approved tax rate. The tax levy for debt service on the City's general obligation bonds is exempt from the calculations of and limitations upon the tax rate ceiling. Under Article X, Section 11(c) of the Missouri Constitution, any increase in the City's general fund levy above \$1.00 must be approved by two-thirds of the voters voting on the proposition.

The following table shows the City's tax levies (per \$100 of assessed valuation) for each of the last five fiscal years:

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Public Health Fund</u>	<u>Carthage Public Library</u>	<u>Parks and Recreation Fund</u>	<u>Total Levy</u>
2022	\$0.3335	\$0.0758	\$0.1665	\$0.1439	\$0.7197
2021	0.3528	0.0802	0.1762	0.1522	0.7614
2020	0.3528	0.0802	0.1762	0.1522	0.7614
2019	0.3541	0.0805	0.1768	0.1528	0.7642

2018	0.3541	0.0805	0.1768	0.1528	0.7642
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Source: The City.

Tax Collection Record

The following table sets forth tax collection information for the City for the last five fiscal years.

<u>Year Ended June 30</u>	<u>Total Levy</u>	<u>Taxes Levied⁽¹⁾</u>	<u>Current and Delinquent Taxes Collected</u>	
			<u>Amount</u>	<u>%</u>
2022	\$0.7197	\$1,005,490	\$1,230,799	122.4%
2021	0.7614	985,538	1,223,213	124.1
2020	0.7614	951,982	996,852	104.7
2019	0.7642	940,588	976,363	103.8
2018	0.7642	925,773	903,130	97.6

⁽¹⁾ The City does not collect taxes on personal property.

Note: Collections exceeding 100% for the years 2019-2022 are attributable to

Source: The City.

Major Property Taxpayers

The following table sets forth the ten largest real property taxpayers in the City based upon an assessed valuation of \$205,428,714, as of January 1, 2022, as finalized by the Board of Equalization.

Real Property

	<u>Name of Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
1.	Art Mortgage Borrower Propco	\$5,173,000	2.52%
2.	Spire Missouri Inc.	2,396,850	1.17
3.	Wal Mart Real Estate Business Trust	2,020,340	0.98
4.	L&P Manufacturing Inc.	1,362,720	0.6655
5.	Schreiber Foods Inc.	1,136,660	0.6655
6.	Lowe's Home Centers	1,125,130	0.56
7.	Leggett & Platt	1,072,010	0.52
8.	GCG Carthage	858,570	0.42
9.	Southwest Missouri Bank	805,150	0.39
10.	HE Williams Products Co.	801,660	0.39

Source: Jasper County Assessor.

Personal Property

	<u>Name of Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
1.	Schreiber Foods Inc.	\$6,713,910	3.27%
2.	Leggett & Platt Manf.	5,941,000	2.89
3.	Butterball LLC	3,198,150	1.56
4.	Leggett & Platt 4601	2,868,680	1.40
5.	Leggett & Platt Inc.	2,184,730	1.06
6.	ADM Milling Company	1,437,600	0.70
7.	Schreiber Foods	1,362,940	0.66
8.	HE Williams	1,184,620	0.58
9.	Paradigm Tax Group	600,850	0.29
10.	Carthage Crushed Limestone	450,550	0.22

Source: Jasper County Assessor.

Pension and Employee Retirement Plans

The City participates in the Missouri Local Government Employees' Retirement System ("LAGERS"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS was created and is governed by State statute, and is a defined-benefit pension plan that provides retirement, disability and death benefits. The plan is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and is tax-exempt. LAGERS is governed by a seven-member Board of Trustees ("LAGERS' Board") consisting of three trustees elected by participating employees, three trustees elected by participating employers and one trustee appointed by the Missouri Governor.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021 (the "2021 LAGERS CAFR") is available at <https://www.molagers.org/wp-content/uploads/2021/11/ACFR-2021-WEB.pdf>. The link to the 2021 LAGERS CAFR is provided for general background information only, and the information in the 2021 LAGERS CAFR is not incorporated by reference into this Official Statement. The 2021 LAGERS CAFR provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

CARTHAGE WATER AND ELECTRIC PLANT

Management and Organization of CWEP and its Electric System

~~Carthage Water & Electric Plant (CWEP) is a municipally owned, locally controlled, not for profit utility company responsible for operating and maintaining the municipal electric, water, wastewater and communication systems of Carthage, Missouri. The City began providing electricity in 1898, and following the acquisition of a private water plant in 1907, the electric plant and water plant were placed under the jurisdiction of the Board of Public Works, now referred to as CWEP. CWEP is authorized under the City's charter.~~

~~Construction of the current location of the CWEP power plant began in 1927. The plant fully supplied the electrical needs of the City until 1981 when it became more feasible to purchase the majority of power from large generating facilities. The plant currently has been maintained since that time and stands ready to provide power as needed. In 1990, CWEP began an expansion of the supply lines that formed a "loop" around the City. This system, which includes enhanced switching capabilities, allows power to be redirected around any major break in service. The power plant has frequently been brought on line to help keep the cost of power in the City~~

~~low. The power plant has also had occasion to sell quantities of electrical power on the open market during shortages in other parts of the state and country.~~

~~———— The CWEP power plant serves almost 6,500 residential customers and around 1,200 general service, commercial and industrial accounts with electric service. The power plant is located at the intersection of 3rd and River Street in the City and is rated a 35 megawatt (MW) plant. This means the plant, which is a combination of 9 Nordberg and Cooper dual fuel reciprocating internal combustion generating engines, can generate 35 megawatts of electricity an hour. CWEP owns and maintains three substations, approximately 163 miles of 7.62/13.2kV distribution line, and approximately 4.3 miles of 69kV transmission line throughout the City and surrounding area.~~

~~———— CWEP maintains life of the plant contracts with two coal fired power plants: Sikeston Power Station and Plum Point Energy Station. The Sikeston Power Station in Sikeston, Missouri, provides 23 MW of electricity and the Plum Point Energy Station in Osceola, Arkansas provides 12 MW of electricity. Together, they account for more than half of CWEP's peak load. The delivery of coal to the facilities is subject to transportation and supply pricing fluctuations that are passed onto CWEP pursuant to the wholesale energy contracts. Pursuant to written agreement, the Southwest Power Administration guarantees 1,200 hours of up to 7 MW of hydropower that can be flexibly scheduled as needed. CWEP is also entitled to additional supplemental hydropower up to a maximum of 7 MW that is in addition to the 1,200 hours guaranteed during high water conditions. CWEP utilizes its powerplant to hedge against Southwest Power Pool market volatility and emergencies.~~

~~———— Annually, CWEP makes transfer payments to the City equal to 3.5% of the CWEP revenues, as reflected in the most recent annual audited financial statements.~~

~~———— In accordance with Missouri law, CWEP is operated by a Board of Public Works, called the Carthage Water and Electric Board, the members of which are appointed by the Mayor and approved by the City Council. Day to day operations are maintained by a staff of approximately 87 employees. Board members and pertinent staff are:~~

<u>Name</u>	<u>Office</u>
Danny Lambeth	President & Member
Ron Ross	Vice President & Member
Darren Collier	Secretary & Member
Alan Snow	Liaison & Member
Brian Schmidt	Member
Pat Goff	Member
G. Stephen Beimdiek	Member
Chuck Bryant	General Manager
Cassandra Ludwig	General Counsel
Kelli Nugent	Chief Financial Officer
Kevin Emery	Director of Power Services
Jason Peterson	Director of IT and Broadband Services

~~———— CWEP segregates and attributes revenues and expenditures based on department (i.e., water, wastewater, electric or communications). CWEP intends for the Series 2022 Certificates to be paid solely from revenues generated by the electric department.~~

Sources of Revenue

~~CWEP finances its general operations through the following service charges and miscellaneous sources as indicated below for Fiscal Year 2021 (the most recent fiscal year for which audited financial statements are available). Revenues for CWEP as a whole are below:~~

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Residential	\$ 12,738,749	35.54%
Commercial	7,142,320	19.93
Industrial	14,237,160	39.72
Interdepartmental Sales	909,769	2.54
Communication Services	374,922	1.05
Late Fees	259,153	0.72
Other Revenue	179,505	0.50
	<u>\$35,841,578</u>	<u>100.00%</u>

~~Source: City's Audited Financial Statements for fiscal year ended June 30, 2021; Component Unit Financial Statements: Carthage Water and Electric Plant.~~

~~Revenues for only the Electric department, the department intended for repayment of the Series 2022 Certificates, are below:~~

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Residential	\$ 9,328,715	34.30%
Commercial	5,615,773	20.65
Industrial	11,175,687	41.09
Interdepartmental Sales	747,577	2.75
Communication Services	-	0.00
Late Fees	215,097	0.79
Other Revenue	112,873	0.42
	<u>\$27,195,722</u>	<u>100.00%</u>

~~Source: City's Audited Financial Statements for fiscal year ended June 30, 2021; Component Unit Financial Statements: Carthage Water and Electric Plant.~~

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Long-Term Debt Obligations

~~———— Detailed information about CWEP's long-term debt obligations are reported with the City's long-term debt obligations, above. The obligations are repeated in this section for ease of reference. As noted previously, CWEP attributes revenues and expenditures by department. While all obligations listed below are obligations of CWEP, payment is allocated by department listed.~~

<u>Name of Issue</u>	<u>Department</u>	<u>Date of Issue</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>
Refunding Certificates of Participation (CWEP), Series 2012	Water and Wastewater*	9/27/2012	\$2,135,000	\$420,000
Refunding Certificates of Participation (CWEP), Series 2015	Water and Wastewater	6/9/2015	2,920,000	1,570,000
Combined Waterworks and Sewerage System Revenue Bonds (CWEP) (State of Missouri—Direct Loan Program), Series 2019	Water and Wastewater	9/27/2019	4,501,000	3,984,318

* 52.64% of the annual payments are paid from the Electric fund.

~~———— Additionally, CWEP has entered into two lease agreements with the Missouri Association of Municipal Utilities (MAMU) that are currently outstanding. Principal and interest on these lease agreements are due monthly. As of the fiscal year ended June 30, 2022, the MAMU leases had the following amounts outstanding:~~

<u>Date of Lease</u>	<u>Department</u>	<u>Outstanding Principal Amount</u>
November 18, 2018	Electric	\$972,723
December 15, 2020	Communications	845,659

More information on CWEP's outstanding debt obligations can be found in the City's Audited Financial Statements, attached as **Appendix B**.

[Remainder of page left intentionally blank.]

User Charge Rates for Electric Service

~~Electric customers are billed based on customer type and usage on a monthly basis. Rates are effective as of July 1, 2022. In addition to the monthly usage charge, users are charged a franchise fee (payment in lieu of tax) and sales tax. The franchise fee is applied to customers located within the City and is charged at 3.5% of the bill, not to exceed \$100 per month. A purchase power adjustment may be added to a customer's bill when the actual cost of wholesale electric energy purchased and generated is above the forecasted amount. Bills are due and payable upon receipt. A 10% late payment penalty charge is assessed on bills not paid by the past due date specified on the bill.~~

~~Charges for the following services are also charged:~~

Connect Fee	\$30.00
Disconnect—at the pole	\$125.00
Reinstate—at the pole	\$125.00
Disconnect—at the pole—after hours	\$210.00
Reinstate—at the pole—after hours	\$210.00
Non-payment reinstate—during office hours	\$40.00
Service call due to meter tampering	\$100.00
Service charge for return check	\$25.00
Set portable watt hour meter	\$30.00

Residential Service

Energy Charge	For all kWh used per month, per kWh:	\$0.09782
Monthly Customer Charge	Single Family Dwelling:	\$19.60
	Additional Structures:	\$26.60

General Service

Energy Charge (Demand Meters)	For the first 5,000 kWh used per month, per kWh:	\$0.08125
	For all additional kWh used per month, per kWh:	\$0.07876
Energy Charge (Non-Demand Meters)	For the first 5,000 kWh used per month, per kWh:	\$0.09675
	For all additional kWh used per month, per kWh:	\$0.09215
Monthly Customer Charge	Single-Phase Service:	\$32.00
	Three-Phase Service:	\$99.00
Monthly Demand Charge	Per kW of billing demand:	\$8.30

Customers

As of June 30 of each of the last five fiscal years, CWEP has had approximately the following number of users:

2022	8,001
2021	7,991
2020	7,846
2019	7,828
2018	7,776

Note: Numbers are based on actual number of statements being billed. Each customer receives one statement, however the statement may include multiple points of connection for customers operating more than one location.

Source: CWEP.

Top Ten Electric Customers

	<u>Name</u>	<u>Revenue</u>	<u>Percent of Total Revenue</u>
1.	Leggett & Platt	\$	%
2.	Schreiber Food Inc.		
3.	Carthage R-9 Schools		
4.	Butterball LLC		
5.	ADM Milling		
6.	H.E. Williams		
7.	Brooks Hospital, Mercy McCune		
8.	Wal-Mart Store		
9.	Price Cutter		
10.	CRM		

Source: CWEP.

~~[Remainder of page left intentionally blank.]~~

~~Net Revenues Available for Debt Service~~

~~The following table shows the net revenues of CWEP available for debt service for the last three fiscal years and the extent to which such revenues covered debt service requirements on the actual long-term indebtedness of CWEP. This summary should be read in conjunction with the financial statements of the City and CWEP included in *Appendix B* to this Official Statement. Reference is hereby made to such financial statements, including the notes thereto. There can be no assurance that CWEP will generate the revenues set forth below in subsequent fiscal years.~~

~~Revenues for all CWEP departments:~~

	<u>Fiscal Year Ended June 30</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues (operating revenues plus interest; — Rental and other income)	\$33,432,840	\$34,299,480	\$36,030,237
Less operating expenses	27,840,006	28,803,091	26,351,867
Net Income (Loss)	\$5,592,834	\$5,496,389	\$9,678,370
Plus depreciation and amortization	3,484,020	3,632,425	3,952,460
Net Revenues Available for Debt Service	\$9,076,854	\$9,128,814	\$13,630,830
Debt Service for Long Term Obligations*	\$595,654	\$743,821	\$958,072
Coverage Ratio for Long Term Obligations	16.23x	12.27x	14.22x

~~Source: CWEP's Audited Financial Statements for the fiscal years ended June 30, 2019-2021.~~

~~* Includes CWEP Revenue Bonds as well as the annual appropriation certificates of participation financings and MAMU lease financings attributed to improvements of CWEP.~~

~~Unaudited financial statements for Fiscal Year 2022 indicate CWEP revenues of \$36,917,416. The Audited Financial Statements for the fiscal year ended June 30, 2021, indicated required payments on Long Term Debt of \$1,334,653 in Fiscal Year 2022.~~

~~Revenues for only Electric department:~~

	<u>Fiscal Year Ended June 30</u>		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues (operating revenues plus interest; — Rental and other income)	\$25,674,526	\$25,852,162	\$27,328,139
Less operating expenses	22,093,252	22,919,264	20,165,537
Net Income (Loss)	\$3,581,274	\$2,932,898	\$7,162,602
Plus depreciation and amortization	1,409,465	1,540,349	1,708,855
Net Revenues Available for Debt Service	\$4,990,739	\$4,473,247	\$8,871,457
Debt Service for Long Term Obligations*	\$203,706	\$252,705	\$253,219
Coverage Ratio for Long Term Obligations	24.49x	17.70x	35.03x

~~Source: CWEP's Audited Financial Statements for the fiscal years ended June 30, 2019-2021.~~

~~* Includes only obligations attributable to the electric department, including the MAMU lease dated November 18, 2018, and 52.64% of the annual payments on the Refunding Certificates of Participation (CWEP), Series 2012.~~

~~Unaudited financial statements for Fiscal Year 2022 indicate Electric department revenues of \$28,580,116. The Audited Financial Statements for the fiscal year ended June 30, 2021, indicated required payments on Long Term Debt by the Electric department of \$253,493 in Fiscal Year 2022.~~

TRUST INDENTURE

Dated as of December 15, 2022

Between

**UMB BANK, N.A.,
As Trustee**

AND

CITY OF CARTHAGE, MISSOURI

**Authorizing
\$14,185,000
CITY OF CARTHAGE, MISSOURI
CERTIFICATES OF PARTICIPATION
(CARTHAGE WATER AND ELECTRIC PLANT)
SERIES 2022**

TRUST INDENTURE

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TRUST INDENTURE

THIS TRUST INDENTURE, dated as of December 15, 2022 (the “Indenture”), between **UMB BANK, N.A.**, a national banking association duly organized and existing under and by virtue of the laws of the United States of America with a corporate trust office located in Kansas City, Missouri, as Trustee (the “Trustee”), and the **CITY OF CARTHAGE, MISSOURI**, a constitutional charter city duly organized and existing under the laws of the State of Missouri (the “City”).

WITNESSETH:

WHEREAS, the City is authorized pursuant to the Revised Statutes of Missouri, as amended, to sell or lease any existing sites owned by the City, together with any existing buildings and facilities thereon, in order to provide for the acquisition, construction, improvement, extension, repair, remodeling, renovation, furnishing and equipping of buildings and facilities thereon and other property, and then lease or purchase such sites, buildings, facilities and property; and

WHEREAS, pursuant to an ordinance adopted by the City on November 22, 2022, the City has been authorized to (a) enter into a Base Lease with the Trustee, dated as of the date hereof (the “Base Lease”), pursuant to which the City shall grant a leasehold interest to the Trustee for a maximum Base Lease Term ending on June 30, 2073, in certain real estate described in **Schedule 1** attached to this Indenture and any existing building and improvements located thereon (the “Project Site”), and (b) to enter into an annually renewable Lease Agreement with the Trustee, dated as of the date hereof (the “Lease”), under which the City will (i) provide for projects (the “Project”) more specifically described in **Schedule 2** attached to this Indenture to be constructed and installed on the Project Site and certain other rights to land of the City (the “Project Site” and all additions, modifications, improvements, replacements and substitutions made thereon and thereto and any additional facilities financed with the Series 2022 Certificates or any Additional Certificates (as hereinafter defined) being collectively referred to as the “Facilities”) and (ii) lease the Facilities from the Trustee for an initial term ending June 30, 2023 (the “Initial Term”), with successive one-year renewal options (the “Renewal Terms”) exercisable by the City subject to annual budget appropriations, except that the final Renewal Term may be for a period of less than one year as provided in the Lease; and

WHEREAS, in order to provide funds to pay the costs of the Project, the Trustee will, pursuant to this Indenture, execute and deliver the City of Carthage, Missouri, Certificates of Participation (Carthage Water and Electric Plant), Series 2022 in the aggregate principal amount of \$14,185,000 (the “Series 2022 Certificates”), and is authorized to execute and deliver Additional Certificates (such Additional Certificates together with the Series 2022 Certificates being collectively referred to as the “Certificates”), evidencing proportionate interests of the owners thereof in Rental Payments (as defined herein) payable pursuant to the Lease; and

WHEREAS, the City is authorized (i) to execute and deliver this Indenture for the purpose of providing for the delivery and security for the Certificates and for the purpose of providing funds to pay the costs of the Projects, (ii) to enter into the Lease, and (iii) to provide for completion of the Project; and

WHEREAS, all things necessary to make the Certificates, when executed by the Trustee and delivered as provided in this Indenture, the valid and legally binding evidences of proportionate interests in the right to receive the Rental Payments, and for this Indenture to constitute a valid and legally binding pledge and assignment of the Trust Estate herein made for the payment of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates, have been

done and performed, and the execution and delivery of this Indenture and the execution and delivery of the Certificates, subject to the terms of this Indenture, have in all respects been duly authorized.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

GRANTING CLAUSES

That the City and the Trustee, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Certificates by the Registered Owners thereof, and the sum of one dollar duly paid to the City by the Trustee, and of other good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates Outstanding under this Indenture from time to time according to their tenor and effect, and to secure the performance and observance by the City of all the covenants, agreements and conditions herein and in the Base Lease and the Lease contained, do hereby transfer in trust, pledge, assign and grant a security interest unto the Trustee and its successors and assigns forever in, the property described below (said property being herein called the “**Trust Estate**”), to wit:

(a) all right, title and interest of the City and the Trustee in, to and under the Base Lease and the Lease, including all Rental Payments and other payments, revenues and receipts derived by the Trustee under and pursuant to and subject to the provisions of the Lease (except for the rights of the Trustee to receive money for its own account and to indemnity under the Lease and any amounts required under Section 148(f) of the Code to be paid to the United States); and

(b) all money and securities from time to time held by the Trustee under the terms of this Indenture, and any and all other real or personal property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder by or on behalf of the City, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of this Indenture.

TO HAVE AND TO HOLD, all and singular, the Trust Estate with all rights and privileges hereby pledged and assigned, or agreed or intended so to be, to the Trustee and its successors and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and subject to the conditions herein set forth, for the equal and proportionate benefit, protection and security of all Registered Owners from time to time of the Certificates Outstanding under this Indenture, without preference, priority or distinction as to lien or otherwise of any Certificate over any other Certificate except as expressly provided in or permitted by this Indenture;

PROVIDED, HOWEVER, that if the City shall well and truly pay, or cause to be paid, the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by all the Certificates, at the times and in the manner mentioned in the Certificates according to the true intent and meaning thereof, or shall provide for the payment thereof (as provided in **Article XII** of this Indenture), and shall pay or cause to be paid to the Trustee all other sums of money due or to become due to it in accordance with the terms and provisions of this Indenture, then upon such final payment this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture shall be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Certificates delivered hereunder are to be

authenticated and delivered and that all of the Trust Estate is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the City does hereby agree and covenant with the Trustee and with the respective Registered Owners from time to time of the Certificates, as follows:

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to the words and terms defined elsewhere in this Indenture and in the Lease, the following words and terms as used in this Indenture and in the Lease shall have the following meanings:

“Additional Certificates” means any additional parity Certificates delivered pursuant to **Section 209** of this Indenture.

“Additional Payments” means the additional payments described in **Section 5.2** of the Lease.

“Authorized City Representative” means the Mayor, the City Administrator, the General Manager of the Carthage Water and Electric Board or such other person at the time designated, by written certificate furnished to the Trustee, as the person or persons authorized to act on behalf of the City. Such certificate shall contain the specimen signature of such person or persons, shall be signed on behalf of the City by the Mayor and may designate an alternate or alternates.

“Base Lease” means the Base Lease dated as of December 15, 2022, between the City and the Trustee, as from time to time amended and supplemented in accordance with the provisions thereof and of **Article XII** of this Indenture.

“Business Day” means any day other than (a) a Saturday or Sunday or legal holiday or a day on which banks located in the city in which the corporate trust office of the Trustee is required or authorized by law to remain closed or (b) a day on which the Securities Depository is closed.

“Cede & Co.” means Cede & Co., as nominee name of The Depository Trust Company, New York, New York, and any successor nominee of the Securities Depository with respect to the Certificates.

“Certificate Fund” means the “Certificate Fund” created in **Section 501** of this Indenture.

“Certificate Payment Date” means any date on which any amount representing the Principal Component or the Interest Component with respect to any Certificate is payable.

“Certificate Register” means the registration books kept by the Trustee to evidence the registration, transfer and exchange of Certificates.

“Certificate Registrar” means the Trustee when acting as such under this Indenture.

“Certificates” means the Series 2022 Certificates delivered under this Indenture and any Additional Certificates delivered pursuant to this Indenture.

“City” means the City of Carthage, Missouri, a constitutional charter city duly organized and existing under the laws of the State and its successors and assigns.

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

“Completion Certificate” means the certificate delivered to the Trustee pursuant to **Section 4.4** of the Lease and **Section 505** of this Indenture evidencing substantial completion of the Project, and acceptance of the Project by the City.

“Completion Date” means the date of completion of the acquisition, construction, improvement, furnishing and equipping of the Project established as such pursuant to **Section 4.4** of the Lease.

“Construction Contracts” means all architect’s and general contractor’s contracts and all prime subcontractor’s contracts and purchase orders for any equipment that have been or will be entered into by the City and that will incorporate the Plans and Specifications related to the Project.

“Construction Period” means the period from the beginning of construction of the Project to the Completion Date.

“Contractor” means any contractor for the Project selected by the City, and its successors and assigns.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for the City or the Trustee.

“Defaulted Interest” means interest on any Certificate that is payable but not paid on the date due.

“Defeasance Obligations” means any of the following obligations:

- (a) Cash.
- (b) U.S. Treasury Certificates, Notes and Bonds.
- (c) Direct obligations of the Treasury that have been stripped by the Treasury itself.
- (d) The interest component of Resolution Funding Corporation (REFCORP) strips that have been stripped by request to the Federal Reserve Bank of New York in book-entry form.
- (e) Pre-refunded municipal bonds pre-refunded with cash or United States Government Obligations.

“Event of Default” means (a) with respect to this Indenture, any Event of Default as described in **Section 901** of this Indenture, and (b) with respect to the Lease, any Event of Default as described in **Section 12.1** of the Lease.

“Event of Nonappropriation” means a nonrenewal of the Lease by the City determined by the failure of the City to appropriate and budget, or the election of the City not to so appropriate and budget, on or before the date required by the laws of the State during the Initial Term or any Renewal Term, moneys sufficient to pay the Rental Payments and reasonably expected Additional Payments due and payable during the next Renewal Term.

“Facilities” means the Project Site, the Project and all additions, modifications, improvements, replacements and substitutions made thereon and thereto, and any additional facilities financed with the

Certificates on the Project Site or other property of the City financed or refinanced pursuant to the Lease, as they may at any time exist.

“Fiscal Year” means the fiscal year adopted by the City for accounting purposes, which as of the execution of this Indenture commences on July 1 of each year and ends on June 30 of the following year.

“Full Insurable Value” means the actual replacement cost of the Facilities insofar as the same may be of an insurable nature less physical depreciation and exclusive of land, excavations, footings, foundations, parking lots and other parts of the Facilities that are not insurable.

“Indenture” means this Trust Indenture dated as of December 15, 2022, as amended and supplemented from time to time by Supplemental Indentures in accordance with the provisions of **Article X** of this Indenture.

“Initial Term” means the initial term of the Lease, which begins on the effective date of the Lease and ends on the last day of the Fiscal Year in which such effective date occurs.

“Interest Component” means the Interest Component of Rental Payments as provided by **Section 5.1** of the Lease and as set forth on **Schedule 4** in the Lease.

“Lease” means the Lease Agreement dated as of December 15, 2022, between the Trustee, as lessor, and the City, as lessee, as from time to time amended and supplemented in accordance with the provisions thereof and of **Article X** of this Indenture.

“Lease Term” means the period from the effective date of the Lease until the expiration thereof which includes the Initial Term and any Renewal Term or Terms as provided in the Lease.

“Lessee” means the City when acting as the lessee under the Lease.

“Lessor” means the Trustee when acting as the lessor under the Lease.

“Mandatory Prepayment Date” means any mandatory prepayment date established pursuant to this Indenture.

“Maximum Lease Term” means the Initial Term and all Renewal Terms through the Renewal Term ending June 30, 2043 as provided in the Lease Agreement (unless otherwise provided in a Supplemental Lease).

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

“Net Proceeds” means the gross proceeds from any insurance or condemnation award with respect to the Facilities, less the payment of all expenses (including attorneys’ fees and expenses, Trustee’s fees, costs, charges and expenses, including any extraordinary expenses of the Trustee) incurred in the collection of such gross proceeds.

“Opinion of Counsel” means a written opinion of counsel to the City or the Trustee.

“Option Purchase Price” means the price as specified in **Schedule 4** attached to the Lease which the City may elect to pay to the Trustee to purchase the Facilities from the Trustee on the Optional Prepayment Date immediately following such Optional Purchase Date prior to the scheduled payment of all sums to be paid for the Facilities, all as is more particularly specified in **Schedule 4** attached to the Lease and as such **Schedule 4** may be revised hereafter in accordance with **Section 306** of this Indenture. In the event of a partial prepayment of the Certificates as provided in this Indenture, the Option Purchase Price is required to be recalculated by the Trustee and provided to and binding upon the City as more fully set forth in this Indenture or any Supplemental Indenture and in the Lease.

“Optional Prepayment Date” means any optional prepayment date established pursuant to this Indenture.

“Optional Purchase Date” means any date during the Lease Term as specified in the Lease upon which the City, pursuant to the Lease, may elect to purchase the Facilities for the then applicable Option Purchase Price.

“Outstanding” means, when used with reference to Certificates, as of any particular date of determination, all Certificates theretofore authenticated and delivered under this Indenture, except the following Certificates:

- (a) Certificates theretofore canceled by the Trustee or delivered to the Trustee for cancellation;
- (b) Certificates paid or deemed to be paid in accordance with the provisions of **Article XIII** of this Indenture;
- (c) Certificates alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in **Section 210** of this Indenture;
- (d) Certificates in exchange for or in lieu of which other Certificates have been authenticated and delivered pursuant to this Indenture; and
- (e) for purposes of any consent or other action to be taken by the Registered Owners of a specified percentage of Certificates under this Indenture or the Lease, Certificates held by or for the account of the City or any person controlling, controlled by or under common control of the City.

“Participants” means those financial institutions for whom the Securities Depository effects book-entry transfers and pledges of securities deposited with the Securities Depository, as such listing of Participants exists at the time of such reference.

“Paying Agent” means the Trustee and any other bank or trust company designated pursuant to this Indenture as paying agent for any series of Certificates and at which the principal, premium, if any, and interest on any such Certificates shall be payable.

“Permitted Encumbrances” means, as of any particular time (a) liens for ad valorem taxes and special assessments not then delinquent or if delinquent are being contested in accordance with the Lease, (b) this Indenture, (c) the Lease, (d) the Base Lease, (e) any and all Uniform Commercial Code Financing Statements executed to perfect any security interest created in connection with the delivery of the Certificates, (f) utility, access and other easements and rights-of-way, street dedications, mineral rights, restrictions, exceptions and encumbrances that the City certifies in writing will not materially interfere with

or impair the operations being conducted on the Project Site or easements granted to the City or the Trustee, (g) such minor defects, irregularities, encumbrances, easements, mechanic's liens, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Facilities and as do not in the aggregate materially impair the property affected thereby for the purpose for which it was acquired or is held by the Trustee or the City, and (h) items affecting the Project Site that are agreed to in writing by the Trustee (in reliance upon the written direction of the Registered Owners of not less than a majority in aggregate Principal Components of the Certificates Outstanding) and the City.

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

- (a) United States Government Obligations.
- (b) bonds, notes or other obligations of the State of Missouri, or any political subdivision of the State of Missouri, that at the time of their purchase are rated in either of the two highest rating categories by a nationally recognized rating service.
- (c) repurchase agreements with any bank, bank holding company, savings and loan association, trust company, or other financial institution organized under the laws of the United States or any state, that are continuously and fully secured by any one or more of the securities described in clause (a), (b) or (d) and have a market value at all times at least equal to the principal amount of such repurchase agreement and are held in a custodial or trust account for the benefit of the City.
- (d) obligations of Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Corporation, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks and Farm Service Agency.
- (e) certificates of deposit or time deposits, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of the United States or any state, provided that such certificates of deposit or time deposits shall be either (1) continuously and fully insured by the Federal Deposit Insurance Corporation, or (2) continuously and fully secured by such securities as are described above in clauses (a) through (d) above, inclusive, which shall have a market value at all times at least equal to the principal amount of such certificates of deposit or time deposits.
- (f) money market mutual funds (1) that invest in such securities as are described above in clauses (a) through (d), and (2) that are rated in one of the two highest categories by a nationally recognized rating service, including those for which the Trustee or an affiliate performs services for a fee, whether as a custodian, transfer agent, investment advisor or otherwise.
- (g) any other securities or investments that are lawful for the investment of moneys held in such funds or accounts under the laws of the State of Missouri.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

“Plans and Specifications” means the plans and specifications prepared for and showing the Project, as amended by the City from time to time prior to the Completion Date, the same being duly

certified by the Authorized City Representative, which plans and specifications are on file at the principal office of the City and shall be available for reasonable inspection by the Trustee and its duly appointed representatives.

“Prime Rate” means that rate of interest which has most recently been established by the Trustee or its principal banking affiliate, as its prime rate, such Prime Rate to be adjusted on the effective date of any change thereof as announced from time to time by the Trustee or its principal banking affiliate.

“Principal Component” means the Principal Component of Rental Payments as provided by **Section 5.1** of the Lease and as set forth on **Schedule 4** attached to the Lease.

“Project” means the acquisition, construction, improvement, furnishing and equipping of the improvements described in **Schedule 2** attached to this Indenture or any Supplemental Indenture, pursuant to **Article IV** of the Lease, paid for in whole or in part from the proceeds of Certificates, and all replacements thereof and substitutions therefor made pursuant to the Lease, and all additions, alterations, modifications and improvements thereof made pursuant to the Lease, including, upon delivery of Additional Certificates, including Project Additions financed with Additional Certificates.

“Project Additions” means all additions, improvements, extensions, alterations, expansions or modifications of the Facilities, or any other property of the City, or any part thereof, financed with the proceeds of Additional Certificates delivered pursuant to **Section 209** of this Indenture.

“Project Costs” means all costs of acquisition, construction, improvement, furnishing and equipping of the Project, including the following:

- (a) fees and expenses of architects, appraisers, surveyors and engineers for estimates, surveys, soil borings and soil tests and other preliminary investigations and items necessary to the commencement of construction, preparation of plans, drawings and specifications and supervision of construction, as well as for the performance of all other duties of architects, appraisers, surveyors and engineers in relation to the construction of the Project or the delivery of the Certificates;

- (b) all costs and expenses of every nature incurred with respect to the Project, including the actual cost of labor and materials, as payable to contractors, builders, suppliers, vendors and materialmen in connection with the acquisition, construction, improvement, furnishing and equipping of the Project;

- (c) the cost of insurance policies referred to in **Article VI** of the Lease and any insurance or performance and payment bonds maintained during the Construction Period in accordance with the Lease;

- (d) expenses of administration, supervision and inspection properly chargeable to the Project, underwriting expenses, legal fees and expenses, fees and expenses of accountants and other consultants, publication and printing expenses, and initial fees and expenses of the Trustee and the Paying Agent to the extent that said fees and expenses are necessary or incident to the delivery and sale of the Certificates or the acquisition, construction, improvement, furnishing and equipping of the Project;

- (e) all other items of expense not elsewhere specified in this definition as may be necessary or incident to: (i) the authorization, delivery and sale of the Certificates; (ii) the acquisition, construction, improvement, furnishing and equipping of the Project; and (iii) the financing thereof (including capitalized interest, if any); and

(f) reimbursement to the City or those acting for it for any of the above enumerated costs and expenses incurred and paid by them before or after the execution of the Lease as permitted by the Code.

“Project Fund” means the **“Project Fund”** created in **Section 501** of this Indenture.

“Project Site” means the real estate described in **Schedule 1**.

“Purchaser” means the original purchaser of each series of the Certificates.

“Record Date” means the fifteenth day (whether or not a Business Day) of the calendar month next preceding the month in which each Certificate Payment Date occurs.

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

“Renewal Term” means the optional renewal terms of the Lease, each being a duration of one year and a term co-extensive with the City’s Fiscal Year.

“Rental Payment Date” means during the Lease Term, any day on or prior to each Certificate Payment Date, and any other date on which any Rental Payments are payable pursuant to the Lease.

“Rental Payments” means the payments described in **Section 5.1** of the Lease.

“Replacement Certificates” means Certificates delivered to the beneficial owners of the Certificates in accordance with **Section 212(b)** of this Indenture.

“S&P” or “Standard & Poor’s” means Standard & Poor’s Ratings Services, a separately identifiable business unit within Standard & Poor’s Financial Services LLC, a Delaware limited liability company wholly owned by the McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee.

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

“Series 2022 Certificates” means the City’s Certificates of Participation (Carthage Water and Electric Plant), Series 2022, delivered pursuant to this Indenture.

“Special Counsel” means Gilmore & Bell, P.C., or any other attorney or firm of attorneys (which is mutually acceptable to the City and the Trustee) of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

“Special Record Date” means the date fixed by the Trustee pursuant to **Section 204(d)** of this Indenture for the payment of Defaulted Interest.

“State” means the State of Missouri.

“Supplemental Indenture” means any indenture supplemental or amendatory to this Trust Indenture entered into by the City and the Trustee pursuant to **Article X** of this Indenture.

“Supplemental Lease” means any agreement supplemental or amendatory to the Lease entered into by the City and the Trustee pursuant to **Article XI** of this Indenture.

“Tax Compliance Agreement” means the Tax Compliance Agreement between the City and the Trustee, entered into in connection with the delivery of each series of Certificates for which the interest component of Rental Payments paid by the City and distributed to the registered owners of the Certificates is excluded from gross income for federal income tax purposes, as from time to time amended in accordance with the provisions thereof.

“Trust Estate” means the Trust Estate described in the Granting Clauses of this Indenture and in the Granting Clauses of any Supplemental Indenture.

“Trustee” means UMB Bank, N.A., in Kansas City, Missouri, in its capacity as trustee hereunder, and its successor or successors and any other corporation which at the time may be substituted in its place pursuant to and at the time serving as Trustee under this Indenture.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, and such obligations are held in a custodial or trust account for the benefit of the City.

Section 102. Rules of Construction.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(b) All references in this Indenture to a particular article, section, other subdivision, exhibit, schedule or appendix shall be construed to be a reference to the specified article, section or other subdivision or exhibit, schedule or appendix hereto unless the context or use clearly indicates another or different meaning or interest. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole as this Indenture may be amended and not to any particular Article, Section or subdivision.

(c) The section and article headings are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions of this Indenture.

(d) Whenever an item or items are listed after the word “including,” such listing is not intended to be a listing that excludes items not listed.

ARTICLE II

THE CERTIFICATES

Section 201. Title and Amount of Certificates. No Certificates may be delivered under this Indenture except in accordance with the provisions of this Article. The Certificates authorized to be delivered under this Indenture shall be designated as “City of Carthage, Missouri Certificates of Participation (Carthage Water and Electric Plant),” with such further appropriate particular designation added to or incorporated in such title for the Certificates of any particular series as may be set forth in the provisions of this Indenture or any Supplemental Indenture authorizing such series. The initial series of Certificates will be authorized pursuant to **Section 208** of this Indenture. Additional Certificates may be delivered as provided in **Section 209** of this Indenture.

Section 202. Limited Obligations.

(a) Each Certificate shall evidence the undivided interest of the Registered Owner thereof in the rights to receive Rental Payments from the City under the Lease. The Certificates are limited obligations and are payable solely out of the Rental Payments and other payments, revenues and receipts derived under the Lease (including, in certain circumstances, Certificate proceeds and income from the temporary investment thereof and Net Proceeds), and are secured by a pledge and assignment of the Trust Estate by the Trustee in favor of the Registered Owners of the Certificates, as provided in this Indenture. Neither the Certificates nor the Rental Payments payable pursuant to the Lease shall constitute a debt or liability of the City beyond the Lease Term in effect at any time and shall not constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.

(b) No provision, covenant or agreement contained in this Indenture or the Certificates, or any obligation herein or therein imposed upon the City, or any breach thereof, shall constitute or give rise to or impose upon the City a pecuniary liability or a charge upon the general credit of the City. No officer, employee, agent or board member of the Trustee or the City, nor any person executing the Certificates shall be personally liable with respect to the Certificates by reason of the delivery thereof.

Section 203. Denomination, Numbering and Dating of Certificates. Certificates shall be delivered in the form of fully registered Certificates without coupons in the denomination of \$5,000 or any integral multiple thereof. The Series 2022 Certificates shall be dated and numbered as provided in **Section 208** of this Indenture. Certificates of each series of Additional Certificates shall be dated and numbered as provided in the Supplemental Indenture authorizing such series of Additional Certificates.

Section 204. Method and Place of Payment of Certificates.

(a) The Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for payment of debts due the United States of America.

(b) Amounts representing the Principal Component and premium, if any, payable with respect to the Certificates shall be payable at maturity or upon earlier prepayment by check or draft to the persons in whose names such Certificates are registered on the Certificate Register at the maturity or prepayment date thereof, upon the presentation and surrender of such Certificates at the corporate trust office of the Trustee or of any Paying Agent named in the Certificates or at such other office as the Trustee may indicate.

(c) Amounts representing the Interest Component payable with respect to each Certificate on any Certificate Payment Date shall be paid to the person in whose name such Certificate is registered at the

close of business on the Record Date for such interest by check or draft mailed by the Paying Agent to such Registered Owner at the address shown on the Certificate Register. Upon the request and at the expense of any Registered Owner of Certificates representing at least \$500,000 in Principal Component, payments with respect to the Certificates shall be made by electronic transfer to the bank (which shall be in the continental United States) for credit to the ABA routing number and the account name and account number designated to the Trustee by such Registered Owner no later than five Business Days preceding the Record Date.

(d) Defaulted Interest with respect to any Certificate shall cease to be payable to the Owner of such Certificate on the relevant Record Date and shall be payable to the Owner in whose name such Certificate is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The City shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Certificate and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the Owners of the Certificates entitled to such Defaulted Interest as provided in this Section. Following receipt of such funds the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment (unless the Trustee agrees to a shorter period). The Trustee shall, at the expense of the City, cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner of a Certificate entitled to such notice at the address of such Owner as it appears on the Certificate Register not less than 10 days prior to such Special Record Date.

Section 205. Execution of Certificates.

(a) Each Certificate shall be executed by the manual signature of an authorized signatory of the Trustee. In case any person whose signature appears on any Certificate shall cease to be an authorized signatory before the delivery of such Certificate, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such person had remained in office until delivery. Any Certificate may be signed by a person who at the actual time of the execution of such Certificate shall be a person authorized to sign such Certificate although at the date of such Certificate such person may not have been so authorized.

(b) No Certificate shall be entitled to any security or benefit under this Indenture or shall be valid or obligatory for any purpose unless and until such Certificate shall have been duly executed by the Trustee. Such execution shall be conclusive evidence that such Certificate has been duly executed and delivered under this Indenture. Any Certificate shall be deemed to have been duly executed if signed by any authorized signatory of the Trustee, but it shall not be necessary that the same signatory sign all of the Certificates of any series.

Section 206. Registration, Transfer and Exchange of Certificates.

(a) The Trustee is hereby appointed Certificate Registrar and as such shall keep a Certificate Register for the registration and for the transfer of Certificates as provided in this Indenture. Each Certificate when delivered shall be registered in the name of the Registered Owner thereof on the Certificate Register.

(b) Any Certificate may be transferred only upon the Certificate Register upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney or legal representative in a form satisfactory to the Trustee. Upon any such transfer, the Trustee shall execute and deliver in exchange for such Certificate one or more new fully registered Certificates, registered in the name of the designated transferee, of any authorized denomination and of like series, maturity and aggregate stated principal amount.

(c) Any Certificate, upon surrender thereof to the Trustee, together with an assignment duly executed by the Registered Owner or his attorney or legal representative in a form satisfactory to the Trustee, may, at the option of the Registered Owner thereof, be exchanged for one or more Certificates of any authorized denomination and of like series, maturity and aggregate stated principal amount.

(d) When any Certificate is surrendered for exchange or transfer hereunder, the Trustee shall execute and deliver one or more new Certificates at the earliest practicable time in accordance with the provisions of this Indenture. All Certificates surrendered in any such exchange or transfer shall forthwith be canceled by the Trustee. The Trustee may make a charge to the Registered Owner requesting the same for every such exchange or transfer of Certificates sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, and such charge shall be paid before any such new Certificate shall be delivered. The fees and charges of the Trustee for making any transfer or exchange hereunder and the expense of any certificate printing necessary to effect such transfer or exchange shall be paid by the City as Additional Payments. In the event any Registered Owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Trustee from amounts otherwise payable to such Registered Owner hereunder or with respect to the Certificates.

(e) At reasonable times and under reasonable regulations established by the Trustee, the Certificate Register may be inspected and copied by the City or the Owners (or a designated representative thereof) of 10% or more in principal amount of Certificates then Outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

(f) The Trustee shall not be required to register the transfer of or exchange any Certificate after notice calling such Certificate or portion thereof for prepayment has been given or during the period of fifteen days next preceding the first mailing of such notice of prepayment.

Section 207. Persons Deemed Registered Owners of Certificates. The person in whose name any Certificate shall be registered as shown on the Certificate Register shall be deemed and regarded as the absolute Registered Owner thereof for all purposes, and payment of any amount representing principal, premium, if any, or interest with respect to such Certificate shall be made only to or upon the order of the Registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability represented by such Certificate to the extent of the sum or sums so paid.

Section 208. Authorization of Series 2022 Certificates.

(a) There shall be initially delivered and secured by this Indenture a series of Certificates in the aggregate principal amount of \$14,185,000 for the purpose of providing funds to pay Project Costs, which series of Certificates shall be designated "City of Carthage, Missouri Certificates of Participation (Carthage Water and Electric Plant), Series 2022" (herein called the "**Series 2022 Certificates**"). The Series 2022 Certificates shall be substantially in the form set forth in **Exhibit A** attached hereto. The Series 2022 Certificates shall be numbered from 1 consecutively upward, with the number on each Series 2022 Certificate preceded by the letter "**R**". The Series 2022 Certificates shall be dated the date of their delivery,

shall mature on May 1 in the following years and stated principal amounts (subject to prior prepayment as hereinafter provided in **Article III**), and shall evidence interests in the right to receive a proportionate share of the Rental Payments (determined by reference to such stated principal amounts with interest thereon at the following respective rates per annum):

SERIAL CERTIFICATES

Maturity <u>May 1</u>	Principal <u>Amount</u>	Interest <u>Rate</u>
2024	\$	%
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		

TERM CERTIFICATES

Maturity <u>May 1</u>	Principal <u>Amount</u>	Interest <u>Rate</u>
----------------------------------	------------------------------------	---------------------------------

Interest Components with respect to the Series 2022 Certificates shall be computed on the basis of a 360-day year of twelve 30-day months from the date thereof or from the most recent Certificate Payment Date to which interest has been paid or duly provided for and shall be payable semiannually on May 1 and November 1 in each year, beginning on May 1, 2023.

(b) The Trustee is hereby designated as the Paying Agent for the payment of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Series 2022 Certificates.

(c) The Series 2022 Certificates shall be delivered to the Trustee for execution substantially in the form set forth in **Article IV** together with the following items:

(1) An original or certified copy of the ordinance adopted by the City Council of the City approving the delivery of the Series 2022 Certificates and authorizing the execution of the Base Lease, the Lease, this Indenture and the Tax Compliance Agreement;

(2) An original executed counterpart of this Indenture;

(3) An original executed counterpart of the Lease;

(4) An original executed counterpart of the Base Lease;

(5) An original executed counterpart of the Tax Compliance Agreement;

(6) A request and authorization to the Trustee on behalf of the City, executed by an Authorized City Representative, to execute the Certificates and to deliver the Certificates to or upon the order of the Purchaser upon payment of the purchase price thereof. The Trustee shall be entitled to conclusively rely upon such request and authorization as to the name of the purchaser and the amount of such purchase price;

(7) An opinion of Special Counsel to the effect that the Series 2022 Certificates represent valid and legally binding, undivided interests in the rights to receive Rental Payments from the City under the Lease, and that the Interest Component of the Rental Payments is excludable from gross income for federal income tax purposes;

(8) An ALTA owner's title insurance policy, or commitment therefor, in form and substance acceptable to the Purchaser, satisfying the requirements of **Section 3.7** of the Base Lease; and

(9) Such other certificates, statements, receipts, opinions and documents as the Trustee, the Purchaser or Special Counsel shall reasonably require for the delivery of the Series 2022 Certificates.

(d) When the documents specified in subsection (c) of this Section have been filed with the Trustee, and when the Series 2022 Certificates shall have been executed as required by this Indenture, the Trustee shall deliver the Series 2022 Certificates to or upon the order of the Purchaser upon payment of the purchase price of the Series 2022 Certificates. The net proceeds of the sale of the Series 2022 Certificates, including accrued interest and premium thereon, if any, shall be deposited and applied in accordance with **Article V** hereof.

Section 209. Authorization of Additional Certificates.

(a) Additional Certificates may be delivered under and be equally and ratably secured by this Indenture on a parity with the Series 2022 Certificates and any other Additional Certificates Outstanding, at any time and from time to time while no Event of Default or Event of Nonappropriation has occurred and is continuing under the Indenture, upon compliance with the provisions of this Section, for any of the following purposes:

(1) To provide funds to pay the costs of completing the Project, the total of such costs to be evidenced by a certificate signed by an Authorized City Representative;

(2) To provide funds to pay all or any part of the costs of repairing, replacing or restoring the Project in the event of damage, destruction or condemnation thereto or thereof, but only to the extent that such costs exceed the Net Proceeds of the insurance or condemnation awards out of which such costs are to be paid pursuant to **Article VIII** of the Lease;

(3) To provide funds for refunding all or any portion of the Certificates of any series then Outstanding, including the payment of any premium thereon and interest to accrue to the designated prepayment date and any expenses in connection with such refunding; or

(4) Any other lawful purpose for the benefit of the City.

The principal amount of any Additional Certificates may include an amount sufficient to pay the costs and expenses of delivery, a funding of a reserve account, if required, and such capitalized amounts as are permitted by law.

(b) Before any Additional Certificates shall be delivered under the provisions of this Section, the City shall adopt an ordinance (i) authorizing or approving the delivery of such Additional Certificates and fixing the amount and terms thereof and describing the purpose or purposes for which such Additional Certificates are being delivered or describing the Certificates to be refunded, (ii) authorizing or approving the execution of a Supplemental Indenture for the purpose of delivering such Additional Certificates, (iii) authorizing the execution of an amendment to the Lease to provide for Rental Payments at least sufficient to pay the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates then to be Outstanding (including the Additional Certificates to be delivered) as the same become due, (iv) authorizing the execution of an amendment to the Base Lease, if appropriate, to extend the term thereof and to add real property subject to the terms thereof, and (v) for such other matters as are appropriate because of the delivery of the Additional Certificates proposed to be delivered which, in the judgment of the City, are not to the prejudice of the City or do not materially and adversely the security for the Registered Owners of the Certificates previously delivered.

(c) Additional Certificates shall be dated and numbered, shall be stated to mature in such year or years, shall provide for amounts representing Interest Components at such rate or rates not exceeding the maximum rate then permitted by law, and shall be prepayable at such times and prices, as may be provided by the Supplemental Indenture authorizing the delivery of such Additional Certificates. Except as to any difference in date, maturity, interest rate or prepayment provisions, such Additional Certificates shall be on a parity with and shall be entitled to the same benefit and security of this Indenture as the Series 2022 Certificates and any other Additional Certificates Outstanding after the delivery of such Additional Certificates. If such Additional Certificates are to be secured by a reserve fund, such fund shall be fully funded to any reserve requirement set at the time of delivery of such Additional Certificates.

(d) Such Additional Certificates shall be executed substantially in the form and manner set forth in this Article and **Article IV** of this Indenture, upon filing the following items with the Trustee:

(1) An original or certified copy of the Ordinance adopted by the City Council of the City approving the delivery of such Additional Certificates pursuant to such Supplemental Indenture and authorizing the execution of any amendment of the Lease and/or the Base Lease;

(2) An original executed counterpart of the Supplemental Indenture providing for the delivery of the Additional Certificates;

(3) An original executed counterpart of the amendment to the Base Lease, if required, and the Lease, if required, which amendment to the Lease shall clearly establish that the City has agreed that the Additional Certificates shall constitute Certificates for the purpose of computing the required Rental Payments;

(4) A request and authorization to the Trustee, on behalf of the City, executed by an Authorized City Representative, to execute the Additional Certificates and to deliver said Additional Certificates to or upon the order of the purchaser thereof upon payment of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the name of the purchaser and the amount of such purchase price;

(5) An opinion of Special Counsel to the effect that the delivery of such Additional Certificates represent valid and legally binding proportionate interests in the rights to receive Rental Payments from the City under the Lease and, except with respect to those Certificates delivered with Interest Components which are includable in gross income for federal income tax purposes, that the delivery of such Additional Certificates will not cause the Interest Component of the Rental Payments represented by any Certificates then Outstanding (including such Additional Certificates) to become includable in gross income for federal income tax purposes;

(6) In the case of Additional Certificates being delivered to refund Outstanding Certificates, such additional documents as shall be reasonably required by the Trustee to evidence that provision has been duly made in accordance with the provisions of **Article XII** of this Indenture for the payment of all of the Certificates to be refunded;

(7) Additional Certificates may be delivered without notice to or the consent of the Registered Owners of the Certificates (a) if the Additional Certificates are being issued to refund Certificates providing present value debt service savings for the City or (b) for Additional Certificates issued in the principal amount, together with other Certificates then Outstanding, that does not exceed \$30,000,000.

(8) The Opinions of Counsel required by **Section 1003** and **Section 1103** of this Indenture; and

(9) Such other certificates, statements, receipts, opinions and documents as the City, the Trustee or Special Counsel shall reasonably require for the delivery of such Additional Certificates.

(e) When the documents described in subsection (d) of this Section shall have been filed with the Trustee, and when such Additional Certificates shall have been executed as required by this Indenture, the Trustee shall deliver such Additional Certificates to or upon the order of the purchaser thereof upon payment of the purchase price of such Additional Certificates. The proceeds of the sale of such Additional Certificates, except Additional Certificates delivered to refund Outstanding Certificates, including any accrued interest and premium thereon, shall be deposited in accordance with the provisions of this Indenture and as provided by the Supplemental Indenture authorizing the delivery of such Additional Certificates. The proceeds of all Additional Certificates delivered to refund Outstanding Certificates shall be deposited by the Trustee, together with other available funds, after payment or making provision for payment of all expenses incident to such financing, to the credit of a special trust fund, to be held in trust for the sole and exclusive purpose of paying the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates to be refunded, as provided in **Section 1303** of this Indenture and in the Supplemental Indenture authorizing the delivery of such Additional Certificates.

Section 210. Mutilated, Lost, Stolen or Destroyed Certificates. In the event any Certificate is mutilated, lost, stolen or destroyed, the Trustee shall execute and deliver a new Certificate of like series, date and tenor as the Certificate mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Certificate, such mutilated Certificate shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Certificate, there shall be first furnished to the Trustee evidence satisfactory to the Trustee of such loss, theft or destruction, together with indemnity satisfactory to Trustee. In the event any such Certificate shall have matured or has been designated for prepayment, such Certificate may be paid without surrender thereof or delivery of a new Certificate. Upon the delivery of any substitute Certificate, the Trustee may require the payment of an amount sufficient to reimburse the Trustee for any tax or other governmental charge that may be imposed in relation thereto and any other reasonable fees and expenses incurred in connection therewith.

Section 211. Cancellation and Destruction of Certificates Upon Payment. All Certificates which have been paid or prepaid or which the Trustee has purchased or which have otherwise been surrendered to the Trustee under this Indenture, either at or before maturity, shall be canceled by the Trustee immediately upon such payment, prepayment or purchase and the surrender thereof to the Trustee. All Certificates canceled under any of the provisions of this Indenture shall be destroyed by the Trustee. The Trustee shall execute a certificate describing the Certificates so destroyed and shall file an executed counterpart of such certificate with the City.

Section 212. Certificates Delivered in Book-Entry Form.

(a) The Certificates shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no beneficial owner will receive certificates representing their respective interests in the Certificates, except in the event the Certificate Registrar delivers Replacement Certificates as provided in subsection (b) of this Section. It is anticipated that during the term of the Certificates, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Certificates to the Participants until and unless the Certificate Registrar authenticates and delivers Replacement Certificates to the beneficial owners as described in subsection (b).

(b) (1) If the City determines (A) that the Securities Depository is unable to properly discharge its responsibilities, or (B) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (C) that the continuation of a book-entry system to the exclusion of any Certificates being delivered to any Owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Certificates, or (2) if the Certificate Registrar receives written notice from Participants having interests in not less than 50% of the principal amounts of the Certificates Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Certificates being delivered to any Owner other than Cede & Co. is no longer in the best interests of the beneficial owners of the Certificates, then the Certificate Registrar shall notify the Owners of such determination or such notice and of the availability of certificates to Owners requesting the same, and the Certificate Registrar shall register in the name of and authenticate and deliver Replacement Certificates to the beneficial owners or their nominees in Principal Components representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued Interest Components and previous calls for prepayment; provided, that in the case of a determination under (1)(A) or (1)(B) of this subsection (b), the City, with the consent of the Certificate Registrar, may select a successor securities depository in accordance with **Section 212(c)** below to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when at least one Certificate is registered in the name of the Securities Depository or its nominee. Upon the delivery of Replacement Certificates, all references herein to obligations imposed upon or to be performed by the

Securities Depository shall be deemed to be imposed upon and performed by the Certificate Registrar, to the extent applicable with respect to such Replacement Certificates. If the Securities Depository resigns and the City, the Certificate Registrar or Owners are unable to locate a qualified successor of the Securities Depository in accordance with **Section 212(c)**, then the Certificate Registrar shall authenticate and cause delivery of Replacement Certificates to Owners, as provided herein. The Certificate Registrar may rely on information from the Securities Depository and its Participants as to the names and addresses of and the amounts held by the beneficial owners of the Certificates. The cost of printing, registration, authentication and delivery of Replacement Certificates shall be paid for by the City.

(c) In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the City may appoint a successor Securities Depository provided the Certificate Registrar and the City receive written evidence with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Certificate Registrar upon its receipt of a Certificate or Certificates for cancellation shall cause the delivery of Certificates to the successor Securities Depository in appropriate denominations and form as provided herein.

ARTICLE III

PREPAYMENT OF CERTIFICATES

Section 301. Prepayment of Certificates Generally. The Series 2022 Certificates shall be subject to prepayment prior to maturity in accordance with the terms and provisions set forth in this Article. Additional Certificates shall be subject to prepayment prior to maturity in accordance with the terms and provisions contained in this Article and as may be specified in the Supplemental Indenture authorizing such Additional Certificates.

Section 302. Prepayment of Series 2022 Certificates.

(a) **Optional Prepayment.** The Series 2022 Certificates are subject to prepayment on and after May 1, 20__ as a whole or in part at any time at 100% of the Principal Component represented thereby, plus the Interest Component accrued thereon to the prepayment date.

(b) **Extraordinary Optional Prepayment.** The Certificates shall be subject to prepayment prior to the stated maturity thereof, upon instructions from the City, in whole or in part on any date, at a prepayment price equal to 100% of the principal amount of the Certificates to be prepaid plus interest accrued thereon to the prepayment date, upon the occurrence of any of the following conditions or events:

(1) if title to, or the use for a limited period of, all or substantially all of the Facilities is condemned by any authority having the power of eminent domain (other than the City or any entity controlled by or otherwise affiliated with the City);

(2) if title to all or substantially all of the Facilities is found to be deficient or nonexistent to the extent that the efficient utilization of the Facilities by the City is impaired;

(3) if all or substantially all of the Facilities is damaged or destroyed by fire or other casualty; or

(4) if as a result of changes in the constitution of the State, or of legislative or administrative action by the State or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Base Lease, the Lease or this Indenture shall become void or unenforceable, or impossible of performance without unreasonable delay, or in any other way, by reason of such change of circumstances, unreasonable burdens or excessive liabilities are imposed on the City with respect to the Base Lease, the Lease or this Indenture.

[(c) **Mandatory Prepayment.** The Series 2022 Certificates or portions thereof bearing stated maturity dates of May 1, 20__, May 1, 20__ and May 1, 20__ (the “Term Certificates”), shall be subject to mandatory prepayment prior to their stated maturities at a Prepayment Price of 100% of the Principal Component so prepaid plus the Interest Component accrued thereon to the Prepayment Date, in the following principal amounts:

May 1, 20__ Term Certificates

Prepayment Date <u>May 1</u>	<u>Principal Component</u>
20__	\$
20__	*

*Final Maturity

May 1, 20__ Term Certificates

Prepayment Date <u>May 1</u>	<u>Principal Component</u>
20__	\$
20__	*

*Final Maturity

May 1, 20__ Term Certificates

Prepayment Date <u>May 1</u>	<u>Principal Component</u>
20__	\$
20__	*

*Final Maturity

The Trustee shall in each year in which such Term Certificates are to be prepaid pursuant to the terms of the foregoing paragraph make timely selection of such Term Certificates or portions thereof and shall give notice thereof as hereinafter provided without further instructions from the City.

If permitted by law, moneys deposited in the Certificate Fund in excess of amounts necessary to pay amounts representing Principal Components and Interest Components with respect to the Term Certificates

coming due on or prior to the next ensuing Payment Date may be used at any time to purchase Term Certificates in the open market, to the extent practical, at the written instruction of the City at a price not in excess of 100% of the principal amount thereof and to pay interest accrued on such Term Certificates so purchased at the specified rate thereon to the date of purchase.

At its option, to be exercised on or before the 45th day next preceding any mandatory prepayment date, the City may (i) deliver to the Trustee for cancellation Term Certificates in any aggregate principal amount desired or (ii) receive a credit in respect to the mandatory prepayment obligation provided above for the respective Term Certificates of the same maturity which prior to such date shall have been purchased or prepaid (other than through the operation of such mandatory prepayment provisions as aforesaid) and canceled by the Trustee and not theretofore applied against such mandatory prepayment obligation. Each Term Certificate so delivered or previously purchased or prepaid as described in the immediately preceding sentence shall be credited at 100% of the principal amount thereof against the obligation to prepay Term Certificates of the same maturity on the next succeeding mandatory prepayment date pursuant to this subsection and any excess of such amount shall be credited on future mandatory prepayment obligations for Term Certificates pursuant to this subsection in chronological order. If the City intends to exercise the option granted by clauses (i) or (ii) above, the City shall, on or before the 35th day next preceding each mandatory prepayment date, furnish the Trustee a certificate signed by an Authorized City Representative indicating to what extent said provisions of clauses (i) and (ii) are to be applied in respect to such mandatory prepayment requirement and the Term Certificates to be canceled.]

Section 303. Selection of Certificates to Be Prepaid.

(a) Certificates shall be prepaid only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Certificates of any series are to be prepaid prior to maturity (other than by mandatory sinking fund prepayment, if any), the City shall designate which maturities of such series of the Certificates shall be prepaid. Certificates to be prepaid of less than a full maturity shall be selected by the Trustee in \$5,000 units of face value by lot or in such other equitable manner as the Trustee may determine.

(b) In the case of a partial prepayment of Certificates when Certificates of denominations greater than \$5,000 units of face value are then Outstanding, then for all purposes in connection with such prepayment, each \$5,000 unit of face value shall be treated as though it were a separate Certificate. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Certificate is selected for prepayment, then upon notice of intention to prepay such \$5,000 unit or units, the Registered Owner of such Certificate or his duly authorized agent shall forthwith present and surrender such Certificate to the Trustee (1) for payment of the prepayment price (including amounts representing premium, if any, and Interest Components to the date fixed for prepayment) of the \$5,000 unit or units of face value called for prepayment, and (2) for exchange, without charge to the Registered Owner thereof, for a new Certificate or Certificates of the aggregate principal amount of the unprepaid portion of the principal amount of such Certificate. If the Registered Owner of any such Certificate of a denomination greater than \$5,000 fails to present such Certificate to the Trustee for payment and exchange as aforesaid, such Certificate shall, nevertheless, become due and payable on the prepayment date to the extent of the \$5,000 unit or units of face value called for prepayment (and to that extent only).

Section 304. Trustee's Duty to Prepay Certificates.

(a) The Trustee shall call Certificates for prepayment and payment as herein provided and shall give notice of prepayment as provided in **Section 305** upon receipt by the Trustee at least 35 days prior to the prepayment date of a written request of the City. Such request shall specify the principal amount of Certificates of each maturity to be called for prepayment, the applicable prepayment price or prices and the

above-mentioned provision or provisions pursuant to which such Certificates are to be called for prepayment. The Trustee shall be entitled to rely conclusively on such written request in exercising its duty to give notice of the call for such prepayment as provided in **Section 305**.

(b) Reference is hereby made to **Section 5.6** of the Lease, wherein the City is given the right to direct the Trustee to prepay Certificates under certain circumstances under the foregoing provisions of this Article. The Trustee shall comply with any direction of the City given pursuant to said **Section 5.6** of the Lease upon satisfaction of the conditions specified therein precedent to the City's right to direct such a prepayment.

Section 305. Notice and Effect of Call for Prepayment. Official notice of any prepayment shall be given by the Trustee by mailing a copy of an official prepayment notice at least 20 days prior to the date fixed for prepayment by first class mail to the Purchaser of the Certificates and the Registered Owner of the Certificate or Certificates to be prepaid, unless waived by any Registered Owner thereof, at the address shown on the Certificate Register as of the date of the notice.

All official notices of prepayment shall be dated and shall state:

- (1) the prepayment date,
- (2) the prepayment price,
- (3) if less than all Outstanding Certificates are to be prepaid, the identification number, series, maturity date (and, in the case of partial prepayment of any Certificates, the respective principal amounts) of the Certificates to be prepaid,
- (4) that on the prepayment date the prepayment price will become due and payable upon each such Certificate or portion thereof called for prepayment, and that interest thereon shall cease to accrue from and after said date, and
- (5) the place where such Certificates are to be surrendered for payment of the prepayment price, which place of payment shall be the corporate trust office of the Trustee or such other office as the Trustee shall designate.

With respect to optional prepayments, such notice may be conditioned upon moneys being on deposit with the Trustee on or prior to the prepayment date in an amount sufficient to pay the prepayment price on the prepayment date. If such notice is conditional and either the Trustee receives written notice from the City that moneys sufficient to pay the prepayment price will not be on deposit on the prepayment date, or such moneys are not received on the prepayment date, then such notice shall be of no force and effect, the Trustee shall not prepay such Certificates and the Trustee shall give notice, in the same manner in which the notice of prepayment was given, that such moneys were not or will not be so received and that such Certificates will not be prepaid.

The failure of any Owner of Certificates to receive notice given as provided in this Section, or any defect therein, shall not affect the validity of any proceedings for the prepayment of any Certificates.

On or prior to any prepayment date, funds shall be on deposit with the Trustee which are sufficient to pay the prepayment price of all the Certificates or portions of Certificates that are to be prepaid on that date in addition to any amounts therein required for regularly scheduled payments of amounts representing Principal and Interest Components with respect to the Certificates.

Official notice of prepayment having been given as aforesaid, the Certificates or portions of Certificates so to be prepaid shall, on the prepayment date, become due and payable at the prepayment price therein specified, and from and after such date (unless the City shall default in the payment of the prepayment price), the Registered Owners of such Certificates or portion of Certificates shall no longer be entitled to receive any additional Interest Component of the Rental Payments. Upon surrender of such Certificates for prepayment in accordance with said notice, such Certificates shall be paid by the Trustee at the prepayment price. Installments of Interest Components due on or prior to the prepayment date shall be payable as herein provided for payment of Interest Components. Upon surrender for any partial prepayment of any Certificate, there shall be prepared for the Registered Owner a new Certificate or Certificates of the same maturity in the amount of the unpaid principal. All Certificates which have been prepaid shall be canceled and destroyed by the Trustee and shall not be redelivered.

Upon the happening of the above conditions, and notice having been given as provided above, the Registered Owners of such Certificates or portion of the Principal Component with respect to the Certificates thus called for prepayment shall no longer be entitled to receive any additional Interest Component of the Rental Payments after the specified prepayment date, and such Certificates or portion of the Principal Component with respect to the Certificates thus called for prepayment shall no longer be entitled to the protection, benefit or security of this Indenture and shall not be deemed to be Outstanding under the provisions of this Indenture.

Any defect in any notice or the failure of any parties to receive any notice of prepayment shall not cause any Certificate called for prepayment to remain Outstanding.

For so long as the Securities Depository is effecting book-entry transfers of the Certificates, the Certificate Registrar shall provide the notices specified in this Section to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a beneficial owner of a Certificate (having been mailed notice from the Certificate Registrar, the Securities Depository, a Participant or otherwise) to notify the beneficial owner of the Certificate so affected, shall not affect the validity of the prepayment of such Certificate.

Section 306. Revised Schedule of Rental Payments and Option Purchase Price. Upon partial prepayment of Certificates, the Trustee shall provide the City with a revised schedule of Rental Payments and a revised schedule setting forth the Option Purchase Price which schedule shall take into account such prepayment or delivery and shall be and become for all purposes thereafter included in **Schedule 4** to the Lease; provided, however, that nothing herein shall be construed to authorize or permit a revision of the Optional Purchase Dates from those originally provided in the Lease.

ARTICLE IV

FORM OF CERTIFICATES

Section 401. Forms Generally. The Certificates shall be in substantially the form set forth in **Exhibit A** to this Indenture. Any Additional Certificates shall also be in substantially the form set forth in **Exhibit A**, with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Indenture or any Supplemental Indenture. The Certificates may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto.

ARTICLE V

CREATION OF FUNDS; CUSTODY AND APPLICATION OF CERTIFICATE PROCEEDS

Section 501. Creation of Funds. There are hereby created and ordered to be established in the custody of the Trustee the following special trust funds in the name of the City to be designated as follows:

- (a) Certificate Fund; and
- (b) Project Fund.

Within each Fund created hereunder, a separate account shall be created for each series of Certificates. The Trustee is authorized to segregate moneys within such accounts, as instructed by the City, as necessary, on a book-entry basis or in such other manner as the Trustee may deem necessary or convenient.

Section 502. Allocation of Certificate Proceeds. The net proceeds received from the sale of the Series 2022 Certificates, shall be deposited or applied simultaneously with the delivery of the Series 2022 Certificates, in the Project Fund.

Section 503. Deposits into the Project Fund. The following moneys shall be paid over to and deposited by the Trustee in the applicable subaccount of the Project Fund, as and when received:

(a) The proceeds from the sale of the Series 2022 Certificates, to the extent required by **Section 502** hereof.

(b) The proceeds from the sale of Additional Certificates (except Additional Certificates delivered to refund Outstanding Certificates), to the extent provided in the Supplemental Indenture authorizing such Additional Certificates;

(c) The Net Proceeds of casualty insurance, title insurance or condemnation awards required to be deposited into the Project Fund pursuant to the Lease;

(d) All payment and performance and labor and material bond payments and any and all payments from any contractors or other suppliers by way of breach of contract, refunds or adjustments required to be deposited into the Project Fund pursuant to the Lease; and

(e) Except as otherwise provided herein or in the Lease, any other moneys received by or to be paid to the Trustee from any other source for the acquisition, construction, improvement, furnishing and equipping of the Project, to the extent directed in writing by the Authorized City Representative to be deposited into the Project Fund.

Section 504. Disbursements from the Project Fund.

(a) So long as no Event of Default or Event of Nonappropriation has occurred and is continuing, the money in the Project Fund shall be disbursed by the Trustee for the payment of remaining Project Costs upon receipt of requisition certificates in substantially the form attached to the Lease as **Schedule 3**, and signed by an Authorized City Representative. All disbursements of Project Fund moneys shall, at the option of the City, be made either directly to the appropriate payees or to the City for reimbursement of Project Costs. The Trustee hereby covenants and agrees to disburse such money in

accordance with the provisions of this Section. In making disbursements for Project Costs, the Trustee may conclusively rely as to the completeness and accuracy of all statements in such requisition certificate without inquiry or investigation if such requisition certificate is signed by the Authorized City Representative. It is understood that the Trustee shall not make any inspections of the Project nor any improvements thereon, make any provision to obtain completion certificates, mechanic's or materialmen's lien releases or otherwise supervise any phase of the acquisition, construction, improvement, furnishing or equipping of the Project. The receipt of a requisition signed by the Authorized City Representative shall constitute unto the Trustee an irrevocable determination that all conditions precedent to the payment of the specified amounts from the Project Fund have been completed.

(b) The Trustee shall keep and maintain adequate records pertaining to the Project Fund (and the subaccounts therein), earnings thereon and all disbursements therefrom, and after the Project has been completed and a certificate of payment of all costs filed as provided in **Section 505** below, the Trustee shall file with the City a final statement of receipts and disbursements with respect thereto.

Section 505. Disposition upon Completion of the Project. The completion of the Project and payment of all costs and expenses incidental thereto shall be evidenced by the filing with the Trustee by the Authorized City Representative of the Completion Certificate required by **Section 4.4** of the Lease. As soon thereafter as practicable, any balance remaining in the Project Fund (other than amounts retained by the Trustee as specified in said certificate) shall without further authorization be deposited in the applicable subaccount of the Certificate Fund and applied by the Trustee as directed in writing by the City solely (i) to pay amounts representing Principal Components or premium, if any, and Interest Components with respect to the Certificates upon the payment or prepayment thereof at the earliest date permissible under the terms of this Indenture, or (ii) at the option of the City, to purchase Certificates at such earlier date or dates as the City may elect. The balance remaining in the Project Fund and transferred to the Certificate Fund shall be invested in accordance with the written direction of the City. Any investment direction of the City shall be in compliance with the Tax Compliance Agreement. Any earnings on such investments may be applied to pay amounts representing Principal Components, premium, if any, or Interest Components with respect to the Certificates. Any Certificates purchased by the Trustee pursuant to this provision with moneys from the Certificate Fund will be deemed canceled. From time to time as the proper disposition of the amounts retained by the Trustee and specified in said certificate shall be determined, to the extent that such amounts are not paid out by the Trustee pursuant to **Section 504** of this Indenture, the City shall so notify the Trustee by one or more certificates as aforesaid and amounts from time to time no longer to be so retained by the Trustee shall be so deposited in the applicable subaccount of the Certificate Fund and applied by the Trustee as aforesaid.

Section 506. Disposition upon Acceleration. If the Certificates shall have become due and payable pursuant to **Section 802** of this Indenture, upon the date of payment by the Trustee of any money due as hereinafter provided in **Article IX** of this Indenture, any balance remaining in the Project Fund shall without further authorization be deposited in the applicable subaccount of the Certificate Fund by the Trustee with written notice to the City of such action.

ARTICLE VI

REVENUES AND FUNDS

Section 601. Deposits into the Certificate Fund. The Trustee shall deposit into the applicable subaccount of the Certificate Fund, as and when received, the following moneys:

(a) All Rental Payments payable by the City to the Trustee specified in the Lease;

(b) Any amount remaining in the Project Fund to be transferred to the Certificate Fund pursuant to **Section 505** of this Indenture upon completion of the Project and any amount remaining in the Project Fund to be transferred to the Certificate Fund pursuant to **Section 506** of this Indenture upon acceleration of the maturity of the Certificates;

(c) The balance of any Net Proceeds of insurance or condemnation awards received by the Trustee pursuant to **Article VIII** of the Lease;

(d) All interest and other income derived from investments of moneys required to be transferred to the Certificate Fund as provided in **Section 702** of this Indenture; and

(e) All other moneys received by the Trustee when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Certificate Fund.

Section 602. Application of Moneys in the Certificate Fund.

(a) Except as provided in this Section and in **Section 807** of this Indenture, moneys in the Certificate Fund shall be expended solely for (1) the payment of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates as the same mature and become due or upon the prepayment thereof, or (2) to purchase Certificates for cancellation prior to maturity.

(b) The Trustee is hereby authorized and directed to withdraw sufficient moneys from the applicable subaccount of the Certificate Fund to pay the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates as the same become due and payable and to make said moneys available to the Paying Agent for the purpose of paying such amounts.

(c) The Trustee, upon written direction of the City, shall use any moneys in the Certificate Fund (1) to prepay all or part of the Certificates Outstanding and the Interest Component of Rental Payments to accrue with respect thereto prior to such prepayment, in accordance with and to the extent permitted by **Article III** of this Indenture so long as the City is not in default with respect to any payments under the Lease and to the extent said moneys are in excess of the amount required for payment of Certificates theretofore matured or called for prepayment, and (2) to pay past due interest in all cases when such Certificates have not been presented for payment. The City may cause such excess moneys in the Certificate Fund or such part thereof or other moneys of the City, as the City may direct, to be applied by the Trustee to purchase Certificates in the open market for the purpose of cancellation, at prices not exceeding the principal amount thereof plus interest accrued with respect thereto to the date of delivery for cancellation.

(d) After payment or provision for payment in full of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates, and the fees, charges and expenses of the Trustee and any Paying Agent and any other amounts required to be paid under this Indenture and the Lease, all amounts remaining in the Certificate Fund shall be paid to the City.

Section 603. Reserved.

Section 604. Payments Due on Days Other than Business Days. In any case where any amount representing Principal Component, premium, if any, or Interest Component with respect to any Certificate is payable on a day other than a Business Day, then such amounts with respect to the Certificates need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made when due, and no interest shall accrue for the period after such date.

Section 605. Nonpresentment of Certificates. In the event that any Certificate is not presented for payment when the Principal Component and premium, if any, with respect thereto becomes due, whether at maturity, upon prepayment or otherwise, or at the date fixed for prepayment thereof, if funds sufficient to pay such Certificate shall have been made available to the Trustee, all liability of the City to the Registered Owner thereof for the payment of such Certificate shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such funds, without liability for Interest Components with respect thereto, for the benefit of such Registered Owner of such Certificate, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Indenture with respect to such Certificate. If any Certificate is not presented for payment within one year following the date when such Certificate becomes due, whether by maturity, upon prepayment or otherwise, the Trustee upon the request of the City shall repay to the City without liability for interest thereon the funds theretofore held by the Trustee for payment of such Certificate, and such Certificate shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

ARTICLE VII

SECURITY FOR DEPOSITS AND INVESTMENT OF MONEYS

Section 701. Moneys to Be Held in Trust. All moneys deposited with or paid to the Trustee for the account of any Fund under any provision of this Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of this Indenture, shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of this Indenture and the Lease and, until used or applied as so provided, shall constitute part of the Trust Estate and be subject to the lien of this Indenture. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys except as provided herein.

Section 702. Investment of Moneys in Funds.

(a) Money in the Funds held by the Trustee hereunder shall, pursuant to the City's direction given by the Authorized City Representative, confirmed in writing, and subject to the Tax Compliance Agreement, be separately invested and reinvested by the Trustee in Permitted Investments which mature or are subject to prepayment by the holder prior to the date when such money will be needed or, if such written directions are not received, then the Trustee shall hold such moneys in a money market fund to be designated by the City. After the Trustee has notice pursuant to **Section 901(h)** of this Indenture of the existence of an Event of Default or an Event of Nonappropriation, the Trustee shall direct the investment of money in the Funds held by it hereunder. The Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in any Fund is insufficient for the purposes of such Fund. The Trustee may make any and all investments permitted by the provisions of this Section through its own bond department or any affiliate or short-term investment department. The Trustee shall be entitled to rely on any written investment direction of an Authorized City Representative as to the suitability and legality of such directed investment and, if the Interest Component of Rental Payments is excluded from gross income for federal income tax purposes, that such written investment direction complies with the requirements of the Tax Compliance Agreement.

(b) Any Permitted Investments shall be held by or under the control of the Trustee and will be deemed at all times to be a part of the Fund in which such money is originally held. The interest earnings and any profit realized from Permitted Investments in any Fund hereunder shall be credited to the applicable

subaccount of the Certificate Fund. However, prior to the Completion Date, the City may, in its sole discretion, direct the Trustee in writing to deposit all interest earnings and profit realized from Permitted Investments to the applicable subaccount of the Project Fund. Any loss resulting from Permitted Investments shall be charged to the applicable Fund.

(c) In determining the balance in any Fund, investments in such Funds shall be valued at the lower of their original cost or their fair market value as of the most recent Record Date, or as frequently as deemed necessary.

(d) Although the City recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the City hereby agrees that confirmations of Investment Securities are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 801. Events of Default. If any of the following events occur, it is hereby defined as and declared to be and to constitute an Event of Default under this Indenture:

(a) Default in the due and punctual payment of any amount representing Interest Components with respect to any Certificate;

(b) Default in the due and punctual payment of any amount representing Principal Components or premium, if any, with respect to any Certificate, whether at maturity, upon prepayment or otherwise;

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the City in this Indenture or in the Certificates contained (other than a default described in (a) or (b) above) or in any other document or instrument that secures or otherwise relates to the obligations hereby secured, and the continuance thereof for a period of 30 days after written notice thereof shall have been given to the City by the Trustee, or to the Trustee (which notice of default the Trustee shall be required to accept) and the City by the Registered Owners of not less than 25% in aggregate principal amount of Certificates then Outstanding; provided, however, if any default shall be such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the City within such period and diligently pursued until the default is corrected, so long as said default is corrected within 60 days after written notice thereof was first given as hereinabove provided unless the Trustee at the written direction of the Registered Owners of not less than a majority in aggregate Principal Components with respect to the Certificates then Outstanding otherwise consents; or

(d) An Event of Default as specified in **Section 12.1** of the Lease shall have occurred.

Section 802. Acceleration of Maturity.

(a) If an Event of Default or an Event of Nonappropriation shall have occurred and be continuing, (1) the Trustee may, and (2) the Trustee shall, at the written direction of the Registered Owners of not less than 25% in aggregate principal amount of Certificates then Outstanding, by notice in writing delivered to the City, declare the Rental Payments and Additional Payments payable during the current Renewal Term immediately due and payable, and such Rental Payments and Additional Payments shall

thereupon become and be immediately due and payable, anything in this Indenture or in the Certificates to the contrary notwithstanding.

(b) If, at any time after such declaration, but before the Certificates shall have matured by their terms, all overdue installments representing Principal and Interest Components with respect to the Certificates, together with the reasonable and proper costs, charges, fees and expenses of the Trustee, and all other sums then payable by the City under this Indenture either has been paid or provision satisfactory to the Trustee for such payment has been made, then and in every such case the Trustee shall, upon the written request of the Registered Owners of not less than a majority in aggregate Principal Components of the Certificates Outstanding, rescind such declaration and annul such default in its entirety. In such event, the Trustee shall rescind any declaration of acceleration of installments of Rental Payments made pursuant to **Section 12.2** of the Lease.

(c) In case of any rescission, then and in every such case the City, the Trustee and the Registered Owners shall be restored to their former position and rights hereunder respectively, but no such rescission shall extend to any subsequent or other default or Event of Default or Event of Nonappropriation or impair any right consequent thereon.

Section 803. Surrender of Possession of Facilities; Rights and Duties of Trustee in Possession. If an Event of Default or an Event of Nonappropriation shall have occurred and be continuing, the City, upon written demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of the Facilities, together with the books, records and accounts of the City pertaining thereto, and the Trustee may exercise all rights under the Lease and/or the Base Lease, and to hold, operate and manage the Facilities, and the right from time to time to make all needful repairs and improvements as shall be deemed wise by the Trustee; and the Trustee may lease the Facilities or any part thereof, and collect, receive and sequester the payments, revenues and receipts therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including without limitation (i) reasonable compensation to the Trustee, its agents and counsel, (ii) any charges of the Trustee hereunder, (iii) any taxes and assessments and other charges prior to the lien of this Indenture or the leasehold interest granted by the Base Lease, which the Trustee may deem it wise to pay, and (iv) all expenses of such repairs and improvements, and the Trustee shall apply the remainder of the moneys so received in accordance with the provisions of **Section 808** of this Indenture. Whenever all amounts with respect to the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates shall have been paid and all defaults made good, the Trustee shall surrender possession of the Facilities to the City, its successors or assigns, the same right of entry, however, to exist upon any subsequent Event of Default or Event of Nonappropriation. While in possession of such property, the Trustee shall render annually to the City a summarized statement of receipts and expenditures in connection therewith.

Section 804. Appointment of Receivers. If an Event of Default or an Event of Nonappropriation shall have occurred and be continuing, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights and remedies of the Trustee and of the Registered Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, or any part thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 805. Exercise of Remedies by the Trustee.

(a) If an Event of Default or Event of Nonappropriation has occurred and is continuing, (1) the Trustee may, and (2) the Trustee shall, upon the written request of the Registered Owners of not less than

25% in aggregate principal amount of Certificates then Outstanding, and upon being indemnified as provided in **Section 901(l)** of this Indenture, pursue and exercise any available remedy at law or in equity by suit, action, mandamus or other proceeding or exercise such one or more of the rights and remedies conferred by this Indenture, the Lease and the Base Lease as the Trustee, being advised by Counsel, shall deem most expedient in the interests of the Registered Owners, to enforce the payment of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates then Outstanding and to enforce and compel the performance of the duties and obligations of the City under the Lease.

(b) All rights of action under this Indenture or under any of the Certificates may be enforced by the Trustee without the possession of any of the Certificates or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without necessity of joining as plaintiffs or defendants any Registered Owners of the Certificates, and any recovery of judgment shall, subject to the provisions of **Section 808** of this Indenture, be for the equal benefit of all the Registered Owners of the Outstanding Certificates.

Section 806. Limitation on Exercise of Remedies by Registered Owners. No Registered Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless (a) an Event of Default or Event of Nonappropriation has occurred of which the Trustee has been notified or is deemed to have notice as provided in **Section 901(h)** of this Indenture, (b) the Registered Owners of not less than 25% in aggregate principal amount of Certificates then Outstanding shall have made written request to the Trustee and have furnished the Trustee reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and have furnished to the Trustee indemnity as provided in **Section 901(l)** of this Indenture, and (c) the Trustee thereafter fails or refuses to exercise the powers and remedies herein granted or to institute such action, suit or proceeding in its own name. No one or more Registered Owners shall have any right in any manner whatsoever to affect, disturb or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided. All proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Registered Owners of all Certificates then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Registered Owner to payment of amounts representing Principal Component, premium, if any, and Interest Components of the Rental Payments represented by any Certificate at and after the maturity thereof or the obligation of the City to provide for payment of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by any Certificate delivered hereunder to the respective Registered Owners thereof at the time, place, from the source and in the manner herein and in the Certificates expressed.

Section 807. Right of Registered Owners to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the Registered Owners of not less than a majority in aggregate Principal Components with respect to the Certificates then Outstanding shall have the right at any time, upon an Event of Default or an Event of Nonappropriation, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and to the extent not inconsistent with this Section.

Section 808. Application of Moneys in Event of Default or Event of Nonappropriation.

(a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs, fees, charges, and expenses of the proceedings

resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee, including any attorneys' fees and expenses, be deposited in the applicable subaccount of the Certificate Fund. All moneys so deposited in the Certificate Fund shall be applied as follows:

- (1) Unless any of the Principal Components with respect to any Certificates shall have become or shall have been declared due and payable, all such moneys shall be applied:

First -- To the payment to the persons entitled thereto of all installments of amounts representing Interest Components then due and payable with respect to any Certificates, in the order in which such interest installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such Interest Component installment, to the persons entitled thereto, without any discrimination or privilege; and

Second -- To the payment to the persons entitled thereto of the unpaid amounts representing Principal Components with respect to any of the Certificates which have become due and payable (other than Certificates called for prepayment for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates and, if the amount available shall not be sufficient to pay in full amounts representing Principal Components due with respect to Certificates on any particular date, then to the payment, ratably, according to the amount of Principal Components due on such date, to the persons entitled thereto without any discrimination or privilege.

- (2) If any of the Principal Component of the Rental Payments represented by the Outstanding Certificates has become due or been declared due and payable, all such moneys shall be applied to the payment of the amounts then due and unpaid with respect to such Certificates, without preference or priority of Principal Component over Interest Component or of Interest Component over Principal Component or of any installment of Interest Component over any other installment of Interest Component or of any Certificate over any other Certificate, ratably, according to the amounts due respectively for the Principal Component and Interest Component, to the persons entitled thereto, without any discrimination or privilege.

- (3) If the Principal Component of the Rental Payments represented by any of the Outstanding Certificates has been declared due and payable, and if such declaration thereafter has been rescinded and annulled under the provisions of **Section 802** of this Indenture, then, subject to the provisions of subsection (a)(2) above of this Section in the event that the Principal Component with respect to any of the Outstanding Certificates later becomes due or is declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (a)(1) of this Section.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available and which may become available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Certificate Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Registered Owner of any unpaid Certificate until such Certificate shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

(c) Whenever all amounts representing Principal and Interest Components with respect to all Outstanding Certificates have been paid under the provisions of this Section, and all expenses and charges of the Trustee and the Paying Agents have been paid, any balance remaining in the Certificate Fund shall be paid to the City.

Section 809. Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee or to the Registered Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or the Registered Owners hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, power or remedy accruing upon any Event of Default or Event of Nonappropriation shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or Event of Nonappropriation or acquiescence therein; and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default or Event of Nonappropriation hereunder, whether by the Trustee or the Registered Owners, shall extend to or shall affect any subsequent Event of Default or Event of Nonappropriation or shall impair any rights or remedies consequent thereon.

Section 810. Waivers of Event of Default or Event of Nonappropriation. Subject to the provisions of **Section 802** of this Indenture, the Trustee may waive any Event of Default or any Event of Nonappropriation hereunder and its consequences and rescind any declaration of maturity of Rental Payments and Additional Payments, and shall do so upon the written request of the Owners of at least a majority in aggregate principal amount of all Certificates then Outstanding. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee under this Indenture on account of any such Event of Default or Event of Nonappropriation are discontinued or abandoned for any reason, or are determined adversely, then and in every such case the Trustee and the Registered Owners shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been undertaken.

ARTICLE IX

THE TRUSTEE

Section 901. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default or an Event of Nonappropriation and after the curing of all Events of Default or Events of Nonappropriation which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. If any Event of Default or an Event of Nonappropriation shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs in exercising any rights or remedies or performing any of its duties hereunder.

(b) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys or receivers. The Trustee shall be entitled to act or refrain from acting upon the opinion or advice of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys and

receivers as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of Counsel.

(c) The Trustee shall file continuation statements to the extent required by the Uniform Commercial Code of the State. The Trustee shall not be responsible for any recital herein or in the Certificates, or for the recording or re-recording, filing or re-filing of this Indenture or any financing statements (other than continuation statements) in connection therewith, or for insuring the Facilities or collecting any insurance moneys, or for the validity of the execution by the City of this Indenture or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency of the security for the Certificates. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with **Article VII** of this Indenture.

(d) The Trustee shall not be accountable for the use of any Certificates executed and delivered as provided hereunder. The Trustee, in its individual or any other capacity, may become the Registered Owner or pledgee of Certificates with the same rights which it would have if it were not Trustee.

(e) The Trustee may rely and shall be protected in acting or refraining from acting upon any Ordinance, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, affidavit, letter, telegram or other paper or document specified by this Indenture and believed by the Trustee to be genuine and correct and to have been signed, presented or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authorized consent of any Person who, at the time of making such request or giving such authority or consent is the Registered Owner of any Certificate, shall be conclusive and binding upon all future Registered Owners of the same Certificate and upon Certificates delivered in exchange therefor or upon transfer or in substitution thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of this Indenture, the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee shall be entitled to rely upon a certificate signed by an Authorized City Representative as sufficient evidence of the facts therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in **Section 901(h)** of this Indenture or of which by said Section the Trustee is deemed to have notice, the Trustee may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the City to cause to be made any of the payments to the Trustee required to be made in **Article VI** of this Indenture and **Article V** of the Lease, unless the Trustee shall be specifically notified in writing of such Event of Default by the Registered Owners of at least 10% in aggregate Principal Components with respect to all Certificates then Outstanding, which notice of Event of Default the Trustee shall be required to accept.

(i) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but shall not be required, to inspect any and all books, papers and records of the City pertaining to the Project and the Certificates, and to take such memoranda from and in regard thereto as may be desired.

(j) The Trustee shall not be required to give any bond or surety in respect to the execution of its trusts and powers hereunder or otherwise with respect to the Facilities.

(k) The Trustee shall have the right, but shall not be required, to demand, with respect to the execution of any Certificates, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right to the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(l) Before taking any action under this Indenture, other than the making of payments to Registered Owners of Principal Components and Interest Components of the Rental Payments represented by the Certificates or accelerating the maturity of Certificates pursuant to **Section 802** of this Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses to which it may be put and to protect it against all liability which it may incur in or by reason of such action, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

(m) The Trustee may elect not to proceed in accordance with the directions of the Owners of the Certificates without incurring any liability to the Certificate Owners if in the opinion of the Trustee such direction may result in environmental or other liability to the Trustee, in its individual capacity, for which the Trustee has not received indemnity pursuant to this Section, and the Trustee may rely conclusively upon an Opinion of Counsel in determining whether any action so directed may result in such liability.

(n) The Trustee may inform the Certificate Owners of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and, in such event no fiduciary duty exists which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not received indemnity pursuant to this Section.

(o) Notwithstanding any other provision of this Indenture to the contrary, any provision intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification to the Trustee shall be interpreted to include any action of the Trustee whether it is deemed to be in its capacity as Trustee, Certificate Registrar or Paying Agent.

(p) The Trustee shall not be responsible for and makes no representation as to the legality, effectiveness or sufficiency of any security document or for the creation, perfection, priority or protection of any lien securing the Certificates. The Trustee shall not be responsible for filing or for the sufficiency or accuracy of any financing statements initially filed to perfect security interests granted under this Indenture. The Trustee shall file continuation statements with respect to each U.C.C. financing statement filed at the time of the delivery of the Certificates; provided that a copy of the filed initial financing statement is timely delivered to the Trustee. In addition, unless the Trustee shall have been notified in writing by the City that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (a) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this Section and (b) filing any continuation statements in the same filing offices as the initial filings were made. The City shall be responsible for the customary fees charged by the Trustee for the preparation and filing of continuation statements and for the reasonable costs incurred by the Trustee in the preparation and filing of all continuation statements hereunder.

Section 902. Fees, Charges and Expenses of the Trustee. The Trustee shall be entitled to payment of or reimbursement for reasonable fees for its ordinary services rendered hereunder and all advances, agent and counsel fees and other ordinary expenses reasonably and necessarily made or incurred by the Trustee in connection with such ordinary services and, in the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent for the Certificates. Pursuant to the provisions of **Section 5.2** of the Lease, the City has agreed to pay, as Additional Payments, to the Trustee all fees, charges and expenses of the Trustee under this Indenture. Upon the occurrence of an Event of Default or an Event of Nonappropriation and during its continuance, the Trustee shall have a first lien with right of payment prior to payment on account of amounts representing Principal Components, premium, if any, or Interest Components with respect to any Certificate, upon all moneys in its possession under any provisions of this Indenture for the foregoing advances, fees, costs and expenses incurred and unpaid.

Section 903. Notices to Registered Owners. If a default occurs of which the Trustee is by **Section 901(h)** of this Indenture required to take notice, or if notice of default is given as provided in said Section, or if the Trustee has actual knowledge that there has been a failure to renew or a deficiency in the insurance coverages required by the Lease, then the Trustee shall, immediately after knowledge of such default, give written notice thereof to the Registered Owners of all Certificates then Outstanding, as shown by the Certificate Register.

Section 904. Intervention by the Trustee. In any judicial proceeding to which the City is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the Registered Owners, the Trustee may intervene on behalf of Registered Owners and shall do so if requested in writing by the Registered Owners of at least 25% of the aggregate principal amount of Certificates then Outstanding if provided with indemnity pursuant to **Section 901(l)** of this Indenture.

Section 905. Successor Trustee upon Merger, Consolidation or Sale. Any corporation or association into which the Trustee may be merged or converted or with or into which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, shall be and become successor Trustee hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereunder as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

Section 906. Resignation of the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days' written notice to the City and the Registered Owners whose names and addresses are on file with the Trustee, and such resignation shall take effect upon the earlier of (i) the end of such 30 days or (ii) the appointment of a successor Trustee by the City or by the Owners of at least a majority in aggregate stated Principal Components represented by the Certificates then Outstanding in accordance with **Section 908** of this Indenture; provided, however, that in no event shall the resignation of a Trustee or successor Trustee become effective until such time as a successor Trustee has been appointed and has accepted the appointment in accordance with **Section 909** of this Indenture. If at any time the Trustee shall cease to be eligible to act as trustee in accordance with the provisions of this Indenture, the Trustee shall immediately resign in the manner provided in this Section. In the event that the City or the Registered Owners of at least a majority in aggregate Principal Components represented by

the Certificates then Outstanding fail to appoint a successor Trustee within 30 days after notice of resignation has been given by the Trustee, the Trustee shall have the right to petition a court to appoint a successor Trustee.

Section 907. Removal of the Trustee. The Trustee may be removed at any time for any breach of trust or by an instrument or concurrent instruments in writing delivered (a) to the Trustee and the City and signed by the Registered Owners of not less than a majority in aggregate Principal Components represented by the Certificates then Outstanding, or (b) to the Trustee and the Registered Owners and signed by the City (so long as no Event of Default or Event of Nonappropriation shall have occurred and being continuing). In no event shall the removal of a Trustee or successor Trustee become effective until such time as a successor Trustee has been appointed and has accepted such appointment. In the event that the City or the Registered Owners of at least a majority in aggregate Principal Components represented by the Certificates then Outstanding fail to appoint a successor Trustee within 30 days after said instrument or concurrent instruments removing the Trustee are delivered to the Trustee, the Trustee shall have the right to petition a court to appoint a successor Trustee.

Section 908. Appointment of Successor Trustee. In case the Trustee shall resign or be removed, or shall otherwise become incapable of acting, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor Trustee may be appointed by the Registered Owners of a majority in aggregate principal amount of Certificates then Outstanding by an instrument or concurrent instruments in writing; provided, nevertheless, that in case of such vacancy and so long as no Event of Default or Event of Nonappropriation hereunder shall have occurred and be continuing, the City, by an instrument executed and signed by its Mayor and attested by its City Clerk under its seal, may appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Registered Owners; and any such Trustee so appointed by the City shall immediately and without further act be superseded by the successor Trustee so appointed by such Registered Owners. Every such Trustee appointed pursuant to the provisions of this Section shall warrant at the time of accepting such trust and exercising the powers of the Trustee hereunder that (i) it is a trust company or bank in good standing located in or incorporated under the laws of one of the states of the United States of America, (ii) it is duly authorized to exercise trust powers and is qualified to accept such trust, (iii) it is subject to examination by a federal or state authority, and (iv) it shall maintain a reported capital and surplus of not less than \$75,000,000. If such institution publishes reports of conditions at least annually pursuant to law or regulation, then for the purposes of this Section, 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.

Section 909. Vesting of Trusts in Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed or conveyance, become fully vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of its predecessor; but such predecessor shall, nevertheless, on the written request of the City, and upon receipt of the payment of its outstanding fees and expenses, execute and deliver an instrument transferring to such successor Trustee all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of such predecessor hereunder; and every predecessor Trustee shall deliver to its successor all securities and moneys held by such predecessor as Trustee hereunder and the duties and obligations of the predecessor Trustee hereunder shall thereafter cease and terminate. Should any instrument in writing from the City be required by any predecessor or successor Trustee for more fully and certainly vesting in such successor the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereby vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

Section 910. Right of Trustee to Pay Taxes and Other Charges. In case any tax, assessment or governmental or other charge upon, or insurance premium with respect to, any part of the Facilities are not paid as required herein or in the Lease, the Trustee may pay such tax, assessment or governmental charge or insurance premium, without prejudice, however, to any rights of the Trustee or the Registered Owners hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at a rate per annum equal to the Prime Rate in effect at the time plus 2%, shall become an additional obligation secured by this Indenture, and the same shall be given a preference in payment over any payment of amounts representing Principal Components, premium, if any, or Interest Components with respect to the Certificates, and shall be paid out of the proceeds of payments, revenues and receipts collected from the Facilities, if not otherwise caused to be paid; but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the Registered Owners of at least 25% of the aggregate principal amount of Certificates then Outstanding and shall have been provided adequate funds for the purpose of such payment.

Section 911. Trust Estate May Be Vested in Co-Trustee.

(a) It is the intent of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the State) denying or restricting the right of banking corporations or associations or trust companies to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, the Lease or the Base Lease, and in particular in case of the enforcement of one or more of the same on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction the Trustee may not exercise any of the powers, rights or remedies herein granted to it, or to take any other action which may be desirable or necessary in connection therewith, it may be necessary or desirable for the Trustee to appoint an additional individual or institution as a co-trustee or separate trustee, and the Trustee is hereby authorized to appoint such co-trustee or separate trustee.

(b) Any co-trustee appointed pursuant to this Section must comply with clause (iii) of **Section 908** of this Indenture; relating to the size of such co-trustee.

(c) In the event that the Trustee appoints an additional individual or institution as a co-trustee or separate trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, title, interest and lien expressed or intended by this Indenture to be exercised by the Trustee with respect thereto shall be exercisable by such co-trustee or separate trustee but only to the extent necessary to enable such co-trustee or separate trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such co-trustee or separate trustee shall run to and be enforceable by either of them.

(d) Should any deed, conveyance or instrument in writing from the City be required by the co-trustee or separate trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to the co-trustee or separate trustee such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

(e) In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, all the properties, rights, powers, trusts, duties and obligations of such co-trustee or separate trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a successor to such co-trustee or separate trustee.

Section 912. Annual Accounting. The Trustee shall render an accounting at least annually to the City and to any Registered Owner requesting the same, showing in reasonable detail all financial

transactions relating to the Trust Estate during the accounting period and the balance in any Funds created by this Indenture as of the beginning and close of such accounting period.

Section 913. Performance of Duties under the Lease. The Trustee hereby accepts and agrees to perform all duties and obligations specifically assigned to it under the Lease and the Base Lease.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 1001. Supplemental Indentures Not Requiring Consent of Registered Owners. The City and the Trustee may from time to time, subject to the provisions of **Section 1303** of this Indenture, without the consent of or notice to any of the Registered Owners, enter into a Supplemental Indenture or Supplemental Indentures not inconsistent with the terms and provisions of this Indenture, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Indenture or make any other change which in the judgment of the Trustee is not prejudicial to the Trustee or materially adverse to the security of the Registered Owners (provided the Trustee is entitled to receive and rely upon an opinion of counsel in exercising such judgment);
- (b) To grant to or confer upon the Trustee for the benefit of the Registered Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or the Trustee or either of them;
- (c) To more precisely identify the Facilities or the Trust Estate or to add property thereto;
- (d) To subject to this Indenture additional revenues, properties or collateral;
- (e) To comply with the arbitrage rebate requirements of Section 148(f) of the Code; and
- (f) To deliver Additional Certificates as provided in **Section 209** of this Indenture.

Section 1002. Supplemental Indentures Requiring Consent of Registered Owners.

(a) Exclusive of Supplemental Indentures covered by **Section 1001** above and subject to the terms and provisions contained in this Section and **Section 1303** of this Indenture, with the prior written consent of the Registered Owners of not less than a majority in aggregate Principal Components represented by the Certificates then Outstanding, the City and the Trustee shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to execute such other Supplemental Indenture or Supplemental Indentures as shall be deemed necessary and desirable by the City for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that nothing in this Section contained shall permit or be construed as permitting without the consent of the Registered Owners of 100% in aggregate Principal Components represented by the Certificates then Outstanding (1) an extension of the maturity or mandatory prepayment date of any installment representing Principal Components or Interest Components with respect to any Certificate delivered hereunder, (2) a reduction in the Principal Component represented by any Certificate or the rate of interest with respect thereto, (3) a privilege or priority of any Certificate or Certificates over any other Certificate or Certificates, (4) a reduction in the aggregate Principal Components represented by the Certificates, (5) a change to the

optional, extraordinary optional or special mandatory prepayment provisions in this Indenture, or (6) a change to this Section.

(b) If at any time the City requests the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed to each Registered Owner as shown on the Certificate Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the corporate trust office of the Trustee for inspection. If within 60 days or such longer period as may be prescribed by the City following the mailing of such notice, the requisite percentage of Registered Owners shall have consented to and approved the execution thereof as herein provided, no Registered Owner of any Certificate shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

Section 1003. Opinion of Counsel. Before the City and the Trustee enter into any Supplemental Indenture pursuant to this Article, there shall have been delivered to the City and the Trustee an Opinion of Special Counsel stating that such Supplemental Indenture is authorized or permitted by this Indenture, will upon the execution and delivery thereof be valid and binding upon the City in accordance with its terms, and will not adversely affect the validity of the Certificates or the exclusion from federal gross income of interest on any Certificates that have been delivered.

ARTICLE XI

AMENDMENTS TO THE BASE LEASE OR THE LEASE

Section 1101. Amendments to the Base Lease or the Lease Not Requiring Consent of Registered Owners. The City and the Trustee shall, without the consent of or notice to any of the Registered Owners, enter into any amendment, change or modification of the Base Lease or the Lease as may be required (a) by the provisions of the Base Lease, the Lease or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission in the Base Lease, the Lease or in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or materially adverse to the security for the Registered Owners (provided the Trustee is entitled to receive and rely upon an opinion of counsel in exercising such judgment), (c) so as to more precisely identify the Facilities or add property thereto, or (d) in connection with the delivery of Additional Certificates under **Section 209** of this Indenture.

Section 1102. Amendments to the Base Lease or the Lease Requiring Consent of Registered Owners. Except for the amendments, changes or modifications as specified in **Section 1101** of this Indenture, neither the City nor the Trustee shall execute any other amendment, change or modification of the Base Lease or the Lease without the giving of notice and the obtaining of the written approval or consent of the Registered Owners of not less than a majority in aggregate Principal Components represented by the Certificates at the time Outstanding given and obtained as provided in **Section 1002** of this Indenture. The Trustee shall cause notice of such proposed amendment, change or modification to be given in the same manner as provided in **Section 1002** of this Indenture with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the same are on file at the corporate trust office of the Trustee or such other office as the Trustee shall designate for inspection by all Certificate Owners.

Section 1103. Opinion of Counsel. Before the City and the Trustee consent to any amendment, change or modification of the Base Lease or the Lease, there shall have been delivered to the City and the Trustee an Opinion of Special Counsel stating that the amendment, change or modification of the Base Lease or the Lease is authorized or permitted by this Indenture and the instrument amended, changed or modified, will upon the execution and delivery thereof be valid and binding upon the City in accordance with its terms, and will not adversely affect the validity of the Certificates or the exclusion from federal gross income of interest on any Certificates that have been delivered.

ARTICLE XII

SATISFACTION AND DISCHARGE OF THIS INDENTURE

Section 1201. Satisfaction and Discharge of this Indenture.

(a) When the Principal Components, premium, if any, and Interest Components with respect to all the Certificates shall have been paid in accordance with their terms or provision has been made for such payment, as provided in **Section 1202** of this Indenture, and provision has also been made for paying all other sums payable hereunder, including the fees, costs, charges and expenses of the Trustee and the Paying Agent to the date of retirement of the Certificates and all sums payable under the Lease, then the right, title and interest of the Trustee under this Indenture shall thereupon cease, determine and be void, and thereupon the Trustee shall cancel, discharge and release this Indenture and shall execute, acknowledge and deliver to the City such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and the satisfaction and discharge of this Indenture, and shall assign and deliver to the City any property at the time subject to this Indenture which may then be in the Trustee's possession, except funds or securities in which such moneys are invested and held by the Trustee for the payment of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates.

(b) The City is hereby authorized to accept a certificate of the Trustee stating that all amounts with respect to the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates due and payable upon all of the Certificates then Outstanding has been paid or provision for such payment has been made in accordance with **Section 1202** of this Indenture as evidence of satisfaction of this Indenture.

Section 1202. Certificates Deemed to Be Paid.

(a) Certificates or any portion thereof shall be deemed to be paid within the meaning of this Article when payment of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Certificates being paid to the due date thereof (whether such due date is by reason of maturity or upon prepayment as provided in this Indenture, or otherwise), either (1) shall have been made or caused to be made in accordance with the terms hereof, or (2) provision therefor shall have been made by depositing with the Trustee or other duly authorized escrow agent, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment or (ii) Defeasance Obligations maturing as to principal and interest, without reinvestment, in such amount and at such times as will ensure the availability of sufficient moneys to make such payment. At such time as a Certificate shall be deemed to be paid hereunder as aforesaid, such Certificate shall no longer be secured by or be entitled to the benefits of this Indenture, except for the purposes of any such payment from such moneys or Defeasance Obligations.

(b) Notwithstanding the foregoing, in the case of any Certificate which by its terms may be prepaid prior to the stated maturity thereof, no deposit under clause (2) of subsection (a) above shall be deemed a payment of such Certificates as aforesaid until, as to all such Certificates which are to be prepaid prior to their respective stated maturities, (1) proper notice of such prepayment shall have been given in accordance with **Article III** of this Indenture or irrevocable instructions shall have been given to the Trustee to give such notice and (2) in the case of Certificates which do not mature or will not be prepaid within 90 days of the deposit referred to in (a) above, there shall have been delivered to the Trustee a verification report of an independent certified public accounting firm as to the adequacy of the trust funds to fully pay the Certificates deemed to be paid.

(c) Notwithstanding any provision of any other Section of this Indenture which may be contrary to the provisions of this Section, all moneys or Defeasance Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of Principal Components (including premium, if any) and Interest Components with respect thereto shall be applied to and be used solely for the payment of the particular Principal Components (including premium, if any) and Interest Components with respect thereto to which such moneys and Defeasance Obligations have been so set aside in trust.

(d) Provision for payment of the Certificates Outstanding hereunder may not be made as aforesaid nor may this Indenture be discharged if under any circumstances the Interest Component of the Rental Payments represented by such Certificates is thereby made subject to federal income taxation. In determining the foregoing, the Trustee may rely upon an opinion of Special Counsel to the effect that so providing for the payment of any Certificates will not cause the Interest Component of the Rental Payments to be includable in gross income for federal income tax purposes.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

Section 1301. Reserved.

Section 1302. Consents and Other Instruments by Registered Owners.

(a) Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Registered Owners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Registered Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Certificates, (other than the assignment of ownership of a Certificate as set forth in the form of Certificate) if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted under any such instrument, namely:

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

(2) The fact of ownership of Certificates, the amount or amounts, numbers and other identification of Certificates, and the date of holding the same shall be proved by the Certificate Register maintained by the Trustee.

(b) In determining whether the Registered Owners of the requisite principal amount of Certificates Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Certificates owned by the City shall be disregarded and deemed not to be Outstanding under this Indenture.

Section 1303. Limitation of Rights under this Indenture. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Certificates is intended or shall be construed to give any person, other than the parties hereto, or the Registered Owners of the Certificates, any right, remedy or claim under or with respect to this Indenture, this Indenture and all of the covenants, conditions and provisions of this Indenture being intended to be and being for the sole and exclusive benefit of the parties hereto, and the Registered Owners of the Certificates as herein provided.

Section 1304. Notices. Any notice, request, complaint, demand or other communication required or desired to be given or filed under this Indenture shall be in writing and shall be deemed duly given or filed if the same shall be duly mailed by first class, registered or certified mail (unless otherwise provided herein), postage prepaid, addressed as follows provided that any of the foregoing given to the Trustee shall be effective only upon receipt:

(a) To the City:

City of Carthage, Missouri
326 Grant Street
Carthage, MO 64836
Attention: City Administrator

(b) To the Trustee:

UMB Bank, N.A., as Trustee
928 Grand Boulevard, 12th Floor
Kansas City, Missouri 64106
Attention: Corporate Trust Department

(c) To the Purchaser:

Piper Sandler & Co.
11635 Rosewood Street
Leawood, Kansas 66211

(d) To the Registered Owners if the same shall be duly mailed by first class mail (unless otherwise provided for herein) addressed to each of the Registered Owners of Certificates at the time Outstanding as shown by the Certificate Register.

All notices given by first class, certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed. The Trustee and the City may from time to time designate, by notice given hereunder to the others of such parties, such other address to which subsequent notices, certificates or other communications shall be sent.

Section 1305. Suspension of Mail Service. If, because of the suspension of regular mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided,

then such publication, electronic delivery or hand delivery in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient notice.

Section 1306. Severability. If any provision of this Indenture shall be held or deemed to be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions of this Indenture or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

Section 1307. Execution in Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1308. Governing Law. This Indenture shall be governed exclusively by and be construed in accordance with applicable laws of the State.

Section 1309. Electronic Storage of Documents. The City and the Trustee agree that the transaction described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the **CITY OF CARTHAGE, MISSOURI** has caused this Indenture to be signed in its name and behalf and attested by its duly authorized officers, and to evidence its acceptance of the trusts hereby created, **UMB BANK, N.A.** has caused this Indenture to be signed in its name and behalf and attested by its duly authorized officers, all as of the date first above written.

CITY OF CARTHAGE, MISSOURI

By: _____

Name: Dan Rife

Title: Mayor

(Seal)

ATTEST:

Name: Miranda Deal

Title: City Clerk

**UMB BANK, N.A.,
as Trustee**

By: _____
Name:
Title:

ATTEST:

By _____
Name:
Title:

SCHEDULE 1 TO TRUST INDENTURE
THE PROJECT SITE

SCHEDULE 2 TO TRUST INDENTURE

THE PROJECT

The Project consists of replacing, upgrading and renovating various pieces of equipment of the utility system, including the relocation and upgrade of several transmission lines and switches. The Project includes four main components:

- (1) The transmission lines between the Southwest Power Administration Substation and Substation No. 1 will be replaced. Electricity that is purchased arrives at the utility via the Southwest Power Administration Substation and is then transmitted to the utility's other substations.
- (2) The infrastructure utilized in the transmission and transformation of electricity between the Power Plant Substation and Substation No. 1 will be upgraded and improved. Infrastructure upgrades in and near the Power Plant Substation include replacement of physical lines and relocation of five distribution feeder circuit breakers to Substation No. 1. Infrastructure upgrades in and near Substation No. 1 include upgrading and adding distribution feeder circuit breakers that will improve reliability and be easier to maintain.
- (3) Infrastructure in and near Substation No. 2 will be replaced and upgraded. A transformer and switch gear will be replaced, and the improvements will be moved to an outdoor structure to provide for easier maintenance and operation.
- (4) Feeder lines from Substation No. 2 will be upgraded and extended. The feeder line connects the substation to the distribution system. The extension will connect with neighborhoods and improve flexibility in electric distribution.

EXHIBIT A TO TRUST INDENTURE

(FORM OF CERTIFICATE OF PARTICIPATION)

No. R-_____

\$_____

EXCEPT AS OTHERWISE PROVIDED IN THIS INDENTURE (DESCRIBED HEREIN), THIS GLOBAL CERTIFICATE MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (DESCRIBED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

UNITED STATES OF AMERICA

STATE OF MISSOURI

CITY OF CARTHAGE, MISSOURI
CERTIFICATE OF PARTICIPATION
(CARTHAGE WATER AND ELECTRIC PLANT)
SERIES 2022

Interest Rate

Maturity Date

Dated Date

CUSIP Number

Registered Owner: _____

Principal Amount: _____

THIS CERTIFIES THAT the Registered Owner shown above, or registered assignee, is the owner of an undivided interest in the right to receive Rental Payments (hereinafter described) from City of Carthage, Missouri, as lessee (the “City”), under an annually renewable Lease Agreement dated as of December 15, 2022, as amended and supplemented from time to time in accordance with the provisions thereof (the “Lease”), between the City, as lessee and UMB Bank, N.A., Kansas City, Missouri, as Trustee (the “Trustee”). Payments under the Lease and this Certificate are secured by a pledge and assignment by the City of all of the City’s rights and interest under the Lease and the Base Lease dated as of December 15, 2022, as amended and supplemented from time to time in accordance with the provisions thereof (the “Base Lease”), between the City and the Trustee, pursuant to a Trust Indenture dated as of December 15, 2022 (said Trust Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, being herein called the “Indenture”), between the Trustee and the City. Under the Lease and the Indenture, the Registered Owner shown above, or registered assigns, is entitled to receive, but solely from Rental Payments to be made by the City under the Lease, upon the presentation and surrender of this Series 2022 Certificate, the Principal Amount shown above on the Maturity Date shown above, except as the provisions hereinafter set forth with respect to prepayment prior to maturity may become applicable hereto, and in like manner to receive interest on said Principal Amount at the Interest Rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months) from the Dated Date shown above or from the most recent interest payment date to which interest has been paid or

duly provided for, payable semiannually on May 1 and November 1 in each year beginning May 1, 2023, until said Principal Amount is paid.

The Principal Component, premium, if any, and Interest Component of the Rental Payments represented by this Series 2022 Certificate shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Amounts representing the Principal Component and premium, if any, with respect to this Series 2022 Certificate shall be payable to the Registered Owner at the maturity or prepayment date hereof upon presentation and surrender of this Series 2022 Certificate at the payment office of the Trustee, or such other office designated by the Trustee. The Interest Components payable with respect to this Series 2022 Certificate on any interest payment date shall be paid by check or draft mailed by the Trustee to the person in whose name this Series 2022 Certificate is registered at the close of business on the Record Date for such interest, which shall be the fifteenth day (whether or not a Business Day) of the calendar month preceding the month in which such interest payment date occurs. Upon the request and at the expense of any Registered Owner of Series 2022 Certificate representing at least \$500,000 in Principal Component payments with respect to the Series 2022 Certificates shall be made by electronic transfer to the bank for credit to the ABA routing number and the account name and account number designated to the Trustee by such Registered Owner no later than the five (5) Business Days preceding the Record Date.

This Series 2022 Certificate is one of a series of Certificates of Participation consisting of \$14,185,000 principal amount of City of Carthage, Missouri Certificates of Participation (Carthage Water and Electric Plant), Series 2022 (the “**Series 2022 Certificates**”), which evidence the proportionate interests of the Registered Owners thereof in the right to receive certain Rental Payments from the City under the Lease. The Series 2022 Certificates have been delivered and sold for the purposes of providing funds to pay the costs of a project located on certain real estate and any existing buildings and fixtures thereon (the “**Project Site**,” the Project Site and all additions, modifications, improvements, replacements and substitutions made thereon and thereto and any additional facilities financed with Additional Certificates on the Project Site being collectively referred to as the “**Facilities**”), to be leased to the City under the terms of the Lease.

Subject to the terms of this Indenture, the Trustee may deliver Additional Certificates on a parity with the Series 2022 Certificates (together with Additional Certificates, the “**Certificates**”). Reference is hereby made to this Indenture for a description of the provisions, among others, with respect to the nature and extent of the security for the Series 2022 Certificates, the rights, duties and obligations of the Trustee and the owners of the Series 2022 Certificates, and the terms upon which the Series 2022 Certificates are delivered and secured. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

The Series 2022 Certificates shall be subject to prepayment prior to maturity upon instructions from the City, on and after May 1, 20__, as a whole or in part at any time, at a prepayment price of 100% of the principal component of the Rental Payments represented by the Series 2022 Certificates being prepaid, plus the interest component of the Rental Payments accrued to the prepayment date.

[The Series 2022 Certificates, or portions thereof, maturing on May 1, 20__, May 1, 20__ and May 1, 20__ are subject to mandatory prepayment prior to maturity at a prepayment price of 100% of the principal amount thereof, plus accrued interest thereon to the prepayment date, in the amounts and on the dates provided in the Indenture.]

The Series 2022 Certificates are also subject to prepayment prior to maturity upon instructions from the City, in whole or in part on any date at a prepayment price of 100% of the principal amount thereof,

plus accrued interest thereon to the prepayment date upon the occurrence of certain extraordinary events described in the Indenture.

In the event any of the Series 2022 Certificates are called for prepayment as aforesaid, notice thereof identifying the Series 2022 Certificates to be prepaid will be given by mailing a copy of the prepayment notice at least 20 days prior to the prepayment date to the Registered Owner of each Series 2022 Certificate to be prepaid at the address shown on the Certificate Register maintained by the Trustee. Any notice of prepayment shall state the date and place of prepayment, the series, maturities and numbers of the Series 2022 Certificates or portions of Series 2022 Certificates to be prepaid (and in the case of the prepayment of a portion of any Series 2022 Certificate the principal amount thereof being prepaid), the prepayment price and that the Registered Owner will no longer be entitled to receive any additional Interest Component of the Rental Payments from and after the prepayment date. The Registered Owners of such Series 2022 Certificates or portion of the Principal Component with respect to the Series 2022 Certificates thus called for prepayment shall no longer be entitled to receive any additional Interest Component of the Rental Payments after the specified prepayment date, and such Series 2022 Certificates or portion of the Principal Component with respect to the Series 2022 Certificates thus called for prepayment shall no longer be entitled to the protection, benefit or security of the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

Each Series 2022 Certificate shall evidence the undivided interest of the Registered Owner thereof in the rights of the Trustee to receive Rental Payments from the City under the Lease. The Series 2022 Certificates are payable solely out of the Rental Payments and other payments, revenues and receipts derived from the City under the Lease (including, in certain circumstances, Series 2022 Certificate proceeds and income from the temporary investment thereof and Net Proceeds). The Series 2022 Certificates and the interest with respect thereto are secured by a pledge and assignment of the Trust Estate by the Trustee in favor of the Registered Owners of the Series 2022 Certificates, as provided in the Indenture. The Series 2022 Certificates shall not constitute a liability or obligation of the City beyond the Lease Term in effect at any time. The Series 2022 Certificates shall not constitute a general obligation or indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.

NO PROVISION, COVENANT OR AGREEMENT CONTAINED HEREIN OR IN THE INDENTURE OR IN THE LEASE, OR ANY OBLIGATION HEREIN OR THEREIN IMPOSED ON THE TRUSTEE OR THE BREACH THEREOF, SHALL (1) CONSTITUTE OR GIVE RISE TO OR IMPOSE UPON THE TRUSTEE A PECUNIARY LIABILITY OR A CHARGE UPON THE GENERAL CREDIT OF THE TRUSTEE, OR (2) IMPOSE ANY PERSONAL LIABILITY ON ANY DIRECTOR, OFFICER, AGENT, OR EMPLOYEE OF THE TRUSTEE.

Pursuant to the provisions of the Lease, Rental Payments sufficient for the prompt payment when due of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Series 2022 Certificates are to be made by the City directly to the Trustee and deposited in a special trust account created by the Indenture and designated **“Certificate Fund.”**

The Registered Owner of this Series 2022 Certificate shall have no right to enforce the provisions of this Indenture or to institute any action to enforce the covenants therein, or to take any action with respect to any Event of Default or any Event of Nonappropriation under this Indenture (as defined therein), or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, amounts representing Principal Components with respect to the Certificates delivered under the Indenture and then Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The Indenture may be modified, amended or supplemented only to

the extent and under the circumstances permitted by, and subject to the terms and conditions of, the Indenture.

The Series 2022 Certificates are delivered in the form of fully registered Series 2022 Certificates without coupons in the denominations of \$5,000 or any integral multiple thereof.

The Series 2022 Certificates are being delivered by means of a book-entry system with no physical distribution of certificates to be made except as provided in the Indenture. One certificate with respect to each date on which the Series 2022 Certificates are stated to mature or with respect to each form of Series 2022 Certificates, registered in the nominee name of the Securities Depository, is being delivered. The book-entry system will evidence positions held in the Series 2022 Certificates by the Securities Depository's participants, beneficial ownership of the Series 2022 Certificates in authorized denominations pursuant to the Indenture being evidenced in the records of such participants. Transfers of ownership shall be effected 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 and the Trustee will recognize the Securities Depository nominee, while the registered owner of this Series 2022 Certificate, as the owner of this Series 2022 Certificate for all purposes, including (i) payments representing Principal Components, premium, if any, and Interest Components with respect to this Certificate, (ii) notices and (iii) voting. Transfer of amounts representing Principal and Interest Components and any premium payments to participants of the Securities Depository, and transfer of amounts representing Principal and Interest Components and any premium payments to beneficial owners of the Series 2022 Certificates by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The City and the Trustee 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 Series 2022 Certificate, notwithstanding the provision hereinabove contained, payments of the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by this Series 2022 Certificate shall be made in accordance with existing arrangements among the City, the Trustee and the Securities Depository.

EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, THIS GLOBAL SERIES 2022 CERTIFICATE 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.

This Series 2022 Certificate may be transferred or exchanged, as provided in the Indenture, only upon the registration books kept for that purpose at the above-mentioned office of the Trustee, upon surrender of this Series 2022 Certificate together with a written instrument of transfer or authorization for exchange satisfactory to the Trustee and duly executed by the Registered Owner or his duly authorized attorney, and thereupon a new Series 2022 Certificate or Series 2022 Certificates, in any authorized denomination of the same maturity and in the same aggregate principal amount shall be delivered by the Trustee to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Trustee and any Paying Agent may deem and treat the Person in whose name this Series 2022 Certificate is registered on the Certificate Register as the absolute owner hereof for the purpose of receiving payment of, or on account of, amounts representing the Principal Component, premium, if any, and Interest Component due with respect hereto and for all other purposes.

Subject to the conditions and upon the payment of the charges provided in the Indenture, the owner of any Series 2022 Certificate or Series 2022 Certificates may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner or his duly

authorized attorney) in exchange for an equal aggregate principal amount of Series 2022 Certificates of any other authorized denominations.

This Series 2022 Certificate shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until it has been executed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and of this Series 2022 Certificate do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, UMB BANK, N.A., has caused this Series 2022 Certificate to be executed in its name by the manual signature of its authorized signatory and has caused this Series Certificate to be dated as of the Dated Date shown above.

UMB BANK, N.A.,
Trustee and Paying Agent

By _____
Authorized Signatory

(FORM OF ASSIGNMENT)

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

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

the within Series 2022 Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Series 2022 Certificate on the books kept by the Trustee for the registration and transfer of Series 2022 Certificates, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Series 2022 Certificate in every particular and must be guaranteed by an eligible guarantor.

Medallion Signature Guarantee:

LEGAL OPINION

The following is a true and correct copy of the approving legal opinion of Gilmore & Bell, P.C., Special Counsel, which was dated and issued as of the date of original execution and delivery of the Series 2022 Certificates:

GILMORE & BELL, P.C.
2405 Grand Boulevard, Suite 1100
Kansas City, Missouri 64108

[APPROVING LEGAL OPINION OF SPECIAL COUNSEL]

LEASE AGREEMENT

Dated as of December 15, 2022

Between

**UMB BANK, N.A.,
as Lessor**

and

**CITY OF CARTHAGE, MISSOURI,
as Lessee**

LEASE AGREEMENT

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LEASE AGREEMENT

THIS LEASE AGREEMENT, dated as of December 15, 2022 (the “**Lease**”), between **UMB BANK, N.A.**, a national banking association duly organized and existing under and by virtue of the laws of the United States of America with a corporate trust office located in Kansas City, Missouri, in its capacity as Trustee under the hereinafter referred to Indenture (the “**Lessor**”), and **CITY OF CARTHAGE, MISSOURI**, a constitutional charter city duly organized and existing under the laws of the State of Missouri (the “**Lessee**”).

WITNESSETH:

WHEREAS, the Lessee is authorized pursuant to the Revised Statutes of Missouri, as amended, to sell or lease any existing sites owned by the Lessee, together with any existing buildings and facilities thereon, in order to provide for the acquisition, construction, improvement, extension, repair, remodeling, renovation, furnishing and equipping of buildings and facilities thereon and other property, and then lease back or purchase such sites, buildings, facilities and property; and

WHEREAS, pursuant to an ordinance adopted by the Lessee on November 22, 2022, the Lessee has been authorized (a) enter into a Base Lease with the Lessor, dated as of the date hereof (the “**Base Lease**”), pursuant to which the Lessee shall grant a leasehold interest to the Lessor for a maximum Base Lease Term ending on June 30, 2073, in certain real estate described in **Schedule 1** attached hereto and any existing building and improvements located thereon (the “**Project Site**”), and (b) to enter into this annually renewable Lease with the Lessor under which the Lessee will (i) provide for projects (the “**Project**”) more specifically described in **Schedule 2** attached to this Lease (the Project Site and all additions, modifications, improvements, replacements and substitutions made thereon and thereto and any additional facilities financed with the Series 2022 Certificates or any Additional Certificates (as hereinafter defined) being collectively referred to as the “**Facilities**”) and (ii) lease the Facilities from the Lessor for an initial term ending June 30, 2023 (the “**Initial Term**”), with successive one-year renewal options (the “**Renewal Terms**”) exercisable by the Lessee subject to annual budget appropriations, except that the final Renewal Term may be for a period of less than one year as provided in this Lease; and

WHEREAS, in order to provide funds to pay the costs of the Project, the Lessor will, pursuant to a Trust Indenture, dated as of the date hereof (the “**Indenture**”), sell a series of City of Carthage, Missouri Certificates of Participation (Carthage Water and Electric Plant), Series 2022, in the aggregate principal amount of \$14,185,000 (the “**Series 2022 Certificates**”), and is authorized to sell one or more additional series of Certificates of Participation for other purposes authorized by the Indenture (such additional Certificate of Participation together with the Series 2022 Certificates being collectively referred to as the “**Certificates**”), evidencing proportionate interests of the owners thereof in Rental Payments (as defined in the Indenture) payable pursuant to this Lease; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, the Lessor and the Lessee do hereby covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. In addition to any words and terms defined elsewhere in this Lease, capitalized words and terms used in this Lease shall have the meanings given to

such words and terms in **Section 101** of the Indenture (which definitions are hereby incorporated by reference).

Section 1.2. Rules of Construction.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(b) All references in this Lease to a particular article, section, other subdivision, exhibit, schedule or appendix shall be construed to be a reference to the specified article, section or other subdivision or exhibit, schedule or appendix hereto unless the context or use clearly indicates another or different meaning or interest. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision.

(c) The section and article headings herein are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions hereof.

(d) Whenever an item or items are listed after the word “including,” such listing is not intended to be a listing that excludes items not listed.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations by the Lessee. The Lessee makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Lessee a constitutional charter city duly organized and existing under the laws of the State.

(b) The Lessee has lawful power and authority to enter into this Lease, the Indenture and the Base Lease and to carry out its obligations under this Lease, the Indenture and the Base Lease and by proper action of its City Council has been duly authorized to execute and deliver this Lease, the Indenture and the Base Lease, acting by and through its duly authorized officers.

(c) The execution and delivery of this Lease, the Indenture and the Base Lease, the consummation of the transactions contemplated thereby, and the performance of or compliance with the terms and conditions of this Lease, the Indenture and the Base Lease by the Lessee will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restriction or any agreement or instrument to which the Lessee is a party or by which it or any of its property is bound, or any order, rule or regulation applicable to the Lessee or any of its property of any court or governmental body, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee under the terms of any instrument or agreement to which the Lessee is a party.

(d) The acquisition, construction, improving, furnishing and equipping of the Project and the leasing of the Facilities by the Lessor to the Lessee will advance the purposes of the Lessee, and the Project upon completion thereof will constitute essential governmental property to the Lessee.

(e) The Facilities and all other property of the Lessee will comply in all material respects with all presently applicable building and zoning, health, environmental and safety ordinances and laws and all other applicable laws, rules and regulations.

(f) This Lease, the Indenture and the Base Lease constitute legal, valid and binding obligations of the Lessee enforceable in accordance with their terms, except to the extent limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(g) To the knowledge of the Lessee, there is no litigation or proceeding pending or threatened against the Lessee or any other person affecting the right of the Lessee to execute this Lease, the Indenture or the Base Lease or the ability of the Lessee to make the payments required under this Lease or to otherwise comply with the obligations contained in this Lease, the Indenture or the Base Lease, or to consummate the transactions contemplated in this Lease, the Base Lease or the Indenture, or that otherwise materially and adversely affect the financial condition of the Lessee.

(h) No member of the governing body of the Lessee or any other officer of the Lessee has any significant conflicting interest, financial, employment or otherwise, in the Lessee, the Facilities or in the transactions contemplated hereby.

(i) The execution and delivery of this Lease, the Indenture and the Base Lease by the Lessee will not conflict with or result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Lessee is a party or by which it or any of its property is bound or any of the rules or regulations applicable to the Lessee or its property of any court or other governmental body.

(j) The Lessee is a governmental unit under the laws of the State with general taxing powers, and 95% or more of the net proceeds of the Certificates will be used for local governmental activities of the Lessee.

ARTICLE III

GRANTING PROVISIONS

Section 3.1. Lease of Facilities. The Lessor rents, leases and lets the Facilities to the Lessee, and the Lessee rents, leases and hires the Facilities from the Lessor, for the rentals and upon and subject to the terms and conditions contained in this Lease.

Section 3.2. Lease Term.

(a) This Lease shall become effective upon its delivery, and subject to earlier termination pursuant to the provisions of this Lease, shall have an Initial Term terminating on the last day of the Lessee's current Fiscal Year.

(b) The Lease Term may be extended, solely at the option of the Lessee, at the end of the Initial Term or any Renewal Term for an additional Renewal Term up to the Maximum Lease Term.

(c) At the end of the Initial Term and at the end of each Renewal Term, the Lessee shall be deemed to have exercised its option to continue this Lease for the next Renewal Term, unless the Lessee delivers written notice to the Lessor no later than June 30 of each year stating the Lessee's intention to not

extend the Lease Term. The Lessee's option to renew or not to renew this Lease shall be conclusively determined by whether or not the City Council of the Lessee has, on or before the June 30 immediately preceding the end of the Initial Term or any Renewal Term then in effect, budgeted and appropriated, specifically with respect to this Lease, moneys sufficient to pay all the Rental Payments and reasonably estimated Additional Payments for the ensuing Renewal Term. The City Administrator of the Lessee (or any other officer at any time charged with the responsibility of preparing budget proposals) is hereby directed to include in the budget proposal submitted to the City Council, in any year in which this Lease shall be in effect, items for all payments required for the next ensuing Renewal Term under this Lease; it being the intention of the City Council that the decision to renew or not to renew this Lease shall be made solely by the City Council and not by any other official of the Lessee. The Lessee shall in any event, whether or not this Lease is to be renewed, furnish to the Lessor and the Purchaser copies of its annual budget promptly after the budget is adopted, but in any case no later than 30 days later than the end of each Fiscal Year.

(d) The Lessee's option to renew or not to renew this Lease may not be exercised at any time during which an Event of Default has occurred and is then continuing under any of the terms of this Lease; provided, however, that if such Event of Default (money payments excepted) is of such nature that the same is curable but not within the period allowed for curing such Event of Default, then the right of the Lessee to exercise the option hereby granted shall not be suspended if the Lessee shall have promptly commenced within such period to comply with the provisions of this Lease which shall have been breached by it and if so long as the Lessee shall, with diligence and continuity, proceed to cure such Event of Default.

(e) The Lessee intends, subject to the provisions above respecting the failure of the Lessee to budget or appropriate funds to make Rental Payments and Additional Payments, to continue this Lease Term and to pay the Rental Payments and Additional Payments under this Lease. The Lessee reasonably believes that legally available funds in an amount sufficient to make all Rental Payments and Additional Payments during the Initial Term and each Renewal Term can be obtained. The Lessee further intends to do all things lawfully within its power to obtain and maintain funds from which the Rental Payments and Additional Payments may be made, including making provision for such Rental Payments and Additional Payments to the extent necessary in each proposed annual budget submitted for approval in accordance with applicable procedures of the Lessee and to exhaust all available reviews and appeals in the event such portion of the budget is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to continue the Lease Term is to be made in accordance with the Lessee's normal procedures for such decisions.

(f) The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Initial Term, except that the Rental Payments and the Option Purchase Price shall be as provided in the schedules set forth in **Schedule 4** to this Lease, as such schedules may be revised as provided in the Indenture.

Section 3.3. Termination of the Lease Term. The Lease Term will terminate, and all of the Lessee's right, title and interest in and to this Lease (except to the extent of any conveyance pursuant to **Article XI** of this Lease) and its obligations thereunder shall terminate without penalty upon the earliest to occur of any of the following events:

(a) the expiration of the Initial Term or any Renewal Term and the nonrenewal of the Lease Term resulting from an Event of Nonappropriation pursuant to **Section 5.5** of this Lease (which is not thereafter waived by the Lessor as herein provided);

(b) the exercise by the Lessee of the option to purchase the Facilities pursuant to **Section 11.1** of this Lease;

(c) an Event of Default and the Lessor's election to terminate this Lease as provided in **Article XII** of this Lease;

(d) the payment by the Lessee of all Rental Payments and Additional Payments authorized or required to be paid by the Lessee under this Lease during the Maximum Lease Term; or

(e) June 30, 2043 (unless otherwise provided in a Supplemental Lease).

Section 3.4. Possession and Use of the Facilities.

(a) The Lessor covenants and agrees that as long as the Lessee shall not be in default under this Lease, the Lessee shall have sole and exclusive possession of the Facilities (subject to the Lessor's right of access pursuant to **Section 3.5** of this Lease) and shall and may peaceably and quietly have, hold and enjoy the Facilities during the Lease Term. The Lessor covenants and agrees that it will not take any action, except as expressly set forth in this Lease, the Base Lease and the Indenture, to prevent the Lessee from having quiet and peaceable possession and enjoyment of the Facilities during the Lease Term and will, at the request and expense of the Lessee, cooperate with the Lessee in order that the Lessee may have quiet and peaceable possession and enjoyment of the Facilities and will defend the Lessee's enjoyment and possession thereof against all parties.

(b) Subject to the provisions of this Section, the Lessee shall have the right to use the Facilities for any lawful purpose allowed by law. The Lessee shall comply in all material respects with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities (including without limitation all environmental laws), now or hereafter applicable to the Facilities and the other property of the Lessee or to any adjoining public ways, as to the manner of use or the condition of the Facilities or of adjoining public ways. The Lessee shall also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of **Article VI** of this Lease. The Lessee shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the Lessee to comply with the provisions of this Section. Notwithstanding any provision contained in this Section, however, the Lessee shall have the right, at its own cost and expense, to contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer, and during such contest or review the Lessee may refrain from complying therewith unless the Lessor shall notify the Lessee that, in the opinion of Counsel, by noncompliance, the interest of the Lessor in the Facilities will be materially endangered or the Facilities or any part thereof will be subject to loss or forfeiture, in which event the Lessee shall promptly comply therewith or provide the Lessor with full security against any such loss or forfeiture, in form satisfactory to the Lessor.

Section 3.5. Right of Access to the Facilities. The Lessee agrees that the Lessor and its duly authorized agents shall have the right at reasonable times during business hours, subject to the Lessee's usual safety and security requirements, to examine and inspect the Facilities without interference or prejudice to the Lessee's operations. The Lessee further agrees that the Lessor and its duly authorized agents shall have such rights of access to the Facilities (a) as may be reasonably necessary to effect the completion of the acquisition, construction, furnishing and equipping of the Project specified in **Section 4.2** of this Lease, (b) maintaining and performing such work in and about the Facilities made necessary by reason of the Lessee's default under any of the provisions of this Lease, and (c) exhibiting the Facilities to prospective purchasers, lessees or trustees subsequent to an Event of Default or Event of Nonappropriation.

ARTICLE IV

EXECUTION AND DELIVERY OF CERTIFICATES; CONSTRUCTION OF THE PROJECT

Section 4.1. Execution and Delivery of Certificates.

(a) In order to provide funds to finance Project Costs or to reimburse the Lessee for Project Costs, the Lessor will, concurrently with the delivery of this Lease, execute and deliver the Certificates under the Indenture, each Certificate evidencing the undivided interest of the Registered Owner thereof in the rights to receive Rental Payments and other payments under this Lease. The proceeds of the sale of the Certificates shall be paid to the Lessor as provided in the Indenture to be used and applied as hereinafter provided in this Article and in the Indenture.

(b) The Lessee may authorize the execution and delivery of Additional Certificates from time to time upon the terms and conditions provided in **Section 209** of the Indenture.

(c) If the Lessee is not in default under this Lease, the Lessor will, at the written request of the Lessee, from time to time, execute and deliver the amount of Additional Certificates specified by the Lessee; provided that the terms and provisions of such Additional Certificates, the purchase price to be paid therefor and the manner in which the proceeds therefrom are to be disbursed shall have been approved in writing by the Lessee, and provided further that the Lessee shall have entered into an amendment to this Lease to provide for additional Rental Payments represented by the Additional Certificates when due, and the Lessee shall have otherwise complied with the provisions of the Indenture with respect to the execution and sale of such Additional Certificates. The terms and provisions of any Additional Certificates shall be set forth in the Supplemental Indenture authorizing such Additional Certificates.

Section 4.2. Acquisition, Construction, Improvement and Equipping of the Project.

(a) The Lessee will acquire, construct, improve, furnish and equip the Project in accordance with the Construction Contracts and the Plans and Specifications. The Lessee may make minor changes in and to the Construction Contracts and the Plans and Specifications incorporated therein, but material changes may only be made with the approval of the Lessor. The Lessee agrees that it will use its best efforts to cause the acquisition, construction, improvement, furnishing and equipping of the Project to be completed as soon as practicable with all reasonable dispatch.

(b) The Lessee shall ensure that the Project conforms to all applicable health, safety, environmental and building codes, regulations and standards.

Section 4.3. Payment for Project Costs.

(a) All Project Costs shall be paid by the Lessor from moneys in the Project Fund upon receipt by the Lessor of requisition certificates in substantially the form attached hereto as **Schedule 3** to this Lease in accordance with **Section 504** of the Indenture.

(b) If the Project Fund shall be insufficient to pay fully all Project Costs and to complete fully the Project free of liens or claims, the Lessee shall pay, but only from legally available funds, the full amount of any such deficiency by making payments directly to the Construction Contractors and to the

suppliers of materials and services as the same shall become due, and the Lessee shall save the Lessor whole and harmless from any obligation to pay such deficiency.

Section 4.4. Establishment of Completion Date.

(a) The Completion Date shall be evidenced by delivery to the Lessor of the Completion Certificate signed by the Authorized City Representative stating (i) that the acquisition, construction, improvement, furnishing and equipping of the Project has been completed in accordance with the Plans and Specifications, (ii) that all Project Costs have been paid except costs and expenses the payment of which is not yet due or is being retained or contested in good faith by the Lessee, and (iii) amounts to be retained by the Lessor with respect to item (ii) above. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being.

(b) Upon receipt of the Completion Certificate, any remaining moneys then in the Project Fund shall be applied by the Lessor as provided in **Section 505** of the Indenture.

(c) If an Event of Nonappropriation or an Event of Default shall occur prior to the delivery of the Completion Certificate pursuant to **Section 505** of the Indenture, then the moneys remaining in the Project Fund may be utilized by the Lessor to complete construction of the Project or, upon termination of the term of this Lease, may be disbursed as provided in the Indenture.

(d) The Lessee hereby covenants, to the extent permitted by law, to use other available funds, but only to the extent contemplated by the Construction Contracts or from lawfully available moneys specifically appropriated for that purpose, to the extent necessary to complete the design and construction of the Project as herein required, or to make certain design changes in the Project to the extent necessary to complete the Project with moneys then available for such purposes in the Project Fund.

Section 4.5. Project Documents. The Lessee, at its own cost and expense, will deliver to the Lessor, upon request, copies of the following documents (which shall be collectively referred to herein as the "Project Documents"):

(a) *Plans and Specifications.* All available preliminary and final Plans and Specifications (the Lessee agrees to deliver to the Lessor the final versions of such preliminary Plans and Specifications as such final versions become available and in any event by such time as work is commenced on the portion of the Project to which such Plans and Specifications relate).

(b) *Construction Contracts.* All architect's and general contractor's contracts for the Project and all prime subcontractor's contracts and purchase orders for any equipment included in the Project deemed necessary by the Lessor.

(c) *Performance and Payment Bonds.* Performance, labor and material payment bonds with respect to the Construction Contracts in the full amount of the contract price under the Construction Contracts, made by the Construction Contractor thereunder as the principal and a surety company or companies licensed and qualified to do business in the State as surety. Any and all moneys received by the Lessee or the Lessor under such bonds or from the Construction Contractor or other suppliers of machinery or equipment by way of breach of contract, refunds or adjustments shall become a part of and be deposited in the Project Fund.

If, at any time during the acquisition, construction, furnishing and equipping of the Project, the surety on such bond shall be disqualified from doing business within the State, or shall otherwise become

incapable of performing its obligations under such bond, an alternate surety shall be selected, licensed and qualified to do business in the State as surety. In the event of any change order resulting in an increase in the Project Costs in accordance with the Construction Contracts, the amounts of such bond pertaining thereto shall be increased to include the cost of such additional work or materials or fixtures to be incorporated in the Project.

Neither the Project Documents nor any change or amendment thereto shall (i) cause the Project to be used for any purpose prohibited hereby or by the Constitution and laws of the State; (ii) result in a material reduction in the value of the Project; or (iii) adversely affect the ability of the Lessee to meet its obligations under this Lease.

Section 4.6. Changes or Amendments to Project Documents. The Lessee may make, authorize or permit such changes or amendments in the Project Documents as it may reasonably determine to be necessary or desirable; provided, however, that no such change or amendment shall be made to the Project Documents that would cause a material change in the cost, scope, nature, or function of the Project, unless the Lessee files with the Lessor (1) a certificate of an Authorized City Representative to the effect that such change or amendment will not result in the Project being used for any purpose prohibited by this Lease or otherwise result in the Lessee failing to comply with any provisions of this Lease, and (2) for those Certificates with Interest Components of the Rental Payments which are excludable from gross income for federal income tax purposes, an Opinion of Special Counsel to the effect that such change or amendment will not result in the Interest Component of the Rental Payments for such Certificates becoming includable in gross income for federal income tax purposes. In the case of any change that would render materially inaccurate the description of the Project in **Schedule 2** to this Lease and to the Indenture, there shall be delivered to the Lessor a revised **Schedule 2** containing a description of the Project that reflects the change in the Project Documents, the accuracy of which shall have been certified by the Lessee.

Section 4.7. Title to Portions of the Project. Title to the personal property included in the Project and any and all additions and modifications to or replacements of any such portion of the Project shall be held in the name of the Lessee, subject to rights of the Lessor under this Lease and the Indenture. If an Event of Default occurs as set forth in **Section 12.1** of this Lease or if an Event of Nonappropriation shall occur, title to the personal property included in the Project shall, at the option of the Lessor, thereafter immediately and without any action by the Lessee vest in the Lessor, and the Lessee will, upon the Lessor's request, reasonably surrender possession of the Facilities to the Lessor. It is the intent of the parties hereto that any transfer of title to the Lessor pursuant to this Section shall occur automatically without the necessity of any bill of sale, certificate of title or other instrument or conveyance. The Lessee irrevocably designates, makes, constitutes and appoints the Lessor as the Lessee's true and lawful attorney (and agent in fact) with power, at such time of termination or times thereafter as Lessor in its sole and absolute discretion may determine, in the Lessee's or Lessor's name, to endorse the name of the Lessee upon any bill of sale, document, instrument, invoice, freight bill, bill of lading or similar document relating to the personal property included in the Project in order to vest title in the Lessor.

Section 4.8. Machinery and Equipment Purchased by the Lessee. The Lessee may from time to time at its own expense install machinery, equipment and other tangible property at the Facilities. Any item of machinery or equipment the entire purchase price of which is paid by the Lessee with the Lessee's own funds, and no part of the purchase price of which is paid from funds deposited pursuant to the terms of this Lease in the Project Fund nor from any other funds deposited with the Lessor pursuant to the Indenture, shall be and remain the property of the Lessee and shall not constitute part of the Facilities; provided, however, that title to any such machinery, equipment and other tangible property which becomes permanently affixed to real property shall be, subject to this Lease, and shall be included under the terms of this Lease in the event that the Facilities would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

Section 4.9. Investment of Moneys in Funds. Any moneys held as a part of the Funds held by the Lessor under the Indenture shall, at the written direction of the Authorized City Representative, be invested or reinvested by the Lessor, to the extent permitted by law, in Permitted Investments in accordance with the provisions of **Section 702** of the Indenture.

ARTICLE V

PAYMENTS

Section 5.1. Rental Payments.

(a) The Lessee covenants and agrees to make Rental Payments, exclusively from legally available funds, in lawful money of the United States of America, to the Lessor at its corporate trust office or such other office as the Lessor shall designate during the Initial Term and each Renewal Term, in the amounts and on or before each Certificate Payment Date set forth in **Schedule 4** hereto (or on any other date a Rental Payment is due with respect to the Facilities whether at stated maturity, upon prepayment or declaration of acceleration or otherwise), in funds which will be immediately available to the Lessor in the applicable subaccount of the Certificate Fund on the due dates. Each Rental Payment shall be in consideration for the use of the Facilities by the Lessee for the period from the effective date of this Lease or the immediately preceding Rental Payment Date. All Rental Payments provided for in this Section shall be paid by the Lessee directly to the Lessor and shall be deposited in accordance with the provisions of the Indenture into the applicable subaccount of the Certificate Fund. The amounts deposited in the Certificate Fund shall be used and applied by the Lessor in the manner and for the purposes set forth in the Indenture.

(b) There shall be credited against Rental Payments any amount held in the Certificate Fund on each Rental Payment Date, including the portion of the proceeds of the sale of the Certificates which is deposited in the Certificate Fund.

(c) A portion of each Rental Payment is to be paid as, and represents the payment of, interest on an obligation of the Lessee (the “**Interest Component**”), and **Schedule 4** attached hereto sets forth the Interest Component of each Rental Payment during the Lease Term. The Rental Payments and Option Purchase Price are to be recalculated by the Lessor and the Lessee understands that the Rental Payment Schedule on **Schedule 4** shall be revised from time to time in the event of a partial prepayment of Certificates (other than any mandatory prepayments pursuant to the Indenture). The Lessee hereby agrees to pay the Rental Payments in accordance with the Rental Payment Schedule attached as **Schedule 4** as it may be revised from time to time by such amounts as are necessary to reflect the prepayment of the Principal Component represented by certain Certificates. Each Rental Payment shall be applied first as a payment of the Interest Component and then as a payment of the Principal Component and reduction of the Option Purchase Price as shown on **Schedule 4**.

(d) If the Lessee fails to make any portion of the Rental Payments which are due under this Lease, the Lessee will immediately quit and vacate the Facilities, and the Rental Payments (except for Rental Payments which have been theretofore appropriated and then available for such purpose) shall thereupon cease, it being understood between the parties that neither the Lessee nor any agency or political subdivision thereof is obligated to make any Rental Payments which are due to the Lessor or the Option Purchase Price under this Lease except as provided herein. Should the Lessee fail to pay any portion of the required Rental Payments or Additional Payments and then fail to immediately quit and vacate the Facilities, the Lessor in accordance with the Indenture may immediately bring legal action to evict the Lessee from the Facilities (and the Lessee shall, to the extent permitted by law, pay as damages for its

failure to quit and vacate the Facilities upon termination of the then current term of this Lease in violation of the terms of this Lease an amount equal to the Rental Payments and Additional Payments otherwise payable during such term prorated on a daily basis) and commence proceedings to exercise available rights and remedies under this Lease or the Base Lease. No judgment may be entered against the Lessee for failure to make any Rental Payments, Additional Payments or the Option Purchase Price under this Lease, except to the extent that the Lessee has theretofore incurred liability to make any such payments through its actual use and occupancy of the Facilities, or through its exercise of an option that renews this Lease for an additional Renewal Term for which moneys have been appropriated, or is otherwise obligated to make such payments pursuant to this Lease.

Section 5.2. Additional Payments. The Lessee shall pay as Additional Payments the following amounts:

(a) All fees, charges and expenses reasonably incurred, including agent and counsel fees and expenses, of the Lessor and the Paying Agent incurred under the Indenture and this Lease, and in connection with the performance of the Lessor's obligations under this Lease, the Base Lease or the Indenture, as and when the same become due.

(b) All costs incident to the payment of the Principal Component, premium, if any, and Interest Component represented by the Certificates as the same become due and payable, including all costs and expenses in connection with the call, prepayment and payment of Certificates.

(c) All expenses incurred in connection with the enforcement of any rights under this Lease, the Base Lease or the Indenture by the Lessor or the Registered Owners.

(d) All arbitrage rebate required to be paid to the United States, if any, as provided in the Indenture and the Tax Compliance Agreement.

(e) All other payments of whatever nature which the Lessee has agreed to pay or assume under the provisions of this Lease, the Indenture or the Base Lease.

The Lessee shall designate in writing to the Lessor an address to which all applicable statements, invoices and requisitions for Additional Payments are to be mailed. Each Additional Payment shall be paid in lawful money of the United States of America, at the appropriate office as designated by the respective payees entitled to receive such Additional Payment.

If the Lessee fails to pay any Additional Payments required by this Lease, the Lessor may (but shall be under no obligation to) pay such Additional Payments, which Additional Payments, together with interest thereon at the Prime Rate plus 2%, are to be reimbursed to the Lessor, by the Lessee upon demand therefor, subject to the availability of sufficient legally available funds for such purpose.

Section 5.3. Obligations Absolute and Unconditional.

(a) The Lessee hereby agrees that its obligation to pay the Rental Payments from legally available funds appropriated for such purpose shall be absolute and unconditional without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment, diminution or defense whatsoever, whether now existing or hereafter arising, and notwithstanding any damage to, loss, theft or destruction of the Facilities or any part thereof, any failure of consideration, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Facilities, legal curtailment of the Lessee's use thereof, the eviction or constructive eviction of the Lessee, any change in the tax or other laws of the United States of America, the State of Missouri or any political subdivision thereof, any change in the Lessee's legal

organization or status, or any default of the Lessor hereunder, and regardless of the invalidity of any action of the Lessor, and regardless of the invalidity of any portion of this Lease. Notwithstanding any dispute between the Lessee and the Lessor under this Lease, the Lessee shall pay all Rental Payments and Additional Payments when due and shall not withhold payment of any Rental Payments and Additional Payments pending the final resolution of such dispute.

(b) Nothing in this Lease shall be construed to release the Lessor from the performance of any agreement on its part herein contained or as a waiver by the Lessee of any rights or claims which the Lessee may have against the Lessor under this Lease or otherwise, but any recovery upon such rights and claims shall be had from the Lessor separately, it being the intent of this Lease that the Lessee shall (except as provided in subsection (a) above) be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Lease (including the obligation to make Rental Payments and to make Additional Payments) for the benefit of the Registered Owners of the Certificates. The Lessee may, however, at its own cost and expense and in its own name or in the name of the Lessor, prosecute or defend any action or proceeding or take any other action involving third persons which the Lessee deems reasonably necessary in order to secure or protect its right of possession, occupancy and use of the Facilities, and in such event the Lessor hereby agrees, so long as the Lessee is not in default under this Lease, to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the Lessor in any such action or proceeding if the Lessee shall so request.

Section 5.4. Rental Payments to Constitute a Current Expense of the Lessee.

(a) The Lessee acknowledges and agrees that the Rental Payments and Additional Payments under this Lease shall constitute currently budgeted expenditures of the Lessee, and shall not in any way be construed to be a general obligation or debt of the Lessee in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the Lessee, nor shall anything contained herein constitute a pledge of the general credit, tax revenues, funds or moneys of the Lessee, except as expressly provided herein. The Lessee's obligations to pay Rental Payments and Additional Payments under this Lease shall be from year to year only, and shall not constitute a mandatory payment obligation of the Lessee in any ensuing Fiscal Year beyond the then current Fiscal Year, except to the extent of funds pledged to or encumbered for the payment of such obligations. No provision of this Lease shall be construed or interpreted as creating a liability or general obligation or other indebtedness of the Lessee within the meaning of any constitutional or statutory debt limitation or restriction. No provision of this Lease shall be construed or interpreted as creating a delegation of governmental powers nor as a donation by or a lending of the credit of the Lessee within the meaning of the Constitution of the State. Neither this Lease nor the delivery of the Certificates shall directly or indirectly obligate the Lessee to levy or pledge any form of taxation or make any appropriation or make any payments beyond those appropriated for the Lessee's then current Fiscal Year, but in each Fiscal Year Rental Payments shall be payable solely from the amounts budgeted or appropriated therefor out of the income and revenue provided for such year, plus any unencumbered balances from previous years, except to the extent of funds pledged to or encumbered for the payment of the Lessee's obligations to pay Rental Payments and Additional Payments under this Lease; provided, however, that nothing herein shall be construed to limit the rights of the Registered Owners or the Lessor to receive any amounts which may be realized from the Trust Estate pursuant to the Indenture. The Lessee shall be under no obligation whatsoever to exercise its option to purchase the Facilities under **Article XI** of this Lease. No provision of this Lease shall be construed to pledge or to create a lien on any class or source of Lessee moneys, except as expressly provided herein, nor shall any provision of this Lease restrict the future issuance of any bonds or obligations payable from any class or source of moneys of the Lessee except as expressly provided herein. Failure of the Lessee to budget and appropriate said moneys on or before June 30 during any year shall be deemed a conclusive determination of non-availability of funds for the purpose of this Lease.

(b) The parties hereto acknowledge and agree that upon the expiration or termination of the Initial Term and any Renewal Term and failure by the Lessee to renew this Lease, the Lessee shall be wholly discharged from any liability to make Rental Payments or Additional Payments under this Lease other than Rental Payments or Additional Payments incurred prior to the expiration or termination of such Initial Term or Renewal Term.

Section 5.5. Event of Nonappropriation.

(a) In the event that the City Council of the Lessee shall not budget and appropriate, specifically with respect to this Lease, on or before the end of each Fiscal Year, moneys sufficient to pay all Rental Payments and the reasonably estimated Additional Payments coming due for the next current Renewal Term, an Event of Nonappropriation shall be deemed to have occurred. In the event that during the Initial Term or any Renewal Term, any Additional Payments shall become due which were not included in the Lessee's current budget, or which exceeded the amounts which were included therefor in the Lessee's current budget, then, in the event that moneys are not specifically budgeted and appropriated to pay such Additional Payments within 30 days subsequent to the date upon which such Additional Payments are due, an Event of Nonappropriation shall be deemed to have occurred.

(b) If an Event of Nonappropriation occurs, the Lessee shall not be obligated to make payment of the Rental Payments or Additional Payments or any other payments provided for herein (other than **Section 6.8** of this Lease or from funds pledged to or encumbered for the payment of such obligations) which accrue after the last day of the Initial Term or Renewal Term during which such Event of Nonappropriation shall occur.

Section 5.6. Prepayment of Certificates. If the Lessee is not in default in making Rental Payments or Additional Payments under this Lease, the Lessor, at the written direction of the Lessee, at any time when the aggregate moneys in the funds held under the Indenture are sufficient for such purposes, shall (i) if the Outstanding Certificates are then subject to prepayment under the provisions of **Article III** of the Indenture, take all steps that may be necessary under the applicable prepayment provisions of the Indenture to prepay all or such part of the Principal Component of Rental Payments represented by the then Outstanding Certificates as may be specified by the Lessee, on such date as may be specified by the Lessee, (ii) cause such moneys in the Certificate Fund or such part thereof as the Lessee shall direct, to be applied by the Lessor for the purchase of Certificates in the open market for the purpose of cancellation at prices not exceeding the Principal Components represented by such Certificates plus accrued interest thereon to the date of delivery for cancellation, or (iii) a combination of (i) and (ii) as provided in such direction. Unless otherwise stated therein, such notice by the Lessee shall be revocable by the Lessee at any time prior to the time at which the Certificates are to be prepaid or are deemed to be paid in accordance with **Article XI** of the Indenture. Any prepayment of the Principal Component of the Rental Payments in accordance with this Section shall be applied to reduce the Option Purchase Price and shall be credited as a payment of Rental Payments from such maturities as are selected by the Lessee.

Section 5.7. Security Interest.

(a) To secure the payment of all of Lessee's obligations under this Lease, the Lessee grants to Lessor a security interest constituting a first lien on the personal property relating to the Facilities and on all additions, attachments, accessions and substitutions thereto, and on any proceeds therefrom. The Lessee agrees to execute such additional documents, including financing statements, affidavits, notices and similar instruments that may be necessary or appropriate to establish and maintain its security interest and, upon assignment, the security interest of the Registered Owners or any other assignee of the Lessor in the personal property relating to the Facilities.

(b) The Lessee agrees to enter into all instruments (including financing statements and statements of continuation) necessary for perfection of and continuance of the perfection of the security interests of the Lessor in the Facilities. The Lessee shall file or cause to be filed all such instruments required to be so filed and shall continue or cause to be continued the liens of such instruments for so long as the Certificates shall be Outstanding.

ARTICLE VI

MAINTENANCE, TAXES AND INSURANCE

Section 6.1. Maintenance, Repairs and Utilities.

(a) The Lessee covenants and agrees that throughout the Lease Term and at its own expense it will maintain, preserve and keep the Facilities and all parts thereof in good repair, working order and condition, and will from time to time make all repairs, replacements and improvements necessary to keep the Facilities and all parts thereof in safe condition and free from filth, nuisance or conditions unreasonably increasing the danger of fire or other casualty. The Lessor shall have no responsibility for any of these repairs, replacements or improvements.

(b) The Lessee shall contract in its own name and pay for all utilities and utility services used by the Lessee in, on or about the Facilities, and the Lessee, shall, at its sole cost and expense, procure any and all permits, licenses or authorizations necessary in connection therewith.

Section 6.2. Taxes, Assessments and Other Governmental Charges.

(a) The parties to this Lease contemplate that the Facilities will be used for a governmental or proprietary purpose of the Lessee and, therefore, that the Facilities will be exempt from all taxes presently assessed and levied with respect to real or personal property. In the event that the use, possession or acquisition of the Facilities is found to be subject to taxation in any form, the Lessee will pay during the Lease Term, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Facilities and any facilities, equipment or other property acquired by the Lessee in substitution for, as a renewal or replacement of, or a modification, improvement or addition to the Facilities as well as all gas, water, steam, electricity, heat, power, telephone, utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facilities; provided that, with respect to any governmental charge that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are accrued during such time as this Lease is in effect.

(b) The Lessee shall have the right, in its own name or in the Lessor's name, to contest the validity or amount of any tax, assessment or other governmental charge which the Lessee is required to bear, pay and discharge pursuant to the terms of this Article by appropriate legal proceedings instituted at least 10 days before the contested tax, assessment or other governmental charge becomes delinquent if and provided that the Lessee (1) before instituting any such contest, gives the Lessor written notice of the Lessee's intention to do so, (2) diligently prosecutes any such contest, (3) at all times effectively stays or prevents any official or judicial sale therefor, under execution or otherwise, (4) promptly pays any final judgment enforcing the tax, assessment or other governmental charge so contested, and (5) thereafter promptly procures record release or satisfaction thereof. The Lessor agrees to cooperate with the Lessee in connection with any and all administrative or judicial proceedings related to any tax, assessment or other governmental charge. The Lessee shall hold the Lessor whole and harmless from any costs and expenses the Lessor may incur in relation to any of the above.

Section 6.3. Property and Casualty Insurance.

(a) The Lessee shall, at its sole cost and expense, maintain or cause to be maintained at all times throughout the Lease Term, property and casualty insurance, or shall demonstrate pursuant to **Section 6.6** of this Lease, that adequate self-insurance is provided, to keep the Facilities insofar as the same may be of an insurable nature constantly insured against loss or damage by fire, lightning and all other risks covered by the all risk extended coverage insurance endorsement then in use in the State in an amount equal to the Full Insurable Value of the Facilities (subject to reasonable loss deductible clauses not to exceed \$25,000); provided, however, that during the Construction Period, if the Contractor under the Construction Contracts maintains in full force and effect a policy or policies of Builder's Risk-Completed Value Form Insurance insuring the Project against fire, lightning and all other risks covered by the extended coverage endorsement then in use in the State to the Full Insurable Value of the Facilities (subject to reasonable loss deductible clauses not to exceed \$25,000) then the Lessee shall not be required to maintain insurance required by this subsection (a) for such Construction Period with respect to the Project while the Project is so covered by such other insurance. The Full Insurable Value of the Facilities shall be determined once in every three Fiscal Years, commencing with the year ending June 30, 2025, by an architect, contractor, appraiser, appraisal company or one of the insurers, to be selected and paid by the Lessee and a report of such determination shall be filed with the Lessee and the Lessor within 180 days after the end of such third Fiscal Year. The insurance required pursuant to this Section shall be maintained at the Lessee's sole cost and expense. Such insurance may be maintained with the Missouri Intergovernmental Risk Management Association or other generally recognized responsible insurance entity or entities authorized to do business in the State as may be selected by the Lessee. All such policies of insurance or certificates evidencing such coverage, and all renewals thereof, shall name the Lessee and the Lessor as insureds and loss payees as their respective interests may appear, and shall contain a provision that such insurance may not be canceled by the issuer thereof without at least 30 days advance written notice to the Lessee and the Lessor.

(b) The Net Proceeds of property and casualty insurance carried pursuant to this Section or self-insurance program of the Lessee shall be applied as provided in **Section 8.1** of this Lease.

Section 6.4. Public Liability Insurance.

(a) The Lessee shall, at its sole cost and expense, maintain or cause to be maintained at all times during the Lease Term general accident and public liability insurance (including but not limited to coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), or shall demonstrate, pursuant to **Section 6.6** of this Lease, that adequate self-insurance is provided, under which the Lessee and the Lessor shall be named as insureds, properly protecting and indemnifying the Lessee and the Lessor, in amounts equal to Lessee's customary insurance practice for bodily injury (including death) but in no event less than the limitation on awards for liability in effect from time to time under Section 537.610, RSMo, and for property damage arising out of or in any way relating to the condition or the operation of the Facilities (subject to reasonable loss deductible clauses not to exceed \$25,000). Each insurance policy provided for in this Section or certificates evidencing such coverage shall contain a provision to the effect that the insurance company may not cancel or materially modify the policy without first giving at least 30 days advance written notice to the Lessee and the Lessor.

(b) In the event of a public liability occurrence, the Net Proceeds of liability insurance carried pursuant to this Section or self-insurance program of the Lessee shall be applied toward the extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Section 6.5. Workers' Compensation Insurance. The Lessee shall maintain or cause to be maintained workers' compensation insurance required by the laws of the State covering all of its employees,

or shall demonstrate, pursuant to **Section 6.6** of this Lease, that adequate self-insurance is provided, and shall require any other person or entity working for or on behalf of the Lessee to carry such coverage.

Section 6.6. Blanket Insurance, Self-Insurance and Modifications.

(a) The Lessee may satisfy any of the insurance requirements set forth in this Article by using blanket policies of insurance which cover not only the Facilities but other properties, provided that the Lessee complies with each and all of the requirements and specifications of this Article respecting insurance.

(b) The Lessee represents that it currently maintains insurance that meets the requirements set forth in this Article. Without the consent of the Registered Owners, the Lessee may, upon the recommendation of an insurance consultant that the Lessee will be adequately insured, make modifications to the insurance coverage, including for the Lessee to be self-insured, in whole or in part, for any such coverage, taking into account the cost and availability of insurance and the effect of the terms and rates of such insurance upon the Lessee's costs and charges for its services.

(c) In accordance with Section 427.120 of the Revised Statutes of Missouri, as amended, unless the Lessee provides evidence of the insurance coverage required by this Lease, the Lessor may purchase insurance at the Lessee's expense to protect the Lessor's interests under this Lease. This insurance may, but need not, protect the Lessee's interests. The coverage that the Lessor may purchase may not pay any claim that the Lessee may make or any claim that may be made against the Lessee in connection with the Facilities. The Lessee may later cancel any insurance purchased by the Lessor, but only after providing evidence that the Lessee has obtained insurance as required by this Lease. If the Lessor purchases insurance for the Facilities, the Lessee will be responsible for the costs of that insurance, including the insurance premium, interest and any other charges the Lessor may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The Lessee shall pay the costs of the insurance as an Additional Payment under **Section 5.2(e)** of this Lease. The costs of the insurance may be more than the cost of insurance the Lessee may be able to obtain on its own.

(d) As soon as practicable after the execution of the Indenture, and within **90** days after the close of each Fiscal Year thereafter the Lessee will file with the Lessor a written certificate of the Authorized City Representative certifying that the Lessee is in compliance with the insurance requirements set forth in the **Sections 6.3** through **6.6**. The Lessor has no duty or obligation to monitor the Lessee's compliance with the requirements of these Sections.

Section 6.7. Advances. In the event the Lessee shall fail to maintain the full insurance coverage required by this Lease or shall fail to keep the Facilities in good repair and operating condition, the Lessor may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums on the same or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced therefor by Lessor shall become additional rent for the then current Initial Term or Renewal Term, which amounts, together with interest thereon at the Prime Rate plus 2% per annum, the Lessee agrees to pay as Additional Payments hereunder.

Section 6.8. Release and Indemnification Covenants. To the extent permitted by law and without waiving any rights of sovereign immunity, the Lessee shall indemnify, protect and hold the Lessor and their officers, agents, and employees and any person who controls the Lessor harmless from and against any and all liability, losses, claims and damages whatsoever, and expenses in connection therewith, including, without limitation, counsel fees and expenses arising out of or as the result of the entering into this Lease, the ownership, use, operation or condition of the Facilities or any part thereof, or any accident in connection with the operation, use or condition of the Facilities or any part thereof resulting in damage

to property or injury to or death of any person. To the extent permitted by law and without waiving any rights of sovereign immunity, the Lessee shall indemnify and save the Lessor and their officers, agents and employees and any person who controls the Lessor harmless against any loss, liability or expense, including reasonable attorneys' fees, resulting from all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Facilities, and against and from all claims arising after the date of this Lease, from (a) any condition of the Facilities caused by the Lessee, (b) any breach or default on the part of the Lessee in the performance of any of its obligations under this Lease, the Base Lease or the Indenture (including without limitation its obligations related to environmental matters), (c) any contract entered by the Lessee in connection with the Project, (d) any act of negligence of the Lessee or of any of its agents, contractors, servants, employees or licensees, and (e) any act of negligence of any assignee or sublessee of the Lessee, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Lessee. To the extent permitted by law and without waiving any rights of sovereign immunity, the Lessee shall indemnify and save the Lessor and their officers, agents and employees and any person who controls the Lessor harmless from and against all costs and expenses (except those which have arisen from the willful misconduct or negligence of the Lessor) incurred in connection with any action or proceeding brought thereon related to the delivery of the Certificates or the performance by the Lessor of its duties hereunder or under the Indenture, and upon notice from the Lessor, the Lessee shall defend them or either of them in any such action or proceeding. The indemnifications arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of the Lease Term for any reason. The Lessee agrees not to withhold or abate any portion of the payments required pursuant to this Lease by reason of any defects, malfunctions, breakdowns of infirmities of the Facilities or any part thereof. In addition to and not in derogation or limitation of the sovereign immunity preservations set forth elsewhere in this Lease, nothing shall impose any obligation upon the City from which the City possesses immunity under Section 537.600, et seq., of the Revised Statutes of Missouri, it being specifically understood, acknowledged and agreed that the City is a political subdivision of the State of Missouri, and the City does not by this agreement waive its statutory sovereign immunity.

Section 6.9. Hazardous Materials. The Lessee shall not cause or permit the Facilities or any other property of the Lessee to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials (hereinafter defined), except in compliance with all applicable federal, state and local laws or regulations, nor shall the Lessee cause or permit, as a result of any intentional or unintentional act or omission of the Lessee or any tenant or subtenant, a release of Hazardous Materials onto the Facilities or any other property of the Lessee, except in compliance with all applicable federal, state and local laws or regulations. The Lessee shall comply with and ensure compliance by all tenants and subtenants with all applicable federal, state and local laws, ordinances, rules and regulations, wherever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Lessee shall (a) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facilities or any other property of the Lessee (i) in accordance with all applicable federal, state and local laws, ordinances, rules, regulations, and policies and (ii) in accordance with the orders and directives of all federal, state and local governmental authorities, and (b) to the extent permitted by law and without waiving any rights of sovereign immunity, defend, indemnify, and hold harmless the Lessor from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of or in any way related to, (i) the presence, disposal, release, or threatened release of any Hazardous Materials which are on, from, or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, and/or (iii) any violation of laws, orders, regulations, requirements or demands of government authorities, which are based upon or in any way related to any

such Hazardous Materials including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. In the event that the Lessor elects to control, operate, sell or otherwise claim property rights in the Facilities as a remedy hereunder or in the event this Lease is terminated, the Lessee shall deliver the Facilities free of any and all Hazardous Materials so that the conditions of the Facilities shall conform with all applicable federal, state and local laws, ordinances, rules or regulations affecting the Facilities. Prior to any such delivery of the Facilities, the Lessee shall pay the Lessor, from its own funds, any amounts then required to be paid under (b) above. Notwithstanding anything in this Lease to the contrary, the agreements in the preceding two sentences and in (b) above shall survive termination of this Lease. For purposes of this paragraph, "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and amended (42 U.S.C. Sections 9601, et. seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C Sections 1801 et. seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation. In addition to and not in derogation or limitation of the sovereign immunity preservations set forth elsewhere in this Lease, nothing shall impose any obligation upon the City from which the City possesses immunity under Section 537.600, et seq., of the Revised Statutes of Missouri, it being specifically understood, acknowledged and agreed that the City is a political subdivision of the State of Missouri, and the City does not by this agreement waive its statutory sovereign immunity.

ARTICLE VII

ADDITIONS, MODIFICATIONS AND IMPROVEMENTS TO THE FACILITIES; LIENS

Section 7.1. Additions, Modifications and Improvements to the Facilities.

(a) The Lessee shall have and is hereby given the right, at its sole cost and expense, to make such additions, modifications and improvements in and to any part of the Facilities as the Lessee from time to time may deem necessary or desirable for its purposes; provided, however, the Lessee shall not make any additions, modifications or improvements which will in any way damage the Facilities or substantially reduce the value of the Facilities. All additions, modifications and improvements made by the Lessee pursuant to the authority of this Section shall (i) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (ii) when commenced, be prosecuted to completion with due diligence, and (iii) when completed, be deemed to be a part of the Facilities except as otherwise provided in **Section 4.8** of this Lease.

(b) No addition, modification or improvement to the Facilities made pursuant to this Section shall entitle the Lessee to any reimbursement of any Rental Payments or Additional Payments from the Lessor or the Registered Owners, nor shall the Lessee be entitled to any abatement or diminution in Rental Payments or Additional Payments under this Lease, except such diminution as results from prepayment of the Principal Component or Interest Component of Rental Payments represented by the Certificates pursuant to **Article III** of the Indenture.

Section 7.2. Additional Improvements on the Project Site. The Lessee shall have and is hereby given the right, at its sole cost and expense, to construct on portions of the Project Site not theretofore occupied by buildings or improvements such additional buildings and improvements as the Lessee from time to time may deem necessary or desirable for its business purposes. All additional buildings and improvements constructed on the Project Site by the Lessee pursuant to the authority of this Section shall become a part of the Facilities and subject to the terms and conditions contained in this Lease and the Base Lease. The Lessee covenants and agrees (a) to make any repairs and restorations required to be made to the

Facilities because of the construction of, addition to, alteration or removal of said additional buildings or improvements, (b) to keep and maintain said additional buildings and improvements in good condition and repair, ordinary wear and tear excepted, and (c) to promptly and with due diligence either raze and remove from the Project Site in a good and workmanlike manner, or repair, replace or restore any of said additional buildings and improvements as may from time to time be damaged by fire or other casualty.

Section 7.3. Permits and Authorizations. The Lessee shall not do or permit others under its control to do any work on the Facilities related to any repair, rebuilding, restoration, replacement, modification, improvement or addition to the Facilities, or any part thereof, unless all requisite municipal and other governmental permits and authorizations shall have been first procured and payment therefor made. All such work shall be done in a good and workmanlike manner and in compliance with all applicable building, zoning and other laws, ordinances, governmental regulations and requirements and in accordance with the requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of **Article VI** of this Lease.

Section 7.4. Liens.

(a) The Lessee shall not do or suffer anything to be done whereby the Facilities, or any part thereof, may be encumbered by any mechanics' or materialmen's or other similar lien, other than Permitted Encumbrances. Whenever and as often as any mechanics' or materialmen's or other similar lien is filed against the Facilities, or any part thereof, purporting to be for or on account of any labor done or materials or services furnished in connection with any work in or about the Facilities, the Lessee shall discharge the same of record within 60 days after the date of filing. Notice is hereby given that the Lessor shall not be liable for any labor or materials furnished to the Lessee or to anyone claiming by, through or under the Lessee upon credit, and that no mechanics' or materialmen's or other similar lien for any such labor, services or materials shall attach to or affect the reversionary or other estate of the Lessor in and to the Facilities or any part thereof.

(b) The Lessee, notwithstanding subsection (a) above, shall have the right (except as hereinafter provided) to contest any such mechanics' or materialmen's or other similar lien if and provided that the Lessee (i) within said 60-day period stated above notifies the Lessor in writing of the Lessee's intention to do so, (ii) diligently prosecutes such contest, (iii) at all times effectively stays or prevents any official or judicial sale of the Facilities, or any part thereof or interest therein, under execution or otherwise, (iv) promptly pays or otherwise satisfies any final judgment adjudging or enforcing such contested lien claim, and (v) thereafter promptly procures record release or satisfaction thereof. If the Lessor shall notify the Lessee that, in the opinion of Counsel, by nonpayment of such items, the Lessor's title or interest in the Facilities will be endangered, or the Facilities or any part thereof will be subject to loss or forfeiture, then the Lessee shall promptly pay or cause to be satisfied and discharged all such unpaid items (provided, however, that such payment shall not constitute a waiver of the right to continue to contest such items). The Lessee shall hold the Lessor whole and harmless from any loss, costs or expenses the Lessor may incur in relation to any such contest. The Lessor will cooperate fully with the Lessee in any such contest.

ARTICLE VIII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 8.1. Damage, Destruction and Condemnation.

(a) If during the Lease Term, the Facilities are damaged or destroyed, in whole or in part, by fire or other casualty, or in the event the Project Site is condemned or taken for any public or quasi-public

use or title thereto is found to be deficient, to such extent that the claim for loss (including any deductible amount pertaining thereto) resulting from such damage, destruction, condemnation or deficient title is greater than \$100,000, the Lessee shall promptly notify the Lessor in writing as to the nature and extent of such damage or loss and whether it is practicable and desirable to rebuild, repair, restore or replace such damage or loss.

(b) If the Lessee shall determine that such rebuilding, repairing, restoring or replacing is practicable and desirable, the Lessee shall proceed promptly with and complete with reasonable dispatch such rebuilding, repairing, restoring or replacing of the property damaged or destroyed so as to place said Facilities in substantially the same condition as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Lessee and as will not impair the utility and condition of the Facilities. The Lessee and the Lessor will cause the Net Proceeds to be applied to the prompt repair, restoration, modification or improvement of the Facilities. Any balance of the Net Proceeds remaining after such work has been completed shall be deposited into the applicable subaccount of the Certificate Fund. If the Net Proceeds exceed \$100,000, such Net Proceeds shall be paid to the Lessor and shall be deposited into a separate account to be established in the applicable subaccount of the Project Fund and shall be used and applied in accordance with the disbursement requirements of **Section 504** of the Indenture for the purpose of paying the cost of such rebuilding, repairing, restoring or replacing such damage or loss. Any amount remaining in the applicable subaccount of the Project Fund after completion of such rebuilding, repairing, restoring or replacing shall be deposited into the applicable subaccount of the Certificate Fund which completion shall be evidenced by a certificate signed by an Authorized City Representative and filed with the Lessor. If said Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding or restoration, the Lessee shall nonetheless complete the work thereof and shall, subject to **Sections 3.2 and 5.4** of this Lease, pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

(c) If the Lessee shall determine that rebuilding, repairing, restoring or replacing the Facilities is not practicable and desirable, then, in lieu of rebuilding, repairing, restoring or replacing the Facilities, the Lessee shall promptly prepay the Certificates or purchase the Facilities by paying the Option Purchase Price to the Lessor and any Net Proceeds shall be applied to such payment. Any balance of the Net Proceeds remaining after paying the Option Purchase Price to the Lessor shall belong to the Lessee. The Lessee agrees that any acquisition of the Facilities or rights to their use by the Lessee shall be pursuant to and in accordance with this Lease, including payment of Rental Payments and the applicable Option Purchase Price. This paragraph shall survive the termination of this Lease for any reason.

(d) The Lessee shall not, by reason of its inability to use all or any part of the Facilities during any period in which the Facilities are condemned, damaged or destroyed, or are being repaired, rebuilt, restored or replaced, or by reason of the payment of the costs of such rebuilding, repairing, restoring or replacing, be entitled to any reimbursement from the Lessor or the Registered Owners of the Certificates, or any abatement or diminution of the rentals payable by the Lessee under this Lease or of any other obligations of the Lessee under this Lease except as expressly provided in this Section.

Section 8.2. Condemnation or Deficiency of Title.

(a) The Lessor shall cooperate fully with the Lessee in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Facilities or any part thereof, and shall, to the extent the Lessor may lawfully do so, permit the Lessee to litigate in any such proceeding in the name and on behalf of the Lessor. So long as Lessee shall not be in default under this Lease, in no event will the Lessor voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Facilities or any part thereof without the written consent of the Lessee.

(b) The Lessee hereby covenants and agrees, to the extent it may lawfully do so, that so long as any of the Certificates remain Outstanding and unpaid, the Lessee will not exercise the power of condemnation with respect to the Facilities. The Lessee further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the Lessee should fail or refuse to abide by such covenant and condemns the Facilities, the appraised value of the Facilities shall not be less than the greater of (i) if such Certificates are then subject to prepayment, the Principal Components and Interest Components of the Certificates Outstanding through the date of their prepayment, or (ii) if such Certificates are not then subject to prepayment, the amount necessary to defease such Certificates to the first available prepayment date in accordance with the Indenture.

ARTICLE IX

SPECIAL COVENANTS

Section 9.1. Disclaimer of Warranties. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE FACILITIES, OR ANY OTHER WARRANTY OR REPRESENTATION WITH RESPECT THERETO. In no event shall the Lessor be liable for an incidental, indirect, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or Lessee's use of any item or products or services provided for in this Lease; provided, however, that nothing herein shall be construed as relieving the Lessor from its covenants and obligations under this Lease.

Section 9.2. Vendor's Warranties. The Lessor hereby irrevocably appoints the Lessee its agent and attorney-in-fact during the Lease Term, so long as Lessee shall not be in default under this Lease, to assert from time to time whatever claims and rights including warranties of the equipment which the Lessor may have against the vendor of the equipment which is or becomes a part of the Facilities. The Lessee's sole remedy for the breach of such warranty, indemnification or representation shall be against the vendor of such equipment, and not against the Lessor, nor shall such matter have any effect whatsoever on the rights and obligations of the Lessor with respect to this Lease, including the right to receive full and timely payments under this Lease. The Lessee expressly acknowledges that the Lessor has made no representation or warranties whatsoever as to the existence of availability of such warranties of the vendor of such equipment.

Section 9.3. Surrender of Possession. Upon accrual of the Lessor's right of re-entry because of the Lessee's default under this Lease or upon the cancellation or termination of this Lease for any reason other than the Lessee's purchase of the Facilities pursuant to **Article XI** of this Lease, the Lessee shall peacefully surrender possession of the Facilities to the Lessor in good condition and repair, ordinary wear and tear excepted; provided, however, the Lessee shall have the right within 120 days after the termination of this Lease to remove from the Project Site any improvements, furniture, trade fixtures, machinery and equipment owned by the Lessee and not funded with any Certificate proceeds. All repairs to and restorations of the Facilities which are required to be made because of such removal shall be made by and at the sole cost and expense of the Lessee, and during said 120-day period, the Lessee shall bear the sole responsibility for and bear the sole risk of loss for said buildings, improvements, furniture, trade fixtures, machinery and equipment. All buildings, improvements, furniture, trade fixtures, machinery and equipment owned by the Lessee and which are not so removed from the Facilities prior to the expiration of said 120-day period shall be and become the separate and absolute property of the Lessor.

Section 9.4. Granting of Easements. If no Event of Default or Event of Nonappropriation under this Lease shall have happened and be continuing, the Lessee may at any time or times (a) grant easements, licenses, rights-of-way (including the dedication of public streets and highways) and other rights or privileges in the nature of easements with respect to any property included in the Facilities, or (b) release existing easements, licenses, rights-of-way and other rights or privileges, all with or without consideration and upon such terms and conditions as provided in this Section. The Lessor agrees that it will execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right-of-way or other right or privilege or any such agreement or other arrangement, upon receipt by the Lessor of: (1) a copy of the instrument of grant or release or of the agreement or other arrangement, (2) a written application signed by the Authorized City Representative requesting such instrument; and (3) a certificate executed by the Authorized City Representative stating that such grant or release is not detrimental to the proper conduct of the business of the Lessee, will be a Permitted Encumbrance, will not impair the effective use or interfere with the efficient and economical operation of the Facilities, and will not materially adversely affect the security intended to be given by or under the Indenture, the Base Lease or this Lease. If the instrument of grant shall so provide, any such easement or right and the rights of such other parties thereunder shall be superior to the right of the Lessor under this Lease and the Indenture and shall not be affected by any termination of this Lease or by default on the part of the Lessee under this Lease. If no Event of Default or Event of Nonappropriation shall have happened and be continuing, any payments or other consideration received by the Lessee for any such grant or with respect to or under any such agreement or other arrangement shall be and remain the property of the Lessee, but, in the event of the termination of this Lease subsequent to an Event of Default or an Event of Nonappropriation, all rights of the Lessee then existing with respect to or under such grant shall inure to the benefit of and be exercisable by the Lessor.

Section 9.5. Authorized City Representative. Whenever under the provisions of this Lease the approval of the Lessee is required to take some action at the request of the Lessor, unless otherwise provided, such approval or such request shall be given for the Lessee by the Authorized City Representative and the Lessor shall be authorized to act on any such approval or request.

ARTICLE X

ASSIGNMENT AND SUBLEASING

Section 10.1. Assignment by Lessor. The Lessee agrees that the Lessor may assign and reassign this Lease and the Facilities to a successor Lessor appointed pursuant to **Section 908** of the Indenture.

Section 10.2. Assignment and Sublease by Lessee. The Lessee may not assign its interest in this Lease for any reason. The Lessee may, however, sublease the Facilities as a whole or in part, without the necessity of obtaining the consent of the Lessor, subject, however, to each of the following conditions:

(a) This Lease and the obligations of the Lessee under this Lease, shall, at all times during the Initial Term and any Renewal Term, remain obligations of the Lessee, and the Lessee shall maintain its direct relationship with the Lessor, notwithstanding any sublease;

(b) Before entering into any sublease of the Facilities or any portion thereof, the Lessee shall obtain and file with the Lessor an Opinion of Special Counsel to the effect that such sublease will not cause the Interest Component on the Rental Payments payable pursuant to the Certificates to be included in gross income for federal or Missouri income tax purposes.

(c) The Lessee shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Lessor a true and complete copy of each such sublease.

The Lessee may grant licenses or other agreements to use all or any of the Facilities in the normal course of business without the consent of the Lessor, subject to compliance with the terms of the Tax Compliance Agreement to maintain the exclusion from gross income of the Interest Component of the Rental Payments payable pursuant to the Certificates.

Section 10.3. Restrictions on Sale or Mortgage of the Facilities by the Lessee. The Lessee agrees that, except as set forth in **Section 10.2** of this Lease or in other provisions of this Lease or the Indenture, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Facilities during the Lease Term, nor otherwise create any encumbrance thereon other than Permitted Encumbrances. Except as expressly provided in this Article, the Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim if the same shall arise at any time. The Lessee shall reimburse the Lessor for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

ARTICLE XI

OPTION AND OBLIGATION TO PURCHASE THE LESSOR'S INTEREST IN THE FACILITIES

Section 11.1. Option to Purchase the Lessor's Interest in the Facilities. At the option and request of the Lessee, the Lessor's estate and interest in the Facilities will be transferred, conveyed and assigned to the Lessee and this Lease shall terminate:

(a) at any time upon payment, or providing for the payment, by the Lessee of the then applicable Option Purchase Price plus all Rental Payments and Additional Payments payable up to and including the Optional Prepayment Date; or

(b) at any time upon payment or providing for the payment of all Rental Payments represented by the Certificates, all Additional Payments and the Option Purchase Price (assuming the Lessee renews this Lease until the end of the Lease Term or the Renewal Term in which the Optional Prepayment Date occurs).

To exercise such option the Lessee shall give written notice to the Lessor if any of the Certificates shall then be unpaid or provision for their payment shall not have been made in accordance with the provisions of the Indenture, and shall specify therein the date of closing such purchase, which date shall be not less than 20 nor more than 60 days from the date when such notice is mailed, and in case of a prepayment of the Certificates in accordance with the provisions of the Indenture, the Lessee shall make arrangements satisfactory to the Lessor for the giving of the required notice of prepayment.

Payment of the final Rental Payments and Additional Payments shall constitute exercise of the option granted under this Lease without further action by the Lessee.

Section 11.2. Determination of Fair Purchase Price; Acquisition of the Lessor's Interest in the Facilities.

(a) The Lessee hereby agrees and determines that the Rental Payments under this Lease during the Initial Term and any Renewal Term represent the fair value of the use of the Facilities and that the

amount required to exercise the Lessee's option to purchase the Lessor's interest in the Facilities pursuant to **Section 11.1** of this Lease represents, as of the purchase date, the fair purchase price of the Facilities. The Lessee hereby determines that the Rental Payments do not exceed a reasonable amount so as to place the Lessee under an economic practical compulsion to renew this Lease or to exercise its option to purchase the Facilities under this Lease. In making such determinations, the Lessee has given consideration to the Project Costs, the uses and purposes for which the Facilities will be employed by the Lessee, the benefit to the Lessee by reason of the acquisition, construction, equipping and installation of the Project and the use and occupancy of the Facilities pursuant to this Lease and Lessee's option to purchase the Facilities.

(b) The Lessee is entering into this Lease to acquire the use of the Facilities during the Lease Term, and with the current intent of acquiring the Lessor's interest in the Facilities in accordance with **Section 11.1(a)** of this Lease, for its public purposes. Any acquisition of the Lessor's interest in the Facilities or rights to their use by the Lessee (whether pursuant to the exercise of eminent domain powers or otherwise) shall be pursuant to and in accordance with this Lease, including payment of Rental Payments and the applicable Option Purchase Price. If the Lessee allows this Lease to expire without exercising its option to purchase (whether by failure to exercise its option to extend this Lease for a Renewal Term or failure to cure an Event of Default) prior to the end of the Maximum Lease Term and payment of all Rental Payments due pursuant to this Lease, that action shall constitute an irrevocable determination by the Lessee that the Facilities are not required by it for any public purpose for the term of the Base Lease. This Section shall survive the termination of this Lease for any reason.

Section 11.3. Conveyance of the Lessor's Interest in the Facilities. At the closing of any purchase of the Lessor's interest in the Facilities pursuant to this Article, the Lessor, upon payment by the Lessee and receipt by the Lessor of all amounts payable under this Lease and under the Indenture, shall execute and deliver to the Lessee all necessary documents conveying, transferring and assigning the Lessor's interest in the Facilities to the Lessee in order for the Lessee to have good and marketable legal title to the Facilities, as it then exists, subject to the following: (1) those liens and encumbrances, if any, to which title to the Facilities was subject when leased to the Lessor; (2) those liens and encumbrances created by the Lessee or to the creation or suffering of which the Lessee consented; (3) those liens and encumbrances resulting from the failure of the Lessee to perform or observe any of the agreements on its part contained herein; (4) Permitted Encumbrances other than the Base Lease, this Lease and the Indenture; and (5) if the Facilities are being condemned, the rights and title of any condemning authority.

Section 11.4. Relative Position of Option and Indenture. The option granted to the Lessee in this Article shall be and remain prior and superior to the Indenture and may be exercised whether or not the Lessee is in default under this Lease, provided that such default will not result in nonfulfillment of any condition to the exercise of any such option and further provided that all options herein granted shall terminate upon the termination of this Lease.

Section 11.5. Obligation to Purchase the Lessor's Interest in the Facilities. The Lessee hereby agrees to purchase, and the Lessor hereby agrees to sell, the Lessor's interest in Facilities for the sum of \$1.00 at the expiration of the Lease Term following full payment of the Certificates or provision for payment thereof having been made in accordance with the provisions of the Indenture.

ARTICLE XII DEFAULT AND REMEDIES

Section 12.1. Events of Default. If any one or more of the following events shall occur and be continuing, it is hereby defined as and declared to be and to constitute an "Event of Default" under this Lease:

(a) Failure by the Lessee to pay any Rental Payment required to be paid under this Lease at the time specified herein; or

(b) Failure by the Lessee to pay any Additional Payment or to observe or perform any other covenant, agreement, obligation or provision of this Lease on its part to be observed or performed, and such failure shall continue for 30 days after the Lessor has given the Lessee written notice specifying such failure or such longer period (but not to exceed 60 days unless the Lessor shall otherwise consent) as shall be reasonably required to cure such default; provided that (1) the Lessee has commenced such cure within said 30-day period, and (2) the Lessee diligently prosecutes such cure to completion; or

(c) Failure by the Lessee to vacate the Facilities within 30 days after the occurrence of an Event of Nonappropriation; or

(d) An Event of Default under the Indenture shall have occurred and be continuing.

Section 12.2. Remedies on the Occurrence of an Event of Default or an Event of Nonappropriation. If an Event of Default or an Event of Nonappropriation shall have occurred and be continuing, then the Lessor may at the Lessor's election (subject, however, to any restrictions contained in the Indenture against acceleration of the maturity of the Certificates or termination of this Lease), then or at any time thereafter, and while such Event of Default or Event of Nonappropriation shall continue, take any one or more of the following actions:

(a) With or without terminating this Lease take possession of the Facilities, in which event the Lessee shall take all actions necessary to authorize, execute and deliver to the Lessor all documents necessary to vest in the Lessor for the remainder of the Lease Term, all of the Lessee's interest in and to the Facilities, and sell the Lessor's (or its assignee's) interest in this Lease, or lease or sublease the Facilities and collect the rentals therefor, for all or any portion of the remainder of its leasehold term upon such terms and conditions as it may deem satisfactory in its sole discretion, with the Lessee remaining liable, subject to the provisions of **Sections 3.2 and 5.4** of this Lease, for the difference between (i) the Rental Payments and Additional Payments payable by the Lessee under this Lease to the end of the current Lease Term and (ii) the net proceeds or any purchase price, rents or other amounts paid by the new purchaser, lessee or sublessee of such Facilities, and, provided further, that, in such event, if the Lessor shall receive a payment for sale of its interest or total subrentals for sublease that are, after payment of the Lessor's expenses in connection therewith, in excess of the principal amount of Certificates then Outstanding and the interest due and to become due thereon and all other Additional Payments, then such excess shall be paid to the Lessee either by the Lessor, its assigns, or its sublessee; or

(b) By written notice to the Lessee, declare all Rental Payments and Additional Payments payable under this Lease for the remainder of the current Renewal Term to be immediately due and payable and the same shall thereupon become immediately due and payable; or

(c) Give the Lessee written notice of intention to terminate this Lease on a date specified in such notice, which date may be the earlier of 30 days after such notice is given or the end of the Renewal Term, and if all defaults have not then been cured, on the date so specified, the Lessee's rights to possession of the Facilities shall cease and this Lease shall thereupon be terminated, and the Lessor may re-enter and take possession of the Facilities; or

(d) Exercise any of the rights of a secured party under the Uniform Commercial Code of Missouri, as then in effect, with respect to property which is covered by such Code, including without limitation, the right to take possession of any personal property or fixtures subject to the lien granted

pursuant to this Lease and to take such other measures as the Lessor may deem as necessary for the care, protection, preservation and marketing of said personal property and fixtures. The Lessor may require the Lessee to assemble any such personal property or fixtures and make the same available to the Lessor at a place to be designated by the Lessor which is reasonably convenient to the Lessor and the Lessee. It is agreed that a commercially reasonable manner of disposition of personal property includes, without limitation, disposition of the Facilities in the manner provided herein; or

(e) Take whatever action at law or in equity may appear necessary or desirable to collect the Rental Payments and Additional Payments then due and thereafter to become due during the Lease Term and to enforce its rights under this Lease and the performance and observance of any obligation, agreement or covenant of the Lessee under this Lease.

If in accordance with any of the foregoing provisions of this Article the Lessor shall have the right to elect to re-enter and take possession of the Facilities, the Lessor may enter and expel the Lessee and those claiming through or under the Lessee and remove the property and effects of both or either without being guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or for breach of covenant. The Lessor may take whatever action at law or in equity which may appear necessary or desirable to collect rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Lessee under this Lease.

Section 12.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lessor to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notices as may be expressly required in this Article.

Section 12.4. Attorneys' Fees and Expenses. If the Lessee should default under any of the provisions of this Lease, or if an Event of Nonappropriation shall have occurred, and the Lessor or the Registered Owners should employ attorneys or incur other expenses for the collection of Rental Payments or Additional Payments or the enforcement of performance of any obligation or agreement on the part of the Lessee, then the Lessee will on demand pay to the Lessor or the Registered Owners the reasonable fees and expenses of such attorneys and such other expenses so incurred.

Section 12.5. Waiver of Appraisement, Valuation, Stay, Extension and Redemption Laws. The Lessee agrees, to the extent permitted by law, that in the case of a termination of the Lease Term by reason of an Event of Nonappropriation or an Event of Default, neither the Lessee nor any one claiming through or under the Lessee, shall or will set up, claim or seek to take advantage of any appraisement, valuation, stay, extension or redemption laws now or hereafter in force in order to prevent or hinder the enforcement of this Lease; and the Lessee, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may lawfully do so, the benefit of all such laws.

ARTICLE XIII

AMENDMENTS, CHANGES AND MODIFICATIONS

Section 13.1. Amendments, Changes and Modifications. Except as otherwise provided in this Lease or in the Indenture, subsequent to the initial execution and sale of Certificates and prior to the

payment thereof having been made in accordance with the provisions of the Indenture, this Lease may not be effectively amended, changed, modified, altered or terminated without the written consent of the Lessor, given in accordance with the provisions of the Indenture.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

Section 14.1. Notices. All notices, certificates or other communications required or desired to be given under this Lease shall be in writing and shall be deemed duly given when mailed by first class, registered or certified mail, postage prepaid, addressed as provided in **Section 1304** of the Indenture, provided, however, that any of the foregoing given to the Lessor shall be effective only upon receipt.

All notices given by first class, certified or registered mail as aforesaid shall be deemed duly given as of the date they are so mailed. The Lessee and the Lessor may from time to time designate, by notice given under this Lease to the other, another address to which subsequent notices, certificates or other communications shall be sent.

Section 14.2. Lessor and Lessee Shall Not Unreasonably Withhold Consents and Approvals. Wherever in this Lease it is provided that the Lessor or the Lessee shall, may or must give its approval or consent, or execute supplemental agreements or schedules, then subject to the Indenture, neither the Lessor nor the Lessee shall unreasonably, arbitrarily or unnecessarily withhold or refuse to give such approvals or consents or refuse to execute such supplemental agreements or schedules.

Section 14.3. Limited Liability of Lessor. No provision, covenant or agreement contained in this Lease, the Indenture, the Base Lease or the Certificates, or any obligation herein or therein imposed upon the Lessor, or the breach thereof, shall constitute or give rise to or impose any personal or pecuniary liability upon any director, officer or employee of the Lessor. Except with respect to any action for specific performance or any action in the nature of a prohibitory or mandatory injunction, neither the Lessor nor any director, officer or employee of the Lessor shall be liable to the Lessee or any other person for any action taken by the Lessor or by its officers, servants, agents or employees, or for any failure to take action under this Lease except for its negligence or willful misconduct.

Section 14.4. Net Lease. The parties hereto agree (a) that this Lease shall be deemed and construed to be a "triple net lease," (b) the Lessee shall pay absolutely net during the Lease Term, the Rental Payments, Additional Payments and all other payments required under this Lease, free of any deductions, and without abatement, deduction or setoff (other than credits against Rental Payments expressly provided for in this Lease), (c) that the payments of Rental Payments are designed to provide the Lessor funds adequate in amount to pay all Principal Components, premium, if any, and Interest Components of the Rental Payments represented by the Certificates as the same become due and payable, and (d) that if after the Principal Components, premium, if any, and Interest Components of the Rental Payments represented by the Certificates and all costs incident to the payment of the Certificates have been paid in full the Lessor holds unexpended funds received in accordance with the terms of this Lease, such unexpended funds shall, after payment therefrom of all sums then due and owing by the Lessee under the terms of this Lease, and except as otherwise provided herein and in the Indenture, become the absolute property of and be paid over forthwith to the Lessee.

Section 14.5. Reserved.

Section 14.6. No Merger. Subject to **Section 3.3** of this Lease and **Section 5.1** of the Base Lease, no union of the interests of the Lessee and the Lessor herein shall result in a merger of the Base Lease and this Lease or of this Lease and the fee title to the Project Site.

Section 14.7. Payments Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Lease, shall be a legal holiday or a day on which banking institutions in the Lessee in which the principal business office of the Lessor or the Lessee is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day that is not a legal holiday or a day on which such banking institutions are not authorized by law to remain closed with the same force and effect as if done on the date provided in this Lease.

Section 14.8. Binding Effect. This Lease shall be binding upon and shall inure to the benefit of the Lessor and the Lessee and their respective successors and assigns.

Section 14.9. Severability. If for any reason any provision of this Lease shall be determined to be invalid or unenforceable, the validity and enforceability of the other provisions of this Lease shall not be affected thereby.

Section 14.10. Execution in Counterparts. This Lease may be executed simultaneously in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

Section 14.11. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State.

Section 14.12. Electronic Storage of Documents. The Lessor and the Lessee agree that the transaction described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

**UMB BANK, N.A.,
as Lessor**

(SEAL)

By: _____
Name: _____
Title: _____

ATTEST:

Name:
Title:

ACKNOWLEDGMENT

STATE OF MISSOURI)
) SS.
COUNTY OF _____)

On this ____ day of _____, 2022, before me, the undersigned, a Notary Public, appeared _____, who being before me duly sworn did say that [s]he is a _____ of **UMB BANK, N.A.**, a national banking association, and that said officer being authorized so to do executed the foregoing instrument for the purposes therein contained by signing on behalf of the bank as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

Printed Name: _____
Notary Public in and for said State
Commissioned in _____ County

My commission expires:

CITY OF CARTHAGE, MISSOURI, as Lessee

(SEAL)

By: _____

Name: Dan Rife

Title: Mayor

ATTEST:

Name: Miranda Deal

Title: City Clerk

ACKNOWLEDGMENT

STATE OF MISSOURI)
) SS.
COUNTY OF _____)

On this ____ day of _____, 2022, before me, the undersigned, a Notary Public, appeared **DAN RIFE**, to me personally known, who, being by me duly sworn, did say that he is the Mayor of the **CITY OF CARTHAGE, MISSOURI**, a charter city and political subdivision existing under the laws of the State of Missouri, and that the seal affixed to the foregoing instrument is the corporate seal of said City, and that said instrument was signed and sealed in behalf of said City by authority of its City Council, and said officer acknowledged said instrument to be executed for the purposes therein stated and as the free act and deed of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

Printed Name: _____

Notary Public in and for said State

Commissioned in _____ County

My commission expires:

SCHEDULE 1 TO LEASE
THE PROJECT SITE

SCHEDULE 2 TO LEASE

THE PROJECT

The Project consists of replacing, upgrading and renovating various pieces of equipment of the utility system, including the relocation and upgrade of several transmission lines and switches. The Project includes four main components:

- (1) The transmission lines between the Southwest Power Administration Substation and Substation No. 1 will be replaced. Electricity that is purchased arrives at the utility via the Southwest Power Administration Substation and is then transmitted to the utility's other substations.
- (2) The infrastructure utilized in the transmission and transformation of electricity between the Power Plant Substation and Substation No. 1 will be upgraded and improved. Infrastructure upgrades in and near the Power Plant Substation include replacement of physical lines and relocation of five distribution feeder circuit breakers to Substation No. 1. Infrastructure upgrades in and near Substation No. 1 include upgrading and adding distribution feeder circuit breakers that will improve reliability and be easier to maintain.
- (3) Infrastructure in and near Substation No. 2 will be replaced and upgraded. A transformer and switch gear will be replaced, and the improvements will be moved to an outdoor structure to provide for easier maintenance and operation.
- (4) Feeder lines from Substation No. 2 will be upgraded and extended. The feeder line connects the substation to the distribution system. The extension will connect with neighborhoods and improve flexibility in electric distribution.

SCHEDULE 3 TO LEASE
(FORM OF REQUISITION CERTIFICATE)

Requisition No. _____
Date: _____

REQUISITION CERTIFICATE

TO: UMB BANK, N.A., AS TRUSTEE UNDER THE TRUST INDENTURE DATED AS OF DECEMBER 15, 2022, BETWEEN THE CITY OF CARTHAGE, MISSOURI AND THE TRUSTEE.

The undersigned hereby request that a total of \$_____ be paid for Project Costs (as defined in the Trust Indenture) in such amounts, to such payees and for such purposes as set forth on **Exhibit A** attached hereto.

We hereby state and certify that:

(i) the amounts requested are or were necessary and appropriate in connection with the purchase, construction and installation of the Project, have been properly incurred and are a proper charge against the Project Fund, and have been paid, or are justly due to the persons whose names and addresses are stated above, and have not been the basis of any previous requisition from the Project Fund,

(ii) as of this date, except for the amounts specified above, there are no outstanding statements which are due and payable for labor, wages, materials, supplies or services in connection with the purchase, construction and installation of the Project which, if unpaid, might become the basis of a vendors', mechanics', laborers' or materialmen's statutory or similar lien upon the Facilities, or any part thereof;

(iii) no part of the several amounts paid or due as stated above has been or is being made the basis for the withdrawal of any moneys from the Project Fund in any previous or pending application for payment made pursuant to the Lease;

(iv) all work has been performed in a good and workmanlike manner;

(v) no defaults have occurred and are continuing under the Lease; and

(vi) with respect to this disbursement, (i) it has reviewed any wire instructions set forth herein to confirm such wire instructions are accurate, and (ii) agrees it will not seek recourse from Trustee as a result of losses incurred by it for making the disbursement in accordance with its instructions herein.

CITY OF CARTHAGE, MISSOURI

By: _____
Title: _____

EXHIBIT A TO REQUISITION CERTIFICATE

Amount

Payee and Address

Description

**SCHEDULE 4 TO LEASE
FORM OF RENTAL PAYMENT SCHEDULE**

<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
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*The Option Purchase Price in the event of optional prepayment pursuant to **Section 302** of the Indenture shall be determined as follows:

Rental Payment <u>Date</u>	Option Purchase Price on Rental Payment Date through but excluding next <u>Rental Payment Date*</u>
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*The Option Purchase Price in the event of damage, casualty, condemnation or deficiency of title shall be determined as follows:

Rental Payment <u>Date</u>	Option Purchase Price on Rental Payment Date through but excluding next <u>Rental Payment Date*</u>
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BASE LEASE

Grantor:	City of Carthage, Missouri 326 Grant Street Carthage, Missouri 64836 Attention: City Administrator
Grantee:	UMB Bank, N.A. 928 Grand Boulevard, 12th Floor Kansas City, Missouri 64106 Attention: Corporate Trust Department
Real Property Legal Description:	See Schedule 1
Dated as of:	December 15, 2022

BASE LEASE

THIS BASE LEASE (the “**Base Lease**”) dated as of December 15, 2022, by and between **CITY OF CARTHAGE, MISSOURI**, a constitutional charter city and political subdivision duly organized and existing under the laws of the State of Missouri, as Site Lessor (the “**City**”), and the **UMB BANK, N.A.**, a national banking association duly organized and existing under and by virtue of the laws of the United States of America with a corporate trust office located in Kansas City, Missouri, in its capacity as Trustee (together with its successors, the “**Trustee**”) under the Trust Indenture dated as of December 15, 2022 (the “**Indenture**”), between the City and the Trustee, as Site Lessee.

WITNESSETH:

WHEREAS, the City owns fee simple title to the real estate described on **Schedule 1** attached hereto and all buildings and improvements thereon (the “**Project Site**”), and desires to finance or be reimbursed for the costs of projects (the “**Project**”) more specifically described in **Schedule 2** attached hereto (the Project Site and all additions, modifications, improvements, replacements and substitutions made thereon and thereto and any additional facilities financed with the Certificates being collectively referred to as the “**Facilities**”); and

WHEREAS, the City desires to lease the Project Site to the Trustee upon the terms and conditions herein set forth in order to provide for the financing of the Project; and

WHEREAS, the City proposes (a) to enter into a Trust Indenture of even date herewith (the “**Indenture**”), between the City and the Trustee, under which the Trustee will execute and deliver \$14,185,000 principal amount of City of Carthage, Missouri Certificates of Participation (Carthage Water and Electric Plant), Series 2022 (the “**Series 2022 Certificates**”), evidencing proportionate interests of the owners thereof in Rental Payments to be made by the City, as Lessee, pursuant to a Lease Agreement of even date herewith (the “**Lease**”), with the Trustee, as Lessor, to provide funds for the purposes described therein, and (b) to lease the Facilities from the Trustee pursuant to the Lease;

WHEREAS, the City and the Trustee may amend the Indenture in connection with the execution and delivery of Additional Certificates (as hereinafter defined; the Series 2022 Certificates and the Additional Certificates being collectively referred to as the “**Certificates**”) to provide additional funds for capital projects of the City;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, the City and the Trustee do hereby covenant and agree as follows:

ARTICLE I

DEFINITIONS, RULES OF CONSTRUCTION

Section 1.1. Definitions of Words and Terms. In addition to words and terms defined herein or the Lease, capitalized words and terms as used in this Base Lease shall have the meanings given to such words and terms in the Indenture (which definitions are hereby incorporated by reference).

Section 1.2. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing

person shall include firms, associations and corporations, including public bodies, as well as natural persons. Accounting terms used herein and not otherwise specifically defined shall have the meaning ascribed such terms by accounting principles generally accepted in the United States of America as from time to time in effect. The table of contents hereto and the headings and captions herein are not a part of this document. Whenever an item or items are listed after the word “including,” such listing is not intended to be a listing that excludes items not listed.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations of the City. The City represents, warrants and covenants to the Trustee as follows:

(a) The City is a constitutional charter city and political subdivision duly organized and existing under the laws of the State of Missouri.

(b) The City has full power and authority to enter into this Base Lease and the transactions contemplated by this Base Lease, the Lease and the Indenture and to carry out its obligations hereunder and thereunder, and by proper action has duly authorized the execution and delivery of this Base Lease, the Indenture and the Lease by its duly authorized officers.

(c) The execution and delivery of this Base Lease, the Indenture and the Lease, the consummation of the transactions contemplated hereby and thereby, and the performance of or compliance with the terms and conditions of this Base Lease, the Indenture and the Lease by the City will not conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restriction or any agreement or instrument to which the City is a party or by which it or any of its property is bound, or any order, rule or regulation applicable to the City or any of its property of any court or governmental body, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City under the terms of any instrument or agreement to which the City is a party.

(d) The City has good and marketable fee simple title to the Project Site at the time of execution and delivery of the Series 2022 Certificates free and clear of any liens or encumbrances, except for Permitted Encumbrances, and such real estate will thereby be exempt from property and any other taxes levied by the State of Missouri or any political subdivision thereof or by the City.

(e) The lease of the Project Site by the City to the Trustee, as provided in this Base Lease, will enhance and expand the use of public facilities owned by the City and as a result thereof will serve all of the aforesaid purposes and is therefore necessary, desirable and in the public interest.

(f) The Facilities will comply in all material respects with all presently applicable building and zoning, health, environmental and safety ordinances and laws and all other applicable laws, rules and regulations.

ARTICLE III

LEASE OF THE PROJECT SITE

Section 3.1. Lease of Project Site. The City hereby demises and leases the Project Site to the Trustee, and the Trustee hereby leases the Project Site from the City, subject to Permitted Encumbrances, on the terms and conditions herein set forth.

Section 3.2. Base Lease Term. The term of this Base Lease shall commence as of the date of the delivery hereof and shall end on June 30, 2073, unless such term is sooner terminated as hereinafter provided. Upon the payment in full of the Certificates, all of the Trustee's right, title and interest in the Facilities under this Base Lease shall revert back to the City without the requirement of any action by the City or the Trustee.

Section 3.3. Quiet Enjoyment.

(a) Subject to the Lease, the Trustee at all times during the term of this Base Lease shall peaceably and quietly have and enjoy the Project Site, subject to Permitted Encumbrances. The Trustee shall use the Project Site solely for the purpose of financing the costs of acquiring, constructing, improving, furnishing and equipping the Project for the City; provided, that in the event of default by the City under the Lease, the Trustee may exercise the remedies provided in the Lease and this Base Lease.

(b) In the event that title to, or the temporary use of, all or a portion of the Facilities is challenged or threatened by means of competent legal or equitable action, the City covenants that it shall cooperate with the Trustee and shall take all reasonable actions, including where appropriate the lawful exercise of the City's power of eminent domain, in order to quiet title to the Facilities in the City.

Section 3.4. No Merger. Subject to **Section 5.1** hereof, no union of the interests of the City and the Trustee herein shall result in a merger of this Base Lease and the Lease or of this Base Lease and the fee title to the Project Site.

Section 3.5. Assignments, Subleases and Mortgage.

(a) Simultaneously with the delivery of this Base Lease, the Trustee is subleasing the Facilities to the City pursuant to the Lease, but subject to the Indenture and the reservation of certain rights under this Base Lease.

(b) The Trustee may not mortgage or otherwise assign its rights under this Base Lease or sublet the Facilities without the written consent of the City except (a) the sublease and lease of the Facilities pursuant to the Lease, (b) the assignment pursuant to the Indenture of its rights under this Base Lease and the Lease, (c) if the Lease is terminated for any reason and this Base Lease is not otherwise terminated as provided herein, or (d) if an Event of Default or an Event of Nonappropriation under the Lease has occurred.

(c) Except with respect to Permitted Encumbrances and as otherwise provided herein, in the Lease or in the Indenture, neither the Trustee nor the City shall, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Facilities. Whenever and as often as any mechanics' or other lien is filed against the Facilities, or any part thereof, the City shall discharge the same of record within 60 days after the date of filing. Notice is hereby given that the Trustee shall not be liable for any labor or materials furnished to the City or to anyone claiming by, through or under the City upon credit, and that no mechanics' or other lien shall attach to or affect the reversionary or other estate of the Trustee in and to the Facilities, or any part thereof.

Section 3.6. Eminent Domain. In the event the whole or any part of the Project Site or the Project is taken by eminent domain proceedings, the interest of the Trustee shall be recognized. The proceeds of said condemnation shall be applied as provided in **Article VIII** of the Lease. The Trustee and the City have reached an agreement on the terms of the acquisition of the Facilities at City's option, and to the use of the Facilities, all as set forth in the Lease. Any acquisition of the Facilities or rights to their use by the City (whether pursuant to the exercise of eminent domain powers or otherwise) shall be pursuant to and in accordance with the Lease, including payment of Rental Payments and the applicable Option Purchase Price as set forth in the Lease. If the City allows the Lease to expire without exercising its option to purchase (whether by failure to exercise its option to extend the Lease for a Renewal Term, failure to exercise its option to purchase at the conclusion of the Maximum Lease Term or failure to cure an Event of Default under the Lease), that action shall constitute an irrevocable determination by the City that the Facilities are not required by it for any public purpose for the term of this Base Lease.

Section 3.7. Title Insurance. The City shall concurrently with the execution of this Base Lease obtain title insurance on the Project Site in the form of an extended ALTA owner's policy. All encumbrances, and endorsements and restrictions to the policies must be acceptable to the Purchaser. The policies may not permit the title insurer to purchase any Certificates in lieu of providing payment under the policy unless, upon purchase, such Certificates are canceled, or to settle claims with any person other than the Trustee. The Net Proceeds of such title insurance policy shall be applied in accordance with the provisions of the Indenture and the Lease.

ARTICLE IV

RENTAL PROVISIONS

Section 4.1. Rent and Other Considerations. As and for rental hereunder and in consideration for the leasing of the Facilities to the Trustee hereunder, the Trustee shall:

- (a) Cause the Series 2022 Certificates and any Additional Certificates to be delivered to the purchasers thereof having such terms as set forth in the Indenture; and
- (b) Cause the proceeds of the sale of the Series 2022 Certificates and any Additional Certificates to be deposited as provided in the Indenture.

Section 4.2. Disbursement from Project Fund. The City will authorize and direct the Trustee to disburse moneys in the Project Fund for the payment, or for reimbursement to the City for payment, of the Project Costs, upon the terms and conditions specified in the Indenture and in the Lease.

Section 4.3. Additional Certificates. The Trustee may deliver Additional Certificates for the purposes and upon the terms and conditions provided in the Indenture. If the City is not in default hereunder, the Trustee agrees, on request of the City, from time to time, to use its best efforts to deliver the amount of Additional Certificates specified by the City (within the limits and under the conditions specified herein and in the Indenture), provided that (a) the terms, purchase price and disposition of proceeds of the sale of such Additional Certificates have been approved in writing by the City; (b) the Trustee and the City shall have entered into an amendment to the Lease, if necessary, and this Base Lease, if necessary, to provide for the lease of any additional improvements and extensions to the property of the City and the payment by the City of Rental Payments necessary to pay the Principal Component, premium, if any, and Interest Component of the Rental Payments represented by the Additional Certificates; and (c) the City shall have otherwise complied with the provisions of the Indenture with respect to the issuance of such Additional Certificates.

ARTICLE V

TERMINATION

Section 5.1. Termination. This Base Lease shall terminate upon the completion of the Base Lease term specified in **Section 3.2** hereof; provided, however, in the event (i) the City pays all Rental Payments and Additional Payments required by the Lease during the Maximum Lease Term, or exercises the option to purchase the remaining Base Lease term of the Trustee hereunder and pays the then applicable Purchase Price as provided in the Lease, and (ii) the Indenture has been discharged in accordance with its terms, then this Base Lease shall be considered assigned to the City and terminated through merger of the leasehold interest with the fee interest if the City is the owner of the fee interest and elects to terminate the leasehold interest so acquired from the Trustee. The Trustee agrees, upon such assignment and termination of the Base Lease term, to quit and surrender the Facilities as they then exist to the City free and clear of encumbrances, except Permitted Encumbrances.

Section 5.2. Default by the City. If an Event of Default or an Event of Nonappropriation under the Lease occurs for any reason, or if the City terminates the Lease and fails to purchase the Trustee's interest in the Facilities as provided in the Lease, the Trustee, or its assignee, shall have the right to possession of the Facilities for the remainder of the Base Lease term and shall have the right to sublease the same or sell its interest in this Base Lease upon whatever terms and conditions it deems prudent. In the event the Trustee takes possession of the Facilities, the Trustee shall obtain, but solely to the extent of funds available to it for such use under the Indenture, the same insurance coverage with respect to the Facilities as the City is required to obtain under the Lease for the remainder of the Base Lease term and will furnish the City with evidence thereof. In the event that the Trustee shall receive a payment for the sale of its interest or total rental payments for subleasing that are, after the payment of the Trustee's expenses in connection therewith including fees and expenses of the Trustee, in excess of the purchase price applicable at the time of termination or default plus interest thereon at the interest rate per annum borne by the Certificates (which must be an amount sufficient to pay the Principal Component, premium, if any, and Interest Component with respect to the Certificates, or to provide for the payment thereof as provided in **Article XIII** of the Indenture, with amounts so received to be credited first to such Interest Component and then to Principal Component), then such excess shall be paid to the City by the Trustee, its assigns or its sublessee.

Section 5.3. Default by the Trustee. Notwithstanding any default by the Trustee hereunder, the City shall not have the right to exclude the Trustee from the Facilities or to take possession thereof (except pursuant to the Lease) or to terminate this Base Lease prior to the termination of the Base Lease term; except that if, upon exercise of the option to purchase the Trustee's interest in the Facilities under the Lease granted to the City in the Lease and after the payment of the purchase price specified therein and the other sums payable under the Lease, the Trustee fails to convey its interest therein to the City pursuant to said option, then the City shall have the right to terminate this Base Lease, such termination to be effective 30 days after delivery of written notice of such termination to the Trustee. However, in the event of any default by the Trustee hereunder resulting from the Trustee's negligence or willful misconduct, the City may maintain an action for damages or, if permitted in equity, for specific performance. In no event shall the Trustee be liable for consequential or punitive damages.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.1. Amendments, Changes and Modifications. This Base Lease may not be effectively amended, changed, modified, altered or terminated, except as provided in the Indenture.

Section 6.2. Notices. Any notice, request, complaint, demand or other communication required by this Base Lease to be given to or filed with the City or the Trustee shall be in writing and shall be given or filed in the manner and at the addresses specified in the Indenture.

Section 6.3. Waiver of Personal Liability. All liabilities under this Base Lease on the part of the Trustee are corporate liabilities of the Trustee, and, to the extent permitted by law, the City hereby releases each and every incorporator, member, director and officer of the Trustee of and from any personal or individual liability under this Base Lease. No incorporator, member, director or officer of the Trustee shall at any time or under any circumstances be individually or personally liable under this Base Lease for anything done or omitted to be done by the Trustee hereunder.

Section 6.4. Binding Effect. This Base Lease shall inure to the benefit of and shall be binding upon the City, the Trustee and their respective successors and assigns.

Section 6.5. Severability. In the event any provision of this Base Lease shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

Section 6.6. Execution in Counterparts. This Base Lease may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same instrument.

Section 6.7. Applicable Law. This Base Lease shall be governed by and construed in accordance with the laws of the State of Missouri.

Section 6.8. Electronic Storage of Documents. The Trustee and the City agree that the transaction described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions or original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Base Lease to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

CITY OF CARTHAGE, MISSOURI, as Site Lessor

(SEAL)

ATTEST:

By: _____
Name: Dan Rife
Title: Mayor

Name: Miranda Deal
Title: City Clerk

ACKNOWLEDGMENT

STATE OF MISSOURI)
) SS.
COUNTY OF _____)

On this ____ day of _____ 2022, before me, the undersigned, a Notary Public, appeared **DAN RIFE**, to me personally known, who, being by me duly sworn, did say that he is the Mayor of the **CITY OF CARTHAGE, MISSOURI**, a constitutional charter city and political subdivision duly organized and existing under the laws of the State of Missouri, and that the seal affixed to the foregoing instrument is the corporate seal of said City, and that said instrument was signed and sealed in behalf of said City by authority of its City Council, and said officer acknowledged said instrument to be executed for the purposes therein stated and as the free act and deed of said City.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

Printed Name: _____
Notary Public in and for said State
Commissioned in _____ County

UMB BANK, N.A.,
as Site Lessee

(SEAL)

By: _____
Name: _____
Title: _____

ATTEST:

Name:
Title:

ACKNOWLEDGMENT

STATE OF MISSOURI)
) **SS.**
COUNTY OF _____)

On this ____ day of _____, 2022, before me, the undersigned, a Notary Public, appeared _____, who being before me duly sworn did say that [s]he is a _____ of **UMB BANK, N.A.**, a national banking association, and that said officer being authorized so to do executed the foregoing instrument for the purposes therein contained by signing on behalf of the bank as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year last above written.

Printed Name: _____
Notary Public in and for said State
Commissioned in _____ County

**SCHEDULE 1 TO BASE LEASE
THE PROJECT SITE**

SCHEDULE 2 TO BASE LEASE

THE PROJECT

The Project consists of replacing, upgrading and renovating various pieces of equipment of the utility system, including the relocation and upgrade of several transmission lines and switches. The Project includes four main components:

- (1) The transmission lines between the Southwest Power Administration Substation and Substation No. 1 will be replaced. Electricity that is purchased arrives at the utility via the Southwest Power Administration Substation and is then transmitted to the utility's other substations.
- (2) The infrastructure utilized in the transmission and transformation of electricity between the Power Plant Substation and Substation No. 1 will be upgraded and improved. Infrastructure upgrades in and near the Power Plant Substation include replacement of physical lines and relocation of five distribution feeder circuit breakers to Substation No. 1. Infrastructure upgrades in and near Substation No. 1 include upgrading and adding distribution feeder circuit breakers that will improve reliability and be easier to maintain.
- (3) Infrastructure in and near Substation No. 2 will be replaced and upgraded. A transformer and switch gear will be replaced, and the improvements will be moved to an outdoor structure to provide for easier maintenance and operation.
- (4) Feeder lines from Substation No. 2 will be upgraded and extended. The feeder line connects the substation to the distribution system. The extension will connect with neighborhoods and improve flexibility in electric distribution.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE CARTHAGE
WATER AND ELECTRIC PLANT RECOMMENDING AND REQUESTING
THAT THE CITY COUNCIL OF THE CITY OF CARTHAGE, MISSOURI
DELIVER CERTIFICATES OF PARTICIPATION FOR IMPROVEMENTS TO
THE ELECTRIC SYSTEM OF CARTHAGE WATER AND ELECTRIC PLANT**

WHEREAS, on August 18, 2022, the Carthage Water and Electric Plant (CWEP) Board of Directors (the “Board”) recommended and requested that the City Council of the City of Carthage, Missouri (the “City”) deliver certificates of participation (the “Certificates”), for the purpose of providing funds to finance the costs of various replacements and upgrades to the electric system (the “Project”), with the Certificates to be payable from the legally available revenues of the City’s electric system to be appropriated on an annual basis and other legally available funds of the City; and

WHEREAS, the Certificates are to be sold by the City pursuant to a negotiated sale to Piper Sandler & Co. (the “Underwriter”);

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CARTHAGE WATER AND ELECTRIC PLANT, AS FOLLOWS:

Section 1. Approval of Certificates and City Documents. The Board of CWEP hereby requests the City Council to adopt an ordinance and authorize the delivery of the Certificates and to execute and deliver the City Documents related to the delivery of the Certificates (defined below). The Board hereby covenants and agrees with the City and UMB Bank, N.A. as trustee (the “Trustee”) to perform all duties and obligations incurred by the City on behalf of the Board in and by the provisions of the following documents, herein referred to as the “City Documents”:

1. Trust Indenture dated as of December 15, 2022, between the Trustee and the City;
2. Lease Agreement dated as of December 15, 2022, between the Trustee and the City;
3. Base Lease dated as of December 15, 2022, between the Trustee and the City;
4. Certificate Purchase Agreement between the Underwriter and the City; and
5. Tax Compliance Agreement dated as of December 15, 2022, between the Trustee and the City.

Section 2. Further Authority. The President, Vice President, General Manager and other officers and representatives of CWEP are hereby authorized and directed to take such action as may be necessary or desirable to carry out and comply with the intent of this Resolution, and to carry out, comply with and perform the duties of the Board with respect to the Certificates and the City Documents.

Section 3. Effective Date. This resolution shall become effective upon its adoption by the Board of CWEP.

Dated this _____ day of November, 2022.

President

ATTEST:

Secretary

TAX COMPLIANCE AGREEMENT

Dated as of December 15, 2022

Between

City of Carthage, Missouri,

And

**UMB Bank, N.A.,
as Trustee**

**\$14,185,000
City of Carthage, Missouri
Certificates of Participation
(Carthage Water and Electric Plant)
Series 2022**

TAX COMPLIANCE AGREEMENT

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Exhibit A – Debt Service Schedule and Proof of Certificate Yield

Exhibit B – IRS Form 8038-G

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Exhibit D – Description of Property Comprising the Financed Facility and List of
Reimbursement Expenditures

Exhibit E – Sample Annual Compliance Checklist

Exhibit F – Sample Final Written Allocation

* * *

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the “Tax Agreement”), is entered into as of December 15, 2022, between **City of Carthage, Missouri**, a political subdivision organized and existing under the laws of the State of Missouri (the “Issuer”) and **UMB Bank, N.A.**, national banking association duly organized and existing under the laws of the United States of America, as Trustee (the “Trustee”) related to the Issuer’s Certificates of Participation (Carthage Water and Electric Plant), Series 2022 (the “Certificates”).

RECITALS

1. This Tax Agreement is being executed and delivered in connection with the issuance by the Issuer of the Certificates, under a Trust Indenture dated the date of this Tax Agreement (the “Indenture”) between the Issuer and the Trustee, for the purposes described in this Tax Agreement and in the Indenture.

2. The Internal Revenue Code of 1986, as amended (the “Code”), and the applicable Regulations and rulings issued by the U.S. Treasury Department (the “Regulations”), impose certain limitations on the uses and investment of the Certificate proceeds and of certain other money relating to the Certificates and set forth the conditions under which the interest on the Certificates will be excluded from gross income for federal income tax purposes.

3. The Issuer and the Trustee are entering into this Tax Agreement in order to set forth certain facts, covenants, representations, and expectations relating to the use of Certificate proceeds and the property financed or refinanced with those proceeds and the investment of the Certificate proceeds and of certain other related money, in order to establish and maintain the exclusion of the interest on the Certificates from gross income for federal income tax purposes.

4. The Issuer adopted a Tax-Exempt Financing Compliance Policy and Procedure on September 11, 2012 as it may from time to time be amended (the “Tax Compliance Procedure”) for the purpose of setting out general procedures for the City to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations.

5. This Tax Agreement is entered into as required by the Tax Compliance Procedure to set out specific tax compliance procedures applicable to the Certificates.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the Issuer and the Trustee represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. Except as otherwise provided in this Tax Agreement or unless the context otherwise requires, capitalized words and terms used in this Tax Agreement have the same meanings as set forth in the Indenture, and certain other words and phrases

have the meanings assigned in Code §§ 103, 141-150 and the Regulations. The following words and terms used in this Tax Agreement have the following meanings:

“Adjusted Gross Proceeds” means the Gross Proceeds of the Certificates reduced by amounts (a) in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund, (b) that as of the Issue Date are not expected to be Gross Proceeds, but which arise after the end of the applicable spending period, and (c) representing grant repayments or sale or Investment proceeds of any purpose Investment.

“Available Construction Proceeds” means the sale proceeds of the Certificates, increased by (a) Investment earnings on the sale proceeds, (b) earnings on amounts in a reasonably required reserve or replacement fund allocable to the Certificates but not funded from the Certificates, and (c) earnings on such earnings, reduced by sale proceeds (1) in any reasonably required reserve fund or (2) used to pay issuance costs of the Certificates. Available Construction Proceeds do not include Investment earnings on amounts in a reasonably required reserve or replacement fund after the earlier of (i) the second anniversary of the Issue Date or (ii) the date the Financed Facility is substantially completed.

“Bona Fide Debt Service Fund” means a fund, which may include Certificate proceeds, that (a) is used primarily to achieve a proper matching of revenues with principal and interest payments within each Certificate year; and (b) is depleted at least once each Certificate year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Certificate year, or (2) one-twelfth of the principal and interest payments on the Certificates for the immediately preceding Certificate year.

“Bond Compliance Officer” means the person named in the Tax Compliance Procedure.

“Certificate” or **“Certificates”** means any Certificate or Certificates described in the recitals, authenticated and delivered under the Indenture.

“Certificate year” means each one-year period (or shorter period for the first Certificate year) ending May 1, or another one-year period selected by the Issuer.

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

“Computation Date” means each date on which arbitrage rebate for the Certificates is computed. The Issuer may treat any date as a Computation Date, subject to the following limits:

- (a) the first rebate installment payment must be made for a Computation Date not later than 5 years after the Issue Date;
- (b) each subsequent rebate installment payment must be made for a Computation Date not later than five years after the previous Computation Date for which an installment payment was made; and
- (c) the date the last Certificate is discharged is the final Computation Date.

The Issuer selects December 15, 2027, as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

“Final Written Allocation” means the Final Written Allocation of expenditures prepared by the Certificate Compliance Officer in accordance with the Tax Compliance Procedure and **Section 4.2(b)** of this Tax Agreement.

“Financed Facility” means the portion of the Project being financed or refinanced with the proceeds of the Certificates as described on **Exhibit D**.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the Issuer from the sale of the Certificates, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds), (c) any amounts held in a sinking fund for the Certificates, (d) any amounts held in a pledged fund or reserve fund for the Certificates, and (e) any other replacement proceeds.

Specifically, Gross Proceeds includes (but is not limited to) amounts held in the following funds and accounts:

- (1) Project Fund.
- (2) Debt Service Fund.

“Guaranteed Investment Contract” is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on two or more future dates (*e.g.*, a forward supply contract).

“Indenture” means the Trust Indenture, dated the date of this Tax Agreement, between the Issuer and the Trustee, as amended and supplemented in accordance with the provisions of the Indenture.

“Investment” means any security, obligation, annuity contract or other investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. This term does not include a tax-exempt bond, except for “specified private activity bonds” as defined in Code § 57(a)(5)(C), but it does include the investment element of most interest rate caps.

“IRS” means the United States Internal Revenue Service.

“Issue Date” means December __, 2022.

“Issuer” means City of Carthage, Missouri and its successors and assigns, or any body, agency or instrumentality of the State of Missouri succeeding to or charged with the powers, duties and functions of the Issuer.

“Management Agreement” means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. Contracts for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing, or similar services), however, are not treated as Management Agreements.

“Measurement Period” means, with respect to each item of property financed as part of the Financed Facility, the period beginning on the later of (a) the Issue Date or (b) the date the property is

placed in service and ending on the earlier of (1) the final maturity date of the Certificates or (2) the end of the expected economic useful life of the property.

“Minor Portion” means the lesser of \$100,000 or 5% of the sale proceeds of the Certificates.

“Net Proceeds” means the sale proceeds of the Certificates (excluding pre-issuance accrued interest), less any proceeds deposited in a reasonably required reserve or replacement fund, plus all Investment earnings on such sale proceeds.

“Non-Qualified Use” means use of Certificate proceeds or the Financed Facility in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether Certificate proceeds or the Financed Facility are “used” in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Facility, will constitute use under Regulations § 1.141-3.

“Non-Qualified User” means any person or entity other than a Qualified User.

“Opinion of Special Counsel” means the written opinion of Gilmore & Bell, P.C. or other nationally recognized firm of Special Counsel. Unless otherwise specifically noted herein an Opinion of Special Counsel must conclude that the action or proposed action or the failure to act or proposed failure to act for which the opinion is required will not adversely affect the exclusion of the interest on the Certificates from gross income for federal income tax purposes.

“Post-Issuance Tax Requirements” means those requirements related to the use of proceeds of the Certificates, the use of the Financed Facility and the investment of Gross Proceeds after the Issue Date of the Certificates.

“Project” means all of the property being acquired, developed, constructed, renovated, and equipped by the Issuer using Certificate proceeds and Qualified Equity, all as described on **Exhibit D**.

“Qualified Equity” means funds (but excluding an existing equity ownership interest in real property or tangible personal property) that are not derived from proceeds of a tax-exempt financing that are spent on the Project on a date that is no earlier than a date on which such expenditures would be eligible for reimbursement by proceeds of the Certificates under Regulations § 1.150-2(d)(2) and ending not later than the date the Project is capable of and actually used at substantially its designed level.

“Qualified Use Agreement” means any of the following:

(a) A lease or other short-term use by members of the general public who occupy the Financed Facility on a short-term basis in the ordinary course of the Issuer’s governmental purposes.

(b) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 200 days in length pursuant to an arrangement whereby (1) the use of the Financed Facility under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (2) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(c) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 100 days in length pursuant to arrangements whereby (1) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (2) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (3) the Financed Facility was not constructed for a principal purpose of providing the property for use by that Qualified User or Non-Qualified User. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(d) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 50 days in length pursuant to a negotiated arm's-length arrangement at fair market value so long as the Financed Facility was not constructed for a principal purpose of providing the property for use by that person.

“Qualified User” means a State, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

“Reasonable Retainage” means Gross Proceeds retained by the Issuer for reasonable business purposes, such as to ensure or promote compliance with a construction contract; provided that such amount may not exceed (a) for purposes of the 18-month spending test, 5% of net sale proceeds of the Certificates on the date 18 months after the Issue Date, or (b) for purposes of the 2-year spending test, 5% of the Available Construction Proceeds as of the end of the 2-year spending period.

“Rebate Analyst” means Gilmore & Bell, P.C. or any successor Rebate Analyst selected pursuant to this Tax Agreement.

“Regulations” means all Regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Certificates.

“Special Counsel” means Gilmore & Bell, P.C., or other firm of nationally recognized Special Counsel acceptable to the Issuer.

“Tax Agreement” means this Tax Compliance Agreement as it may from time to time be amended and supplemented in accordance with its terms.

“Tax Compliance Procedure” means the Issuer's Tax-Exempt Financing Compliance Policy and Procedure, dated September 11, 2012, as it may from time to time be amended.

“Tax-Exempt Bond File” means documents and records for the Certificates, maintained by the Certificate Compliance Officer pursuant to the Tax Compliance Procedure.

“Transcript” means the Transcript of Proceedings relating to the authorization and delivery of the Certificates.

“**Trustee**” means UMB Bank, N.A., and its successor or successors and any other corporation or association which at any time may be substituted in its place at the time serving as Trustee under the Indenture.

“**Underwriter**” means Piper Sandler & Co., underwriter of the Certificates.

“**Yield**” means yield on the Certificates, computed under Regulations § 1.148-4, and yield on an Investment, computed under Regulations § 1.148-5.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the Issuer. The Issuer represents and covenants as follows:

(a) *Organization and Authority.* The Issuer (1) is a political subdivision organized and existing under the laws of the State of Missouri, and (2) has lawful power and authority to issue the Certificates for the purposes set forth in the Indenture, to enter into, execute and deliver the Indenture, the Certificates, and this Tax Agreement and to carry out its obligations under this Tax Agreement and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Indenture, the Certificates, and this Tax Agreement, acting by and through its duly authorized officials.

(b) *Tax-Exempt Status of Certificates—General Representation and Covenants.* In order to maintain the exclusion of the interest on the Certificates from gross income for federal income tax purposes, the Issuer (1) will take whatever action, and refrain from whatever action, necessary to comply with the applicable requirements of the Code; (2) will not use or invest, or permit the use or Investment of, any Certificate proceeds, other money held under the Indenture, or other funds of the Issuer, in a manner that would violate applicable provisions of the Code; and (3) will not use, or permit the use of, any portion of the Financed Facility in a manner that would cause any Certificate to become a “private activity bond” as defined in Code § 141.

(c) *Governmental Obligations—Use of Proceeds.* Throughout the Measurement Period all of the Financed Facility is expected to be owned by the Issuer or another Qualified User. Throughout the Measurement Period no portion of the Financed Facility is expected to be used in a Non-Qualified Use. Throughout the Measurement Period the Issuer will not permit any Non-Qualified Use of the Financed Facility without first consulting with Special Counsel.

(d) *Governmental Obligations—Private Security or Payment.* As of the Issue Date the Issuer expects that none of the principal and interest on the Certificates will be (under the terms of the Certificates or any underlying arrangement) directly or indirectly:

(1) secured by (i) any interest in property used or to be used for a Non-Qualified Use, or (ii) any interest in payments in respect of such property; or

(2) derived from payments (whether or not such payments are made to the Issuer) in respect of property, or borrowed money, used or to be used for a Non-Qualified Use.

For purposes of the foregoing, taxes of general application, including payments in lieu of taxes, are not treated as private payments or as private security. The Issuer will not permit any private security or payment with respect to the Certificates without first consulting with Special Counsel.

(e) *No Private Loan.* Not more than 5% of the Net Proceeds of the Certificates will be loaned directly or indirectly to any Non-Qualified User.

(f) *Management Agreements.* As of the Issue Date, the Issuer has no Management Agreements with Non-Qualified Users. During the Measurement Period the Issuer will not enter into or renew any Management Agreement with any Non-Qualified User without first consulting with Special Counsel.

(g) *Leases.* As of the Issue Date the Issuer has not entered into any leases of any portion of the Financed Facility other than Qualified Use Agreements. During the Measurement Period the Issuer will not enter into or renew any lease or similar agreement or arrangement other than a Qualified Use Agreement without first consulting with Special Counsel.

(h) *Limit on Maturity of Certificates.* A list of the assets included in the Financed Facility and a computation of the “average reasonably expected economic life” is attached to this Tax Agreement as **Exhibit D**. Based on this computation, the “average maturity” of the Certificates of ____ years, as computed by Special Counsel, does not exceed 120% of the average reasonably expected economic life of the Financed Facility (____ years).

(i) *Expenditure of Certificate proceeds.*

(1) The Issuer will evidence each allocation of the proceeds of the Certificates and Qualified Equity for the Project to an expenditure in writing. No allocation will be made more than 18 months following the later of (i) the date of the expenditure or (ii) the date the Financed Facility was placed in service.

(2) Reimbursement of Expenditures; Official Intent. On August __, 2022, the governing body of the Issuer adopted a resolution declaring the intent of the Issuer to finance the Financed Facility with tax-exempt certificates and to reimburse the Issuer for expenditures made for the Financed Facility prior to the issuance of those certificates. A copy of the resolution is attached to this Tax Certificate as **Exhibit C**. \$_____ of the proceeds of the Certificates will be allocated to expenditures paid by the Issuer prior to the Issue Date and should be shown on line 45 of Form 8038-G. No portion of the Net Proceeds of the Certificates will be used to reimburse an expenditure paid by the Issuer more than 60 days prior to the date the resolution was adopted except as described on **Exhibit D**. Each expenditure listed on **Exhibit D** may be reimbursed from the proceeds of the Certificates for the reasons permitted under Regulations § 1.150-2(f) (for example, issuance costs, de minimis amounts, and preliminary expenditures), as set forth on **Exhibit D**. No reimbursement allocation will be made for an expenditure made more than 3 years before the date of the reimbursement allocation.

(j) *Registered Certificates.* The Indenture requires that all of the Certificates will be issued and held in registered form within the meaning of Code § 149(a).

(k) *Certificates Not Federally Guaranteed.* The Issuer will not take any action or permit any action to be taken which would cause any Certificate to be “federally guaranteed” within the meaning of Code § 149(b).

(l) *IRS Form 8038-G.* Special Counsel will prepare Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) based on the representations and covenants of the Issuer contained in this Tax Agreement or otherwise provided by the Issuer. Special Counsel will sign the return as a paid preparer following completion and will then deliver copies to the Issuer for execution and for the Issuer's records. The Issuer agrees to timely execute and return to Special Counsel the execution copy of Form 8038-G for filing with the IRS. A copy of the "as-filed" copy along with proof of filing will be included as **Exhibit B**. The Issuer has allocated \$_____ of the Net Proceeds of the Certificates to reimburse expenditures made prior to the Issue Date and that amount should be reflected on Line 45a of Form 8038-G. A list of expenditures to be reimbursed is included as part of **Exhibit D**.

(m) *Hedge Bonds.* At least 85% of the net sale proceeds of the Certificates will be used to carry out the governmental purpose of the Certificates within three years after the Issue Date, and not more than 50% of the proceeds of the Certificates will be invested in Investments having a substantially guaranteed Yield for four years or more.

(n) *Compliance with Future Tax Requirements.* The Issuer understands that the Code and the Regulations may impose new or different restrictions and requirements on the Issuer in the future. The Issuer will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Certificates from gross income for federal income tax purposes.

(o) *Single Issue; No Other Issues.* The Certificates constitute a single "issue" under Regulations § 1.150-1(c). No other debt obligations of the Issuer (1) are being sold within 15 days of the sale of the Certificates, (2) are being sold under the same plan of financing as the Certificates, and (3) are expected to be paid from substantially the same source of funds as the Certificates (disregarding guarantees from unrelated parties, such as bond insurance).

(p) *Interest Rate Swap.* As of the Issue Date the Issuer has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Certificates. The Issuer will not enter into any such arrangement in the future without first consulting with Special Counsel.

(q) *Guaranteed Investment Contract.* As of the Issue Date of the Certificates, the Issuer does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Certificates. The Issuer will be responsible for complying with **Section 4.4(d)** if it decides to enter into a Guaranteed Investment Contract at a later date.

(r) *Bank Qualified Tax-Exempt Obligation.* The Certificates are not "qualified tax-exempt obligations" under Code § 265(b)(3).

Section 2.2. Representations and Covenants of the Trustee. The Trustee represents and covenants to the Issuer as follows:

(a) The Trustee will comply with the provisions of this Tax Agreement that apply to it as Trustee and any written letter or Opinion of Special Counsel, specifically referencing the Certificates and received by the Trustee, that sets forth any action necessary to comply with any statute, regulation or ruling that may apply to it as Trustee and relating to reporting requirements or other requirements necessary to maintain the exclusion of the interest on the Certificates from gross income for federal income tax purposes.

(b) The Trustee, acting on behalf of the Issuer, may from time to time cause a firm of attorneys, consultants or independent accountants or an Investment banking firm to provide the Trustee with such information as it may request in order to determine all matters relating to (1) the Yield on the Certificates as it relates to any data or conclusions necessary to verify that the Certificates are not “arbitrage bonds” within the meaning of Code § 148, and (2) compliance with arbitrage rebate requirements of Code § 148(f). The Issuer will pay all costs and expenses incurred in connection with supplying the foregoing information.

Section 2.3. Survival of Representations and Covenants. All representations, covenants and certifications of the Issuer and the Trustee contained in this Tax Agreement or in any certificate or other instrument delivered by the Issuer or the Trustee under this Tax Agreement, will survive the execution and delivery of such documents and the delivery of the Certificates, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Certificates.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this **Article III** is to certify, under Regulations § 1.148-2(b), the Issuer’s expectations as to the sources, uses and investment of Certificate proceeds and other money, in order to support the Issuer’s conclusion that the Certificates are not arbitrage bonds. The person executing this Tax Agreement on behalf of the Issuer is an officer of the Issuer responsible for issuing the Certificates.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations set forth in this **Article III** are based upon and in reliance upon the Issuer’s understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the Issuer’s knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the Issuer set forth in this Tax Agreement are reasonable. The Issuer has no knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Agreement are unreasonable or inaccurate or may not be relied upon.

Section 3.3. Purpose of Financing. The Certificates are being delivered for the purpose of providing funds to finance the Financed Facility.

Section 3.4. Funds and Accounts. The following funds and accounts have been established under the Indenture:

Project Fund
Debt Service Fund

Section 3.5. Amount and Use of Certificate proceeds and Other Money.

(a) *Amount of Certificate proceeds.* The total proceeds to be received by the Issuer from the sale of the Certificates will be as follows:

Principal Amount	\$14,185,000.00
Net Original Issue Premium/(Discount)	
Underwriting Discount	
Total Proceeds Received by Issuer	\$

(b) *Use of Certificate proceeds.* The Certificate proceeds are expected to be allocated to expenditures as follows: \$_____ will be deposited in the Project Fund, of which \$_____ will be used to pay costs of issuance, \$_____ will be used to reimburse the Issuer for costs of the Financed Facility paid before the Issue Date, and the balance will be used to pay costs of the Financed Facility.

Section 3.6. Multipurpose Issue. The Issuer is applying the arbitrage rules to separate financing purposes of the issue that have the same initial temporary period as if they constitute a single issue for purposes pursuant to Regulations § 1.148-9(h)(3)(i).

Section 3.7. No Advance Refunding. No proceeds of the Certificates will be used more than 90 days following the Issue Date to pay principal or interest on any other debt obligation.

Section 3.8. No Current Refunding. No proceeds of the Certificates will be used to pay principal or interest on any other debt obligation.

Section 3.9. Project Completion. The Issuer has incurred, or will incur within 6 months after the Issue Date, a substantial binding obligation to a third party to spend at least 5% of the Net Proceeds of the Certificates on the Financed Facility. The completion of the Financed Facility and the allocation of the Net Proceeds of the Certificates to expenditures will proceed with due diligence. At least 85% of the Net Proceeds of the Certificates will be allocated to expenditures on the Financed Facility within three years after the Issue Date.

Section 3.10. Sinking Funds. The Issuer is required to make periodic payments in amounts sufficient to pay the principal of and interest on the Certificates. Such payments will be deposited into the Debt Service Fund. Except for the Debt Service Fund, no sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Certificates has been established or is expected to be established. The Debt Service Fund is used primarily to achieve a proper matching of revenues with principal and interest payments on the Certificates within each Certificate year, and the Issuer expects that the Debt Service Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.11. Reserve, Replacement and Pledged Funds.

(a) *Debt Service Reserve Fund.* No reserve or replacement fund has been established for the Certificates.

(b) *No Other Replacement or Pledged Funds.* None of the Certificate proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility, and that instead has been or will be used to acquire higher yielding Investments. Except for the Debt Service Fund, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Certificates if the Issuer encounters financial difficulty.

Section 3.12. Purpose Investment Yield. The proceeds of the Certificates will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

Section 3.13. Issue Price and Yield on Certificates.

(a) *Issue Price.* **GENERAL RULE (AT LEAST 10% OF EACH MATURITY ACTUALLY SOLD)** Based on the Underwriter's certifications in the Underwriter's Receipt for Certificates and Closing Certificate, the Issuer hereby elects to establish the issue prices of the Certificates pursuant to Regulations § 1.148-1(f)(2)(i) (relating to the so-called "general rule"). Therefore, the aggregate issue price of the Certificates for such purpose is \$ _____. **COMBINATION OF GENERAL RULE AND HOLD-THE-OFFERING-PRICE RULE (AT LEAST 10% OF EACH MATURITY ACTUALLY SOLD AND/OR UNDERWRITER HOLDS REOFFERING PRICES)** Based on the Underwriter's certifications in the Underwriter's Receipt for Certificates and Closing Certificate, the Issuer hereby elects to establish the issue prices of the Certificates maturing in the years _____ pursuant to Regulations § 1.148-1(f)(2)(i) (relating to the so-called "general rule"), and the issue prices of the Certificates maturing in the years _____ pursuant to Regulations § 1.148-1(f)(2)(ii) (relating to the so-called "hold-the-offering-price rule"). Therefore, the aggregate issue price of the Certificates for such purpose is \$ _____.

(b) *Certificate Yield.* Based on the issue price, the Yield on the Certificates is _____%, as computed by Special Counsel as shown on **Exhibit A**. The Issuer has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Certificates.

Section 3.14. Miscellaneous Arbitrage Matters.

(a) *No Abusive Arbitrage Device.* The Certificates are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.

(b) *No Over-Issuance.* The sale proceeds of the Certificates, together with expected Investment earnings thereon and other money contributed by the Issuer, do not exceed the cost of the governmental purpose of the Certificates as described above.

Section 3.15. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Agreement, the Issuer does not expect that the Certificate proceeds will be used in a manner that would cause any Certificate to be an "arbitrage bond" within the meaning of Code § 148 and the Regulations.

ARTICLE IV

POST-ISSUANCE TAX REQUIREMENTS, POLICIES AND PROCEDURES

Section 4.1. General.

(a) *Purpose of Article.* The purpose of this Article is to supplement the Tax Compliance Procedure and to set out specific policies and procedures governing compliance with the federal income tax requirements that apply after the Certificates are issued. The Issuer recognizes that interest on the Certificates will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The Issuer further acknowledges that written evidence substantiating the

Post-Issuance Tax Requirements must be retained in order to permit the Certificates to be refinanced with tax-exempt obligations and substantiate the position that interest on the Certificates is exempt from gross income in the event of an audit of the Certificates by the IRS.

(b) *Written Policies and Procedures of the Issuer.* The Issuer intends for the Tax Compliance Procedure, as supplemented by this Tax Agreement, to be its primary written policies and procedures for monitoring compliance with the Post-Issuance Tax Requirements for the Certificates and to supplement any other formal policies and procedures related to tax compliance that the Issuer has established. The provisions of this Tax Agreement are intended to be consistent with the Tax Compliance Procedure. In the event of any inconsistency between the Tax Compliance Procedure and this Tax Agreement, the terms of this Tax Agreement will govern.

(c) *Bond Compliance Officer.* The Issuer when necessary to fulfill its Post-Issuance Tax Requirements will, through its Bond Compliance Officer, sign Form 8038-T in connection with the payment of arbitrage rebate or Yield reduction payments, participate in any federal income tax audit of the Certificates or related proceedings under a voluntary compliance agreement procedures (VCAP) or undertake a remedial action procedure pursuant to Regulations §§ 1.141-12. In each case, all costs and expenses incurred by the Issuer shall be treated as a reasonable cost of administering the Certificates and the Issuer shall be entitled to reimbursement and recovery of its costs to the same extent as provided in the Indenture or State law.

Section 4.2. Record Keeping; Use of Certificate proceeds and Use of Financed Facility.

(a) *Record Keeping.* The Certificate Compliance Officer will maintain the Tax-Exempt Bond File for the Certificates in accordance with the Tax Compliance Procedure. Unless otherwise specifically instructed in advice or a written Opinion of Special Counsel or to the extent otherwise provided in this Tax Agreement, the Certificate Compliance Officer shall retain records related to the Post-Issuance Tax Requirements until 3 years following the final maturity of (1) the Certificates or (2) any obligation issued to refund the Certificates. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (i) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (ii) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (iii) exhibit a high degree of legibility and readability both electronically and in hardcopy, (iv) provide support for other books and records of the Issuer and (v) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the Issuer's premises.

(b) *Accounting and Allocation of Certificate proceeds and Qualified Equity to Expenditures.* The Certificate Compliance Officer will account for the investment and expenditure of Certificate proceeds in the level of detail required by the Tax Compliance Procedure. The Certificate Compliance Officer will supplement the expected allocation of Certificate proceeds and Qualified Equity to expenditures with a Final Written Allocation as required by the Tax Compliance Procedure. A sample form of Final Written Allocation is attached as **Exhibit F**.

(c) *Annual Compliance Checklist.* Attached as **Exhibit E** is a sample Annual Compliance Checklist for the Certificates. The Certificate Compliance Officer will prepare and complete an Annual Compliance Checklist for the Financed Facility at least annually in accordance with the Tax Compliance Procedure. If the Annual Compliance Checklist identifies a deficiency in compliance with the

requirements of this Tax Agreement, the Certificate Compliance Officer will take the actions identified in advice of Special Counsel or as described in the Tax Compliance Procedure to correct any deficiency.

(d) *Opinions of Special Counsel.* The Certificate Compliance Officer is responsible for obtaining and delivering to the Issuer and the Trustee any advice or Opinion of Special Counsel required under the provisions of this Tax Agreement, including any advice or Opinion of Special Counsel required by this Tax Agreement or the Annual Compliance Checklist.

Section 4.3. Temporary Periods/Yield Restriction. Except as described below, the Issuer will not invest Gross Proceeds at a Yield greater than the Yield on the Certificates:

(a) *Project Fund.* Certificate proceeds deposited in the Project Fund and investment earnings on those proceeds may be invested without Yield restriction for up to 3 years following the Issue Date. If any unspent proceeds remain in the Project Fund after 3 years, those amounts may continue to be invested without Yield restriction so long as the Issuer pays to the IRS all Yield reduction payments in accordance with Regulations § 1.148-5(c). These payments are required whether or not the Certificates are exempt from the arbitrage rebate requirements of Code § 148.

(b) *Debt Service Fund.* To the extent that the Debt Service Fund qualifies as a Bona Fide Debt Service Fund, money in such account may be invested without Yield restriction for 13 months after the date of deposit. Earnings on such amounts may be invested without Yield restriction for one year after the date of receipt of such earnings.

(c) *Minor Portion.* In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without Yield restriction.

Section 4.4. Fair Market Value.

(a) *General.* No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with Regulations § 1.148-5.

(b) *Established Securities Market.* Except for Investments purchased for a Yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with Regulations § 1.148-5.

(c) *Certificates of Deposit.* The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) *Guaranteed Investment Contracts.* The Issuer is applying Regulations § 1.148-5(d)(6)(iii)(A) to the Certificates. The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

(1) Bona Fide Solicitation for Bids. The Issuer or the Trustee makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(i) The bid specifications are in writing and are timely forwarded to potential providers.

(ii) The bid specifications include all “material” terms of the bid. A term is material if it may directly or indirectly affect the Yield or the cost of the Guaranteed Investment Contract.

(iii) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (A) that the potential provider did not consult with any other potential provider about its bid, (B) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer, the Trustee, or any other person (whether or not in connection with the Certificate issue), and (C) that the bid is not being submitted solely as a courtesy to the Issuer, the Trustee, or any other person, for purposes of satisfying the requirements of the Regulations.

(iv) The terms of the bid specifications are “commercially reasonable.” A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the Yield of the Guaranteed Investment Contract.

(v) The terms of the solicitation take into account the Issuer’s reasonably expected deposit and draw-down schedule for the amounts to be invested.

(vi) All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (*i.e.*, a last look) before providing a bid.

(vii) At least three “reasonably competitive providers” are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of Investments being purchased.

(2) Bids Received. The bids received must meet all of the following requirements:

(i) At least three bids are received from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (A) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Issue Date of the issue, (B) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (C) a provider that is

a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(ii) At least one of the three bids received is from a reasonably competitive provider, as defined above.

(iii) If an agent or broker is used to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) Winning Bid. The winning bid is the highest Yielding bona fide bid (determined net of any broker's fees).

(4) Fees Paid. The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) Records. The Issuer and the Trustee retain the following records with the Certificate documents until three years after the last outstanding Certificate is redeemed:

(i) A copy of the Guaranteed Investment Contract.

(ii) The receipt or other record of the amount actually paid for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Issuer or the Trustee, and the certification as to fees paid, described in paragraph (d)(4) above.

(iii) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(iv) The bid solicitation form and, if the terms of Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) *Other Investments*. If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) at least three bids on the Investment must be received from persons with no financial interest in the Certificates (*e.g.*, as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 4.5. Certain Gross Proceeds Exempt from the Rebate Requirement.

(a) *General*. A portion of the Gross Proceeds of the Certificates may be exempt from rebate pursuant to one or more of the following exceptions. The exceptions typically will not apply with respect to all Gross Proceeds of the Certificates and will not otherwise affect the application of the Investment limitations described in **Section 4.3**. Unless specifically noted, the obligation to compute, and if necessary, to pay rebate as set forth in **Section 4.6** applies even if a portion of the gross proceeds of the

Certificates is exempt from the rebate requirement. To the extent all or a portion of the Certificates is exempt from rebate the Rebate Analyst may account for such fact in connection with its preparation of a rebate report described in **Section 4.6**. The Issuer may defer the final rebate Computation Date and the payment of rebate for the Certificates to the extent permitted by Regulations § 1.148-7(b)(1) and § 1.148-3(e)(2) but only in accordance with specific written instructions provided by the Rebate Analyst.

(b) *Applicable Spending Exceptions.*

(1) The Issuer expects that at least 75% of the Available Construction Proceeds will be used for construction or rehabilitation expenditures for property owned by the Issuer. The Issuer expects to earn approximately \$_____ in Investment earnings on Certificate proceeds in the Project Fund.

(c) *Special Elections Made with Respect to Spending Exception Elections.* No special elections are being made in connection with the application of the spending exceptions.

(d) *Bona Fide Debt Service Fund.* To the extent that the Debt Service Fund qualifies as a Bona Fide Debt Service Fund, Investment earnings in the account cannot be taken into account in computing arbitrage rebate.

(e) *Documenting Application of Spending Exception.* At any time prior to the first Computation Date, the Issuer may engage the Rebate Analyst to determine whether one or more spending exceptions has been satisfied, and the extent to which the Issuer must continue to comply with **Section 4.6** hereof.

(f) *General Requirements for Spending Exception.* The following general requirements apply in determining whether a spending exception is met.

(1) Using Adjusted Gross Proceeds or Available Construction Proceeds to pay principal of any Certificates is not taken into account as expenditure for purposes of meeting any of the spending tests.

(2) The six-month spending exception generally is met if all Adjusted Gross Proceeds of the Certificates are spent within six months following the Issue Date. The test may still be satisfied even if up to 5% of the sale proceeds remain at the end of the initial six-month period, so long as this amount is spent within one year of the Issue Date.

(3) The 18-month spending exception generally is met if all Adjusted Gross Proceeds of the Certificates are spent in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Adjusted Gross Proceeds Spent
6 months	15%
12 months	60%
18 months (Final)	100%

(4) The 2-year spending exception generally is met if all Available Construction Proceeds are spent in accordance with the following schedule:

Time Period After the Issue Date	Minimum Percentage of Available Construction Proceeds Spent
6 months	10%
12 months	45%
18 months	75%
24 months (Final)	100%

(5) For purposes of applying the 18-month and 2 year spending exceptions only, the failure to satisfy the **final** spending requirement is disregarded if the Issuer uses due diligence to complete the Financed Facility and the failure does not exceed the lesser of 3% of the aggregate issue price the Certificates or \$250,000. **No such exception applies for any other spending period.**

(6) For purposes of applying the 18-month and 2 year spending exceptions only, the Certificates meet the applicable spending test even if, at the end of the **final** spending period, proceeds not exceeding a Reasonable Retainage remain unspent, so long as such Reasonable Retainage is spent within 30 months (in the case of the 18-month exception) or 3 years (in the case of the 2 year spending test) after the Issue Date.

Section 4.6. Computation and Payment of Arbitrage Rebate.

(a) *Rebate Fund.* The Trustee will keep the Rebate Fund separate from all other funds and will administer the Rebate Fund under this Tax Agreement. Any Investment earnings derived from the Rebate Fund will be credited to the Rebate Fund, and any Investment loss will be charged to the Rebate Fund.

(b) *Computation of Rebate Amount.* The Trustee will provide the Rebate Analyst Investment reports relating to each fund held by the Trustee that contains Gross Proceeds of the Certificates at such times as reports are provided to the Issuer, and not later than ten days following each Computation Date. The Issuer will provide the Rebate Analyst with copies of Investment reports for any funds containing Gross Proceeds that are held by a party other than the Trustee annually as of the end of each Certificate year and not later than ten days following each Computation Date. Each Investment report provided to the Rebate Analyst will contain a record of each Investment, including (1) purchase date, (2) purchase price, (3) information establishing the fair market value on the date such Investment was allocated to the Certificates, (4) any accrued interest paid, (5) face amount, (6) coupon rate, (7) frequency of interest payments, (8) disposition price, (9) any accrued interest received, and (10) disposition date. Such records may be supplied in electronic form. The Rebate Analyst will compute rebate following each Computation Date and deliver a written report to the Trustee and the Issuer together with an opinion or certificate of the Rebate Analyst stating that arbitrage rebate was determined in accordance with the Regulations. Each report and opinion will be provided not later than 45 days following the Computation Date to which it relates. In performing its duties, the Rebate Analyst may rely, in its discretion, on the correctness of financial analysis reports prepared by other professionals. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is less than the arbitrage rebate due, the Issuer will, within 55 days after such Computation Date, pay to the Trustee the amount of the deficiency for deposit

into the Rebate Fund. If the sum of the amount on deposit in the Rebate Fund and the value of prior rebate payments is greater than the Rebate Amount, the Trustee will transfer such surplus in the Rebate Fund to the Debt Service Fund. After the final Computation Date or at any other time if the Rebate Analyst has advised the Trustee, any money left in the Rebate Fund will be paid to the Issuer and may be used for any purpose not prohibited by law.

(c) *Rebate Payments.* Within 60 days after each Computation Date, the Trustee must pay (but solely from money in the Rebate Fund or provided by the Issuer) to the United States the rebate amount then due, determined in accordance with the Regulations. Each payment must be (1) accompanied by IRS Form 8038-T and such other forms, documents or certificates as may be required by the Regulations, and (2) mailed or delivered to the IRS at the address shown below, or to such other location as the IRS may direct:

Internal Revenue Service Center
Ogden, UT 84201

Section 4.7. Successor Rebate Analyst. If the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason, or if the Issuer desires that a different firm act as the Rebate Analyst, then the Issuer by an instrument or concurrent instruments in writing delivered to the firm then serving as the Rebate Analyst and any other party to this Tax Agreement, will engage a successor Rebate Analyst. In each case the successor Rebate Analyst must be a firm of nationally recognized Special Counsel or a firm of independent certified public accountants and such firm must expressly agree to undertake the responsibilities assigned to the Rebate Analyst hereunder. In the event the firm acting as the Rebate Analyst resigns or becomes incapable of acting for any reason and the Issuer fails to appoint a qualified successor Rebate Analyst within thirty (30) days following notice of such resignation then the Trustee will appoint a firm to act as the successor Rebate Analyst.

Section 4.8. Filing Requirements. The Trustee and the Issuer will file or cause to be filed with the IRS such reports or other documents as are required by the Code in accordance with advice of Special Counsel.

Section 4.9. Survival after Defeasance. Notwithstanding anything in the Indenture to the contrary, the obligation to pay arbitrage rebate to the United States will survive the payment or defeasance of the Certificates.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1. Term of Tax Agreement. This Tax Agreement will be effective concurrently with the delivery of the Certificates and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Certificates have been fully paid and all such Certificates are cancelled; provided that, the provisions of **Article IV** of this Tax Agreement regarding payment of arbitrage rebate and all related penalties and interest will remain in effect until all such amounts are paid to the United States.

Section 5.2. Amendments. This Tax Agreement may be amended from time to time by the parties to this Tax Agreement without notice to or the consent of any of the Certificate-owners, but only if such amendment is in writing and is accompanied by an Opinion of Special Counsel to the effect that, under then existing law, assuming compliance with this Tax Agreement as so amended such amendment

will not cause interest on any Certificate to be included in gross income for federal income tax purposes. No such amendment will become effective until the Issuer and the Trustee receive this Opinion of Special Counsel.

Section 5.3. Opinion of Special Counsel. The Issuer and the Trustee may deviate from the provisions of this Tax Agreement if furnished with an Opinion of Special Counsel addressed to each of them to the effect that the proposed deviation will not adversely affect the exclusion of interest on the Certificates from gross income for federal income tax purposes. The Issuer and the Trustee will comply with any further or different instructions provided in an Opinion of Special Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Certificates or the exclusion from gross income of interest on the Certificates.

Section 5.4. Reliance. In delivering this Tax Agreement the Issuer and the Trustee are making only those certifications, representations and agreements as are specifically attributed to them in this Tax Agreement. Neither the Issuer nor the Trustee is aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Agreement and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The parties to this Tax Agreement understand that its certifications will be relied upon by the law firm of Gilmore & Bell, P.C., in rendering its opinion as to the validity of the Certificates and the exclusion from federal gross income of the interest on the Certificates.

Section 5.5. Severability. If any provision in this Tax Agreement or in the Certificates is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

Section 5.6. Benefit of Agreement. This Tax Agreement is binding upon the Issuer and the Trustee and their respective successors and assigns, and inures to the benefit of the parties to this Tax Agreement and the owners of the Certificates. Nothing in this Tax Agreement or in the Indenture or the Certificates, express or implied, gives to any person, other than the parties to this Tax Agreement and their successors and assigns, and the owners of the Certificates, any benefit or any legal or equitable right, remedy or claim under this Tax Agreement.

Section 5.7. Default; Breach and Enforcement. Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Agreement may be pursued by the Certificate-owners or the other party or parties to this Tax Agreement pursuant to the terms of the Indenture or any other document which references this Tax Agreement and gives remedies for a misrepresentation or breach thereof.

Section 5.8. Execution in Counterparts. This Tax Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

Section 5.9. Governing Law. This Tax Agreement will be governed by and construed in accordance with the laws of the State of Missouri.

Section 5.10. Electronic Transactions. The parties agree that the transaction described in this Tax Agreement may be conducted, and related documents may be sent, received and stored, by electronic means.

The parties to this Tax Agreement have caused this Tax Agreement to be duly executed by their duly authorized officers as of the Issue Date of the Certificates.

City of Carthage, Missouri

By: _____
Title: _____

UMB Bank, N.A., as Trustee

By: _____
Title: _____

EXHIBIT A

DEBT SERVICE SCHEDULE AND PROOF OF CERTIFICATE YIELD

EXHIBIT B

IRS FORM 8038-G

EXHIBIT C

RESOLUTION OF OFFICIAL INTENT

EXHIBIT D

DESCRIPTION OF PROPERTY COMPRISING THE FINANCED FACILITY

Description	Year Placed in Service	Estimated Useful Life	Total Cost	Amount Financed From Certificates
{E.g. Transformer}	2023	__ years	\$__	\$__

EXHIBIT E**SAMPLE
ANNUAL COMPLIANCE CHECKLIST**

Name of tax-exempt certificates (“Certificates”) financing Financed Asset:	City of Carthage, Missouri Certificates of Participation (Carthage Water and Electric Plant), Series 2022
Issue Date of Certificates:	December __, 2022
Placed in service date of Project Facility:	
Name of Bond Compliance Officer:	
Period covered by request (“Annual Period”):	

Item	Question	Response
1 Ownership	Was the entire Project Facility owned by the Issuer during the entire Annual Period?	☐ Yes ☐ No
	If answer above was “No,” was advice of Special Counsel obtained prior to the transfer?	☐ Yes ☐ No
	If Yes, include a description of the advice in the Tax-Exempt Bond File.	
	If No, contact Special Counsel and include description of resolution in the Tax-Exempt Bond File.	

Item	Question	Response
2 Leases & Other Rights to Possession	During the Annual Period, was any part of the Project Facility leased at any time pursuant to a lease or similar agreement for more than 50 days?	☐ Yes ☐ No
	If answer above was “Yes,” was advice of Special Counsel obtained prior to entering into the lease or other arrangement?	☐ Yes ☐ No
	If Yes, include a description of the advice in the Tax-Exempt Bond File.	
	If No, contact Special Counsel and include description of resolution in the Tax-Exempt Bond File.	

Item	Question	Response
3 Management or Service Agreements	During the Annual Period, has the management of all or any part of the operations of the Financed Asset (e.g., cafeteria, gift shop, etc.) been assumed by or transferred to another entity?	☐ Yes ☐ No
	If answer above was “Yes,” was advice of Special Counsel obtained prior to entering into the management agreement?	☐ Yes ☐ No
	If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Special Counsel and include description of resolution in the Tax-Exempt Bond File.	

Item	Question	Response
4 Other Use	Was any other agreement entered into with an individual or entity that grants special legal rights to the Financed Asset?	☐ Yes ☐ No
	If answer above was “Yes,” was advice of Special Counsel obtained prior to entering into the agreement?	☐ Yes ☐ No
	If Yes, include a description of the advice in the Tax-Exempt Bond File. If No, contact Special Counsel and include description of resolution in the Tax-Exempt Bond File.	

Item	Question	Response
5 Arbitrage & Rebate	Have all rebate and yield reduction calculations mandated in the Tax Compliance Agreement been prepared for the current year?	☐ Yes ☐ No
	If No, contact Rebate Analyst and incorporate report or include description of resolution in the Tax-Exempt Bond File.	

Item	Question	Response
6 Continuing Disclosure Filings	Did the Issuer file its annual report (including audited financial statements and any other financial information and operating data required for the Certificates) with the MSRB on EMMA by the filing deadline?	☐ Yes ☐ No
	If No, file the appropriate failure to file notice required for the Certificates with the MSRB on EMMA. In addition, contact Special Counsel and file the deficient material with the MSRB on EMMA and include a description of the reason for the delay in the Tax-Exempt Bond File.	

Item	Question	Response
7 Material Event Filings	Did any of the following events occur with respect to the Certificates? • principal and interest payment delinquencies; • non-payment related defaults, if material; • unscheduled draws on debt service reserves reflecting financial difficulties; • unscheduled draws on credit enhancements reflecting financial difficulties; • substitution of credit or liquidity providers, or their failure to perform; • adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; • modifications to rights of certificate-holders, if material; • certificate calls, if material, and tender offers; • defeasances; • release, substitution or sale of property securing repayment of the Certificates, if material; • rating changes; • bankruptcy, insolvency, receivership or similar event of the obligated person; • the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; • appointment of a successor or additional trustee or the change of name of the trustee, if material; • incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and • default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.	☐ Yes ☐ No

	If “Yes,” was Special Counsel contacted and notice of the material event filed with the MSRB on EMMA? If No, contact Special Counsel immediately and prepare and file any required notice with the MSRB on EMMA.	☐ Yes ☐ No
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Bond Compliance Officer: _____

Date Completed: _____

EXHIBIT F

SAMPLE FINAL WRITTEN ALLOCATION

**City of Carthage, Missouri
Certificates of Participation
(Carthage Water and Electric Plant)
Series 2022**

Final Written Allocation

The undersigned is the Bond Compliance Officer of the City of Carthage, Missouri (the “Issuer”) and in that capacity is authorized to execute federal income tax returns required to be filed by the Issuer and to make appropriate elections and designations regarding federal income tax matters on behalf of the Issuer. This allocation of the proceeds of the Certificate issue referenced above (the “Certificates”) is necessary for the Issuer to satisfy ongoing reporting and compliance requirements under federal income tax laws.

Purpose. This document, together with the schedules and records referred to below, is intended to memorialize allocations of Certificate proceeds to expenditures for purposes of §§ 141 and 148 of the Internal Revenue Code (the “Code”). All allocations are or were previously made no later than 18 months following the date the expenditure was made by the Issuer or, if later, the date the “project” was “placed in service” (both as defined below), and no later than 60 days following the 5th anniversary of the issue date of the Certificates.

Background. The Certificates were delivered on December __, 2022 (the “Issue Date”), by the City of Carthage, Missouri (the “Issuer”). The Certificates were issued in order to provide funds needed to construct, equip and furnish improvements to the electric utility (the “Project”). The Certificates were delivered pursuant to a Trust Indenture between the Issuer and UMB Bank, N.A., as trustee. Proceeds of the Certificates were deposited to the following account: Project Fund.

Sources Used to Fund Project Costs and Allocation of Proceeds to Project Costs. A portion of the costs of the Project was paid from sale proceeds of the Certificates and the remaining portion of the costs of the Project was paid from earnings from the investment of certificate sale proceeds as shown on **Schedule 1** to this Final Written Allocation.

Identification of Financed Assets. The portions of the Project financed from Certificate proceeds (i.e., the “Financed Facility” referenced in the Tax Compliance Agreement) are listed on page 1 of **Schedule 2** to this Final Written Allocation.

Identification and Timing of Expenditures for Arbitrage Purposes. For purposes of complying with the arbitrage rules, the Issuer allocates the proceeds of the Certificates to the various expenditures described in the invoices, requisitions or other substantiation attached as **Schedule 2** to this Final Written Allocation. In each case, the cost requisitioned was either paid directly to a third party or reimbursed the Issuer for an amount it had previously paid or incurred. Amounts received from the sale of the Certificates and retained as underwriters discount are allocated to that purpose and spent on the Issue Date. Amounts allocated to interest expense are treated as paid on the interest payment dates for the Certificates.

Placed In Service. The Project was “placed in service” on the date set out on **Schedule 2** to this Final Written Allocation. For this purpose, the assets are considered to be “placed in service” as of the date on which, based on all the facts and circumstances: (a) the constructing and equipping of the asset has reached a degree of completion which would permit its operation at substantially its design level; and (b) the asset is, in fact, in operation at that level.

This allocation has been prepared based on statutes and regulations existing as of this date. The Issuer reserves the right to amend this allocation to the extent permitted by future Treasury Regulations or similar authorities.

City of Carthage, Missouri

By: _____
Title: _____

Dated: _____

Name of Legal Counsel/Law Firm Reviewing Final Written Allocation:

Date of Review: _____

SCHEDULE 1
TO FINAL WRITTEN ALLOCATION

ALLOCATION OF SOURCES AND USES

**SCHEDULE 2
TO FINAL WRITTEN ALLOCATION**

**IDENTIFICATION OF FINANCED ASSETS
&
DETAILED LISTING OF EXPENDITURES**

\$15,000,000
CITY OF CARTHAGE, MISSOURI
CERTIFICATES OF PARTICIPATION
(CARTHAGE WATER AND ELECTRIC PLANT)
SERIES 2022

December __, 2022

CERTIFICATE PURCHASE AGREEMENT

City of Carthage, Missouri
Carthage, Missouri

Ladies and Gentlemen:

On the basis of the representations, warranties and covenants and upon the terms and conditions contained in this Certificate Purchase Agreement, the undersigned, Piper Sandler & Co. (the “Underwriter”), hereby offers to purchase \$15,000,000 aggregate principal amount of City of Carthage, Missouri Certificates of Participation (Carthage Water and Electric Plant), Series 2022 (the “Certificates”), to be delivered under and pursuant to an Trust Indenture dated as of December 15, 2022 (the “Indenture”), between the City of Carthage, Missouri (the “City”) and UMB Bank, N.A. (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.

SECTION 1. YOUR REPRESENTATIONS, WARRANTIES AND AGREEMENTS

By acceptance hereof the City hereby represents and warrants to, and agrees with, the Underwriter that:

(a) The City is a political subdivision and body corporate organized and existing under the laws of the State of Missouri. The City is authorized to enter into the Indenture, the Lease, the Base Lease, this Certificate Purchase Agreement, the Tax Compliance Agreement and any and all such other agreements and documents required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated hereby (collectively the “City Documents”). The City Documents will constitute valid and binding obligations of the City, enforceable in accordance with their terms.

(b) To the best of the knowledge and belief of the City, the City has complied with all provisions of the Constitution and the laws of the State of Missouri, and has full power and authority to consummate all transactions contemplated by this Certificate Purchase Agreement, the Certificates, the City Documents and any and all other agreements relating thereto.

(c) To the best of the knowledge and belief of the City, the information contained in the Official Statement related to the City and the use of the proceeds of the Certificates is and as of the Closing

Time will be, true and does not omit and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. For the purpose of enabling the Underwriter to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended (the “1934 Act”), the City hereby deems the information regarding the City and the use of the proceeds of the Certificates 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), such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings, identity of the purchasers and other terms of the Certificates depending on such matters. There has not been since June 30, 2021, any material adverse change in the financial condition of the City, except as set forth in the Official Statement.

(d) To the best of the knowledge and belief of the City, the City has duly authorized all necessary action to be taken by the City for (i) the approval of the Official Statement; (ii) the execution, delivery, receipt and due performance of the City Documents and any and all such other agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (iii) the carrying out, giving effect to and consummation of the transactions contemplated hereby, the City Documents and the Official Statement. Executed counterparts of the City Documents and Official Statement will be delivered to the Underwriter by the City at the Closing Time.

(e) To the best of the knowledge and belief of the City, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the City, threatened against or affecting the City (or, to its knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would materially adversely affect (1) the transactions contemplated hereby or by the Indenture and the Official Statement, (2) the validity of the Certificates, the City Documents or any agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the City Documents and the Official Statement, or (3) the financial condition of the City.

(f) To the best of the knowledge and belief of the City, the execution and delivery of the Official Statement, the City Documents and the other agreements contemplated hereby and by the Indenture and the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on the part of the City a violation, a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which it is subject or by which it is or may be bound.

(g) Any certificate signed by any of the authorized officials of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(h) The City will deliver or cause to be delivered all opinions, certificates and other documents, as provided herein, covering, among other things, the due authorization, execution and delivery by the City of this Certificate Purchase Agreement and the City Documents.

(i) To the best of the knowledge and belief of the City, no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute an Event of Default under and as defined in the City Documents.

(j) The financial statements of the City for the fiscal year ended June 30, 2021, contained in the Preliminary Official Statement, except as noted therein, present fairly and accurately the financial condition of the City as of the dates indicated and the results of its operations for the periods specified.

(k) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is an issuer whose arbitrage certifications may not be relied upon.

SECTION 2. PURCHASE, SALE AND DELIVERY OF THE CERTIFICATES

On the basis of the representations, warranties and covenants contained herein and in the other agreements referred to herein, and subject to the terms and conditions herein set forth, at the Closing Time (hereinafter defined) the Underwriter agrees to purchase all of the Certificates at a purchase price of \$ _____ (which is equal to the aggregate principal amount of the Certificates, plus an original issue premium of \$ _____, less an underwriter's discount of \$ _____). The Certificates shall be delivered under and secured by the Indenture, and the Certificates shall have the maturities, interest rates and prices and subject to prepayment as set forth on **Schedule A** attached hereto.

The City acknowledges and agrees that (i) the primary role of the Underwriter is to purchase securities pursuant to this Certificate Purchase Agreement, for resale to investors, in an arm's-length commercial transaction between the City and the Underwriter and the Underwriter has financial and other interests that differ from those of the City, (ii) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the City and has not assumed an advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters), (iii) the only obligations the Underwriter has to the City with respect to the transaction contemplated hereby are expressly as set forth in this Certificate Purchase Agreement, and (iv) the City has consulted its own financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent it has deemed appropriate.

The Underwriter initially agrees to offer the Certificates to the public at the prices set forth on **Schedule A** hereto, but may subsequently change such offering prices (except to the extent set forth in **Section 3** hereto). The Underwriter agrees to notify the City of such changes, if such changes occur prior to the Closing Time, but failure so to notify shall not invalidate such changes. The Underwriter may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) at prices lower than the public offering prices. The Underwriter also reserves the right to (i) over-allot or effect transactions which stabilize or maintain the market price of the Certificates at levels above those that might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

In conjunction with (i) an audit or inquiry by the Internal Revenue Service (the "**IRS**") or the Securities and Exchange Commission (the "**SEC**") relating to the pricing of the Certificates, or (ii) the implementation of future regulation or similar guidance from the IRS, the SEC or other federal or state regulatory authority regarding the retention of pricing data for the Certificates, at the request of the City, the Underwriter will provide information explaining the factual basis for the Underwriter's representations in the Underwriter's Receipt for Certificates and Closing Certificate relating to the pricing of the Certificates, other than information that would identify customers (e.g., name or account number). This agreement by the Underwriter to provide such information will continue to apply after the Closing Time (as defined herein) but shall not extend to any customer data or other confidential or proprietary information of the Underwriter.

Payment for the Certificates shall be made by electronic transfer in immediately available federal funds payable to the order of the Trustee for the account of the City, at the offices of UMB Bank, N.A., at 10:00 A.M., local time, on December __, 2022, or such other place, time or date as shall be mutually agreed upon by the City and the Underwriter. The date of such delivery and payment is herein called the “Closing Date,” and the hour and date of such delivery and payment is herein called the “Closing Time.”

The delivery of the Certificates shall be made in definitive form, bearing CUSIP numbers (provided neither the printing of a wrong number on any Certificate nor the failure to print a number thereon shall constitute cause to refuse delivery of any Certificate) as fully registered Certificates (in such denominations as the Underwriter shall specify in writing at least 48 hours prior to the Closing Time); provided, however, that the Certificates may be delivered in temporary form. If delivered in definitive form, the Certificates shall be available for examination and packaging by the Underwriter at least 24 hours prior to the Closing Time.

SECTION 3. ESTABLISHMENT OF ISSUE PRICE

(a) The Underwriter agrees to assist the City in establishing the issue price of the Certificates and shall execute and deliver to the City at Closing (as defined herein) an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A**, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates.

(b) Except as otherwise set forth in **Schedule A** attached hereto, the City will treat the first price at which 10% of each maturity of the Certificates (the “**10% Test**”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Certificate Purchase Agreement, the Underwriter shall report to the City the price or prices at which it has sold to the public each maturity of Certificates. If at that time the 10% Test has not been satisfied as to any maturity of the Certificates, the Underwriter agrees to promptly report to the City the prices at which it sells the unsold Certificates of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Time has occurred, until either (i) the Underwriter has sold all Certificates of that maturity or (ii) the 10% Test has been satisfied as to the Certificates of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Time may be at reasonable periodic intervals or otherwise upon request of the City or Special Counsel. For purposes of this Section, if Certificates mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Certificates.

(c) The Underwriter confirms that it has offered the Certificates to the public on or before the date of this Certificate Purchase Agreement at the offering price or prices (the “**Initial Offering Price**”) set forth in **Schedule A** attached hereto, except as otherwise set forth therein. **Schedule A** also sets forth, as of the date of this Certificate Purchase Agreement, the maturities, if any, of the Certificates for which the 10% Test has not been satisfied and for which the City and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the Initial Offering Price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**Hold-The-Offering-Price Rule**”). So long as the Hold-The-Offering-Price Rule remains applicable to any maturity of the Certificates, the Underwriter will neither offer nor sell unsold Certificates of that maturity to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the Initial Offering Price to the public.

The Underwriter will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Certificates to the public at a price that is no higher than the Initial Offering Price to the public.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Time has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% Test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Time may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the Hold-The-Offering-Price Rule, if applicable, if and for so long as directed by the Underwriter;

(B) to promptly notify the Underwriter of any sales of Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below); and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Time has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% Test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Time may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the Hold-The-Offering-Price Rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The City acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in

connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Certificates, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Certificates.

(f) The Underwriter acknowledges that sales of any Certificates to any person that is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the public);

(iii) a purchaser of any of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) “sale date” means the date of execution of this Certificate Purchase Agreement by all parties.

SECTION 4. CONDITIONS TO THE UNDERWRITER’S OBLIGATIONS

The Underwriter’s obligations hereunder shall be subject to the due performance by the City of its obligations and agreements to be performed hereunder at or prior to the Closing Time and to the accuracy of and compliance with the City’s representations and warranties contained herein, as of the date hereof and as of the Closing Time, and are also subject to the following conditions:

(a) Within seven business days after the date of this Certificate Purchase Agreement, the City shall provide to the Underwriter electronic copies of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

(b) The Certificates and the City Documents shall have been duly authorized, executed and delivered in the form heretofore approved by the Underwriter with only such changes therein as shall be mutually agreed upon by the Underwriter and the City.

(c) At the Closing Time, the Underwriter shall receive:

(1) The opinions in form and substance satisfactory to the Underwriter, dated as of the Closing Date, of Gilmore & Bell, P.C., Special Counsel, relating to the valid authorization and delivery of the Certificates, the due authorization, execution and delivery of the City Documents, the exclusion of interest on the Certificates from gross income for federal and Missouri income tax purposes and certain other matters;

(2) Copies of the executed City Documents; and

(3) Letter from S&P Global Ratings, a division of S&P Global Inc., assigning an underlying rating of “___” based on the credit of the City;

(4) Such additional certificates and other documents as the Underwriter may reasonably request to evidence performance or compliance with the provisions hereof and the transactions contemplated hereby and the Official Statement, all such certificates and other documents to be satisfactory in form and substance to the Underwriter.

The documents to be delivered to the Underwriter pursuant to this Certificate Purchase Agreement shall be deemed to be in compliance with the conditions of this Certificate Purchase Agreement if, but only if, in the reasonable judgment of the Underwriter, they are satisfactory in form and substance. No condition hereof shall be deemed to have been waived by the Underwriter, unless expressed specifically in writing and signed by the Underwriter.

Unless performance is waived by the party for whose benefit a condition or obligation is intended, if any person shall be unable to satisfy the above conditions to the obligations of any party to this Certificate Purchase Agreement, or if the obligations hereunder of any party shall be terminated for any reason permitted by this Certificate Purchase Agreement and unless otherwise waived, this Certificate Purchase Agreement shall terminate and neither the Underwriter nor the City shall be under further obligation hereunder; except that the respective obligations of the City and the Underwriter, as provided in **Section 10** hereof, shall continue in full force and effect.

SECTION 5. CONDITIONS TO THE OBLIGATIONS OF THE CITY

The obligations of the City hereunder are subject to the Underwriter’s performance of its obligations hereunder.

SECTION 6. THE UNDERWRITER’S RIGHT TO CANCEL

The Underwriter shall have the right to cancel its obligation to purchase the Certificates and to terminate this Certificate Purchase Agreement, without liability to the Underwriter, by written notice to

the City if, between the date of this Certificate Purchase Agreement and the Closing, any of the following events shall occur (each, a **“Termination Event”**):

(a) the market price or marketability of the Certificates, or the ability of the Underwriter to enforce contracts for the sale of the Certificates, shall be materially adversely affected by any of the following events:

(i) Legislation shall be enacted or for the first time actively considered for enactment by the Congress of the United States (**“Congress”**) or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to Congress for passage by the President of the United States or a member of the President’s Cabinet, or a decision shall have been rendered by a federal court of the United States, a State court or the United States Tax Court, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States, the IRS or other federal or State authority with appropriate jurisdiction, with respect to federal or State taxation upon interest or other income to be derived by the City pursuant to the City Documents, or upon interest on the Certificates or securities of the general character of the Certificates; or

(ii) There shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

(iii) There shall be in force a general suspension of trading or material limitation on the New York Stock Exchange or another major exchange, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(iv) Legislation shall have been enacted by Congress or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to Congress for passage by the President of the United States or a member of the President’s Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Certificates or the City Documents, or any comparable securities of the City are not exempt from registration, qualification or other requirements of the Securities Act of 1933, as amended (the **“Securities Act”**) or the Trust Indenture Act or otherwise, or would be in violation of any provisions of the federal securities laws; or

(v) Except as disclosed in or contemplated by the Official Statement, any material adverse change in the financial condition of the City shall have occurred; or

(vi) Any rating on any bonds or other obligations of the City is reduced or withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or

(b) Any fact, event or circumstance shall exist that either makes untrue or incorrect any statement or information contained in the Official Statement as then amended or supplemented (other than any statement provided by the Underwriter) or is not reflected in the Official Statement as then amended or supplemented, but should be reflected therein in order to make the statements and information contained therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the City refuses to permit the Official Statement to be supplemented or corrected in a form and manner approved by the Underwriter or supply such statement or information or if such supplement or correction would, in the opinion of the Underwriter, materially adversely affect the market for the Certificates or the ability of the Underwriter to enforce contracts for the sale of the Certificates at the contemplated offering prices; or

(c) A general banking moratorium shall have been declared by federal, State of Missouri or State of New York authorities and be in force; or

(d) A material disruption in securities settlement, payment or clearance services affecting the Certificates shall have occurred; or

(e) Any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or Congress, or by Executive Order; or

(f) A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Certificates, including the underlying obligations as contemplated by this Certificate Purchase Agreement or by the Official Statement, or any document relating to the delivery, offering or sale of the Certificates, is or would be in violation of any provision of the federal securities laws at the Closing Date, including The Securities Act of 1933, as amended, The Securities Exchange Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended.

Upon the occurrence of a Termination Event and the termination of this Certificate Purchase Agreement by the Underwriter, all obligations of the City and the Underwriter under this Certificate Purchase Agreement shall terminate, without further liability, except that the City and the Underwriter shall pay their respective expenses as set forth in **Section 8** hereof.

The Underwriter acknowledges that, at the time of execution of this Certificate Purchase Agreement, no event described under this Section exists which would constitute a basis for a right to cancel under this Section.

SECTION 7. REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY

All of the City's representations, warranties, and agreements shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter on its own behalf, and shall survive delivery of the Certificates to the Underwriter.

SECTION 8. PAYMENT OF EXPENSES

Whether or not the Certificates are sold by the City to the Underwriter (unless such sale be prevented at the Closing Time by the Underwriter's default), the Underwriter shall be under no obligation to pay any expenses incident to the performance of the obligations of the City hereunder other than the costs of printing the Preliminary Official Statement or Official Statement and the costs to qualify the Certificates for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States. If the Certificates are purchased by the Underwriter, all expenses and costs to effect the authorization, preparation, delivery and sale of the Certificates shall be paid by the City out of the proceeds of the Certificates other than the costs of printing the Preliminary Official Statement or the Official Statement. If the Certificates are not purchased by the Underwriter (unless such sale be prevented at the Closing Time by the Underwriter's default), all such expenses and costs shall be paid by the City.

SECTION 9. USE OF OFFICIAL STATEMENT

The City hereby ratifies and confirms the Underwriter's use of the Preliminary Official Statement; and the City authorizes the use of, and will make available, the Official Statement for the use by the Underwriter in connection with the sale of the Certificates.

SECTION 10. COVENANTS AND AGREEMENTS OF THE CITY

The City covenants and agrees with the Underwriter for the time period specified, and if no period is specified, for so long as any of the Certificates remain outstanding, as follows:

(a) To cooperate with the Underwriter and its counsel in any reasonable endeavor to qualify the Certificates for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided that nothing contained herein shall require the City to file written consents to suit or written consents to service of process in any jurisdiction in which such consent may be required by law or regulation so that the Certificates may be offered or sold. The City consents to the use of drafts of the Preliminary Official Statement, the Preliminary Official Statement and drafts of the Official Statement prior to the availability of the Official Statement by the Underwriter in obtaining such qualification. The Underwriter shall pay all expenses and costs (including legal, registration and filing fees) incurred in connection therewith.

(b) If, prior to the earlier of (1) 90 days after the "end of the underwriting period" (as defined in Rule 15c2-12 under the 1934 Act) or (2) the time when the Official Statement is available to any person from the Municipal Securities Rulemaking Board, but in no case earlier than 25 days after the end of the underwriting period, any event shall occur relating to or affecting the City as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances existing when the Official Statement is delivered to a purchaser, not materially misleading, or the Official Statement is required to be amended or supplemented to comply with law, the City shall promptly prepare and furnish, at the expense of the City, to the Underwriter and to the dealers (whose names and addresses the Underwriter will furnish to the City) to which Certificates may have been sold by the Underwriter and to any other dealers upon request, such amendments or supplements to the Official Statement as may be necessary so that the statements in the Official Statement as so amended or supplemented will not, in the light of the circumstances existing when the Official Statement is delivered to a purchaser of the Certificates, be misleading or so that the Official Statement will comply with law.

(c) Within seven business days after the date of this Certificate Purchase Agreement or within sufficient time to accompany any confirmation that requests payment from any purchaser of the Certificates, whichever is earlier, the City shall provide to the Underwriter an electronic copy of the Official Statement to enable the Underwriter to comply with the requirements of Rule 15c2-12(b)(4) under the 1934 Act, and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

(d) From the date hereof until the Closing Time, the City shall furnish the Underwriter with a copy of any proposed amendment or supplement to the Official Statement for review and shall not to use any such proposed amendment or supplement to which the Underwriter reasonably objects.

SECTION 11. NOTICE

Any notice or other communication to be given under this Certificate Purchase Agreement may be given by mailing or delivering the same in writing to City of Carthage, Missouri, 326 Grant Street, Carthage, Missouri 64836, Attn: City Clerk, and any notice or other communication to be given to the Underwriter under this Certificate Purchase Agreement may be given by delivering the same in writing to Piper Sandler & Co., 11635 Rosewood Street, Leawood, Kansas 66211.

SECTION 12. APPLICABLE LAW: NONASSIGNABILITY

This Certificate Purchase Agreement shall be governed by the laws of the State of Missouri. This Certificate Purchase Agreement shall not be assigned.

SECTION 13. EXECUTION OF COUNTERPARTS; ELECTRONIC TRANSACTION

This Certificate Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document. The parties agree that the transaction described herein may be conducted and related documents may be sent, stored and received by electronic means.

SECTION 14. RIGHTS HEREUNDER

This Certificate Purchase Agreement is made for the benefit of the City and the Underwriter and no other person including any purchaser of the Certificates shall acquire or have any rights hereunder or by virtue hereof. The City agrees that the Underwriter is and shall be a third-party beneficiary of any and all representations and warranties made by the City in the City Documents, to the same effect as if the City had made such representations and warranties to the Underwriter in this Certificate Purchase Agreement.

SECTION 15. EFFECTIVE DATE

This Certificate Purchase Agreement shall become effective upon acceptance hereof by the City.

SECTION 16. ANTI-DISCRIMINATION AGAINST ISRAEL ACT

Pursuant to Section 34.600 of the Revised Statutes of Missouri, as amended, the Underwriter hereby certifies to the City that it is not currently engaged in and shall not, for the duration of this Certificate Purchase Agreement, engage in a boycott of goods or services from the State of Israel, companies doing

business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel, or persons or entities doing business in the State of Israel.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Certificate Purchase Agreement,
all as of the day and year first above mentioned.

Very truly yours,

PIPER SANDLER & CO.

By: _____
Title:

Accepted and agreed to as of
the date first above written.

CITY OF CARTHAGE, MISSOURI

By: _____
Title: Mayor

SCHEDULE A
TO THE CERTIFICATE PURCHASE AGREEMENT
PRICING TERMS FOR THE CERTIFICATES

Serial Certificates

<u>Year (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price*</u>	<u>Hold-The- Offering- Price Maturities</u>	<u>General Rule Maturities (At least 10% sold at Initial Offering Price)</u>
2024	\$	%	%		
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					

Term Certificates

<u>Year (May 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price*</u>	<u>Hold-The- Offering- Price Maturities</u>	<u>General Rule Maturities (At least 10% sold at Initial Offering Price)</u>
	\$	%	%		

* Priced to call date.

PREPAYMENT

Optional Prepayment. The Certificates are subject to prepayment on and after May 1, 20__, as a whole or in part at any time at 100% of the Principal Component represented thereby, plus the Interest Component accrued thereon to the prepayment date.

Extraordinary Optional Prepayment. The Certificates shall be subject to prepayment prior to the stated maturity thereof, upon instructions from the City, in whole or in part on any date, at a prepayment price equal to 100% of the principal amount of the Certificates to be prepaid plus interest accrued thereon to the prepayment date, upon the occurrence of any of the following conditions or events:

(1) if title to, or the use for a limited period of, all or substantially all of the Facilities is condemned by any authority having the power of eminent domain (other than the City or any entity controlled by or otherwise affiliated with the City);

(2) if title to all or substantially all of the Facilities are found to be deficient or nonexistent to the extent that the efficient utilization of the Facilities by the City is impaired;

(3) if all or substantially all of the Facilities are damaged or destroyed by fire or other casualty; or

(4) if as a result of changes in the constitution of the State, or of legislative or administrative action by the State or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Base Lease, the Lease or the Indenture shall become void or unenforceable, or impossible of performance without unreasonable delay, or in any other way, by reason of such change of circumstances, unreasonable burdens or excessive liabilities are imposed on the City with respect to the Base Lease, the Lease or the Indenture.

Mandatory Prepayment. The Certificates maturing in the years 20__, 20__ and 20__ shall be subject to mandatory redemption and payment prior to Stated Maturity pursuant to the mandatory redemption requirements of this Section at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. The City shall redeem on May 1 in each year, the following principal amounts of such Certificates:

Term Certificates Maturing May 1, 20__

<u>Year</u>	<u>Principal Amount</u>
20__	\$
20__	*

*Final Maturity