



Board of Aldermen Request for Action

MEETING DATE: August 19, 2025

DEPARTMENT: Administration

AGENDA ITEM: Bill No. 3075-25, Authorizing the City of Smithville, Missouri Certificates of Participation, Series 2025 and Authorizing and Approving Certain Documents in Connection With the Delivery of the Certificates – 1st Reading & 2nd Reading

REQUESTED BOARD ACTION

A motion to approve Bill No. 3075-25, authorizing the City of Smithville, Missouri Certificates of Participation, Series 2025 and authorizing and approving certain documents in connection with the delivery of the Certificates. Emergency Ordinance Sponsored by Mayor Boley. 1st and 2nd reading by title only.

SUMMARY

The Water Master Plan was completed June 1, 2018. The Wastewater Master Plan was completed in January of 2021. These plans identify significant needs in facility and maintenance investment and guide development of the Capital Improvement Plan (CIP). In 2018 and 2022, the City contracted with Raftelis Financial Consultants to perform a long-range planning utility rate study. The study and presentation by Raftelis concluded that utility rate increases are necessary to continue funding water and sewer line replacement projects, fund ongoing system maintenance projects, and fund system capacity upgrades. The rate study demonstrated a need to issue as revenues would not sustain "pay-as-you-go" financing.

At the February 20, 2025 Work Session, staff presented information relating to the Combined Water and Wastewater Systems (CWWS) Fund and upcoming significant investments in the utility infrastructure of the City of Smithville. Over the next eight to 10 years, approximately \$70 million in utility investment is recommended. Staff has worked with our financial and bond advisors in reviewing the projects and cash flow in order to develop a recommended plan for financing these projects.

The City is planning to issue Certificates of Participation (COPs) in an amount of \$8.5 million to fund the following projects:

- 144th Street Lift Station and West Bypass: This project includes the installation of a sewer pump station (lift station) at the end of 144th Street followed by the construction of a 10" force main to carry raw sewage to the south interceptor located on Cliff Drive. The addition of this pump station, and associated piping, will allow the decommissioning of lift stations at Central Bank, McDonalds, and Hills of Shannon. This lift station will be sized to allow for additional capacity in the area, including Forrest Oaks and will provide service to possible future developments.
- Stonebridge Lift Station: This project will replace a functionally obsolete and aged lift station providing capacity improvements for the southern portion

of Smithville and will allow the decommissioning of other lift stations that are under capacity.

- 12" River Crossing: This project is necessary to ensure adequate water supply north of the Little Platte River. Currently, there is only one 8" main across the river and this improvement will provide additional capacity and reliability.
- Owens Branch Gravity Line: This multi-phased sanitary sewer gravity line project will provide additional capacity to the north end of town and enable removal of some lift stations.
- Smith Fork Force Main: The new pump station at Smith Forks identified the existing 4" force main was restricted. This project will replace the existing force main provide continued service and increased capacity in north Smithville.
- Improvements at the water treatment plant, including, but not limited to improvements to taste and odor.
- The acquisition and installation of electric infrastructure for the System.

The Board has previously approved a "Go to Market" resolution, indicated the intention of the Board to issue debt and authorizes Piper Sandler, the City's financial advisor and Gilmore & Bell, P.C., the city's special counsel, to proceed with the preparation of documents and procedures for the financing.

This ordinance provides for the approval of the delivery of the Certificates of Participation (the "COPs"), provided that the sale of the COPs falls within the following parameters:

- Principal Amount shall not exceed \$9,000,000
- Final maturity is not later than 2045
- Interest rate shall not exceed a true interest rate of 5.50%
- Optional redemption shall not be later than 2035

This ordinance also provides for the approval of the sale of the COPs, approves and authorizes the financing documents the City will need to enter into, and approves the Preliminary Official Statement and Notice of Sale and the distribution of those documents.

Future items related to the issuance of COPs include the sale of the COPs and the delivery of funds for the project. As we progress through this process, Piper Sandler and Gilmore & Bell will provide updates to the Board on the process.

PREVIOUS ACTION

2018 and 2022 Raftelis Rate Study.

February 20, 2025 Work Session - presentation of utility infrastructure projects and funding options.

April 1, 2025 Regular Session – Approval of Resolution 1455 – Reimbursement Resolution.

July 15, 2025 Regular Session – Approval of Resolution 1481 - Go to Market Resolution

POLICY OBJECTIVE:

N/A

FINANCIAL CONSIDERATIONS:

None.

ATTACHMENTS:

- | | |
|---|-----------------------------------|
| <input checked="" type="checkbox"/> Ordinance | <input type="checkbox"/> Contract |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Plans |
| <input type="checkbox"/> Staff Report | <input type="checkbox"/> Minutes |
| <input checked="" type="checkbox"/> Other: Declaration of Trust | |
| Lease Purchase Agreement | |
| Tax Compliance Agreement | |
| Notice of Sale | |
| Preliminary Official Statement | |
| Appendix A | |

**AN ORDINANCE AUTHORIZING THE CITY OF SMITHVILLE, MISSOURI,
CERTIFICATES OF PARTICIPATION, SERIES 2025 AND AUTHORIZING
AND APPROVING CERTAIN DOCUMENTS IN CONNECTION WITH THE
DELIVERY OF THE CERTIFICATES**

WHEREAS, City of Smithville, Missouri (the "City") desires to finance the costs of acquiring, constructing, installing, improving, furnishing and equipping various projects related to the City's water and sewer system, including without limitation the acquisition and installation of electric infrastructure for the system, the construction and installation of sewer lift stations, including force mains, at 144th Street and Stonebridge, the construction and installation of a force main from Smith's Fork lift station, the acquisition and installation of a water main and river crossing, the construction and installation of a gravity sewer main along Owens Beach, and improvements at the water treatment plant (the "Projects"); and

WHEREAS, the Board of Aldermen finds and determines that it is advantageous and in the best interests of the City that the City enter into certain transactions with UMB Bank, N.A., as trustee (the "Trustee"), relating to the delivery of the City of Smithville, Missouri Certificates of Participation, Series 2025 (the "Certificates") evidencing proportionate interests in the right to receive rental payments payable pursuant to the hereinafter described Lease, for the purpose of (1) constructing, installing, improving, furnishing and equipping Project and (2) paying the costs of delivering the Certificates; and

WHEREAS, in connection with the delivery of the Certificates, the Board of Aldermen desires to authorize the execution of (a) a Declaration of Trust (the "Declaration of Trust"), between the City and the Trustee to pay the costs of the Projects and pay the costs of delivering the Certificates and (b) a Lease Purchase Agreement (the "Lease"), pursuant to which (i) proceeds of the Certificates will be used to provide for the Projects; (ii) the Trustee will lease the Projects and equipment and apparatus acquired and installed with the proceeds of the Certificates (the "Leased Equipment") to the City for an initial term ending October 31, 2025 (the "Original Term"), with successive one-year renewal options (the "Renewal Terms") exercisable by the City subject to annual budget appropriations; and (iii) the City will make rental payments to the Trustee that will be sufficient, during any term of the Lease, to pay the principal portion, premium, if any, and interest portion of the rental payments represented by the Certificates as the same become due; and

WHEREAS, the Board of Aldermen of the City further finds and determines that it is necessary and desirable in connection with the lease of the Leased Equipment from the Trustee and the delivery of the Certificates that the City enter into certain documents,

and that the City take certain other actions and approve the execution of certain other documents as herein provided.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF CITY OF SMITHVILLE, MISSOURI, AS FOLLOWS:

Section 1. Approval of Delivery of the Certificates. The City hereby approves the delivery by the Trustee of the Certificates for the purpose of (a) financing the costs of the Projects, and (b) paying the costs of delivering the Certificates. The Certificates shall be issued and secured pursuant to the herein approved Declaration of Trust. The Certificates shall be dated, shall become due in the years and in the respective principal amounts and shall bear interest and be payable as provided in the herein approved Declaration of Trust and the results of the sale of the Certificates at public sale; provided that (1) the principal amount of the Certificates shall not exceed \$9,000,000, (2) the Certificates shall have a final maturity not later than 2045, (3) the Certificates shall have a weighted average maturity of not less than 9 years and not more than 14 years, (4) the Certificates shall bear interest at various interest rates not to exceed a true interest cost of 5.50% per annum and (5) shall be subject to an optional prepayment prior to maturity no later than 2035. The signatures of the authorized officials of the City on the Declaration of Trust shall constitute conclusive evidence of their approval and the City's approval thereof.

The Certificates shall be sold to a purchaser to be determined at a competitive sale (the "Purchaser") at the price and upon the terms and conditions set forth by a certificate of final terms (the "Certificate of Final Terms"). The Certificates shall be in such denominations, shall be in such forms, shall be subject to prepayment prior to the stated payment dates thereof, shall have such other terms and provisions, and shall be executed and delivered in such manner subject to such provisions, covenants and agreements, as are set forth in the Declaration of Trust and the Certificate of Final Terms, subject to the terms of this Ordinance.

Section 2. Limited Obligations. The Certificates and the interest with respect thereto shall be limited obligations, payable solely out of the rents, revenues and receipts received by the Trustee from the City pursuant to the herein authorized Lease. The Certificates and the interest with respect thereto shall not constitute a debt or liability of the City, the State of Missouri or of any political subdivision thereof, and the Certificates shall not constitute indebtedness, within the meaning of any constitutional or statutory debt limitation or restriction.

Section 3. Authorization of Documents. The City is hereby authorized to enter into the following documents (the "City Documents") in substantially the forms filed in the records of the City, with such changes therein as shall be approved by the officers of the City executing such documents, such officers' signatures thereon being conclusive evidence of their approval thereof:

- (a) Declaration of Trust (the "Declaration of Trust") between the Trustee and the City.
- (b) Lease Purchase Agreement (the "Lease") between the Trustee and the City.
- (c) Tax Compliance Agreement (the "Tax Agreement") between the City and the Trustee.

Section 4. Notice of Sale; Preliminary and Final Official Statement. The Notice of Sale and the Preliminary Official Statement filed in the records of the City are hereby ratified and approved, and the final Official Statement is hereby adopted by supplementing, completing and amending the Preliminary Official Statement. The Mayor and City Clerk are hereby authorized to execute the Official Statement and the Purchaser is hereby authorized to use the Notice of Sale, the Preliminary Official Statement and the Official Statement in connection with the sale of the Certificates. For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the City hereby deems the information contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the City are hereby authorized, if requested, to provide the Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirements of such Rule.

Section 5. Execution of Documents. The City is hereby authorized to enter into, and the Mayor of the City and the City Clerk are hereby authorized and directed to execute and deliver, for and on behalf of and as the act and deed of the City, the City Documents, and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

Section 6. Further Authority. The officers, agents and employees of the City, including the Mayor and the City Administrator, shall be, and they hereby are, authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Ordinance, and to carry out, comply with and perform the duties of the City with respect to the City Documents, to make alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed that they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 7. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the Board of Aldermen and approval by the Mayor.

PASSED by the Board of Aldermen, and **APPROVED** by the Mayor, of the City of Smithville, Missouri, this 19th day of August, 2025.

(SEAL)

Damien Boley, Mayor

ATTEST:

Linda Drummond, City Clerk

First Reading: 08/19/2025

Second Reading: 08/19/2025

DECLARATION OF TRUST

by and between

**UMB BANK, N.A.,
as Trustee**

and

CITY OF SMITHVILLE, MISSOURI

Dated as of September 1, 2025

**\$8,630,000
CERTIFICATES OF PARTICIPATION
SERIES 2025**

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DECLARATION OF TRUST

THIS DECLARATION OF TRUST (the “**Declaration of Trust**”), dated as of September 1, 2025, between **UMB BANK, N.A.**, Kansas City, Missouri, a national banking association organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth under the laws of the State of Missouri, as settlor and trustee and trustee (the “**Trustee**”) and the **CITY OF SMITHVILLE, MISSOURI**, a fourth-class city duly organized and existing under the laws of the State of Missouri (the “**City**”).

RECITALS:

1. The Board of Aldermen of the City of Smithville, Missouri (the “**City**”) has determined that it is in the best interests of the City to acquire, construct, install, improve, furnish and equip various projects related to the City’s water and sewer system, including without limitation (a) the acquisition and installation of electric infrastructure for the System, (b) the construction and installation of sewer lift stations, including force mains, at 144th Street and Stonebridge, (c) the construction and installation of a force main from Smith’s Fork lift station, (d) the acquisition and installation of a water main and river crossing, (e) the construction and installation of a gravity sewer main along Owens Beach, and (f) improvements at the water treatment plant (the “**Projects**”).

2. In order to finance the costs of the Projects, concurrently herewith, the City, as lessee, is entering into a Lease Purchase Agreement dated as of September 1, 2025 (the “**Lease**”), with the Trustee, as lessor, pursuant to which the Trustee will lease to the City the Projects and equipment and apparatus acquired and installed with proceeds of Series 2025 Certificates in connection with the Projects (as more specifically described in **Schedule 1** to the Lease, the “**Leased Equipment**”), subject to the terms and conditions and for the purposes set forth in the Lease.

3. Pursuant to this Declaration of Trust, the Trustee will execute and deliver Certificates of Participation, Series 2025, in the original aggregate principal amount of \$8,630,000 (the “**Series 2025 Certificates**”), substantially in the form of **Exhibit A** attached hereto, evidencing proportionate interests in the right to receive Basic Rent Payments (as defined in the Lease) payable by the City pursuant to the Lease and the proceeds from the sale of such Series 2025 Certificates will be used to provide funds to (a) pay the costs of the Projects and (b) pay certain costs relating to the delivery of the Series 2025 Certificates.

4. The Trustee and the City are executing this Declaration of Trust to set forth the terms of the Series 2025 Certificates and Additional Certificates as hereinafter defined and authorized (the Series 2025 Certificates and the Additional Certificates being hereinafter referenced collectively as the “**Certificates**”), the security therefor and other provisions respecting the Certificates.

DECLARATION CLAUSES

NOW, THEREFORE, in order to secure the payment of the principal of, premium, if any, and interest on the Certificates, and to secure the performance and observance of all covenants and conditions therein and herein contained and to declare the terms and conditions upon, and subject to which the Certificates are intended to be sold, held, secured and enforced, and in consideration of the premises set forth herein and of the purchase and acceptance of the Certificates by the Owners thereof, the Trustee and the City have executed and delivered this Declaration of Trust and does declare that it will hold all of the assets, property and interests received by it under the terms of this Declaration of Trust, the Lease and all agreements and instruments contemplated hereby or thereby (except any compensation, indemnification or other amounts which may be due directly to the Trustee hereunder or thereunder) (collectively, the

“Trust Estate”), as trustee, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Certificates, without privilege, priority or distinction as to the lien or otherwise of any of the Certificates over any of the other Certificates;

PROVIDED, HOWEVER, that, except as otherwise hereinafter provided in this clause, if the principal of and premium, if any, and interest on the Certificates due or to become due thereon are paid or provision made therefor in accordance with **Article X** hereof, at the times and in the manner mentioned in the Certificates according to the true intent and meaning thereof, and provision shall have also been made for paying all sums payable under the Lease by the City in accordance with **Article X** hereof, then this Declaration of Trust and the rights hereby granted shall cease, determine and be void except as provided in **Article X** hereof;

THIS DECLARATION OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Certificates are to be sold, executed and delivered and all said rights and interests are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Trustee has agreed and covenanted, and does hereby agree and covenant, with the respective Owners of the Certificates as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to words and terms defined in the Lease and elsewhere in this Declaration of Trust, the following words and terms used in this Declaration of Trust shall have the following meanings, unless some other meaning is plainly intended:

“Additional Certificates” means any additional parity Certificates delivered pursuant to **Section 3.09** hereof.

“Authorized Representative” means the Mayor, the City Administrator, the City Clerk or any other person designated as an Authorized Representative by written certificate provided 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.

“Available Revenues” means, for any Fiscal Year, any balances of the City from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the City for such Fiscal Year plus any unencumbered balances of the City from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

“Basic Rent” means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion as set forth on **Exhibit A** hereto, as may be revised as provided in **Section 3.09** hereof and in **Section 4.08** in the Lease.

“Basic Rent Payment” means a payment of Basic Rent.

“Basic Rent Payment Date” means each March 1 and September 1 during the Lease Term, commencing on March 1, 2026.

“Beneficial Owner” means any registered owner of any Certificates and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

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

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

“Certificate Payment” means the payments to be made to the Owners of the Certificates, whether representing Interest Portion only or Principal Portion and Interest Portion of Basic Rent under the Lease.

“Certificates” means the Series 2025 Certificates and any Additional Certificates delivered hereunder.

“City” means the City of Smithville, Missouri, a fourth-class city and political subdivision organized and existing under the laws of the State of Missouri, and its successors or assigns.

“Code” means the Internal Revenue Code of 1986, as amended.

“Completion Certificate” means the certificate of the City given in accordance with **Section 5.04** of the Lease.

“Completion Date” means the date of completion of the acquisition, construction and installation of the Projects as that date shall be certified as provided in **Section 5.04** of the Lease.

“Continuing Disclosure Certificate” means the City’s Continuing Disclosure Certificate dated as of [September 23, 2025], entered into by the City in connection with the execution and delivery of the Series 2025 Certificates.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City and related to the authorization, execution, sale and delivery of the Certificates, including advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees of parties to the transaction (including fees of Special Counsel, fees of the municipal advisor and fees of counsel to the Underwriter, if any), fees of any rating agency, title insurance premiums and recording fees and all other initial fees and disbursements contemplated by the Lease and this Declaration of Trust.

“Costs of the Project” means all reasonable or necessary expenses related or incidental to the Projects and the acquisition and installation of the Leased Equipment, legal and other special services and all other necessary and incidental expenses, including interest on the Certificates to the Completion Date and Costs of Issuance.

“Directive” means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the records of the Trustee kept pursuant to **Section 3.06** hereof, or their lawful attorneys-in-fact, representing no less than a majority of the aggregate unpaid Principal Portion represented by the then Outstanding Certificates.

“Event of Default” means an Event of Default as described in **Section 9.01** hereof and described in **Section 12.01** of the Lease.

“Event of Lease Default” means an Event of Default under **Section 12.01** of the Lease.

“Event of Nonappropriation” means an Event of Nonappropriation as described in **Section 3.04** of the Lease.

“FAST Agent” means the Trustee when acting as agent for the Securities Depository in accordance with the rules established by the Securities Depository for Fast Automated Securities Transfers.

“Fiscal Year” means the fiscal year of the City, currently the twelve-month period beginning on November 1 and ending on October 31.

“Funds” means, collectively, the Project Fund, the Lease Revenue Fund, and any other funds created and held under this Declaration of Trust and all accounts therein.

“Government Obligations” means (a) direct noncallable obligations of the United States of America and obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by the United States of America, (b) trust receipts or certificates evidencing participation or other direct ownership interests in principal or interest payments to be made upon obligations described in clause (a) above that are held in a custody or trust account free and clear of all claims of persons other than the holders of such trust receipts or certificates, and (c) obligations that are noncallable or for which the call date has been irrevocably determined having an investment rating in the same rating category as direct obligations of the United States of America or higher as provided by a nationally recognized rating service as a result of the advance refunding of such obligations by the deposit of direct noncallable obligations of the United States of America in a trust or escrow account segregated and exclusively set aside for the payment of such obligations and that mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to timely pay such principal and interest.

“Interest Portion” means the portion of each Basic Rent Payment that represents the payment of interest as set forth on **Exhibit A** to the Lease.

“Investment Securities” means and includes any of the following securities, if and to the extent the same are permitted by law for investment of the moneys held in the Funds created and held under this Declaration of Trust:

(a) 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, and demand deposit accounts of any bank or trust company organized under the laws of the United States or any state, provided that such deposit accounts, 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 Government Obligations, (2) that are registered with the federal Securities and Exchange Commission (SEC), meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, and (3) that are rated in either of the two highest categories by a nationally recognized rating service; and

(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.

“Lease” means the Lease Purchase Agreement dated as of September 1, 2025, between the Trustee, as lessor, and the City, as lessee, as the same may from time to time be amended or supplemented in accordance with its terms.

“Lease Revenue Fund” means the fund by that name established pursuant to **Section 6.01** hereof.

“Lease Revenues” means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any fund established pursuant to this Declaration of Trust.

“Leased Equipment” means all equipment, personal property and materials, acquired and installed in connection with the Projects, to the extent that the costs have been paid from proceeds of the Series 2025 Certificates as further described under the heading “Description of Leased Equipment” on **Schedule 1** to the Lease and **Exhibit C** attached hereto, including any modifications, additions, improvements, replacements or substitutions thereto or therefor.

“Lease Term” means the Original Term and all Renewal Terms.

“Net Proceeds” means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys’ fees, incurred in the collection thereof.

“Notice by Mail” or **“Notice”** of any action or condition **“by Mail”** means a written notice meeting the requirements of this Declaration of Trust mailed by first-class mail to the Owners of specified Certificates, at the addresses shown on the registration books maintained pursuant to **Section 3.06**.

“Opinion of Counsel” means a written opinion of counsel who is acceptable to the Trustee. The counsel may be an employee of, or counsel to, the City.

“Opinion of Special Counsel” means a written opinion of Special Counsel who is acceptable to the Trustee.

“Original Term” means the period from the date of delivery of this Lease until the end of the Fiscal Year then in effect (October 31, 2025).

“Outstanding” means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to this Declaration of Trust except (a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to this Declaration of Trust, (c) Certificates whose payment or prepayment has been provided for in accordance with **Article X** hereof, and (d) Certificates paid or deemed to be paid pursuant to **Article X** hereof.

“Owner” or **“Registered Owner”** of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar pursuant to **Section 3.06** hereof.

“Participants” means those financial institutions for which 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.

“Prepayment Date” means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates in accordance with **Article V** hereof.

“Prepayment Price” means, with respect to any Certificate (or portion thereof), the amount specified in **Section 5.02** hereof.

“Principal Portion” means the principal portion of the Basic Rent Payments as set forth in **Exhibit A** to the Lease.

“Proceeds” means the aggregate moneys initially paid to the Trustee for a series of the Certificates.

“Projects” means the acquisition, construction, installation, improvement, furnishing and equipping of various projects related to the City’s water and sewer system, including without limitation (a) the acquisition and installation of electric infrastructure for the System, (b) the construction and installation of sewer lift stations, including force mains, at 144th Street and Stonebridge, (c) the construction and installation of a force main from Smith’s Fork lift station, (d) the acquisition and installation of a water main and river crossing, (e) the construction and installation of a gravity sewer main along Owens Beach, and (f) improvements at the water treatment plant.

“Project Agreements” means any agreement or agreements between the City and various parties providing for the Projects and acquisition and installation of various portions of the Leased Equipment in connection with the Projects.

“Project Fund” means the fund by that name established pursuant to **Section 6.01** hereof.

“Purchase Price” means the amount designated as such in **Section 10.01** of the Lease that the City shall pay to the Trustee to purchase the Trustee’s interest in the Leased Equipment.

“Record Date” means the 15th day (whether or not a Business Day) of the month next preceding the month in which each Basic Rent Payment Date occurs.

“Registrar” means the Trustee when acting in that capacity, or its successor as Registrar.

“Renewal Term” means each renewal term of this Lease, each having a duration of one year and a term co-extensive with then current Fiscal Year as provided in **Section 3.02** of the Lease, except that the final Renewal Term does not extend beyond October 31, 2045.

“Rent” means, collectively, Basic Rent and Supplemental Rent.

“Rent Payment” means a payment of Rent.

“Replacement Certificates” means Certificates issued to the beneficial owners of the Certificates in accordance with **Section 3.10(b)** hereof.

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

“Series 2025 Certificates” means the City of Smithville, Missouri, Certificates of Participation, Series 2025, in the aggregate principal amount of \$8,630,000 evidencing a proportionate interest in Basic Rent Payments to be made by the City, as lessee, pursuant to the annually renewable Lease, executed and delivered pursuant to this Declaration of Trust.

“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.

“State” means the State of Missouri.

“Supplemental Declaration of Trust” means any Declaration of Trust supplemental or amendatory to this Declaration of Trust entered into by the Trustee pursuant to **Article VIII** hereof.

“Supplemental Lease” means any agreement supplemental or amendatory to the Lease entered into by the City and the Trustee pursuant to **Article VIII** hereof and **Section 13.06** of the Lease.

“Supplemental Rent” means all amounts due under the Lease, other than Basic Rent.

“Supplemental Rent Payment” means a payment of Supplemental Rent.

“Tax Compliance Agreement” means the Tax Compliance Agreement dated as of [September 23, 2025], entered into by the City and the Trustee in connection with the execution and delivery of the Series 2025 Certificates.

“Trust Estate” means the assets, property and interests held by the Trustee pursuant to this Declaration of Trust and the Lease.

“Trustee” means UMB Bank, N.A., Kansas City, Missouri, and its successor or successors and their respective assigns.

“Underwriter” means the original purchaser of the Series 2025 Certificates.

Section 1.02. General 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 person shall include individuals, corporations, partnerships, joint ventures, associations, joint-stock companies, trusts, unincorporated organizations and governments and any agency or political subdivision thereof.

(b) The words “herein,” “hereby,” “hereunder,” “hereof,” “hereto,” “hereinbefore,” “hereinafter” and other equivalent words refer to this Declaration of Trust and not solely to the particular article, section, paragraph or subparagraph hereof in which such word is used.

(c) Reference herein to a particular article or a particular section, exhibit, schedule or appendix shall be construed to be a reference to the specified article or section hereof or exhibit, schedule or appendix hereto unless the context or use clearly indicates another or different meaning or intent.

(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.

(e) The table of contents, captions and headings in this Declaration of Trust are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Declaration of Trust.

Section 1.03. Execution in Counterparts. This Declaration of Trust 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. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 1.04. Severability.

(a) If any provision of this Declaration of Trust 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 hereof 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.

(b) The invalidity of any one or more phrases, sentences, clauses or sections in this Declaration of Trust contained shall not affect the remaining portions of this Declaration of Trust, or any part thereof.

Section 1.05. Date of Declaration of Trust. The dating of this Declaration of Trust as of September 1, 2025, is intended as and for the convenient identification of this Declaration of Trust only and is not intended to indicate that this Declaration of Trust was executed and delivered on said date, this Declaration of Trust being executed and delivered and becoming effective simultaneously with the initial execution and delivery of the Certificates.

Section 1.06. Governing Law. This Declaration of Trust shall be governed by and construed in accordance with the laws of the State.

ARTICLE II

COVENANT AS TO THE LEASE

Section 2.01. Covenant as to the Lease. The Trustee covenants and agrees that, except in accordance with the terms of the Lease, it will not take any action that would result in the occurrence of an Event of Default and that it will not agree to any abatement, reduction, abrogation, waiver, diminution or other modification in any manner or to any extent whatsoever of the obligations of the City under the Lease to pay Basic Rent and to meet its other obligations as provided in the Lease except as permitted by **Section 8.01** hereof.

ARTICLE III

THE CERTIFICATES

Section 3.01. Title of Certificates. No Certificates may be executed and delivered under this Declaration of Trust except in accordance with this Article. The Certificates will be designated “City of Smithville, Missouri Certificates of Participation, Series 2025” with such further appropriate particular designation added to or incorporated in such title for the Certificates of any particular series as the Trustee may determine.

Section 3.02. General Provisions Concerning the Certificates.

(a) The Certificates and the form of assignment to appear thereon shall be in substantially the form set forth in **Exhibit A** attached hereto, with necessary or appropriate variations, omissions and insertions as permitted or required hereby or by any Supplemental Declaration of Trust.

(b) The Certificates shall be fully-registered certificates, without coupons, transferable to subsequent owners only on the books kept by the Trustee pursuant to **Section 3.06** hereof as hereinafter provided. Each Certificate shall be in the denomination of \$5,000 or any integral multiple thereof.

(c) Each of the Certificates shall represent the Interest Portion and Principal Portion of Basic Rent payable with respect thereto and shall be on parity with the other Certificates as to the entire Trust Estate.

(d) The Certificates of each series shall be numbered from 1 upward, shall be dated and the Principal Portion of Basic Rent represented thereby shall be payable, subject to prior prepayment upon the terms and conditions set forth in this Declaration of Trust or any Supplemental Declaration of Trust, and shall represent Interest Portions of Basic Rent calculated at certain rates as set forth in this Declaration of Trust or any Supplemental Declaration of Trust.

(e) The Interest Portion of the Basic Rent represented by each Certificate will be payable from the date thereof or the most recent date to which said Interest Portion has been paid. The Interest Portion of the Basic Rent represented by the Series 2025 Certificates will be paid on each March 1 and September 1, commencing on March 1, 2026. The Interest Portion of the Basic Rent represented by any Additional Certificates will be paid as provided in the Supplemental Declaration of Trust authorizing such Additional Certificates.

(f) Payment of the Interest Portion of the Basic Rent represented by any Certificates shall be made to the person appearing on the registration books of the Registrar as the Owner thereof on the Record Date, such Interest Portion to be paid to such Owner by check or draft drawn on the Trustee and mailed on the Basic Rent Payment Date to such Owner's address as it appears on the registration books of the Registrar on the Record Date or in the case of such Interest Portion to (i) the Securities Depository or (ii) any Owner of the Certificates, by electronic transfer to such Owner upon written notice given to the Trustee by such Owner not less than 15 days prior to the Record Date for such Interest Portion, containing the electronic transfer instructions including the bank, ABA routing number and account name and number to which such Owner wishes to have such transfer directed and an acknowledgement that an electronic transfer charge may be applicable.

(g) The Interest Portion of the Basic Rent represented by any Certificates shall be computed with respect to such Certificates on the basis of a 360-day year of twelve 30-day months.

(h) The Principal Portion of the Basic Rent and prepayment premium, if any, represented by the Certificates will be payable (whether at maturity or upon prepayment or acceleration) by check, draft or electronic transfer to the Owners of such Certificates upon presentation and surrender of such Certificates at the designated corporate trust office of the Trustee and, if applicable, provision of electronic transfer instructions, including the bank, ABA routing number, account name and number to which such Owner wishes to have such transfer directed and an acknowledgment that an electronic transfer fee may be applicable.

(i) Payment of Certificate Payments and of the Prepayment Price of Certificates shall be made in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for public and private debts.

Section 3.03. Execution of Certificates.

(a) The Certificates shall be executed by and in the name of the Trustee 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 Declaration of Trust 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 Declaration of Trust. 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 3.04. Transfer of Certificates. Any Certificate may be transferred upon the books required to be kept pursuant to the provisions of **Section 3.06** hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Certificate for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. The Trustee or the Securities Depository shall also require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. In the event any Owner fails to provide a correct taxpayer identification number to the Trustee, the Trustee may impose a charge against such 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 Owner hereunder or under the Certificates.

Section 3.05. Exchange of Certificates. Certificates may be exchanged at the payment of the Trustee for a like aggregate principal amount of Certificates of the same maturity, interest rate and tenor. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No exchange of any Certificate shall be required of the Trustee after such Certificate has been called for prepayment.

Section 3.06. Registration Books.

(a) The Registrar will keep or cause to be kept at its payment office, sufficient books for the registration and transfer of the Certificates, which will at all reasonable times be open to inspection by the City, and, upon presentation for such purpose, the Registrar will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Certificates as hereinbefore provided.

(b) The person in whose name any Certificate is registered on the registration books maintained by the Registrar on the Record Date will be deemed the Owner thereof for all purposes hereof, and payment of or on account of the Interest Portions and Principal Portions of Basic Rent, represented by such Certificate will be made only to or upon the order in writing of such Registered Owner, which payments will be valid and effectual to satisfy and discharge the liability under the Lease as represented by such Certificate to the extent of the sum or sums so paid.

Section 3.07. Certificates Mutilated, Lost, Destroyed or Stolen.

(a) If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like tenor, maturity, interest rate and number in exchange and substitution for the Certificate so mutilated (except that such number may be preceded by a distinguishing prefix), but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and destroyed. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and indemnity of the Trustee and the City satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner of the Certificate, shall execute and deliver a new Certificate of like tenor, maturity, interest rate, and number as the Trustee shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may

require payment of a sum not exceeding the actual cost of preparing each new Certificate executed and delivered under this Section and of the expenses that may be incurred by the Trustee under this Section.

(b) Any Certificate executed and delivered under this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Declaration of Trust with all other Certificates secured by this Declaration of Trust. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be Outstanding hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Certificate for a Certificate which has been mutilated, lost, destroyed or stolen and which has matured, is about to mature, or has been selected for prepayment, the Trustee may make payment of such Certificate.

Section 3.08. Authorization of Series 2025 Certificates.

(a) There will be initially prepared, executed and delivered under this Declaration of Trust a series of Certificates in the aggregate principal amount of \$8,630,000, which series of Certificates will be designated "City of Smithville, Missouri Certificates of Participation, Series 2025." The Series 2025 Certificates shall be dated the date of original delivery thereof, and will be payable on the dates, in the principal amounts (subject to prepayment as described in **Section 5.02** hereof), and with the Interest Portions accruing at the rates set forth on **Exhibit B** hereto.

(b) Prior to or simultaneously with the execution of and delivery of the Series 2025 Certificates by the Trustee, the following documents will be filed with the Trustee:

(i) a copy of the ordinance adopted by the Board of Aldermen of the City authorizing the execution of the Lease and approving the execution and delivery of the Series 2025 Certificates under this Declaration of Trust;

(ii) copies of this Declaration of Trust, the Lease and the Tax Compliance Agreement;

(iii) an Opinion of Special Counsel as to the validity of the Series 2025 Certificates and the exemption from federal income taxation of the Interest Portion of Basic Rent Payments represented by the Series 2025 Certificates;

(iv) A request and authorization to the Trustee by the City to authenticate the Series 2025 Certificates and to deliver the Series 2025 Certificates to or upon the order of the Underwriter upon payment, for the account of the City, of the purchase price thereof. The Trustee shall be entitled to rely conclusively upon such request and authorization as to the name(s) of the Underwriter and the amount of such purchase price;

(v) Such other certificates, statements, receipts, opinions and documents required by this Declaration of Trust or the Lease, or as the Trustee may reasonably require for the delivery of the Series 2025 Certificates; and

(c) When the documents specified above have been filed with the Trustee, and when the Series 2025 Certificates have been executed as required by this Declaration of Trust, the Trustee will deliver the Series 2025 Certificates to or upon the order of the Underwriter or will hold the Series 2025 Certificates as FAST Agent for the benefit of the Beneficial Owners, but only upon payment to the Trustee of the purchase price of the Series 2025 Certificates. The Proceeds of the sale of the Series 2025 Certificates paid over to the Trustee will be deposited and applied as provided in **Article VI** hereof.

Section 3.09. Authorization of Additional Certificates.

(a) Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and so long as no Event of Default or Event of Nonappropriation exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by this Declaration of Trust on a parity with the Series 2025 Certificates and any other Additional Certificates (except that each account within the a reserve fund will secure only the corresponding series of Certificates), at any time and from time to time, upon compliance with the conditions provided in this Section for the purposes set forth below and in **Section 4.08** of the Lease:

(i) To provide funds to pay the costs of completing the Projects, the total of such costs to be evidenced by a certificate signed by an Authorized City Representative;

(ii) To provide funds to pay all or any part of the costs of repairing, replacing or restoring the Leased Equipment or the Projects 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 IX** of the Lease;

(iii) 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

(iv) Any other lawful purpose for the benefit of the City.

(b) Before any Additional Certificates may be executed and delivered under the provisions of this Section, the City will:

(i) adopt an ordinance authorizing a Supplemental Lease and Supplemental Declaration of Trust and authorizing the execution and delivery of such Additional Certificates, fixing the amount and terms thereof and describing the Certificates to be refunded, if any; and

(ii) authorize the Trustee to enter into an amendment to the Lease and the Declaration of Trust with the City to provide for Basic Rent Payments at least sufficient to pay the Principal Portion, premium, if any, and Interest Portion of the Certificates then to be Outstanding (including the Additional Certificates to be executed and delivered) as the same become due, and for such other matters as are appropriate because of the execution and delivery of the Additional Certificates proposed to be delivered.

(c) Such Additional Certificates will have the same designation as the Series 2025 Certificates, except for an identifying series letter or date as provided in **Section 3.01** hereof. The Principal Portion and the Interest Portion of Basic Rent represented by such Additional Certificates will be payable on the dates, in the amounts and (with respect to such Interest Portion) at the rates as may be provided by the Supplemental Declaration of Trust authorizing such Additional Certificates. **Exhibit B** hereto and **Exhibit A** of the Lease will be amended by such Supplemental Declaration of Trust and Supplemental Lease, respectively, to reflect separately the Principal Portion of Basic Rent allocable to each series of Certificates. Such Additional Certificates will be on a parity with and will be entitled to the same benefit and security of this Declaration of Trust as the Series 2025 Certificates and any other Additional Certificates (except that each account within a reserve fund will secure only the corresponding series of Certificates).

(d) The Additional Certificates will be executed substantially in the form and manner as provided in this Article, but prior to or simultaneously with the delivery of such Certificates by the Trustee, the following items will be filed with the Trustee:

(i) a copy of the ordinance passed by the Board of Aldermen of the City authorizing such Supplemental Lease and authorizing the execution and delivery of the Additional Certificates, fixing the amount and terms thereof and describing the Certificates to be refunded, if any.

(ii) a copy of the executed Supplemental Declaration of Trust authorizing such Additional Certificates.

(iii) a copy of the executed Supplemental Lease.

(iv) an executed copy of any certificate purchase agreement relating to the Additional Certificates.

(v) an Opinion of Special Counsel to the effect that the execution and delivery of such Additional Certificates will not result in the Interest Portion of Basic Rent evidenced by any Certificates then Outstanding becoming includable in gross income of the Owners thereof for federal income tax purposes and that the delivery of such Additional Certificates will not cause the Interest Portion of Basic Rent represented by any Certificates then Outstanding (including such Additional Certificates) to be includable in gross income for federal income tax purposes.

(vi) 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 X** herein for the payment of all of the Certificates to be refunded.

(viii) such other certificates, statements, receipts, opinions and documents required by this Declaration of Trust or the Lease or as the Trustee may reasonably require for the delivery of the Additional Certificates.

(e) When the documents mentioned in subsection (d) of this Section have been filed with the Trustee, and when such Additional Certificates have been executed and registered as required by this Declaration of Trust, the Trustee will deliver such Additional Certificates to or upon the order of the purchaser named in the certificate purchase agreement relating to such Additional Certificates, if any, or hold the Additional Certificates as FAST Agent for the benefit of the Beneficial Owners, but only upon payment of the purchase price of such Additional Certificates by the purchaser of such Additional

Certificates. The Proceeds of Additional Certificates, including accrued interest, if any, paid to the Trustee will be deposited as provided in the Supplemental Declaration of Trust.

(f) Additional Certificates may be delivered without notice to or the consent of the Registered Owners of the Certificates (i) if the Additional Certificates are being delivered to refund Certificates to provide present value debt service savings for the City, or (ii) if Additional Certificates to be delivered are in an amount, together with all other Certificates then Outstanding, not to exceed [\$8,630,000.]

Section 3.10. Book-Entry Certificates; Securities Depository.

(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 Trustee 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, premium, if any, and interest portions with respect to the Certificates to the Participants until and unless the Trustee authenticates and delivers Replacement Certificates to the Beneficial Owners as described in subsection (b) of this Section.

(b) (i) 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 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 (i) if the Trustee receives written notice from Participants having interests in not less than 50% 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 Trustee shall notify the Owners of such determination of such notice and of the availability of certificates to Owners requesting the same, and the Trustee shall register in the name of and authenticate and deliver Replacement Certificates to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (i)(A) or (i)(B) of this subsection (b), the City, with the consent of the Trustee, may select a successor securities depository in accordance with **Section 3.10(c)** to effect book-entry transfers. In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository is the registered owner of at least one Certificate. 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 Trustee, to the extent applicable with respect to such Replacement Certificates. If the Securities Depository resigns and the City, the Trustee or the Owners are unable to locate a qualified successor of the Securities Depository in accordance with **Section 3.10(c)**, then the Trustee shall authenticate and cause delivery of Replacement Certificates to Owners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Certificates. The cost of printing Replacement Certificates shall be paid for by the City.

(c) If 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 Exchange Act of 1934, as amended, the City may appoint a successor Securities Depository provided the

Trustee receives written evidence satisfactory to the Trustee 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 Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee 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.

Section 3.11. Cancellation and Destruction of Certificates upon Payment.

(a) All Certificates that have been paid or prepaid or that the Trustee has purchased or that have otherwise been surrendered to the Trustee under this Declaration of Trust, either at or before maturity, if not exchanged pursuant to **Section 3.05** hereof, will be canceled by the Trustee immediately upon the payment, prepayment or purchase of such Certificates and the surrender thereof to the Trustee. Upon request, the Trustee will execute a certificate in duplicate describing the Certificates to be canceled and will file an executed counterpart of such certificate with the City.

(b) All Certificates canceled under any of the provisions of this Declaration of Trust will be destroyed by the Trustee in accordance with then applicable record retention requirements.

ARTICLE IV

PARTICULAR COVENANTS AND PROVISIONS

Section 4.01. Covenant of Trustee as to Performance of Obligations. The Trustee covenants that it will promptly remit to the Owner of each Certificate its interest in each installment of Basic Rent to the extent received by the Trustee, at the places, on the dates and in the manner provided herein and in the Certificates.

Section 4.02. Covenant to Perform Undertakings. The Trustee covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Declaration of Trust, in any and every Certificate executed and delivered hereunder and in all proceedings of the Trustee pertaining thereto. The Trustee covenants that it is duly authorized to execute and deliver the Certificates and to enter into this Declaration of Trust and to perform its obligations hereunder.

ARTICLE V

PREPAYMENT

Section 5.01. General. The Certificates are subject to prepayment pursuant to this Article and any Supplemental Declaration of Trust to the extent that prepayments of Basic Rent are required, allowed or provided for under the Lease.

Section 5.02. Prepayment Provisions with Respect to the Series 2025 Certificates.

(a) *Optional Prepayment.* The Series 2025 Certificates are subject to prepayment on and after [September 1, 20__], as a whole or in part at any time at 100% of the Principal Portion represented

thereby, plus the Interest Portion accrued thereon to the prepayment date.

(b) *Extraordinary Optional Prepayment.* The Series 2025 Certificates will be subject to optional prepayment, as a whole, or in part, at any time at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Equipment, or as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, or the Declaration of Trust or the Lease becomes unenforceable.

Section 5.03. Selection of Certificates for Prepayment; Notice to Trustee. If less than all of the Outstanding Certificates are called for optional prepayment, Certificates will be prepaid in such order of stated payment dates as is determined by the City. Within a stated payment date the Trustee will select the Certificates or any given portion thereof to be prepaid by lot or such in other equitable manner as the Trustee determines in principal amounts of \$5,000 or any integral multiple thereof. In case of any optional prepayment, at the election of the City, the City will, at least 45 days prior to the Prepayment Date (unless a shorter notice will be satisfactory to the Trustee), give written notice to the Trustee directing the Trustee to call Certificates for prepayment and give notice of prepayment and specifying the Prepayment Date, the series, the principal amount and maturities of Certificates to be called for prepayment, the applicable prepayment price and the provision or provisions of this Declaration of Trust pursuant to which such Certificates are to be called for prepayment.

Section 5.04. Partial Prepayment of Certificates. Upon surrender of any Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof, at the expense of the City, a new Certificate or Certificates of the same series and maturity, equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered.

Section 5.05. Notice of Prepayment.

(a) Unless otherwise provided herein, notice of prepayment will be given by the Trustee, not more than 60 days and not less than 20 days prior to the Prepayment Date, to the Owner of each Certificate affected at the address shown on the registration books of the Registrar on the date such notice is mailed. Each notice of prepayment will state (i) the Prepayment Date, (ii) the place of prepayment, (iii) the Prepayment Price, (iv) that the proposed prepayment is conditioned upon there being on deposit in the applicable fund or account on the Prepayment Date sufficient money to pay the full Prepayment Price of the Certificates to be prepaid, (v) if less than all of the Certificates are to be prepaid, the identification of the Certificates to be prepaid, and the portion thereof being prepaid. The failure of the Owner of any Certificate to be so prepaid to receive notice of prepayment mailed as herein provided or any defect therein will not affect or invalidate the validity of any proceedings for the prepayment of such Certificate.

(b) Such notice may be conditioned upon moneys being on deposit with the Trustee on or prior to Prepayment Date in an amount sufficient to pay the Prepayment Price on the Prepayment Date. If the 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 the 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.

(c) The Trustee is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the Securities and Exchange Commission.

Failure to comply with such standards will not affect or invalidate the prepayment of any Certificate to be prepaid.

(d) The Trustee, as long as a book-entry system is used for the Certificates, will send notices of prepayment only to the Securities Depository, as the Owner of the Certificates. Any failure of the Securities Depository to advise any of the Participants, or of any participant or any nominee to notify any Beneficial Owner of the Certificates, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Certificates called for prepayment.

Section 5.06. Effect of Prepayment.

(a) Notice of prepayment having been duly given as aforesaid, and upon funds for payment of the Prepayment Price of such Certificates (or portions thereof) being held by the Trustee, on the Prepayment Date designated in such notice, the Certificates (or portions thereof) so called for prepayment will become due and payable at the Prepayment Price specified in such notice and the Interest Portion of Basic Rent represented by the Certificates so called for prepayment will cease to accrue, said Certificates (or portions thereof) will cease to be entitled to any benefit or security under this Declaration of Trust and the Owners of such Certificates will have no rights in respect thereof except to receive payment of the Prepayment Price.

(b) All Certificates prepaid pursuant to the provisions of this Article will be cancelled upon surrender thereof and destroyed by the Trustee pursuant to **Section 3.11** hereof.

ARTICLE VI

ISSUE OF CERTIFICATES; FUNDS; APPLICATION OF PROCEEDS AND OTHER MONIES

Section 6.01. Establishment of Funds.

(a) There are hereby established with the Trustee the following funds:

- (i) Project Fund; and
- (ii) Lease Revenue Fund.

(b) All funds established pursuant to this Article shall be held by the Trustee in trust for the benefit of the Certificate Owners. The money in all of the funds shall be held in trust and applied as hereinafter provided.

Section 6.02. Application of Proceeds of Series 2025 Certificates. The Proceeds of the Series 2025 Certificates paid to the Trustee will be deposited in the Project Fund and used to pay Costs of the Project, including Costs of Issuance in accordance with **Section 6.04** hereof.

Section 6.03. Application of Lease Revenues.

(a) Lease Revenues shall be deposited, as received pursuant to the Lease, as follows:

- (i) The Basic Rent shall be deposited to the Lease Revenue Fund.

(ii) Optional and mandatory prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) shall be deposited to the Lease Revenue Fund.

(iii) Payments of Supplemental Rent pursuant to **Section 4.02** of the Lease shall be applied as provided in **Section 4.02** of the Lease.

(b) Undesignated payments of Rent which are insufficient to discharge the full amount then due shall be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

Section 6.04. Project Fund.

(a) Moneys in the Project Fund will be used to pay for Costs of the Project (including Costs of Issuance). Payment will be made from moneys in the Project Fund upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative, which requisition certificate will contain the statements, representations and certificates set forth in the form thereof as **Exhibit B** to the Lease and will be otherwise substantially in such form.

(b) In making disbursements from the Project Fund, the Trustee will be entitled to conclusively rely upon each written requisition certificate executed by the Authorized Representative without inquiry or investigation. It is understood that the Trustee will *not* make any inspections of the Project, make any provision to obtain completion bonds, mechanic's or materialmen's lien releases or otherwise supervise any phase of the Project. The approval of each requisition certificate by the Authorized Representative will 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. The Trustee will make disbursements from the Project Fund for which any such request is made as soon as practical after the receipt of a properly executed certificate. The Trustee shall be fully protected in making the disbursements contained in the requisition certificates provided to it and shall have no duty or obligation to confirm that such requested disbursements constitute Costs of the Project or Costs of Issuance.

(c) The Completion Date of the Project and the payment of all Costs of the Project (other than Costs of the Project for which sufficient amounts are retained in the Project Fund) will be evidenced by the filing with the Trustee of the Completion Certificate pursuant to **Section 5.04** of the Lease. As soon as practicable following the receipt by the Trustee of the Completion Certificate, any balance remaining in the Project Fund (other than Costs of the Project for which the Trustee has been authorized to retain in the Project Fund) will be transferred and deposited without further authorization as provided in **Section 5.04** of the Lease.

(d) In the event of the acceleration of any of the Certificates pursuant to **Section 9.02** hereof, any moneys then remaining in the Project Fund will be transferred and deposited to the credit of the Lease Revenue Fund and will be used to pay Basic Rent.

Section 6.05. Application of Moneys in the Lease Revenue Fund. Except as otherwise provided herein, all amounts in the Lease Revenue Fund shall be used and withdrawn by the Trustee solely to pay Basic Rent represented by the Certificates when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity pursuant to this Declaration of Trust).

Section 6.06. Reserved.

Section 6.07. Repayment to the City from the Lease Revenue Fund. After payment in full of all Basic Rent Payments through the maximum Lease Term and all Supplemental Rent due, if any, or the earlier purchase of the Trustee's interest in the Leased Equipment pursuant to **Section 10.01** of the Lease, all amounts remaining in the Lease Revenue Fund will be paid to the City.

Section 6.08. Payments Due on Days Other than Business Days. In any case where the date of maturity of Principal Portions of Basic Rent Payments, premium, if any, or Interest Portions of Basic Rent Payments represented by the Certificates or the date fixed for prepayment of any Certificates is not a Business Day, then payment of Principal Portions of Basic Rent Payments, premium, if any, or Interest Portions of Basic Rent Payments represented by 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 on the date of maturity or the date fixed for prepayment, and no interest will accrue for the period after such date.

Section 6.09. Separate Accounting for Funds Allocable to each Series of Certificates. The Trustee shall maintain separate accounts for funds and securities attributable to each series of Certificates in the Lease Revenue Fund, the Project Fund and any other fund or account held by the Trustee hereunder so that the calculations for each series of Certificates can be made separately for such series. Any transfer of funds or securities or earnings thereon from one fund or account to another shall be made to the appropriate account or subaccount of the same series of Certificates to which such funds or securities are attributed. If, at any time, a payment is made to any such fund that is less than the amount due and payable to such fund, the amount payable shall be credited *pro rata* to each such separate account within such fund, based on the amount owed to each such account.

Section 6.10. Nonpresentment of Certificates. If any Certificate will not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for prepayment thereof, if funds sufficient to pay such Certificate have been made available to the Trustee, all liability of the Trustee and the City to the Owner thereof for the payment of such Certificate will forthwith cease, determine and be completely discharged. Thereupon it will be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner of such Certificate, who will thereafter be restricted exclusively to such fund or funds for any claim of whatever nature under this Declaration of Trust or on, or with respect to, said Certificate. If any Certificate will not be presented for payment within one year following the date when such Certificate becomes due, whether by maturity or otherwise, the Trustee will repay, without liability for interest thereon, to the City the funds theretofore held by the Trustee for payment of such Certificate. Such Certificate will, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Owner thereof will be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City will not be liable for any interest thereon and will not be regarded as a trustee of such money.

ARTICLE VII

DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 7.01. Moneys to be Held in Trust. All moneys deposited with or paid to the Trustee for account of the Lease Revenue Fund or the Project Fund under this Declaration of Trust shall be held by the Trustee in trust and shall be applied only in accordance with this Declaration of Trust and the Lease and until used or applied as herein provided, shall constitute part of the Trust Estate and shall not be subject to any lien other than the lien of this Declaration of Trust. The Trustee shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon in writing.

Section 7.02. Investment of Moneys.

(a) Moneys held in all Funds hereunder shall, subject to the requirements of the Tax Compliance Agreement and as hereinafter provided, be invested and reinvested by the Trustee, pursuant to written direction of the City, signed by an Authorized Representative of the City, in Investment Securities that mature or are subject to redemption by the holder prior to the date such funds will be needed. In the absence of such instructions, the Trustee is directed to invest moneys in accordance with the standing written instruction provided to it by the City on the date of original delivery of the Series 2025 Certificates (or if not provided by the City, the Trustee shall hold moneys uninvested). The Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees and cash sweep account fees, which may be deducted from income earned on investments, provided that any such fees will not exceed the interest income on the investment.

(b) The Trustee shall sell and reduce to cash a sufficient amount of such Investment Securities held by the Trustee in any fund hereunder whenever the cash balance in such Fund is insufficient for the purpose of such Fund. Any such Investment Securities shall be held by or under the control of the Trustee and shall be deemed at all times a part of the Fund in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Investment Securities shall be credited to such Fund, and any loss resulting from such Investment Securities shall be charged to such Fund.

(c) For purposes of determining the amount in any Fund or account, the value of any investments will be computed at the market value thereof. The Trustee shall promptly prepare a report of such annual valuations and deliver copies of such report to the City.

(d) The Trustee may, in making or disposing of any investment permitted by this **Section 7.02**, deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

ARTICLE VIII

AMENDMENT OF THE DECLARATION OF TRUST OR THE LEASE

Section 8.01. Amendments Permitted.

(a) This Declaration of Trust, the Lease and the rights and obligations of the City and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time and at any time by an amendment or supplement hereto or thereto which the parties hereto or thereto may enter into when the written consent of the Trustee and the City, if not a party hereto or thereto, and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding shall have been filed with the Trustee. No such modification or amendment shall:

(i) extend the stated maturity of any Certificate, or reduce the amount of principal represented thereby, or extend the time of payment or reduce the amount of any Prepayment Price provided in the Declaration of Trust for the payment of any Certificate, or reduce the rate of interest with respect thereto, or extend the time of payment of interest with respect thereto without the consent of the Owner of each Certificate so affected;

(ii) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment or permit the creation of any lien on the moneys in any Fund held hereunder or deprive the Owners of the trust created by this Declaration of Trust with respect to the moneys in any Fund held hereunder; or

(iii) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding. Promptly after the execution by the Trustee of any amendment pursuant to this subsection (a), the Trustee shall give Notice by Mail, setting forth in general terms the substance of such amendment to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to **Section 3.06** hereof. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment.

(b) Notwithstanding subsection (a), this Declaration of Trust or the Lease and the rights and obligations of the City, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time and at any time by an agreement which the parties hereto or thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Trustee in this Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Certificates (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the City; provided, however, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the security for the Certificates;

(ii) to add to the covenants and agreements of the City in the Lease; provided, however, that no such covenant, agreement or surrender shall materially adversely affect the security for the Certificates;

(iii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Declaration of Trust or the Lease, or in regard to matters or questions arising under this Declaration of Trust or the Lease as the Trustee and the City may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the City or the Trustee and which shall not, in any such case materially adversely affect the security for the Certificates;

(iv) to modify, amend or supplement this Declaration of Trust in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar

federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the security for the Certificates;

(v) if applicable, to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the Interest Portion of Basic Rent from gross income for purposes of federal income taxation with respect to any tax-exempt Certificates Outstanding;

(vi) to provide for the execution and delivery of Additional Certificates as permitted herein; or

(vii) to make any other change which does not have a materially adverse effect on the security for the Certificate Owners.

(c) The Trustee may, but shall not be obligated to, enter into any Supplemental Declaration of Trust or Supplemental Lease which affects the Trustee's own rights, duties or immunities under this Declaration of Trust or the Lease or otherwise.

Section 8.02. Effect of Amendments. Upon the execution of any amendments hereto, pursuant to this **Article VIII**, this Declaration of Trust shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Declaration of Trust of the Trustee and all Owners of Certificates Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such amendment shall be deemed to be part of the terms and conditions of the Declaration of Trust for any and all purposes.

Section 8.03. Endorsement of Certificates; Preparation of New Certificates. Certificates delivered after the execution of any amendment pursuant to this **Article VIII** may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form determined by the Trustee as to any modification or amendment provided for in such amendment, and, in that case, upon demand of the Owner of any Certificate Outstanding at the time of such execution and presentation of a Certificate for such purpose at the payment office of the Trustee, a suitable notation shall be made on such Certificate. If the amendment shall so provide, new Certificates so modified as to conform, in the opinion of the Trustee, to any modification or amendment contained in such amendment, shall be prepared and executed by the Trustee, and upon demand of the Owners of any Certificates then Outstanding shall be exchanged at the payment office of the Trustee, without cost to any Certificate Owner, for Certificates then Outstanding, upon surrender for cancellation of such Certificates in equal aggregate principal amounts of the same maturity, mode and tenor.

Section 8.04. Amendment of Particular Certificates. The provisions of this Article shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him, provided that due notation thereof is made on such Certificates.

Section 8.05. Opinion of Counsel. Anything to the contrary in this **Article VIII** notwithstanding, before the Trustee or the City consents to any modification or amendment of this Declaration of Trust or the Lease, there will be delivered to the Trustee an Opinion of Special Counsel to the effect that such amendment (a) is permitted by this Declaration of Trust and the instrument modified or amended (if other than this Declaration of Trust), (b) complies with their terms, (c) will, upon execution and delivery thereof, be valid and binding upon the City in accordance with the terms of the instrument modified or amended, and (d) will not adversely affect the exclusion from gross income for purposes of federal income taxation of the Interest Portion of Basic Rent Payments represented by the Certificates. In any

instance in which the Trustee may be required to determine that a modification or amendment will not materially adversely affect the security of the Owners of the Certificates, prior to consenting to such modification or amendment, the Trustee will be entitled to require that there be delivered to it an Opinion of Counsel to the effect that no such materially adverse effect would result from such modification or amendment. The Trustee will be fully protected and will incur no liability in relying upon such Opinion of Counsel in making such determination.

ARTICLE IX

DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND OWNERS OF CERTIFICATES

Section 9.01. Defaults. The occurrence of any of the following events, subject to the provisions of **Section 9.09** hereof, is hereby defined as an “**Event of Default**”:

- (a) Default in the due and punctual payment of any Interest Portion of Basic Rent represented by a Certificate; or
- (b) Default in the due and punctual payment of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the Prepayment Date set therefor in accordance with the terms hereof; or
- (c) Any Event of Lease Default.

Section 9.02. Acceleration. Upon the occurrence of an Event of Default, the Trustee may, and upon receipt of a Directive shall, by notice in writing delivered to the City, declare the Principal Portion and Interest Portion of Basic Rent due on or prior to the end of the then current Fiscal Year immediately due and payable.

Section 9.03. Other Remedies Upon an Event of Default.

(a) Upon the occurrence of an Event of Lease Default or Event of Nonappropriation, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage any portion of the Leased Equipment and apply the net proceeds thereof in accordance with **Section 9.05** hereof and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

(b) No remedy by the terms of this Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate 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 to the Certificate Owners hereunder or now or hereafter existing at law or in equity or by statute.

(c) 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 of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

(d) No waiver of any default hereunder whether by the Trustee or by the Certificate Owners shall extend to or shall affect any subsequent default or shall impair any rights or remedies consequent thereon.

Section 9.04. Rights of Certificate Owners.

(a) If an Event of Default or Event of Nonappropriation shall have occurred and be continuing and if instructed to do so by a Directive and if indemnified as provided in **Section 9.07** and **Section 11.03**, the Trustee shall be obligated to exercise such one or more of the rights and the remedies conferred by this **Article IX** as the Trustee, upon the advice of counsel, shall deem to be in the interests of the Certificate Owners; provided that such Directive will not be otherwise than in accordance with the provisions of law and of this Declaration of Trust, and provided further that the Trustee will have the right to decline to follow any such Directive if the Trustee in good faith determines that the proceedings so directed would involve it in personal liability.

(b) Any other provision herein to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall have the right, at any time, 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 this Declaration of Trust, 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 of this Declaration of Trust, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability.

Section 9.05. Application of Moneys.

(a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this **Article IX** shall, after payment of the costs 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, without limitation, attorneys' fees and expenses), be deposited into the Lease Revenue Fund and all moneys in the Lease Revenue Fund shall be applied as follows:

(i) Unless the Principal Portions of Basic Rent represented by any the 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 the Interest Portions of Basic Rent represented by the Certificates in the order of the maturity of the installments of such interest and, to the payment ratably, according to the amount due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid Principal Portions of Basic Rent represented by any Certificates that shall have become due (other than Principal Portions of Basic Rent represented by Certificates with respect to the payment of which moneys are held pursuant to the provisions of this Declaration of Trust) in the order of such due dates, with interest from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the Principal Portions of Basic Rent represented by Certificates due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the Certificates.

(ii) If the Principal Portions of Basic Rent represented by any Certificates shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the Principal Portions and the Interest Portions of the Basic Rent then due and unpaid upon the Certificates without preference or priority of principal over the interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the certificates.

(iii) If the Principal Portions of the Basic Rent represented by any Certificates shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article then subject to the provisions of paragraph (b) of this Section in the event that the Principal Portions of Basic Rent represented by any the Certificates to the end of the then current Fiscal Year shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

(b) Whenever moneys are to be applied pursuant to the provision 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 for the application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be a Basic Rent Payment Date unless it 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 dates 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 Owner of any Certificate until such Certificate shall be presented to the Trustee for appropriate endorsement or for cancellation if paid in full.

(c) Whenever the Principal Portion and the Interest Portion of all Certificates have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, any balance remaining in the Lease Revenue Fund shall be paid to the City.

Section 9.06. Remedies Vested in Trustee. All remedies and rights of action (including the right to file proof of claims) under this Declaration of Trust 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 the necessity of joining as plaintiffs or defendants any Owners of the Certificates. Any recovery of judgment or other amounts shall be for the equal benefit of the Owners of the Outstanding Certificates.

Section 9.07. Rights and Remedies of Certificate Owners. No Owner of any Certificates shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Lease or this Declaration of Trust, for the execution of any trust thereof, for the appointment of a receiver or to enforce any other remedy thereunder or hereunder, unless (a) an Event of Default or an Event of Nonappropriation has occurred; (b) the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) such Certificate Owners have provided to the Trustee indemnification satisfactory to the Trustee; and (d) the Trustee shall thereafter fail or shall refuse to exercise the powers hereinbefore granted or to institute such action, suit or proceedings in its, his, her or their name or names. Such notification, request and indemnity are hereby declared in every case at the

option of the Trustee to be conditions precedent to the execution of the powers and the trusts of this Declaration of Trust and to any action or cause of action for the enforcement of this Declaration of Trust or for the appointment of a receiver or for any other right or remedy hereunder. No one or more Owners of the Certificates shall have any right in any manner whatsoever to affect, to disturb or to prejudice the lien of this Declaration of Trust by its, his, her or their action or to enforce any right or remedy hereunder except in the manner herein provided and 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 Owners of all Certificates then Outstanding. Nothing in this Declaration of Trust contained shall, however, affect or impair the right of any Certificate Owner to enforce the payment of the Principal Portion of and the Interest Portion of the Basic Rent represented by any Certificate at and after the maturity thereof.

Section 9.08. Termination of Proceedings. If the Trustee shall have proceeded to enforce any right or remedy under the Lease or this Declaration of Trust by the appointment of a receiver, by entry or otherwise and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case, the City and the Trustee shall be restored to their former respective positions and rights thereunder and hereunder and all rights remedies and powers of the Trustee shall continue as if no such proceeding had been taken.

Section 9.09. Waivers of Defaults. The Trustee shall waive any Event of Default and its consequences and rescind any declaration of maturity of principal upon the written request of the Owners of (a) a majority in aggregate principal amount of all Certificates then Outstanding with respect to which a default in the payment of Principal Portion of Basic Rent represented thereby exists; or (b) a majority in aggregate principal amount of all Certificates then Outstanding in the case of any other default; provided, however, that there shall not be waived (i) any Event of Default respecting the payment of the Principal Portion of Basic Rent represented by any Certificate at its maturity date, or (ii) any Event of Default respecting the payment of the Interest Portion of Basic Rent represented by any Certificate, unless prior to such waiver or rescission, all arrears of principal and interest when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for and, in case any such waiver or rescission or in case any proceeding(s) taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Trustee, the City and the Certificate Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default or impair any right consequent thereon.

Section 9.10. Notices of Defaults and Nonappropriations. Within 30 days after the occurrence of any Event of Default hereunder or an Event of Nonappropriation under the Lease of which the Trustee is required to take notice or if notice of default or nonappropriation has been given as provided in **Section 11.01(f)** hereof, the Trustee will give written notice thereof to the City and Notice by Mail to the Owners of all Certificates then Outstanding (unless such Event of Default has been cured or waived; provided, however, that, except in the case of an Event of Default in the payment of the Principal Portion or Interest Portion of Basic Rent Payments represented thereby, the Trustee will be protected in withholding such notice if and so long as the Trustee in good faith determines that the withholding of such notice is in the interests of such Owners).

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Declaration of Trust.

(a) When (i) the obligations of the City under the Lease shall have been satisfied in connection with the exercise by the City of its option to purchase the Leased Equipment in accordance with **Article X** of the Lease by the irrevocable deposit in escrow of cash or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both cash and such Government Obligations, and, (ii) the City has delivered to the Trustee (A) an Opinion of Special Counsel to the effect that the conditions for such discharge contained herein and in **Section 10.02** hereof have been satisfied or irrevocably provided for and (B) if the deposit of moneys and Government Obligations is more than 90 days prior to the scheduled payment on the Certificates, (1) an Opinion of Special Counsel to the effect that the payment of such Certificates will not adversely affect the exclusion from gross income for purposes of federal income taxation of the Interest Portion of Basic Rent Payments represented by the Certificates and (2) an accountant's certificate verifying the sufficiency of moneys or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion represented by the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates, and (iii) the City has deposited sufficient moneys to pay the fees, charges and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by this Declaration of Trust will cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply such moneys and Government Obligations to the payment of the Certificates as herein set forth; provided, however, that all provisions hereof relating to the compensation or indemnification of the Trustee will survive the satisfaction and discharge of this Declaration of Trust.

(b) After all amounts owing to the Certificate Owners have been paid hereunder and under the Lease, the Trustee shall turn over to the City any surplus in the Lease Revenue Fund and all balances remaining in any other funds other than moneys and Government Obligations held for the payment of the Certificates at maturity or on prepayment, which moneys and Government Obligations shall continue to be held by the Trustee in trust for the benefit of the Certificate Owners and shall be applied by the Trustee to the payment, when due, of the Principal Portions and any premium and Interest Portions of Basic Rent represented by the Certificates.

Section 10.02. Deposit of Moneys or Securities with Trustee. If moneys or Government Obligations as hereinabove provided, are deposited with and held by the Trustee or other commercial bank or trust company for the purpose of discharging the Declaration of Trust, the Trustee or other commercial bank or trust company will within 30 days after such moneys or Government Obligations have been deposited with it give Notice by Mail to the Owners at the addresses listed on the registration books kept by the Registrar pursuant to **Section 3.06** hereof, setting forth (a) the maturity date or Prepayment Date, as the case may be, of the Certificates, (b) a description of the moneys and/or Government Obligations, if any, so held by the Trustee or other commercial bank or trust company, and (c) that this Declaration of Trust has been released in accordance with the provisions of this Section. Whenever in this Declaration of Trust or the Lease it is provided or permitted that there be deposited with or held in trust by the Trustee or other commercial bank or trust company moneys or Government Obligations in the necessary amount to pay or prepay any Certificates, the money or Government Obligations so to be deposited or held may include money or Government Obligations held by the Trustee in the Funds established pursuant to this Declaration of Trust (exclusive of the Project Fund) the principal of and interest on which when due together with any moneys held by the Trustee for such purpose will provide moneys sufficient to pay the Principal Portions and Interest Portions of the Basic Rent

represented by the Certificates as same becomes due, except that, in the case of Certificates that are to be prepaid prior to maturity and in respect of which irrevocable notice of such prepayment have been given as in **Article V** hereof provided or irrevocable provision satisfactory to the Trustee has been made for the giving of such notice, the amount to be deposited or held will be the Prepayment Price with respect to such Certificates and all unpaid interest to the Prepayment Date.

ARTICLE XI

THE TRUSTEE

Section 11.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee will, prior to an Event of Default or Event of Nonappropriation, and after the curing of all Events of Default or Events of Nonappropriation that may have occurred, perform only such duties as are specifically set forth in this Declaration of Trust. The Trustee will have no implied duties. The permissive right or power to take any action may not be construed as a duty to take action under any circumstances, and the Trustee will not be liable except in the event of its negligence or willful misconduct. The Trustee will, during the existence of any Event of Default or Event of Nonappropriation, exercise such of the rights and powers vested in it by this Declaration of Trust, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee will not be obligated to risk its own funds in the administration of the Trust Estate. Notwithstanding any provision herein to the contrary, the Trustee need not take any action under this Declaration of Trust that may involve it in any expense or liability until indemnified to its satisfaction for any expense or liability, including liability related to environmental contamination, it reasonably believes it may incur.

(c) The Trustee is not responsible for any recitals contained in this Declaration of Trust or in the Certificates, or for the recording, filing, rerecording or refiling of this Declaration of Trust or security agreements (excluding the continuation of Uniform Commercial Code financing statements) in connection therewith, or for insuring the Leased Equipment, or for collecting any insurance moneys or for the sufficiency of the security for the Certificates. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the validity or sufficiency of this Declaration of Trust or of the Certificates. The Trustee will not be accountable for the use or application by the City of any of the Certificates or the proceeds thereof or of any money paid to or upon the order of the City under any provision of this Declaration of Trust or the Lease.

(d) The Trustee will not be required to give any bond or surety or report to any court despite any statute, custom or rule to the contrary.

(e) The Trustee may execute any of the duties under this Declaration of Trust by or through agents, attorneys, trustees or receivers and the Trustee will not be responsible for any misconduct or negligence on the part of any agent, attorney, trustee or receiver appointed with due care by it hereunder.

(f) The Trustee will not be required to take notice or be deemed to have notice of any default, or Event of Default, Event of Nonappropriation or other fact or event under this Declaration of Trust other than the City's failure to pay Basic Rent Payments required by **Section 4.01** of the Lease, unless the Trustee is specifically notified in writing of the default or Event of Default, Event of

Nonappropriation, fact or event by the City or the Owners of not less than 25% of the unpaid Principal Portion of Basic Rent Payments represented by the Certificates then Outstanding.

(g) The Trustee may consult legal counsel, may conclusively rely on the opinion or advice of such legal counsel and will not be liable for any act or omission taken or suffered pursuant to the opinion or advice of such counsel. The fees and expenses of the counsel will be deemed to be a proper expense of the Trustee.

(h) Unless specifically required by the terms of this Declaration of Trust, the Trustee need not take notice of or enforce any other document or relationship, including any contract, settlement, arrangement, plan, assignment, pledge, release, decree or the like, other than the Lease, but its duties will be solely as set out in this Declaration of Trust.

(i) The Trustee may be removed upon at any time by (1) a Directive or (2) so long as no Event of Default or Event of Nonappropriation has occurred or condition exists that with the giving of notice or the passage of time or both would constitute an Event of Default, an instrument in writing delivered to the Trustee and signed by the City. The Trustee will give written notice of any removal pursuant to this subsection **(i)(1)** to the City. The Trustee will resign at any time the Trustee ceases to be eligible in accordance with subsection **(1)** of this Section, or becomes incapable of acting, or is adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the property or affairs of the Trustee for the purpose of rehabilitation, conservation or liquidation, and thereupon a successor Trustee will be appointed by either (A) a Directive, or (B) so long as no Event of Default or Event of Nonappropriation has occurred or condition exists that with the giving of notice or the passage of time or both would constitute an Event of Default, the City.

(j) The Trustee may at any time resign by giving written notice of such resignation to the City and by giving the Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Registrar pursuant to **Section 3.06** hereof. Upon receiving such notice of resignation, a successor Trustee will be appointed by a Directive. If no successor Trustee is promptly appointed by a Directive, the City shall appoint a temporary successor Trustee to serve as successor Trustee until such time as a permanent successor Trustee is appointed by a Directive or in accordance with subsection (k) hereof.

(k) Any removal or resignation of the Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and has accepted appointment within 45 days of giving notice of removal or notice of resignation as aforesaid, the resigning or removed Trustee or any Certificate Owner (on behalf of himself and all other Certificate Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Declaration of Trust will signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, will become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee held by it as security for the Certificates, including its interest in the Lease, with like effect as if originally named Trustee herein and the duties and obligations of the predecessor Trustee hereunder will thereafter cease and terminate; but, nevertheless at the request of the City or the request of the successor Trustee, such predecessor Trustee will execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be requested for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Declaration of Trust and will pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to

the trusts and conditions herein set forth. Upon request of the predecessor or the successor Trustee, the City will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee will cause Notice by Mail to all Owners of such acceptance.

(l) Any Trustee appointed under the provisions of this Section in succession to the Trustee will be a state or national trust company, association or bank having the powers of a trust company and being duly authorized to execute trust powers in the State, in good standing in the State, having a combined capital and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision and examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee will cease to be eligible in accordance with the provisions of this subsection (l), the Trustee will resign immediately in the manner and with the effect specified in this Section.

(m) Notwithstanding anything elsewhere in this Declaration of Trust or the Lease contained, before taking any action under this Declaration of Trust (except with respect to acceleration of the Certificates and payment of the Certificates upon such acceleration or any payments of the Certificates when due), the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable fees, costs and expenses (including, without limitation, attorneys' fees and expenses) to which it may be put and to protect it against all liability that it may incur in or by reason of such action, including without limitation liability in connection with environmental contamination, and the cleanup thereof, except liability that is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

(n) The Trustee may elect not to proceed in accordance with a Directive 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 from the Certificate Owners, and the Trustee may rely upon an Opinion of Counsel addressed to the Trustee in determining whether any action directed by Certificate Owners may result in such liability.

(o) 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 that 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 Declaration of Trust.

(p) Notwithstanding any other provision of this Declaration of Trust 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 will be interpreted to include any action of the Trustee whether it is deemed to be in its capacity as Trustee, Registrar or Paying Agent.

(q) The Trustee will not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with **Section 7.02** hereof, except for its own negligence or willful misconduct.

(r) The Trustee will not be responsible for the use of any Certificates executed and delivered hereunder.

(s) Any action taken by the Trustee pursuant to and in accordance with this Declaration of Trust upon the request or authority or consent of any person who, at the time of making such request or giving such authority or consent is the Owner of any Certificate will be conclusive and binding upon all future Owners of the same Certificate and upon Certificates delivered in exchange therefor or upon transfer or in place thereof.

(t) The Trustee will have the right, but will not be required, to demand, in respect of the execution of any Certificate, the withdrawal of any moneys, the release of any property, or any action whatsoever within the purview of this Declaration of Trust, 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 as are deemed desirable for the purpose of establishing the right of the City to any such action.

(u) The Trustee may become the owner of Certificates with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Certificate Owners, whether or not such committee will represent the Owners of a majority in principal amount of the Certificates then Outstanding.

(v) Provided copies of the originally filed financing statements are timely delivered to the Trustee, the Trustee shall cause to be filed continuation statements to the financing statements, if any, under the Uniform Commercial Code of the State, with the appropriate filing office of the State, in such manner as may be required by the Uniform Commercial Code of the State. The City shall be responsible for the reasonable fees and costs, including fees and costs of counsel or other experts, incurred by the Trustee in the preparation and filing of all continuation statements hereunder. Notwithstanding anything to the contrary contained herein, the Trustee shall not be responsible for any initial, amendment, or other filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings or any amendments or other changes to Article 9 of the Uniform Commercial Code of the State. The Trustee shall be fully protected in relying on information with respect to such initial filing delivered to it by or on behalf of the City.

(w) The Trustee agrees to accept and act upon instructions or directions pursuant to this Declaration of Trust sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(x) The Trustee shall be entitled to reasonable compensation and reimbursement of its respective advances, costs and expenditures, including but not limited to attorneys' fees, in accordance with **Section 4.07** of the Lease.

(y) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, pandemics, epidemics, recognized public emergencies, quarantine restrictions, hacking or cyber-attacks, or other use or infiltration of the Trustee's technological infrastructure exceeding authorized access, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 11.02. Merger or Consolidation. Any entity into which the Trustee may be merged or converted or with which it may be consolidated or any entity resulting from any merger, conversion or consolidation to which it shall be a party or any entity to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under **Section 11.01(I)** hereof shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 11.03. Liability of Trustee; Indemnity.

(a) The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the owner of Certificates with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Certificate Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Certificates then Outstanding.

(b) Before taking any action under this Declaration of Trust (except with respect to acceleration of the Certificates and payment of the Certificates upon such acceleration or any payments of the Certificates when due), the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all reasonable costs and expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

Section 11.04. Right of Trustee to Rely on Documents.

(a) The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, Directive or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

(b) Whenever in the administration of the trusts imposed upon it by this Declaration of Trust the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a statement of the City, and such statement shall be full warrant to the Trustee for any action taken or suffered in good faith under the

provisions of this Declaration of Trust in reliance upon such statement, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 11.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Declaration of Trust shall be retained in its possession and shall be subject at all reasonable times to the inspection of the City and any Certificate Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Survival of Provisions. The obligations of the Trustee with respect to matters arising before the termination of this Declaration of Trust (including any indemnification obligations and any obligation to pay additional interest) shall survive the termination of this Declaration of Trust.

Section 12.02. No Third-Party Beneficiaries. No persons other than the City, the Trustee, the Owners of Certificates and the successors and assigns of such persons, shall have any rights whatsoever under this Declaration of Trust.

Section 12.03. Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper required by this Declaration of Trust or the Lease to be given or filed with the Trustee or the City if the same shall be duly mailed by registered or certified mail with postage prepaid (except as indicated in (a) below) addressed as follows:

- (a) To the Owners of the Certificates if the same shall be duly mailed by first class mail, postage prepaid, addressed to each of the Owners of Certificates at the time Outstanding at his address as shown by the register maintained pursuant to **Section 3.06** hereof.
- (b) If to the City: City of Smithville, Missouri
 107 West Main Street
 Smithville, Missouri 64089
 Attention: City Administrator
- (c) If to the Trustee: UMB Bank, N.A.
 928 Grand Blvd., 12th Floor
 Kansas City, Missouri 64106
 Attention: Corporate Trust Department

A duplicate copy of each notice, certificate or other communication given hereunder, or pursuant to the Lease to any of the parties mentioned in this Section shall be given to all other parties mentioned in this Section, (other than the Owners of the Certificates unless a copy is required to be furnished to them by other provisions of this Declaration of Trust). The Trustee or the City may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent to it.

Section 12.04. Waiver of Personal Liability.

(a) All obligations or liabilities under this Declaration of Trust on the part of the Trustee are solely obligations or liabilities of the Trustee in its capacity hereunder as a corporate trustee of the Trust Estate. To the extent permitted by law, the City hereby releases each and every director, officer, agent, attorney or employee of the Trustee from any personal or individual liability under this Declaration of Trust. No director, officer, agent, attorney or employee of the Trustee will at any time or under any circumstances be individually or personally liable under this Declaration of Trust for anything done or omitted to be done by the Trustee hereunder.

(b) All obligations or liabilities under this Declaration of Trust on the part of the City are solely obligations or liabilities of the City as a political subdivision. To the extent permitted by law, the Trustee hereby releases each and every trustee, official, member, employee or agent of the City from any personal or individual liability under this Declaration of Trust. No trustee, official, member, employee or agent of the City will at any time or under any circumstances be individually or personally liable under this Declaration of Trust for anything done or omitted to be done by the City hereunder.

Section 12.05. Declaration of Trust Binding Upon Trustee and Successors. This Declaration of Trust will inure to the benefit of and will be binding upon the Trustee and its successors and assigns, subject to the limitations contained herein.

Section 12.06. Electronic Storage of Documents. The transactions described herein may be conducted and related documents may be sent, stored and received 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 SMITHVILLE, MISSOURI** has caused this Declaration of Trust to be signed in its name and behalf and attested by its duly authorized officers, and to evidence its acceptance of the trusts created by **UMB BANK, N.A.** has caused this Declaration of Trust to be signed in its name and behalf and attested by its duly authorized officers, all as of the day and year indicated above.

CITY OF SMITHVILLE, MISSOURI

By: _____

Name: Damien Boley

Title: Mayor

(Seal)

ATTEST:

Name: Linda Drummond

Title: City Clerk

UMB BANK, N.A.,
as Trustee

By _____
Name:
Title:

EXHIBIT A
TO THE DECLARATION OF TRUST

(FORM OF CERTIFICATE OF PARTICIPATION)

EXCEPT AS OTHERWISE PROVIDED IN THE DECLARATION OF TRUST (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.

NUMBER _____

\$ _____

UNITED STATES OF AMERICA

STATE OF MISSOURI

**CITY OF SMITHVILLE, MISSOURI
CERTIFICATE OF PARTICIPATION
SERIES 2025**

Interest Rate

Payment Date

Certificate Date

CUSIP

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

THIS IS TO CERTIFY that the registered owner identified above of this Certificate of Participation (the **“Certificate”**) is the owner of the proportionate interest hereinafter stated in that certain Lease Purchase Agreement dated as of September 1, 2025 (the **“Lease”**), between UMB Bank, N.A., Kansas City, Missouri, a national banking association organized and existing under the laws of the United States of America, as lessor and trustee (the **“Trustee”**), and the City of Smithville, Missouri, a fourth-class city and political subdivision of the State of Missouri, as lessee (the **“City”**), including payments of Basic Rent, subject to annual appropriation, to be made by the City to the Trustee thereunder (the **“Basic Rent Payments”**). The City is authorized to enter into the Lease pursuant to applicable laws, including the Constitution and statutes of the State of Missouri and an ordinance duly passed by the Board of Aldermen of the City on August 19, 2025. This Certificate is subject to the Declaration of Trust, dated as of September 1, 2025, between the Trustee and the City, as amended or supplemented from time to time (the **“Declaration of Trust”**) which is on file at the designated corporate trust office of the Trustee located in Kansas City, Missouri. *Capitalized terms used herein and not otherwise defined have the meanings assigned to such terms in the Declaration of Trust or the Lease.*

THE REGISTERED OWNER of this Certificate is entitled to receive, subject to the terms of the Lease and the Declaration of Trust, on the payment date specified above (the **“Certificate Payment Date”**), or if selected for prepayment, on the Prepayment Date, the principal sum specified above,

representing a portion of the Basic Rent Payment designated as principal coming due on the Certificate Payment Date, and to receive the Registered Owner's proportionate share of Basic Rent Payments designated as interest on March 1 and September 1, commencing on March 1, 2026, to and including the Certificate Payment Date or the Prepayment Date, whichever is earlier. Said proportionate share of the Basic Rent Payments designated as interest is computed on the principal sum specified above from Certificate Date specified above or the most recent date to which such interest has been paid, at the interest rate specified above on the basis of a 360-day year of twelve 30-day months.

SAID AMOUNTS are payable in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts. The amount representing principal and prepayment premium, if any, are payable by check, draft or electronic transfer upon the presentation and surrender of this Certificate at the designated corporate trust office of the Registrar and, if applicable, provision of electronic transfer instructions, including the bank, ABA routing number, account name and number to which such Owner wishes to have such transfer directed and an acknowledgment that an electronic transfer fee may be applicable. The amounts representing interest are payable to the person in whose name this Certificate is registered in the registration books maintained by the Registrar at the close of business on the 15th day (whether or not a Business Day) next preceding the calendar month in which each interest payment date occurs (a "**Record Date**") by check or draft mailed to the said Registered Owner at his address as it appears in said register or in the case of an amount representing interest to be paid to the Securities Depository or by electronic transfer to such Registered Owner upon written notice given to the Trustee by such Registered Owner not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, ABA routing number, account number to which such Registered Owner wishes to have such transfer directed and an acknowledgment that an electronic transfer fee may be applicable.

BASIC RENT PAYMENTS are payable solely from Available Revenues which, for any Fiscal Year, including any balances of the City from previous Fiscal Years encumbered to pay Basic Rent Payments under the Lease, amounts budgeted or appropriated out of the income and revenue of the City for such Fiscal Year plus any unencumbered balances of the City from previous Fiscal Years that are legally available to pay Basic Rent Payments during such Fiscal Year and all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

NEITHER THE BASIC RENT PAYMENTS NOR ANY OTHER AMOUNTS DUE UNDER THE LEASE CONSTITUTE A DEBT, A GENERAL OBLIGATION OR, EXCEPT FROM AVAILABLE REVENUES, A LIABILITY OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION. THE CITY SHALL NOT BE OBLIGATED TO PAY THE SAME EXCEPT FROM AVAILABLE REVENUES. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF THE BASIC RENT PAYMENTS OR ANY OTHER AMOUNTS DUE UNDER THE LEASE. THE REGISTERED OWNER SHALL NOT HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF THE TAXING POWER OF THE CITY FOR THE PAYMENT OF THE PRINCIPAL AND INTEREST UNDER THE LEASE REPRESENTED BY THIS CERTIFICATE OR THE MAKING OF ANY OTHER PAYMENTS PROVIDED FOR IN THE LEASE.

This Certificate is one of a duly authorized series of certificates of participation designated "City of Smithville, Missouri Certificates of Participation, Series 2025" in the original aggregate principal amount of \$8,630,000 (the "**Series 2025 Certificates**"), evidencing a proportionate interest in Basic Rent Payments to be made by the City pursuant to the annually-renewable Lease, for the purpose of providing funds to (a) pay the costs of the Project described in the Lease and (b) pay certain expenses related to the execution and delivery of the Series 2025 Certificates. This Certificate has been executed by the Trustee

pursuant to and is governed by the terms of the Declaration of Trust. Copies of the Lease and the Declaration of Trust are on file at the office of the City and at the designated corporate trust office of the Trustee, and reference to the Lease and the Declaration of Trust and any and all amendments and supplements thereto is made for a description of the pledges and covenants of the City securing the Basic Rent Payments, the nature, extent and manner of enforcement of such pledges and covenants and the rights and the terms and conditions upon which the Series 2025 Certificates are delivered thereunder.

The Declaration of Trust permits certain amendments or supplements to the Declaration of Trust and the Lease not materially adverse to the security for the Certificate Owners to be made without the consent of or notice to the Certificate Owners, certain other amendments or supplements thereto to be made with the consent of the Owners of not less than a majority in aggregate principal amount of the Certificates then outstanding and other amendments or supplements thereto to be made only with the consent of all Certificate Owners. If certain conditions are met, the Lease may be amended without the consent of or notice to the Certificate Owners to increase the amount of Basic Rent payable by the City, and additional certificates of participation evidencing interests in such increased Basic Rent may be executed and delivered under the Declaration of Trust (**“Additional Certificates”**). Such Additional Certificates would be on a parity with the Series 2025 Certificates. The Series 2025 Certificates and any Additional Certificates that may be, from time to time, Outstanding under the Declaration of Trust, are referred to collectively as the **“Certificates.”**

The Series 2025 Certificates are subject to prepayment, as a whole or in part at any time on and after [September 1, 20__] at 100% of the Principal Portion represented thereby, plus the Interest Portion accrued thereon to the prepayment date.

The Series 2025 Certificates and any Additional Certificates then outstanding are further subject to extraordinary optional prepayment at any time, as a whole or in part at any time, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Equipment, or as a result of changes in the Constitution of the State or legislative or administrative action by the State or the United States, the Lease becomes unenforceable.

Certificates shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Certificates are to be redeemed and paid prior to maturity, the City shall designate which maturities of the Certificates shall be redeemed. Certificates to be redeemed of less than a full maturity shall be selected by the Trustee in \$5,000 units of face value in such equitable manner as the Trustee may determine.

In the event any of the Certificates are to be prepaid, notice thereof identifying the Certificates to be prepaid will be given by first class mail, postage prepaid, mailed not more than 60 days and not less than 20 days prior to the Prepayment Date to the City and each Registered Owner of Certificates to be prepaid, such notice may be state that the prepayment is conditioned upon the receipt by the Trustee of funds with which to pay the Prepayment Price. The failure of the Registered Owner of any Certificate to be so prepaid to receive notice of prepayment mailed as herein provided will not affect or invalidate the prepayment of such Certificate. All Certificates for which notice of prepayment is given will cease to bear interest on the specified Prepayment Date, provided moneys or certain securities for their prepayment are on deposit at the place of payment at that time, will cease to be entitled to any benefit or security under the Declaration of Trust and will no longer be deemed to be Outstanding under the Declaration of Trust.

The Series 2025 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 Declaration of Trust. One Certificate with respect to each Certificate Payment Date, registered in the nominee name of the Securities Depository, is being delivered. The book-entry system will evidence positions held in the Series 2025 Certificates by the Securities Depository's participants, beneficial ownership of the Series 2025 Certificates in authorized denominations being evidenced in the records of such participants. Transfers of ownership will 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 Trustee will recognize the Securities Depository nominee, while the Registered Owner of this Certificate, as the Owner of this Certificate for all purposes, including (i) payments of the Principal Portions of Basic Rent and the Interest Portion of Basic Rent represented by the Series 2025 Certificates, (ii) notices and (iii) voting. Transfers of the Principal Portion and Interest Portion of Basic Rent to participants of the Securities Depository, and transfers of Principal Portion and Interest Portion of Basic Rent represented by the Series 2025 Certificates to Beneficial Owners of the Series 2025 Certificates by participants of the Securities Depository will be the responsibility of such participants and other nominees of such Beneficial Owners. 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 Certificate, notwithstanding the provision hereinabove contained, payments on this Certificate will be made in accordance with existing arrangements among the City, the Trustee and the Securities Depository.

EXCEPT AS OTHERWISE PROVIDED IN THE DECLARATION OF TRUST, THIS GLOBAL 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 Certificate may be transferred or exchanged, as provided in the Declaration of Trust, only upon the registration books kept for that purpose at the above-mentioned office of the Trustee, upon surrender of this 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 certificate or 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 Declaration of Trust, and upon payment of the charges therein prescribed. The Trustee and any Paying Agent may deem and treat the Person in whose name this 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 Portion, premium, if any, and Interest Portion of Basic Rent represented by this Certificate due with respect hereto and for all other purposes.

The Series 2025 Certificates may be delivered in the form of fully-registered certificates in the denomination of \$5,000 or any integral multiple thereof, subject to certain limitations and as otherwise provided in the Declaration of Trust. The Series 2025 Certificates, upon surrender thereof at the payment office of the Trustee with a written request for exchange satisfactory to the Trustee duly executed by the registered owner of his, her or its duly authorized attorney in writing, may be exchanged for an equal aggregate principal amount of fully registered Series 2025 Certificates of any authorized denomination of the same series and maturity. No service charge shall be made for any transfer or exchange of the Series 2025 Certificates, but the Trustee may require payment of any tax or governmental charge in connection therewith.

THE TRUSTEE has no obligation or liability to the Registered Owners of the Certificates to make payments of principal or interest with respect to the Certificates, other than to promptly remit to the

Registered Owners of the Certificates its interest in each installment of Basic Rent to the extent received by the Trustee, at the places, on the dates and in the manner provided in this Certificate. The Trustee's sole obligations are to administer, for the benefit of the Registered Owners thereof, the Funds established under the Declaration of Trust.

THE CITY has certified, recited and declared that all acts, conditions and things required by the constitution and statutes of the State of Missouri and the Lease to exist, to have happened and to have been performed precedent to the delivery of the Lease, exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be executed by an authorized signatory as of the date set forth above.

UMB BANK, N.A.,

By: _____
Authorized Signatory

ASSIGNMENT

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

Please Print or Typewrite Name, Address and
Employee Identification Number or Social Security Number of Transferee

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____ Attorney to transfer the within Certificate on the register kept for registration thereof, 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 Certificate in every particular and must be guaranteed by an eligible guarantor.

Medallion Signature Guarantee:

EXHIBIT B
TO THE DECLARATION OF TRUST

PAYMENT SCHEDULE FOR SERIES 2025 CERTIFICATES⁽¹⁾

Basic Rent Payment Date	Principal Portion	Interest Rate	Interest Portion	Total Basic Rent Payment	Total Fiscal Year Basic Rent Payments	Remaining Principal Portions
	--	--	\$	\$	--	\$8,630,000.00
03/01/2026	\$	%			\$	
09/01/2026	--	--			--	
03/01/2027						
09/01/2027	--	--			--	
03/01/2028						
09/01/2028	--	--			--	
03/01/2029						
09/01/2029	--	--			--	
03/01/2030						
09/01/2030	--	--			--	
03/01/2031						
09/01/2031	--	--			--	
03/01/2032						
09/01/2032	--	--			--	
03/01/2033						
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09/01/2036	--	--			--	
03/01/2037						
09/01/2037	--	--			--	
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09/01/2039	--	--			--	
03/01/2040						
09/01/2040	--	--			--	
03/01/2041						
09/01/2041	--	--			--	
03/01/2042						
09/01/2042	--	--			--	
03/01/2043						
09/01/2043	--	--			--	
03/01/2044						
09/01/2044	--	--			--	
03/01/2045						--
09/01/2045						
TOTAL						--

⁽¹⁾ Pursuant to **Section 4.01** of the Lease, to provide for the timely payment of Basic Rent, the City will pay to the Trustee for deposit in the Lease Revenue Fund not less than five (5) Business Days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

EXHIBIT C
TO THE DECLARATION OF TRUST

DESCRIPTION OF THE LEASED EQUIPMENT

The Leased Equipment consists of the force main and lift station at 144th Street, the, force main and lift station at Stonebridge, the force main at Smith's Fork lift station, and the gravity sewer main along Owens Beach, and equipment and apparatus relating thereto acquired and installed in connection with the Projects, to the extent that the costs have been paid from proceeds of the Series 2025 Certificates. **Under the Lease, the Trustee and the City agree that the Leased Equipment is and shall remain personal property, notwithstanding that it may be in any way affixed to real property. The Leased Equipment does not include any interests in real property.**

LEASE PURCHASE AGREEMENT

between

**UMB BANK, N.A.,
as Lessor and Trustee**

and

**CITY OF SMITHVILLE, MISSOURI,
as Lessee**

Dated as of September 1, 2025

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LEASE PURCHASE AGREEMENT

THIS LEASE PURCHASE AGREEMENT (the **“Lease”**), dated as of September 1, 2025, is entered into between **UMB BANK, N.A.**, a national banking association duly organized and existing under the laws of the United States of America, acting in its capacity as trustee under the Declaration of Trust hereinafter referred to (the **“Trustee”**), as lessor, and the **CITY OF SMITHVILLE, MISSOURI**, a fourth-class city and political subdivision organized and existing under the laws of the State of Missouri (the **“City”**), as lessee.

RECITALS:

1. The Board of Aldermen of the City of Smithville, Missouri (the **“City”**) has determined that it is in the best interests of the City to acquire, construct, install, improve, furnish and equip various projects related to the City’s water and sewer system, including without limitation (a) the acquisition and installation of electric infrastructure for the System, (b) the construction and installation of sewer lift stations, including force mains, at 144th Street and Stonebridge, (c) the construction and installation of a force main from Smith’s Fork lift station, (d) the acquisition and installation of a water main and river crossing, (e) the construction and installation of a gravity sewer main along Owens Beach, and (f) improvements at the water treatment plant (the **“Projects”**).

2. In order to finance the costs the Projects, concurrently herewith, the Trustee and the City are entering into a Declaration of Trust dated as of September 1, 2025 (the **“Declaration of Trust”**), pursuant to which the Trustee will execute and deliver the City’s Certificates of Participation, Series 2025, in the aggregate principal amount of \$8,630,000 (the **“Series 2025 Certificates”**), evidencing proportionate interests in the right to receive Basic Rent Payments payable by the City pursuant to this Lease, and the proceeds of such Series 2025 Certificates will be used to (a) pay the costs of the Projects and (b) pay certain costs relating to the delivery of the Series 2025 Certificates.

3. The Trustee, as lessor, desires to lease to the City, as lessee, the Projects and equipment and apparatus acquired and installed with proceeds of Series 2025 Certificates in connection with the Projects (as more specifically described in **Schedule 1** hereto, the **“Leased Equipment”**), all subject to the terms and conditions and for the purposes set forth in this Lease.

4. The City is authorized under the laws of the State of Missouri to enter into this Lease for the purposes set forth herein.

NOW, THEREFORE, for and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. In addition to the words and terms defined elsewhere in this Lease, capitalized terms and terms as used in this Lease shall have the meanings given to such words and terms in the Declaration of Trust.

Section 1.02. 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 person shall include firms, associations and corporations, including public bodies, as well as natural persons.

(b) The words “herein,” “hereby,” “hereunder,” “hereof,” “hereto,” “hereinbefore,” “hereinafter” and other equivalent words refer to this Lease and not solely to the particular article, section, paragraph or subparagraph hereof in which such word is used.

(c) Reference herein to a particular article, section, exhibit, schedule or appendix shall be construed to be a reference to the specified article or section hereof or exhibit, schedule or appendix hereto unless the context or use clearly indicates another or different meaning or intent.

(d) Whenever an item or items are listed after the words “including,” such listing is not intended to be a listing that excludes items not listed.

(e) 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.

Section 1.03. Execution of Counterparts. This 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 1.04. Severability.

(a) If any provision of this Lease 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 hereof 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.

(b) The invalidity of any one or more phrases, sentences, clauses or sections in this Lease contained shall not affect the remaining portions of this Lease, or any part thereof.

Section 1.05. Date of Lease. The dating of this Lease as of September 1, 2025, is intended as and for the convenient identification of this Lease only and is not intended to indicate that this Lease was executed and delivered on said date, this Lease being executed and delivered and becoming effective simultaneously with the initial execution and delivery of the Series 2025 Certificates.

Section 1.06. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State.

ARTICLE II

REPRESENTATIONS

Section 2.01. Representations of the City. The City represents and warrants, as of the date of delivery hereof, as follows:

(a) The City is a fourth-class city and political subdivision organized and existing under the laws of the State of Missouri with full power and authority to enter into this Lease and the transactions contemplated hereby and to perform all of its obligations hereunder.

(b) The City has full power and authority to enter into the transactions contemplated by this Lease and has been duly authorized to execute and deliver this Lease by proper action by its Board of Aldermen. This Lease is a valid, legal and binding obligation of the City enforceable in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws and equitable principles affecting creditor's rights generally.

(c) The lease of the Leased Equipment by the Trustee to the City, as provided in this Lease, is necessary, desirable, in the public interest and consistent with the permissible scope of the City's authority. The City hereby declares its current need for the Leased Equipment and its current expectation that it will continue to need and use the Leased Equipment for the maximum Lease Term.

(d) The City's audited financial statements that have been used in connection with any offering of the Series 2025 Certificates present fairly the financial position of the City as of their respective dates and the revenues and expenses and changes in fund balances for the periods covered thereby.

(e) Neither the execution and delivery of this Lease, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is a party or by which the City is bound.

(f) There is no proceeding pending or, to the City's knowledge, threatened in any court or before any governmental authority or arbitration board or tribunal challenging the validity of the proceedings of the Board of Aldermen of the City authorizing this Lease or the power or authority of the City to enter into this Lease or the validity or enforceability of this Lease which, if adversely determined, would adversely affect the transactions contemplated by this Lease or the interest of the Trustee under this Lease.

(g) To the City's knowledge, the City has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer, any act or thing whereby the City's interests in any property now or hereafter included in the Leased Equipment shall be or may be impaired, changed or encumbered in any manner whatsoever, except as contemplated by this Lease.

(h) To the City's knowledge, no event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default exists.

(i) Upon completion of the Projects, the Leased Equipment will be structurally sound and installed in compliance with all applicable building and design codes and the City's requirements.

(j) The City has complied or will comply with any public bidding requirements that may be applicable to this Lease and the Projects.

Section 2.02. Representations of the Trustee. The Trustee represents and warrants that it is a national banking association duly organized and existing under the laws of the United States of America and is authorized to accept and execute trusts of the character set forth in the Declaration of Trust under the laws of the State, with full lawful power and authority to enter into this Lease. Pursuant to Section 34.600 of the Revised Statutes of Missouri, as amended, the Trustee hereby certifies to the City that it is not currently engaged in and shall not, for the duration of this Lease, 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.

ARTICLE III

DEMISING OF THE LEASED EQUIPMENT; LEASE TERM

Section 3.01. Lease of Leased Equipment. The Trustee hereby demises, leases, and lets to the City, and the City rents, leases, and hires from the Trustee, the Leased Equipment in accordance with this Lease for the Lease Term.

Section 3.02. Lease Term. The Original Term of this Lease shall terminate the last day of the current Fiscal Year. The Lease Term may be continued, solely at the option of the City, at the end of the Original Term or any Renewal Term for an additional one-year, provided that the final Renewal Term shall not extend beyond October 31, 2045. At the end of the Original Term and at the end of each Renewal Term, unless the City has terminated this Lease pursuant to **Sections 3.04** or **10.01** hereof and for no other reason, the City shall be deemed to have exercised its option to continue this Lease for the next Renewal Term. The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Original Term, except for any difference in the Rent as provided on **Exhibit A** hereto.

Section 3.03. Continuation of Lease Term by the City. The City reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Original Term and each of the Renewal Terms can be obtained. The City further covenants that its responsible financial officer shall do all things lawfully within such officer's power to obtain and maintain funds from which the Rent may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law and to exhaust all available reviews and appeals in the event such portion of the budget or appropriation request is not approved. Notwithstanding the foregoing, the decision to budget and appropriate funds or to extend this Lease for any Renewal Term is to be made in accordance with the City's normal procedures for such decisions by the then current Board of Aldermen of the City.

Section 3.04. Nonappropriation. The City is obligated only to pay periodic payments under this Lease as may lawfully be made from Available Revenues. If an Event of Nonappropriation occurs, this Lease shall be deemed terminated at the end of the Original Term or the then current Renewal Term.

An Event of Nonappropriation shall be deemed to have occurred if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and any reasonably anticipated Supplemental Rent to come due during the immediately following Renewal Term. The City agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of the Original Term or the then current Renewal Term, but failure to give such notice shall not extend the term beyond such Original Term or Renewal Term. If this Lease is terminated in accordance with this Section, the City agrees that it will peaceably transfer and surrender possession of the Leased Equipment to the Trustee.

Section 3.05. Enjoyment of Leased Equipment.

(a) The Trustee shall provide the City during the Lease Term with quiet use and enjoyment of the Leased Equipment, and the City shall during the Lease Term peaceably and quietly have, hold and enjoy the Leased Equipment, without suit, trouble or hindrance from the Trustee, except as expressly set forth in this Lease. The City shall have the right to use the Leased Equipment for any governmental or proprietary purpose of the City, subject to the limitations contained in this Lease.

(b) Notwithstanding any other provision in this Lease, the Trustee shall have no responsibility to cause the Leased Equipment to be acquired or installed or to maintain or repair the Leased Equipment. The City shall comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Leased Equipment, as to the manner and use or the condition of the Leased Equipment. The City 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 VII** hereof. The City 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 City to comply with the provisions of this Section. Notwithstanding any provision contained in this Section, however, the City 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 City may refrain from complying therewith, if the City furnishes, on request, to the Trustee, at the City's expense, indemnity satisfactory to the Trustee.

Section 3.06. Inspection. The Trustee shall have the right at all reasonable times and with reasonable notice during business hours to inspect to enter into and upon the property on which the Leased Equipment is located for the purpose of inspecting the Leased Equipment.

ARTICLE IV

RENT

Section 4.01. Basic Rent.

(a) The City shall promptly pay all Basic Rent, subject to **Sections 3.04** and **4.03** hereof, in lawful money of the United States of America to the Trustee on each Basic Rent Payment Date in such amounts as are described on **Exhibit A** hereto. A portion of each Basic Rent Payment is paid as, and represents payment of, interest as set forth on **Exhibit A** hereto (said interest to be attributable to the various Principal Portions in accordance with the per annum rates set forth on **Exhibit A**).

(b) To provide for the timely payment of Basic Rent, the City shall pay to the Trustee for deposit in the Lease Revenue Fund not less than five (5) Business Days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

(c) The City has or will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Rent Payments scheduled to come due during the Original Term, and to meet its other obligations for the Original Term, and such funds will not be expended for other purposes.

Section 4.02. Supplemental Rent. The City shall pay, subject to **Sections 3.04** and **4.03** hereof, as Supplemental Rent:

- (a) all Impositions (as defined in **Article VI** hereof);
- (b) all amounts required under **Sections 4.04** or **4.06** hereof and all other payments of whatever nature which the City has agreed to pay or assume under this Lease;
- (c) all expenses, including attorneys' fees to the extent permitted by law, incurred in connection with the enforcement of any rights under this Lease or the Declaration of Trust by the Trustee;
- (d) all fees and charges of the Trustee as further provided in **Section 4.07** hereof; and
- (e) any payments required to be made pursuant to the Tax Compliance Agreement.

Amounts required to be paid under this Section shall be paid directly to the person or entity owed.

Section 4.03. Rent Payments to Constitute a Current Expense and Limited Obligation of the City. NOTWITHSTANDING ANY OTHER PROVISION HEREOF, THE TRUSTEE AND THE CITY UNDERSTAND AND INTEND THAT THE OBLIGATION OF THE CITY TO PAY RENT HEREUNDER BE LIMITED TO PAYMENT FROM AVAILABLE REVENUES AND SHALL CONSTITUTE A CURRENT EXPENSE OF THE CITY AND SHALL NOT IN ANY WAY BE CONSTRUED TO BE A DEBT OF THE CITY IN CONTRAVENTION OF ANY APPLICABLE CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION CONCERNING THE CREATION OF INDEBTEDNESS BY THE CITY, NOR SHALL ANYTHING CONTAINED HEREIN CONSTITUTE A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS OR MONEYS OF THE CITY, AND ALL PROVISIONS OF THIS LEASE SHALL BE CONSTRUED SO AS TO GIVE EFFECT TO SUCH INTENT.

Section 4.04. Advances. In the event the City shall fail to either maintain the insurance required by this Lease or keep the Leased Equipment in good repair, the Trustee may, but shall be under no obligation to, purchase the required insurance and pay the cost of the premiums therefor and maintain and repair the Leased Equipment and pay the cost thereof. All amounts so advanced by the Trustee shall constitute Supplemental Rent for the Original Term or then current Renewal Term, and the City covenants and agrees to pay such amounts so advanced by the Trustee with interest thereon from the due date until paid at the Trustee's current prime rate plus 2% per annum or the maximum amount permitted by law, whichever is less. In accordance with Section 427.120 of the Revised Statutes of Missouri, unless the City provides evidence of the insurance coverage required by this Lease, the Trustee may purchase insurance at the City's expense to protect the Trustee's interests hereunder. This insurance may, but need not, protect the City's interests. The coverage that the Trustee may purchase may not pay any claim that

the City may make or any claim that may be made against the City in connection with the Leased Equipment. The City may later cancel any insurance purchased by the Trustee, but only after providing a certification signed by an Authorized Representative that the City has obtained insurance as required by this Lease. If the Trustee purchases insurance for the Leased Equipment, the City will be responsible for the costs of that insurance, including the insurance premium, interest and any other charges the Trustee may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance will be added as Supplemental Rent. The costs of the insurance may be more than the cost of insurance the City may be able to obtain on its own.

Section 4.05. Credit against Basic Rent Payment Obligation. The City shall receive credit against its obligation to pay the Interest Portion or Principal Portion of Basic Rent to the extent moneys are on deposit in the Lease Revenue Fund and are available to pay the Interest Portion or the Principal Portion of Basic Rent represented by the Certificates.

Section 4.06. Net Lease; Rent Payments to be Unconditional.

(a) THIS LEASE IS INTENDED TO BE NET, NET, NET TO THE TRUSTEE, SUBJECT TO **SECTIONS 3.04, 4.03 AND 4.05** HEREOF, AND THE OBLIGATIONS OF THE CITY TO MAKE PAYMENT OF THE RENT PAYMENTS AND TO PERFORM AND OBSERVE THE OTHER COVENANTS AND AGREEMENTS CONTAINED HEREIN SHALL BE ABSOLUTE AND UNCONDITIONAL IN ALL EVENTS WITHOUT ABATEMENT, DIMINUTION, DEDUCTION, SETOFF OR DEFENSE, FOR ANY REASON, INCLUDING ANY FAILURE OF THE LEASED EQUIPMENT TO BE ACQUIRED OR INSTALLED, ANY DEFECTS, MALFUNCTIONS, BREAKDOWNS OR INFIRMITIES IN THE LEASED EQUIPMENT OR ANY ACCIDENT, CONDEMNATION OR UNFORESEEN CIRCUMSTANCES.

(b) Nothing in this Lease shall be construed as a waiver by the City of any rights or claims the City may have against the Trustee under this Lease or otherwise, but any recovery upon such rights and claims shall be from the Trustee separately, it being the intent of this Lease that the City shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Lease, including its obligation to pay Basic Rent and Supplemental Rent. The City may, however, at its own cost and expense and in its own name or in the name of the Trustee, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the Trustee hereby agrees, subject to receipt by the Trustee of satisfactory indemnity in accordance with **Section 11.03** of the Declaration of Trust, to cooperate fully with the City and to take all action necessary to effect the substitution of the City for the Trustee in any such action or proceeding if the City shall so request.

Section 4.07. Compensation of the Trustee. The City shall, from time to time, upon the written request of the Trustee, (a) pay to the Trustee reasonable compensation for its services as agreed to by the City and the Trustee from time to time (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and (b) reimburse the Trustee for all reasonable advances and expenditures, including but not limited to, advances to and reasonable fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys or other experts employed by it in the exercise and performance of its powers and duties hereunder. Compensation under this Section (except that the initial fee is to be included in Costs of Issuance) is to be paid as Supplemental Rent as set forth in **Section 4.02** hereof. The Trustee will have a first lien against the Trust Estate for its reasonable costs, fees, expenses and advancements hereunder or under the Declaration of Trust. In the event that it shall become necessary that the Trustee perform extraordinary

services, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable 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 for reimbursement therefor.

ARTICLE V

EXECUTION OF DECLARATION OF TRUST AND DELIVERY OF CERTIFICATES; ACQUISITION AND INSTALLATION OF THE PROJECTS

Section 5.01. Execution of Declaration of Trust and Delivery of Certificates.

(a) In order to provide funds, to (i) finance the costs of the Projects and (ii) pay the costs of executing and delivering the Series 2025 Certificates and the Lease, the Trustee, concurrently with the delivery of this Lease, has entered into the Declaration of Trust with the City and, in accordance therewith, executed and delivered the Series 2025 Certificates, each Series 2025 Certificate evidencing the undivided interest of the Owners thereof in the rights to receive Basic Rent Payments and other payments under this Lease. The proceeds of the sale of the Series 2025 Certificates shall be applied as hereinafter provided in **Section 5.03** hereof and in the Declaration of Trust.

(b) If the City is not in default hereunder, the Trustee will, at the written direction of the City, from time to time, execute and deliver the amount of Additional Certificates specified by the City; 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 City, and provided further that the City and the Trustee shall have entered into a Supplemental Lease or Supplemental Leases to provide for additional Basic Rent Payments in an amount at least sufficient to pay the Principal Portion and Interest Portion of the Basic Rent Payments represented by the Additional Certificates when due, and the Trustee shall have otherwise complied with the provisions of the Declaration of Trust 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 Declaration of Trust authorizing such Additional Certificates.

Section 5.02. Acquisition and Installation of the Projects.

(a) The City represents, warrants, covenants and agrees as follows:

(i) It has entered into or will enter into one or more Project Agreements providing for the completion of the Projects, including the acquisition and installation of the Leased Equipment, in accordance with the plans and specifications therefor;

(ii) It will cause the Projects, including the acquisition and installation of the Leased Equipment, to be completed with all reasonable dispatch in accordance with the applicable provisions of this Lease;

(iii) All contracts entered into or to be entered into by the City relating to such work shall be in accordance with all applicable requirements of the laws of the State and shall have any performance bonds required by the laws of the State;

(iv) It has obtained or shall obtain all necessary or required permits, licenses, consents and approvals that are material for the purchase, installation, operation and maintenance

of the Leased Equipment and shall comply with all lawful requirements of any governmental body regarding the use or condition of the Leased Equipment, whether existing or later enacted or foreseen or unforeseen or whether involving any change in governmental policy or requiring structural or other change to the Leased Equipment and irrespective of the cost of so complying;

(v) It will pay all fees, costs and expenses incurred in completing the Projects or, to the extent there are moneys in the Project Fund available therefor, will request the Trustee to make such payments from the Project Fund in the manner hereinafter provided and provided in the Declaration of Trust; and

(vi) It will ask, demand, sue for and use its best efforts to recover and receive such sums of money, debts or other demand to which it may be entitled under any contract, order, receipt, guaranty, warranty, writing or instruction in connection with the acquisition and installation of the Leased Equipment, and it will use its best efforts, to the extent economically reasonable, to enforce the provisions of any contract, agreement, obligation, bond or other security in connection therewith, and any such amounts received in connection with the foregoing, after deduction of expenses incurred in recovering such amounts, shall be paid to the Trustee for deposit in the Project Fund if the Completion Date has not occurred or for deposit in the Lease Revenue Fund if the Completion Date has occurred.

(b) If the Projects or any portion thereof is delayed or fails to occur for any reason, there shall be no diminution in or postponement of the payments to be made by the City hereunder.

(c) The Trustee is not the agent or representative of the City, and the City is not the agent of the Trustee, and this Lease shall not be construed to make the Trustee liable to materialmen, contractors, subcontractors, craftsmen, laborers or others for goods or services delivered by them in connection with the Projects or for debts or claims accruing to the aforesaid parties against the City. This Lease shall not create any contractual relation either expressed or implied between the Trustee and any materialmen, contractors, subcontractors, craftsmen, laborers or any other person supplying any work, labor or materials in connection with the Projects. Notwithstanding anything herein or in the Declaration of Trust to the contrary, during the Lease Term, the Trustee shall not be deemed to exercise control over or be an operator or owner of the Leased Equipment and shall not be responsible or liable for the operation, use and maintenance of the Leased Equipment.

Section 5.03. Payment for Costs of the Projects.

(a) In compliance with **Section 6.04** of the Declaration of Trust, costs and expenses of every nature incurred in connection with the Projects that qualify as Costs of the Projects, including Costs of Issuance, will be paid by the Trustee from the Project Fund upon receipt by the Trustee of a completed requisition certificate of the City signed by the Authorized Representative of the City containing the statements, representations and certifications set forth in the form of such requisition certificate attached hereto as **Exhibit B**.

(b) In making disbursements for Costs of the Projects, the Trustee shall be entitled to conclusively rely upon each written requisition certificate executed by the Authorized Representative of the City without inquiry or investigation. It is understood that the Trustee shall *not* make any inspections of the Leased Equipment nor any improvements thereon, make any provision to obtain completion bonds, mechanic's or materialmen's lien releases or otherwise supervise any phase of the acquisition or installation of the Leased Equipment. The approval of each requisition certificate by the Authorized

Representative of the City 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.

Section 5.04. Completion Date; Excess Funds. The Completion Date for the Projects shall be evidenced to the Trustee upon receipt by the Trustee of a certificate signed by the Authorized Representative of the City (the “**Completion Certificate**”) stating (a) the date on which the Projects and acquisition and installation of the Leased was substantially completed, (b) that all Leased Equipment and other materials, personal property and equipment necessary for the Projects have been acquired and installed, (c) that the Leased Equipment acquired and installed in connection with the Projects has been acquired and installed in accordance with the plans and specifications and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (d) that, except for Costs of the Projects described in accordance with clause (e) below, all Costs of the Projects, which is the subject of the Completion Certificate, have been paid and (e) the amounts, if any, to be retained in the Project Fund for the payment of Costs of the Projects, if any, not yet due or Costs of the Projects whose liability the City is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Completion Certificate may state that it is given without prejudice to any rights of the City that then exist or may subsequently come into being against third parties. Any amounts remaining in the account within the Project Fund for the Projects which is the subject of the Completion Certificate, that are not needed to pay any remaining Costs of the Projects shall be transferred to the Lease Revenue Fund.

Section 5.05. Warranties. The Trustee hereby assigns to the City for and during the Lease Term, all of its interest in all warranties, guarantees or other contract rights against any architect, contractor, subcontractor or supplier, expressed or implied, issued on or applicable to the Projects or Leased Equipment, and the Trustee hereby authorizes the City to obtain the customary services furnished in connection with such warranties, guarantees or other contract rights at the City’s expense. The City’s sole remedy for the breach of such warranties, guarantees or other contract rights shall be against any architect, contractor, subcontractor or supplier, and not against the Trustee, nor shall such matter have any effect whatsoever on the rights of the Trustee with respect to this Lease, including the right to receive full and timely Basic Rent Payments and Supplemental Rent Payments. The City expressly acknowledges that the Trustee does not make nor has it made any representation or warranty whatsoever as to the existence or availability of such warranties, guarantees or other contract rights of the manufacturer or supplier of any portion of the Projects or the Leased Equipment.

Section 5.06. DISCLAIMER OF WARRANTIES. THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED EQUIPMENT OR ANY PART THEREOF, OR WARRANTY WITH RESPECT THERETO. IN NO EVENT SHALL THE TRUSTEE BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS LEASE OR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE CITY’S USE OF THE LEASED EQUIPMENT OR ANY PART THEREOF.

Section 5.07. Deficiency of Project Fund. If the Project Fund shall be insufficient to pay fully all Costs of the Projects and to complete fully the acquisition and installation of the Leased Equipment lien free, the City shall pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials and services as the same shall become due. The Trustee is not obligated to pay and shall not be responsible for any such deficiency, and the City shall save the Trustee whole and harmless from any obligation to pay such deficiency.

ARTICLE VI

IMPOSITIONS

Section 6.01. Impositions. The City shall bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and assessments, general and special, if any, that may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Leased Equipment, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Trustee or encumber the Leased Equipment (all of the foregoing being herein referred to as “**Impositions**”).

Section 6.02. Contest of Impositions. The City may, in its own name or in the Trustee’s name, contest the validity or amount of any Imposition that the City 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 Imposition becomes delinquent. The City may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom provided the City provides the Trustee with either (a) an Opinion of Counsel, to the effect that by nonpayment of any such items the interest of the Trustee in the Leased Equipment will not be endangered or the Leased Equipment or any part thereof will not be subject to loss or forfeiture or (b) a written certification of the City that by nonpayment of any such items the interest of the Trustee in the Leased Equipment will not be endangered or the Leased Equipment or any part thereof will not be subject to loss or forfeiture. If the City is unable to provide either the above-described Opinion of Counsel or written certification, the City shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss that may result from nonpayment in form reasonably satisfactory to the Trustee. The Trustee agrees to cooperate with the City in connection with any and all administrative or judicial proceedings related to Impositions. To the extent permitted by law, and without wavier of the City’s sovereign immunity, the City will hold the Trustee whole and harmless from any costs and expenses the Trustee may incur with respect to any Imposition.

ARTICLE VII

INSURANCE; INDEMNITY

Section 7.01. Insurance Required.

(a) The City shall, during the Lease Term, cause the Leased Equipment to be kept continuously insured against such risks customarily insured against for property such as the Leased Equipment. In addition, the City shall maintain the following policies of insurance:

(i) Insurance insuring the Leased Equipment against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the replacement value of the Leased Equipment, and issued by such insurance company or companies authorized to do business in the State as may be selected by the City. The policy or policies of such insurance will name the City and the Trustee

as insureds, as their respective interests may appear. All proceeds from such policies of insurance will be applied as provided in **Article IX** hereof.

(ii) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the City and the Trustee are named as insureds, in an amount not less than the limits of liability set by Section 537.610 of the Revised Statutes of Missouri (subject to reasonable loss deductible clauses); and

(iii) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State; and

(iv) Performance and labor and material payment bonds with respect to the Project Agreements in the full amount of the Project Agreements from surety companies qualified to do business in this State.

(b) On or prior to the expiration dates of the expiring policies, originals or copies of the policies required by this Section or certificates evidencing such insurance shall be delivered by the City to the Trustee. The City shall use reasonable efforts to ensure that all policies of such insurance, and all renewals thereof, shall contain a provision that the issuer thereof will provide prompt written notice to the Trustee of any cancellation, or termination and nonrenewal, of such insurance.

(c) Nothing in this Lease shall be construed as preventing the City from satisfying the insurance requirements herein set forth by using blanket policies of insurance provided each and all of the requirements and specifications of this Lease respecting insurance are complied with.

Section 7.02. Enforcement of Contract. In the event of material default of any contractor or subcontractor under a Project Agreement or any other contract made in connection with the acquisition, construction and installation of the Leased Equipment, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the City will promptly proceed, either separately or in conjunction with others, to pursue diligently the remedies of the City against the contractor or subcontractor in default and, if applicable, against each surety on a bond securing the performance of such contract. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery and after reimbursement to the City of any amounts theretofore paid by the City not previously reimbursed to the City for correction or remedying of the default which gave rise to the proceedings against the contractor or subcontractor, shall be paid to the Trustee for deposit in the Project Fund if received before the Completion Date and, if such funds are received after the Completion Date, for deposit in the Lease Revenue Fund to be used solely for the purpose of paying Basic Rent under this Lease.

Section 7.03. Release and Indemnification. To the extent permitted by law, but without waiver of the City's sovereign immunity, the City shall indemnify, protect, hold harmless, save and keep the Trustee and its employees and agents harmless from and against any and all liability, obligation, loss, claim, tax (other than income taxes or other taxes on or attributable to Rent Payments, if any, which are received by the Trustee in its individual capacity) and damage whatsoever and all expenses in connection therewith (including attorneys' fees and expenses) that are not caused by the negligence or willful misconduct of the party seeking indemnification, arising out of or as the result of (a) the entering into of this Lease, (b) the acquisition, construction and installation of the Leased Equipment, (c) injury, actual or claimed, of whatsoever kind or character, to property or persons, occurring or allegedly occurring in, on or about the Leased Equipment during the Lease Term, and (d) the breach of any covenant by the City

herein or any material misrepresentation by the City contained herein; provided that the City shall have the right to conduct the Trustee's defense through counsel designated by the City and approved by the Trustee, which approval shall not be unreasonably withheld. The indemnification arising under this Section shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease or the Declaration of Trust for any reason.

ARTICLE VIII

COVENANTS OF THE CITY

Section 8.01. Maintenance and Modification of Leased Equipment by the City.

(a) The City will at its own expense (i) keep the Leased Equipment in a safe condition, (ii) with respect to the Leased Equipment, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (iii) keep the Leased Equipment in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the City will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Leased Equipment, the maintenance, repair, replacement or renewal of which becomes uneconomical to the City because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The City shall not permit or suffer others to commit a nuisance in or about the Leased Equipment or itself commit a nuisance in connection with its use or occupancy of the Leased Equipment. The City will pay all costs and expenses of operation of the Leased Equipment.

(b) The City may, also at its own expense, make from time to time any additions, modifications or improvements to the Leased Equipment that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Leased Equipment. All additions, modifications or improvements made by the City 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 pursued to completion with due diligence and (iii) when completed, be deemed a part of the Leased Equipment.

(c) During the Lease Term, the Leased Equipment will be used by the City only for the purpose of performing governmental or proprietary functions of the City consistent with the permissible scope of the City's authority.

Section 8.02. Tax Covenants. The City ratifies and confirms all of its covenants, representations and warranties contained in the Tax Compliance Agreement, as though set forth in full at this place. The City will, in addition, adopt such other resolutions and ordinances and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the Interest Portion of the Basic Rent will remain excluded from federal gross income, to the extent any such actions can be taken by the City. Notwithstanding anything to the contrary contained herein, the Tax Compliance Agreement may be amended or replaced if, in the opinion of Special Counsel, such amendments will not adversely affect the exclusion from gross income for federal income tax purposes of the Interest Portion of the Basic Rent.

Section 8.03. The City's Continuing Existence. The City will do or cause to be done all things necessary to preserve and keep in full force and effect its existence as a political subdivision of the State.

ARTICLE IX

CASUALTY AND CONDEMNATION

Section 9.01. Damage, Destruction and Condemnation.

(a) The City shall bear the risk of loss with respect to the Leased Equipment during the Lease Term. If (i) the Leased Equipment or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (ii) title to, or the temporary use of, the Leased Equipment or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority (other than the City), the City will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Equipment, unless the City shall have exercised its option to purchase the Trustee's interest in the Leased Equipment by making payment of the Purchase Price as provided herein. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the City and shall be held and appropriated by the City for the exclusive purpose of paying Rent under this Lease.

(b) If the City determines that the repair, restoration, modification or improvement of the Leased Equipment is not economically feasible or in the best interest of the City, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the City shall promptly purchase the Trustee's interest in the Leased Equipment pursuant to **Section 10.01(c)** hereof by paying the Purchase Price and such Net Proceeds shall be applied by the City to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price shall belong to the City.

Section 9.02. Insufficiency of Net Proceeds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to in **Section 9.01** hereof and the City has not elected to purchase the Trustee's interest in the Leased Equipment pursuant to **Section 10.01(c)** hereof, the City shall complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if the City shall make any payments pursuant to this Section, the City shall not be entitled to any reimbursement therefor from the Trustee nor shall the City be entitled to any diminution of Rent.

ARTICLE X

OPTION TO PURCHASE; PARTIAL PREPAYMENT

Section 10.01. Purchase Option. The City shall have the option to purchase the Trustee's interest in the Leased Equipment, upon giving written notice to the Trustee at least 45 days before the date of purchase, at the following times and on the following terms:

(a) On or after the date when all Outstanding Certificates are subject to optional prepayment by the City, upon payment in full of Rent Payments then due hereunder plus a Purchase Price equal to 100% of the remaining Principal Portions of Basic Rent for the maximum Lease Term plus Interest Portions of Basic Rent accrued to the Prepayment Date.

(b) Upon deposit of moneys or Government Obligations or both with the Trustee in accordance with **Article X** of the Declaration of Trust in the amount necessary to provide for the Basic Rent Payments until and on the Prepayment Date, and the Purchase Price calculated as described in (a) above on the Certificates to such Prepayment Date.

(c) In the event of substantial damage to or destruction or condemnation (other than condemnation by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Equipment, or as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, or this Lease or the Declaration of Trust becomes unenforceable, on the date the City specifies as the Prepayment Date in the City's notice to the Trustee of its exercise of the purchase option, upon payment in full of the Rent Payments then due hereunder plus then remaining Principal Portions of Basic Rent for the maximum Lease Term, plus Interest Portions of Basic Rent accrued to the prepayment date.

Section 10.02. Partial Prepayment.

(a) On or after the date any Outstanding Certificates are subject to optional prepayment by the City, the City may prepay the Basic Rent Payments in part, upon giving written notice to the Trustee at least 45 days before the Prepayment Date (unless the Trustee consents to a shorter notice period), at the Prepayment Price equal to 100% of the Principal Portion of Basic Rent being so prepaid plus the Interest Portion of Basic Rent accrued thereon to such Prepayment Date.

(b) The Principal Portion of Basic Rent prepaid pursuant to the provisions of this **Section 10.02** shall be in integral multiples of \$5,000 and shall be credited in the order of maturity as directed by the City. Upon any partial prepayment, the amount of each Interest Portion of Basic Rent coming due thereafter shall be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual interest rate corresponding to such prepaid Principal Portion as shown on **Exhibit A** hereto.

Section 10.03. Determination of Fair Rent and Purchase Price. The City hereby agrees and determines that the Rent hereunder during the Original Term and any Renewal Term represents the fair value of the use of the Leased Equipment and that the Purchase Price required to exercise the City's option to purchase the Trustee's interest in the Leased Equipment pursuant to **Section 10.01** represents the fair Purchase Price of the Leased Equipment. The City hereby determines that the Rent does not exceed a reasonable amount so as to place the City under an economic practical compulsion to renew this Lease or to exercise its option to purchase the Leased Equipment hereunder. In making such determinations, the City has given consideration to the Costs of the Projects (which includes the cost of acquiring and installing the Leased Equipment), the uses and purposes for which the Leased Equipment will be employed by the City, the benefit to the City by reason of the acquisition and installation of the Leased Equipment and the use of the Leased Equipment pursuant to the terms and provisions of this Lease and the City's option to purchase the Leased Equipment. The City hereby determines and declares that the acquisition and installation of the Leased Equipment and the leasing of the Leased Equipment pursuant to this Lease will result in Leased Equipment of comparable quality and meeting the same requirements and standards as would be necessary if the acquisition and installation of the Leased Equipment were

performed by the City other than pursuant to this Lease. The City hereby determines and declares that the maximum Lease Term does not exceed the useful life of the Leased Equipment.

ARTICLE XI

ASSIGNMENT

Section 11.01. Assignment and Subleasing by the City. Except as hereinafter expressly provided, none of the City's right, title and interest in, to and under the this Lease and in the Leased Equipment may be assigned or encumbered by the City for any reason; except that the City may sublease any one or more parts of the Leased Equipment if the City obtains and provides to the Trustee an Opinion of Special Counsel that such subleasing will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for purposes of federal income taxation. Any such sublease of all or part of the Leased Equipment shall be subject to this Lease and the rights of the Trustee in, to and under this Lease and the Leased Equipment.

ARTICLE XII

EVENTS OF DEFAULT

Section 12.01. Events of Default Defined.

(a) Any of the following shall constitute an **"Event of Default"** under this Lease:

(i) Failure by the City to make any deposits required by **Section 4.01** hereof to pay Basic Rent in the Lease Revenue Fund at the time specified herein;

(ii) Failure by the City to make any Supplemental Rent Payment when due and the continuance of such failure for 60 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee;

(iii) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in subsections (i) or (ii) above, for a period of 60 days after written notice specifying such failure and requesting that it be remedied is given to the City by the Trustee unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected;

(iv) Any statement, representation or warranty made by the City in or pursuant to this Lease or the execution, delivery or performance of either of them shall prove to have been false, incorrect, misleading or breached in any material respect on the date when made;

(v) Any provision of this Lease shall at any time for any reason cease to be valid and binding on the City, or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the City or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(vi) The City becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed by the City or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the State and, if instituted against the City, is consented to or acquiesced in by the City or is not dismissed within 60 days.

(b) Failure of the City to comply with the Continuing Disclosure Certificate will not be an Event of Default under this Lease.

Section 12.02. Remedies on Default. Whenever any Event of Default exists, the Trustee shall have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the City, the Trustee may declare all Rent payable by the City hereunder to the end of the Original Term or the then current Renewal Term to be due;

(b) Upon notice that the Trustee has elected to terminate this Lease, the City shall, at its sole expense, uninstall the Leased Equipment and deliver it to the location specified by the Trustee, and the Trustee may thereafter sell the Leased Equipment or lease the Leased Equipment or, for the account of the City, sublease the Leased Equipment continuing to hold the City liable for the difference between (i) the Basic Rent Payments payable by the City hereunder for the Original Term or the then-current Renewal Term, as the case may be, and (ii) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under this Lease, including without limitation all expenses of taking possession, storing, reconditioning, and selling or leasing or subleasing the Leased Equipment and all reasonable brokerage, auctioneers and attorneys' fees);

(c) The Trustee may terminate any rights the City may have in any funds held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Leased Equipment and under this Lease.

Section 12.03. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee 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 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 or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice other than such notice as may be required in this Article. In the event the Trustee exercises any of the remedies provided herein, the City grants the Trustee the right of access to the Leased Equipment over and across the land where any of the Leased Equipment may be located to make arrangements to sell or lease the Leased Equipment as provided herein.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Notices. All notices, certificates or other communications to be given or to be served upon any party in connection with this Lease shall be given in accordance with **Section 12.03** of the Declaration of Trust.

Section 13.02. Title to Leased Equipment. Title to the Leased Equipment shall vest in the City subject to Trustee's rights under this Lease; provided that title thereto shall thereafter immediately and without any action by the City vest in Trustee and the City shall immediately surrender possession thereof to the Trustee upon (i) any termination of this Lease without the City exercising its option to purchase pursuant to **Section 10.01** or (ii) the occurrence of an Event of Default. It is the intent of the parties hereto that any transfer of title to the Trustee pursuant to this Section shall occur automatically without the necessity of any deed, bill of sale, certificate of title or other instrument of conveyance. Nevertheless, the City shall execute and deliver any such instruments as the Trustee may request to evidence such transfer.

Section 13.03. Personal Property and Security Interest.

(a) The Trustee and the City agree that the Leased Equipment is and will remain personal property. The Leased Equipment will not be deemed to be affixed to or a part of the real estate on or under which it may be situated, notwithstanding that the Leased Equipment or any part thereof may be or hereafter become in any manner physically affixed to, buried in or otherwise attached to such real estate or any building thereon. The City will, at the City's expense, furnish a waiver of any interest in the Leased Equipment from any party having an interest in any such real estate or building.

(b) To secure the payment of all of the City's obligations under this Lease, to the extent permitted by law, the Trustee retains a security interest in the Leased Equipment and in all additions, attachments, accessions thereto, substitutions therefor and on any proceeds therefrom. The City shall execute all additional documents, including financing statements, affidavits, notices and similar instruments that are necessary or appropriate to establish and maintain such security interest. The City will provide to the Trustee copies of any financing statements it files or causes to be filed in connection with any security interest granted hereunder. The City hereby authorizes the filing of any financing statements or continuation statements required under the Uniform Commercial Code in connection with any security interest granted hereunder.

Section 13.04. Waiver of Personal Liability.

(a) All liabilities under this Lease and the Declaration of Trust on the part of the Trustee are solely liabilities of the Trustee serving as Trustee under the Declaration of Trust, and, to the extent permitted by law and without waiver of the City's sovereign immunity, the City hereby releases each and every director, employee, agent, attorney and officer of the Trustee of and from any personal or individual liability under this Lease and Declaration of Trust. No director, employee, agent, attorney or officer of the Trustee will at any time or under any circumstances be individually or personally liable under this Lease for anything done or omitted to be done by the Trustee hereunder. The Trustee will not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(b) All liabilities under this Lease on the part of the City are solely corporate liabilities of the City as a municipal corporation, and, to the extent permitted by law, the Trustee hereby releases each and every official, member, employee or agent of the City of and from any personal or individual liability under this Lease. No official, member, employee or agent of the City will at any time or under any circumstances be individually or personally liable under this Lease for anything done or omitted to be done by the City hereunder.

Section 13.05. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Trustee and the City and their respective successors and assigns.

Section 13.06. Amendments, Changes and Modifications. This Lease may not be effectively amended, changed, modified, altered or supplemented except with the written consent of the Trustee and the City and as provided in the Declaration of Trust.

Section 13.07. Electronic Transactions. The Trustee and the City agree that the transaction described herein may be conducted and related documents may be sent, stored and received 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 Trustee and the City have caused this Lease to be executed in their names by their duly authorized representatives as of the date first above written.

(SEAL)

UMB BANK, N.A.,
as Trustee and Lessor

By: _____
Name:
Title:

ATTEST:

By _____
Name:
Title:

CITY OF SMITHVILLE, MISSOURI

(SEAL)

By: _____
Name: Damien Boley
Title: Mayor

ATTEST:

Name: Linda Drummond
Title: City Clerk

SCHEDULE 1
TO LEASE PURCHASE AGREEMENT

DESCRIPTION OF THE LEASED EQUIPMENT

The Leased Equipment consists of the force main and lift station at 144th Street, the, force main and lift station at Stonebridge, the force main at Smith's Fork lift station, and the gravity sewer main along Owens Beach, and equipment and apparatus relating thereto acquired and installed in connection with the Projects, to the extent that the costs have been paid from proceeds of the Series 2025 Certificates. **Under this Lease, the Trustee and the City agree that the Leased Equipment is and shall remain personal property, notwithstanding that it may be in any way affixed to real property. The Leased Equipment does not include any interests in real property.**

EXHIBIT A
TO LEASE PURCHASE AGREEMENT

SCHEDULE OF BASIC RENT PAYMENTS⁽¹⁾

Basic Rent Payment Date	Principal Portion	Interest Rate	Interest Portion	Total Basic Rent Payment	Total Fiscal Year Basic Rent Payments	Remaining Principal Portions
						\$8,630,000.00
03/01/2026	\$	%			\$	
09/01/2026	--	--			--	
03/01/2027						
09/01/2027	--	--			--	
03/01/2028						
09/01/2028	--	--			--	
03/01/2029						
09/01/2029	--	--			--	
03/01/2030						
09/01/2030	--	--			--	
03/01/2031						
09/01/2031	--	--			--	
03/01/2032						
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03/01/2043						
09/01/2043	--	--			--	
03/01/2044						
09/01/2044	--	--			--	
03/01/2045						
09/01/2045	--	--			--	
						--
TOTAL	\$		\$	\$	\$	--

⁽¹⁾ Pursuant to **Section 4.01** of this Lease, to provide for the timely payment of Basic Rent, the City will pay to the Trustee for deposit in the Lease Revenue Fund not less than five (5) Business Days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

EXHIBIT B
TO LEASE PURCHASE AGREEMENT

FORM OF WRITTEN REQUEST FOR DISBURSEMENT FROM PROJECT FUND

Requisition No. _____

Date: _____

To: UMB Bank, N.A.
928 Grand Blvd., 12th Floor
Kansas City, Missouri 64106
Attention: Corporate Trust Department

Pursuant to **Section 5.03** of the Lease Purchase Agreement dated as of September 1, 2025 (the “**Lease**”), between UMB Bank, N.A., as lessor and trustee (the “**Trustee**”) and the City of Smithville, Missouri, as lessee (the “**City**”), and **Section 6.04** of the Declaration of Trust dated as of September 1, 2025 (the “**Declaration of Trust**”), the City hereby requests payment in accordance with this request and said sections of the Lease and the Declaration of Trust, and the City hereby states and certifies:

1. All capitalized terms used in this request have the meanings assigned in the Lease and the Declaration of Trust;
2. The names of the persons, firms or corporations, if any, to whom the payments requested hereby are due, the amounts to be paid are as set forth on **Attachment I** hereto;
3. The amount hereby requested has been paid or is justly due and is hereby requested to be paid to (a) contractors, subcontractors, materialmen, engineers, or other persons (which may include the City) (whose names and addresses are stated on **Attachment I** hereto) who have performed necessary and appropriate work or furnished necessary and appropriate materials in connection with the Projects or (b) to the persons listed on **Attachment I** for Costs of Issuance (a brief description of such work and materials and the several amounts so paid or due being set forth on **Attachment I** hereto);
4. No part of the several amounts paid or due, as stated in this certificate has been, is being or will be made the basis for the withdrawal of any moneys in any previous, pending or subsequently filed certificate;
5. The amount remaining in the Project Fund, together with other available funds of the City, will, after payment of the amounts requested, be sufficient to pay the cost of completing the Projects in accordance with an estimate of the cost of work not yet completed.
6. This certificate contains no request for payment on account of any retained percentage that the City is at the date of such certificate entitled to retain.
7. There has not been filed with or served upon the City any notice of any lien, right to a lien or attachment upon or claim affecting the right of any person, firm or corporation to receive payment of the respective amounts stated in this certificate that has not been released or will not be released simultaneously with the payment of such obligation.

8. For the purpose of assuring proper direction and credit of payment, invoices, statements, vouchers or bills for the amounts requested, except as to any retainage, related to amounts specified in this certificate are attached hereto.
9. With respect to this disbursement, the City (a) certifies it has reviewed any wire instructions set forth herein to confirm such wire instructions are accurate, and (b) agrees it will not seek recourse from the Trustee as a result of losses incurred by it for making the disbursement in accordance with its instructions herein.

Pursuant to **Section 5.03** of the Lease and **Section 6.04** of the Declaration of Trust, the City hereby states and certifies that (a) each of the City's representations contained in the Lease is true, correct and not misleading as though made as of the date hereof, and (b) no event exists that constitutes, or with the giving of notice of the passage of time or both would constitute, an Event of default.

CITY OF SMITHVILLE, MISSOURI

By: _____
Authorized Representative

**ATTACHMENT I
TO WRITTEN REQUEST FOR DISBURSEMENT FROM PROJECT FUND**

SCHEDULE OF PAYMENTS REQUESTED

(to be paid in accordance with the invoices attached hereto)

<u>Payee and Address</u>	<u>Amount</u>	<u>Description</u>
--------------------------	---------------	--------------------

TAX COMPLIANCE AGREEMENT

Dated as of September 23, 2025

Between

CITY OF SMITHVILLE, MISSOURI

and

**UMB BANK, N.A.,
as Trustee**

\$8,630,000

**CERTIFICATES OF PARTICIPATION
SERIES 2025**

TAX COMPLIANCE AGREEMENT

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Exhibit B	IRS Form 8038-G
Exhibit C	Copy of Resolution of Intent
Exhibit D	Description of Property Comprising the Financed Facility
Exhibit E	Annual Compliance Checklist
Exhibit F	Sample Final Written Allocation
Exhibit G	Tax Compliance Procedure

* * *

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the “**Tax Agreement**”), entered into as of September 23, 2025, between the **CITY OF SMITHVILLE, MISSOURI**, a fourth-class city and political subdivision organized and existing under the laws of the State of Missouri (the “**City**”) and **UMB BANK, N.A.**, a national banking association duly organized and existing under the laws of the United States America, as trustee (the “**Trustee**”);

RECITALS

1. This Tax Agreement is being executed and delivered in connection with the issuance and delivery of \$8,630,000 principal amount of Certificates of Participation, Series 2025 (the “**Certificates**”), under a Declaration of Trust dated as of September 1, 2025 (the “**Declaration of Trust**”), between the Trustee and the City, which Certificates evidence proportionate interests in the right to receive Basic Rent Payments payable by the City pursuant to a Lease Purchase Agreement dated as of September 1, 2025 (the “**Lease**”), between the Trustee, as trustee and lessor, and the City, as lessee. The Lease is being entered into, and the Certificates are being delivered, for the purposes described in this Tax Agreement, in the Lease and in the Declaration of Trust.

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 Portion of Basic Rent paid by the City and distributed to the Registered Owners of the Certificates will be excluded from gross income for federal income tax purposes.

3. The City 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 Portion of Basic Rent Payments represented by the Certificates from gross income for federal income tax purposes.

4. The City adopted a Tax Compliance Procedure on August 21, 2012 (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 as required by the Tax Compliance Procedure to set out specific tax compliance procedures applicable to the Lease and the Certificates.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, covenants and agreements set forth in this Tax Agreement, the City 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 Declaration of Trust and the Lease, and certain other words and phrases have the meanings assigned in Code §§ 103, 141-150 and the Regulations. In addition, 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.

“Basic Rent” means the Basic Rent Payments due under the Lease, comprised of a Principal Portion and an Interest Portion as set forth in the Lease.

“Basic Rent Payment” means a payment of Basic Rent.

“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 Basic Rent 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 Basic Rent Payments for the immediately preceding Certificate Year.

“Certificate” or **“Certificates”** means any Certificate or Certificates described in the recitals, authenticated and delivered under the Declaration of Trust.

“Certificate Year” means each one-year period (or shorter period for the first Certificate Year) ending September 1, or another one-year period selected by the City.

“City” means the City of Smithville, 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 City.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compliance Officer” means the City’s City Administrator or other person named in the Tax Compliance Procedure.

“Computation Date” means each date on which arbitrage rebate for the Certificates is computed. The City 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 City selects [September __, 2030] as the first Computation Date but reserves the right to select a different date consistent with the Regulations.

“Declaration of Trust” means the Declaration of Trust dated as of September 1, 2025 between the City and the Trustee, as amended and supplemented in accordance with the provisions thereof.

“Final Written Allocation” means the final written allocation of expenditures of Certificate proceeds prepared by the Bond Compliance Officer in accordance with the Tax Compliance Procedure and **Section 4.2(b)** hereof, a form of which is set forth on **Exhibit F** hereto.

“Financed Facility” or **“Financed Facilities”** means the portion of the Project financed with the proceeds of the Certificates as described on **Exhibit D** hereto.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the City 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, or other Investment 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 (in the accounts therein created for the Certificates):

- (1) Project Fund.
- (2) Lease Revenue Fund.

“Guaranteed Investment Contract” means 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).

“Interest Portion” means the portion of each Basic Rent Payment that represents the payment of interest as set forth in the Lease.

“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 September 23, 2025.

“Lease” means the Lease Purchase Agreement dated as of September 1, 2025, between the City, as lessee, and the Trustee, as lessor, as amended and supplemented in accordance with its terms.

“Management or Service 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 Facilities, such as a contract to manage the entire Financed Facilities or a portion of the Financed Facilities. Contracts for services that are solely incidental to the primary governmental function of the Financed Facilities (for example, contracts for janitorial, office equipment repair, billing or similar services); however, are not treated as Management or Service Agreements.

“Measurement Period” means, with respect to each item of property financed as part of the Financed Facilities, 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 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 Facilities 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 Facilities 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 Facilities, will constitute use under Regulations § 1.141-3.

“Non-Qualified User” means any person or entity other than a Qualified User.

“Official Intent Date” means April 1, 2025, as described in **Section 2.1(j)**.

“Opinion of Special Counsel” means the written opinion of Special Counsel to the effect 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 Portion of Basic Rent Payments 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 Facilities and the investment of Gross Proceeds after the Issue Date of the Certificates.

“Principal Portion” means the portion of each Basic Rent Payment that represents the payment of principal as set forth in the Lease.

“Project” means all of the property being acquired, constructed, furnished, improved and equipped by the City using proceeds of the Certificates and Qualified Equity, as described on **Exhibit D** hereto.

“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 Facilities on a short-term basis in the ordinary course of the City’s governmental purposes.

(b) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facilities for a period up to 200 days in length pursuant to an arrangement whereby (1) the use of the Financed Facilities 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 Facilities 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 Facilities 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 Facilities 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 Facilities 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 Facilities 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 Facilities 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.

“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 bond counsel acceptable to the City.

“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 City’s Tax and Disclosure Compliance Procedure, dated August 21, 2012, a copy of which is attached hereto as **Exhibit G**.

“Tax-Exempt Obligations File” means documents and records for the Lease and related Certificates maintained by the Compliance Officer pursuant to the Tax Compliance Procedure.

“Transcript” means the Transcript of Proceedings relating to the authorization and issuance of the Certificates.

“Trustee” means UMB Bank, N.A., Kansas City, Missouri, 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 Declaration of Trust.

“Underwriter” means Robert W. Baird & Co., Incorporated, Milwaukee, Wisconsin, as original purchaser and underwriter of the Certificates.

“Yield” means yield on the Lease, 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 City. The City represents and covenants as follows:

(a) *Organization and Authority.* The City (1) is a political subdivision organized and existing under the laws of the State of Missouri, and (2) has lawful power and authority to enter into, execute and deliver the Declaration of Trust, Lease and this Tax Agreement, and to carry out its obligations under the Declaration of Trust, Lease and this Tax Agreement, and (3) by all necessary action has been duly authorized to execute and deliver the Declaration of Trust, Lease 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 Portion of the Basic Rent Payments represented by the Certificates from gross income for federal income tax purposes, the City (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 Declaration of Trust, or other funds of the City, 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 Facilities in a manner that would cause any Certificate or the Lease to become a “private activity bond” as defined in Code § 141;

(c) *Governmental Obligations - Use of Financed Facilities.* Throughout the Measurement Period, (1) all of the Financed Facilities are expected to be owned by the City or another Qualified User, (2) no portion of the Financed Facilities are expected to be used in a Non-Qualified Use, and (3) the City

will not permit any Non-Qualified Use of the Financed Facilities without first consulting with Special Counsel.

(d) *Governmental Obligations - Private Security or Payment.* As of the Issue Date, the City expects that none of the Basic Rent Payments represented by the Certificates will be (under the terms of the Lease 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 City) 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 City will not permit any private security or payment with respect to the Lease or 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 City has no Management Agreements with Non-Qualified Users. During the Measurement Period, the City has not and will not enter into or renew any Management Agreement with any Non-Qualified User without first consulting with Special Counsel.

(g) *Leases.* Except for the Lease, neither of which gives rise to Non-Qualified Use, as of the Issue Date, the City has not entered into any leases of any portion of the Financed Facilities other than Qualified Use Agreements during the Measurement Period. During the Measurement Period, the City 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 Facilities 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, as computed by Special Counsel, does not exceed the average reasonably expected economic life of the Financed Facilities.

(i) *Expenditures of Proceeds:*

(1) The City 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 the Official Intent Date, the Board of Aldermen of the City adopted a resolution declaring the intent of the City to finance the Financed Facility with proceeds of the Certificates and to reimburse the City for expenditures made for the Financed Facility prior to the issuance of those Certificates. A copy of the resolution is included as **Exhibit C** hereto. [\$_____] 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 Bonds will be used to reimburse an expenditure paid by the Issuer more than 60 days prior to the date the resolution was adopted. 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 Declaration of Trust requires that all of the Certificates will be delivered and held in registered form within the meaning of Code § 149(a).

(k) *Certificates Not Federally Guaranteed.* The City will not take any action or permit any action to be taken which would cause its Basic Rent Payments under the Lease, or 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 City contained in this Tax Agreement or otherwise provided by the City. Special Counsel will sign the return as a paid preparer following completion and will then deliver copies to the City for execution and for the City’s records. The City 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” Form 8038-G along with proof of filing will be included as **Exhibit B**.

(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 City understands that the Code and the Regulations may impose new or different restrictions and requirements on the City in the future. The City will comply with such future restrictions that are necessary to maintain the exclusion of the Interest Portion of Basic Rent Payments from gross income for federal income tax purposes.

(o) *Single Issue; No Other Issues.* The Lease constitutes a single “issue” under Regulations § 1.150-1(c). No other debt obligations of the City (1) are being sold within 15 days of the sale of the execution and delivery of the Lease, (2) are being sold under the same plan of financing as the Lease and Certificates, and (3) are expected to be paid from substantially the same source of funds as the Lease and Certificates (disregarding guarantees from unrelated parties, such as bond insurance).

(p) *Interest Rate Swap.* As of the Issue Date, the City 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 City 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, the City does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Certificates. The City 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 City designates the obligation to pay Basic Rent Payments under the Lease (and therefore the Certificates representing the right of the Owners thereof to receive such Basic Rent Payments) as “qualified tax-exempt obligations” under Code § 265(b)(3), and with respect to this designation certifies as follows:

(1) the City reasonably anticipates that the amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) that will be issued by or on behalf of the City (and all subordinate entities of the City) during the calendar year that the Lease is executed and the Certificates are delivered, including the Lease and Certificates, will not exceed \$10,000,000; and

(2) the City (including all subordinate entities of the City) will not issue tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) during the calendar year that the Lease is executed and the Certificates are delivered, including the Lease and Certificates, in an aggregate principal amount or aggregate issue price in excess of \$10,000,000, without first obtaining advice of Special Counsel that the designation of the Lease and the Certificates as “qualified tax-exempt obligations” will not be adversely affected

Section 2.2. Representations and Covenants of the Trustee. The Trustee represents and covenants to the City as follows:

- (a) The Trustee will comply with its express duties under 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 Portion of the Basic Rent Payments represented by the Certificates from gross income for federal income tax purposes.
- (b) The Trustee, acting at the written request of the City, may from time to time cause a firm of attorneys, consultants or independent accountants or an investment banking firm to provide the Trustee and the City with such information as it may request in order for the City determine all matters relating to (1) the Yield on the Lease as it relates to any data or conclusions necessary to verify that the Lease is not an “arbitrage bond” within the meaning of Code § 148, and (2) compliance with arbitrage rebate requirements of Code § 148(f). The City will pay all reasonable costs and expenses incurred in connection with supplying the foregoing information.
- (c) The Trustee, acting on behalf of the City, will retain records related to the investment and expenditure of Gross Proceeds held in funds and accounts maintained by the Trustee and any records provided to the Trustee by the City related to the Post-Issuance Tax Requirements in accordance with **Section 4.2(a)** of this Tax Agreement. The Trustee will retain these records until three years following the final maturity of (1) the Certificates or (2) any obligation issued to refund the Certificates; provided, however, if the Trustee is not retained to serve as bond trustee for any debt obligations issued to refund the Certificates, then the Trustee may satisfy its record retention duties under this **Section 2.2(c)** by providing copies of all records in its possession related to the Lease and the Certificates to the bond trustee for the refunding debt obligations or other party agreed upon by the City.

Section 2.3. Survival of Representations and Covenants. All representations, covenants and certifications of the City and the Trustee contained in this Tax Agreement or in any certificate or other instrument delivered by the City or the Trustee under this Tax Agreement, will survive the execution and

delivery of such documents and the issuance 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 City's expectations as to the sources, uses and investment of Certificate proceeds and other money, in order to support the City's conclusion that the Lease is not an arbitrage bond. The person executing this Tax Agreement on behalf of the City is an officer of the City responsible for executing and delivering the Lease and authorizing the Trustee to deliver 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 City's understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the City's knowledge, the facts and estimates set forth in this Tax Agreement are accurate, and the expectations of the City set forth in this Tax Agreement are reasonable. The City 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 Lease is executed and delivered, and the Certificates are being issued, for the purpose of providing funds to (a) finance costs of the Project and (b) pay costs related to the delivery of the Lease and the Certificates.

Section 3.4. Funds. Under the Declaration of Trust, the following funds have been created:

- (a) Project Fund
- (b) Lease Revenue 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 City from the sale of the Certificates will be as follows:

Principal Amount	\$8,630,000.00
Plus Net Original Issue Premium	
Less Underwriting Discount	____()
Total Proceeds Received by City	\$

(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 (1) [\$_____] will be used to pay delivery costs of the Certificates and (2) [\$_____] will be used to pay costs of the Project.

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 Current Refunding. No proceeds of the Certificates will be used to pay principal or interest on any other debt obligation.

Section 3.8. Project Completion. The City has incurred, or will incur within six 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 3.9. Sinking Funds. The City is required to make periodic payments in amounts sufficient to pay the Basic Rent Payments represented by the Certificates. Such payments will be deposited into the Lease Revenue Fund. Except for the Lease Revenue Fund and the Reserve Fund, no sinking fund or other similar fund that is expected to be used to make Basic Rent Payments has been established or is expected to be established. The Lease Revenue Fund is used primarily to achieve a proper matching of revenues with Basic Rent Payments within each Certificate Year, and the City expects that the Lease Revenue Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.10. Replacement and Pledged Funds.

(a) *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 Lease Revenue 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 Portion and Interest Portion of Basic Rent Payments represented by the Certificates if the City encounters financial difficulty.

Section 3.11. 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 3.12. Issue Price and Yield on Lease.

(a) *Issue Price.* Based on the Underwriter's certifications in the Underwriter's Receipt and Closing Certificate, the City hereby elects to establish the issue prices of the Lease and Certificates pursuant to Regulations § 1.148-1(f)(2)(i) (relating to the so-called "general rule"). Therefore, the aggregate issue price of the Lease and the Certificates for such purpose is [\$_____].

(b) *Yield.* Based on the offering prices, the Yield on the Lease is [_____]%, as computed by Special Counsel as shown on **Exhibit A**. The City has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Certificates.

Section 3.13. Miscellaneous Arbitrage Matters.

(a) *No Abusive Arbitrage Device.* The Certificates and the Lease are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the City 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 City, if any, do not exceed the cost of the governmental purpose of the Lease and the Certificates as described above.

Section 3.14. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Agreement, the City does not expect that the Certificate proceeds will be used in a manner that would cause the Lease or 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 City recognizes that the Interest Portion of the Basic Rent Payments represented by the Certificates will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The City further acknowledges that written evidence substantiating compliance with 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 the Interest Portion is exempt from gross income in the event of an audit of the Certificates by the IRS.

(b) *Written Policies and Procedures of the City.* The City 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 City 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) *Compliance Officer.* The City, when necessary to fulfill its Post-Issuance Tax Requirements will, through its 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 City shall be treated as a reasonable cost of administering the Lease and the Certificates.

Section 4.2. Record Keeping; Use of Certificate Proceeds and Use of Financed Facilities.

(a) *Record Keeping.* The Compliance Officer will maintain the Tax-Exempt Obligations File for the Lease and 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 Compliance Officer shall retain records related to the Post-Issuance Tax Requirements until 3 years following the final maturity of (i) the Certificates or (ii) 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 (1) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (2) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (3) exhibit a high degree of legibility and readability both electronically and in hardcopy, (4) provide support for other books and records of the City and (5) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the City's premises.

(b) *Accounting and Allocation of Certificate Proceeds and Qualified Equity to Expenditures.* The Compliance Officer will account for the investment and expenditure of Certificate proceeds and Qualified Equity in the level of detail required by the Tax Compliance Procedure. The expected allocation of Certificate proceeds to the expenditures on the Financed Facility is shown on **Exhibit D** hereto. The 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 a Final Written Allocation is attached as **Exhibit F** hereto.

(c) *Annual Compliance Checklist.* Attached as **Exhibit E** is a form of annual compliance checklist for the Certificates. The Compliance Officer will prepare and complete an annual compliance checklist for the Financed Facilities at least annually in accordance with the Tax Compliance Procedure. In the event the annual compliance checklist identifies a deficiency in compliance with the requirements of this Tax Agreement, the 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 Compliance Officer is responsible for obtaining and delivering to the City 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 City will not invest Gross Proceeds at a Yield greater than the Yield on the Lease:

(a) *Project Fund.* Certificate proceeds deposited in the Project Fund (including amounts held for costs of issuance) 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 City 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) *Lease Revenue Fund.* To the extent that the Lease Revenue 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. Procedures for Establishing 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 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 City 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 City, the Trustee, or any other person (whether or not in connection with the bond issue),

and (C) that the bid is not being submitted solely as a courtesy to the City, 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 City’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 City and the Trustee retain the following records with the Lease 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 City 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 City 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 City expects that at least 75% of the Available Construction Proceeds will be used for construction or rehabilitation expenditures for property owned by the City.

(2) The following optional rebate spending exceptions can apply to the Certificates:

- 6-month Exception (Code § 148(f)(4)(B) and Regulations § 1.148-7(c)).
- 18-month Exception (Regulations § 1.148-7(d)).
- 2-year Exception (Code § 148(f)(4)(C) and Regulations § 1.148-7(e)).

(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 Certificate 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 City may engage the Rebate Analyst to determine whether one or more spending exceptions has been satisfied, and the extent to which the City 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 City 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) *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 City, and not later than ten days following each Computation Date. The City 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 City 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.

(c) *Rebate Payments.* Within 60 days after each Computation Date, the Trustee must pay (but solely from money provided by the City) 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 City desires that a different firm act as the Rebate Analyst, then the City 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 bond 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 City 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 City 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 Basic Rent Payments with respect to all Certificates have been fully paid and all such Certificates are cancelled; provided that, the provisions of **Article IV** of this Tax Agreement regarding arbitrage rebate and yield reduction payments and all related penalties and interest will remain in effect until all such amounts are paid to the United States and the provisions of **Section 4.2** relating to record keeping shall continue in force for the period described therein for records to be retained.

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 any payment of the Interest Portion to be included in gross income for federal income tax purposes. No such amendment will become effective until the City and the Trustee receive this Opinion of Special Counsel.

Section 5.3. Opinion of Special Counsel. The City 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 the Interest Portion from gross income for federal income tax purposes. The City 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 of the Interest Portion from gross income for federal income tax purposes.

Section 5.4. Reliance. In delivering this Tax Agreement the City and the Trustee are making only those certifications, representations and agreements as are specifically attributed to them in this Tax Agreement. Neither the City 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 their 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 Portion.

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 City 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 Declaration of Trust 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 Declaration of Trust 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, stored and received by electronic means.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned, by execution of this Tax Agreement, hereby makes the foregoing certifications, representations, and agreements contained in this Tax Agreement on behalf of the City as of the Issue Date of the Certificates.

CITY OF SMITHVILLE, MISSOURI

By: _____

Name: Damien Boley

Title: Mayor

UMB BANK, N.A., as Trustee

By: _____

Name: _____

Title: _____

EXHIBIT A

DEBT SERVICE SCHEDULE AND PROOF OF YIELD ON THE LEASE

EXHIBIT B

IRS FORM 8038-G

EXHIBIT C

COPY OF RESOLUTION OF OFFICIAL INTENT

EXHIBIT D

DESCRIPTION OF PROPERTY COMPRISING THE FINANCED FACILITY

EXHIBIT E**SAMPLE ANNUAL COMPLIANCE CHECKLIST**

Name of tax-exempt issue (“Certificates”)	\$8,630,000 Certificates of Participation, Series
financing Financed Facilities:	2025
Issue Date of Certificates:	September 23, 2025
Placed in service date of Financed Facilities:	
Name of Compliance Officer (City Clerk):	
Period covered by request (“Annual Period”):	

Item	Question	Response
1 Ownership	Were all the Financed Facilities owned by the City during the entire Annual Period?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<p>If answer above was “No,” was advice of Special Counsel obtained prior to the transfer?</p> <p>If Yes, include a description of the advice in the Tax-Exempt Obligations File.</p> <p>If No, contact Special Counsel and include description of resolution in the Tax-Exempt Obligations File.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

2 Leases & Other Rights to Possession	During the Annual Period, was any part of the Financed Facilities leased (other than under the Lease) at any time pursuant to a lease or similar agreement for more than 50 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<p>If answer above was “Yes,” was advice Special Counsel obtained prior to entering into the lease or other arrangement?</p> <p>If Yes, include a description of the advice in the Tax-Exempt Obligations File.</p> <p>If No, contact Special Counsel and include description of resolution in the Tax-Exempt Obligations File.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

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 Facilities been assumed by or transferred to another entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<p>If answer above was "Yes," was advice of Special Counsel obtained prior to entering into the management agreement?</p> <p>If Yes, include a description of the advice in the Tax-Exempt Obligations File.</p> <p>If No, contact Special Counsel and include description of resolution in the Tax-Exempt Obligations File.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No
4 Other Use	Was any other agreement entered into with an individual or entity that grants special legal rights or privileges to such individual or entity to use the Financed Facility that are not otherwise available to the general public?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	<p>If answer above was "Yes," was advice of Special Counsel obtained prior to entering into the agreement?</p> <p>If Yes, include a description of the advice in the Tax-Exempt Obligations File.</p> <p>If No, contact Special Counsel and include description of resolution in the Tax-Exempt Obligations File.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No

Compliance Officer: _____

Date Completed: _____

EXHIBIT F

SAMPLE FINAL WRITTEN ALLOCATION

\$8,630,000

**City of Smithville, Missouri
Certificates of Participation
Series 2025**

Final Written Allocation

The undersigned is the Compliance Officer of the City of Smithville, Missouri (the “**City**”), and in that capacity is authorized to execute federal income tax returns required to be filed by the City and to make appropriate elections and designations regarding federal income tax matters on behalf of the City. This allocation of the proceeds of the issue referenced above (the “**Series 2025 Certificates**”) is necessary for the City 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 City 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 Series 2025 Certificates.

Background. The Series 2025 Certificates were issued on September 23, 2025 (the “**Issue Date**”) in order to provide funds to finance the costs to acquire, construct, install, improve, furnish and equip various projects related to the City’s water and sewer system, including without limitation (a) the acquisition and installation of electric infrastructure for the System, (b) the construction and installation of sewer lift stations, including force mains, at 144th Street and Stonebridge, (c) the construction and installation of a force main from Smith’s Fork lift station, (d) the acquisition and installation of a water main and river crossing, (e) the construction and installation of a gravity sewer main along Owens Beach, and (f) improvements at the water treatment plant (the “**Project**”). The Series 2025 Certificates were issued pursuant to a Declaration of Trust dated as of September 1, 2025, between UMB Bank, N.A., as trustee (the “**Trustee**”) and the City. Proceeds of the Certificates were deposited in the 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 Series 2025 Certificates and the remaining portion of the costs of the Project was paid from earnings from the investment of bond sale proceeds as shown on **Schedule 1** to this Final Written Allocation.

Identification of Financed Assets. The portions of the Project financed from proceeds of the Series 2025 Certificates (i.e., the “**Financed Facilities**”) referenced in the Tax Compliance Agreement) are listed on page 1 of **Exhibit B** to this Final Written Allocation.

Identification and Timing of Expenditures for Arbitrage Purposes. For purposes of complying with the arbitrage rules, the City allocates the proceeds of the Series 2025 Certificates to the various expenditures described in the invoices, requisitions or other substantiation attached as **Exhibit B** to this Final Written Allocation. In each case, the cost requisitioned was either paid directly to a third party or reimbursed to the City for an amount it had previously paid or incurred. Amounts received from the sale

of the Series 2025 Certificates and retained as underwriter's 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 Series 2025 Certificates.

Placed in Service. The Project was "placed in service" on the date set out on **Exhibit B** 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: (1) the acquisition and installation of the asset has reached a degree of completion which would permit its operation at substantially its design level; and (2) 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 City reserves the right to amend this allocation to the extent permitted by future Treasury Regulations or similar authorities.

CITY OF SMITHVILLE, MISSOURI

Title: Compliance Officer

Dated: _____

Name of Legal Counsel/Law Firm Reviewing Final Written Allocation:

Date of Review: _____

[EXHIBIT A – ALLOCATION OF SOURCES AND USES]

[EXHIBIT B - IDENTIFICATION OF FINANCED ASSETS &
DETAILED LISTING OF EXPENDITURES]

EXHIBIT G

TAX COMPLIANCE PROCEDURE

NOTICE OF SALE

\$8,630,000*
CITY OF SMITHVILLE, MISSOURI
CERTIFICATES OF PARTICIPATION
SERIES 2025

Bids. Electronic bids for the purchase of \$8,630,000* principal amount of Certificates of Participation, Series 2025 (the “Certificates”) of the City of Smithville, Missouri (the “City”), herein described, will be received **until 10:00 A.M., Central Time**, on

SEPTEMBER 8, 2025
(the “Sale Date”)

All proposals must be submitted electronically through PARITY® as further described herein. No oral or auction bids will be considered. All bids will be read and evaluated at that time and place, and the award of the Certificates will be acted upon by the Board of Aldermen at their meeting on the evening of the Sale Date.

Pre-Bid Revisions. The City reserves the right to issue a Supplemental Notice of Sale not later than 24 hours prior to the Sale Date through PARITY® (“Supplemental Notice”). If issued, the Supplemental Notice may modify such terms of this Notice of Sale as the City determines, including the date and time of the sale. Any such modifications will supersede the terms as set forth herein.

Adjustment of Issue Size. In order to properly structure the transaction with respect to the required size of the Project Fund for the projects to be funded for the City, the City reserves the right, on the date of the award of the Certificates to the successful bidder, in the City’s sole discretion, to increase or decrease the principal amount of any maturity by not more than 20% of the principal amount of such maturity, or to increase or decrease the aggregate principal amount of the Certificates by not more than 15%, depending on the interest rates bid and the bid premium, if any. After bids are received and the successful bidder is determined, the requirements for the Project Fund will be recalculated. Once the Project Fund requirements have been satisfied, the final sizing will be confirmed to the successful bidder. The successful bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount as described herein. In the event there is an increase or decrease in the final principal amount per maturity as described above, or in the aggregate principal amount of the Certificates, the successful bidder will be notified on the sale date by telephone or electronic mail of such increases or decreases promptly after the sale and prior to the award of the bid by the City. In the event that the maturity amounts of the Certificates are adjusted, the purchase price will be adjusted to ensure that the percentage net compensation (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Certificates to the public and the price to be paid to the City by (ii) the principal amount of the Certificates) remains constant.

Terms of the Certificates. The Certificates will consist of fully registered certificates in the denomination of \$5,000 or any integral multiple thereof. The Certificates will be dated their date of delivery, and will become due in principal installments on September 1 in the years, subject to adjustment as provided herein, as follows:

* Preliminary, subject to change.

Serial Certificates*

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>
2026	\$255,000
2027	280,000
2028	295,000
2029	310,000
2030	325,000
2031	340,000
2032	360,000
2033	375,000
2034	395,000
2035	415,000
2036	435,000
2037	455,000
2038	470,000
2039	490,000
2040	510,000
2041	535,000
2042	555,000
2043	580,000
2044	610,000
2045	640,000

The Certificates will bear interest from the date thereof at rates to be determined when the Certificates are sold as hereinafter provided, which interest will be payable semiannually on March 1 and September 1 in each year, beginning on March 1, 2026.

Authority, Purpose and Security. The Certificates are being issued pursuant to the constitution and laws of the State of Missouri for the purpose of providing funds, together with other available funds of the City, to acquire, construct, install, improve, furnish and equip various projects related to the City's water and sewer system, including without limitation (a) the acquisition and installation of electric infrastructure for the System, (b) the construction and installation of sewer lift stations, including force mains, at 144th Street and Stonebridge, (c) the construction and installation of a force main from Smith's Fork lift station, (d) the acquisition and installation of a water main and river crossing, (e) the construction and installation of a gravity sewer main along Owens Beach, and (f) improvements at the water treatment plant (the "Projects"). The force main and lift station at 144th Street, the force main and lift station at Stonebridge, the force main at Smith's Fork lift station, and the gravity sewer main along Owens Beach and related equipment and apparatus to be paid for with proceeds of the Certificates in connection with the Projects are herein referred to as the "Leased Equipment."

The Certificates will be executed and delivered by UMB Bank, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"), pursuant to a Declaration of Trust dated as of September 1, 2025 (the "Declaration of Trust"), between the Trustee and the City. The Certificates represent the proportionate interests of the owners thereof (the "Owners" or "Registered Owners") in basic rent payments (the "Basic Rent Payments") to be made by the City pursuant to an annually-renewable Lease Purchase Agreement dated as of September 1, 2025 (the "Lease"), entered into between the Trustee, as lessor, and the City, as lessee. The City has approved the execution and delivery of the Certificates by the Trustee under the Declaration of Trust and the Lease pursuant to an Ordinance passed by the Board of Aldermen of the City on

* Preliminary, subject to change.

August 19, 2025 (the “Ordinance”).

Pursuant to the Lease, (1) the Trustee will agree to execute and deliver the Certificates as provided in the Declaration of Trust and, at the direction of the City, will deposit a portion of the proceeds of the Certificates in the Project Fund (defined herein) which will be used by the City to pay costs of the Projects; and (2) the Trustee, as lessor, will lease the Leased Equipment to the City, as lessee, for a series of one-year terms, with an option to purchase the Trustee’s interest in the Leased Equipment. The Lease provides, among other things, for an initial term commencing the date of the execution and delivery of the Certificates and ending on October 31, 2025 (the “Original Term”), subject to annual renewal, at the option of the City, for one-year renewal terms coextensive with the City’s Fiscal Year (beginning November 1 and ending October 31) (each a “Renewal Term”), except that the final renewal term shall not extend beyond October 31, 2045. Each Renewal Term is subject to annual appropriation by the Board of Aldermen of the City. Furthermore, pursuant to the Lease, the Trustee and the City agree that the Leased Equipment is and shall remain personal property, notwithstanding that it may be in any way affixed to real property. **The Leased Equipment does not include any interests in real property.**

Under the Lease, the City has agreed to pay Basic Rent Payments, consisting of a principal portion (the “Principal Portion”) and an interest portion (the “Interest Portion”), but only if and to the extent that the Board of Aldermen annually appropriates sufficient money to pay the Basic Rent coming due during each succeeding Renewal Term. The Certificates represent undivided, proportionate interests in the Basic Rent.

Neither the Certificates nor the Basic Rent Payments are obligations of the Trustee, and the Trustee has no liability or obligation under or with respect to the Certificates or the Basic Rent Payments. Under the Declaration of Trust, the Trustee will hold all of its estate, right, title and interest in the Lease for the benefit of the Owners of the Certificates. The Declaration of Trust provides for the future delivery of additional certificates (“Additional Certificates,” together with the Certificates, the “Certificates”) which, if delivered, will rank on a parity with the Certificates, and any other Certificates then Outstanding under the Declaration of Trust. Following the delivery of the Certificates, the Certificates will be the only Outstanding series of Certificates under the Declaration of Trust.

The Certificates are more particularly described in the Preliminary Official Statement dated the date hereof, available from the City’s municipal advisor, Piper Sandler & Co. (the “Municipal Advisor”). This Notice of Sale contains certain information for quick reference only. It is not, and is not intended to be, a summary of the Certificates. Each bidder is required to read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision.

Place of Payment. The Interest Portion of Basic Rent distributable to the Registered Owner of each Certificate is payable (1) by check or draft mailed by the Trustee to the address of such Registered Owner shown on the registration books for the Certificates as of the close of business on the on the fifteenth day of the month next preceding each Basic Rent Payment Date (the “Record Date”), or (2) by electronic transfer to such Registered Owner upon written notice given to the Trustee by such Registered Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the name of the bank (which shall be in the United States), the bank’s ABA routing number and the account number to which such Registered Owner wishes to have such transfer directed and an acknowledgment that an electronic transfer fee may be applicable. The Principal Portion of Basic Rent distributable to the Registered Owner of each Certificate is payable upon presentation and surrender thereof at the payment office of the Trustee, or at such other office as is designated by the Trustee.

While the Certificates remain in book-entry form, payments to Beneficial Owners (as defined in the Preliminary Official Statement) are governed by the rules of DTC (defined herein) as described in the section “**THE SERIES 2025 CERTIFICATES – Book-Entry Only System**” in the Preliminary Official Statement. In the event that DTC ceases to act as securities depository for the Certificates, payment may be made as described above.

Book-Entry Only System and Blue Sky. The Certificates will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which payments of principal of and interest on the Certificates will be made. Individual purchases of Certificates will be made in book-entry form only. Purchasers will not receive certificates representing their interest in Certificates purchased. It shall be the obligation of the successful bidder to furnish to DTC an underwriter's questionnaire. It shall be the obligation of the successful bidder to qualify the Certificates, if such qualification is necessary, in the jurisdictions in which it intends to reoffer the Certificates.

Prepayment of Certificates Prior to Maturity.

Optional Redemption. At the option of the City, the Certificates may be called for redemption and payment prior to maturity on September 1, 2035 and thereafter, in whole or in part at any time at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.

Extraordinary Optional Prepayment. The Certificates will be subject to optional prepayment prior to their respective stated maturities, as a whole or in part at any time, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Equipment, or if as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, the Lease or the Declaration of Trust becomes unenforceable.

Election to Specify Term Certificates. A bidder may elect to have all or a portion of the Certificates scheduled to mature consecutively issued as one or more term certificates scheduled to mature in the latest of said consecutive years and subject to mandatory redemption requirements consistent with the schedule of serial maturities set forth above, and subject to the bidder making such an election by including such information in the electronic bid submitted via PARITY®. Not less than all the Certificates of a single maturity may be converted to term certificates.

Conditions of Bids. Proposals will be received on all of the Certificates bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all Certificates of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/100 of 1%, with no zero coupons allowed. The interest rate on each maturity shall not exceed [6.00%]. No supplemental interest payments will be authorized. The Certificates shall be sold by the City for a price not less than [98%] of the total principal amount thereof. Each bid shall specify the total interest cost during the life of the Certificates on the basis of such bid, the premium or discount, if any, offered by the bidder, and the net interest cost and the true interest cost on the basis of such bid. Each bidder agrees that, if it is awarded the Certificates, it will provide to the City the certification as to initial offering prices described under the caption "Establishment of Issue Price" in this Notice of Sale.

Basis of Award. The Certificates will be awarded to the bidder whose bid will result in the lowest "true interest cost" ("TIC"), determined as follows: the TIC is the discount rate (expressed as a per-annum percentage rate) that, when used in computing the present value of all payments of principal and interest to be paid on the Certificates, from the scheduled payment dates back to the dated date of the Certificates, produces an amount equal to the price bid, including premium or discount, if any, but excluding any interest accrued to the date of delivery. Payments of principal and interest on the Certificates shall be based on the principal amounts set forth in this Notice of Sale and the interest rates specified by each bidder. Present value shall be computed on the basis of semiannual compounding and a 360-day year of twelve 30-day months. No bidder shall be awarded the Certificates unless its bid shall be in compliance with the other terms and conditions of this Notice of Sale. In the event that two or more bidders offer bids at the same lowest TIC, the City shall determine which bid, if any, shall be accepted, and its determination shall be final. In the event the TIC specified in the bid does not correspond to the interest rates specified, the interest rates specified will govern and the TIC will be adjusted accordingly. The City reserves the right to waive irregularities and to reject any or all bids.

Establishment of Issue Size. The winning bidder shall assist the City in establishing the issue price of the Certificates and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the reasonably expected Initial Offering Price (hereinafter defined) to the Public or the sales price or prices of the Certificates, 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 winning bidder, the City and Gilmore & Bell, P.C., Kansas City, Missouri, as Special Counsel to the City (“Special Counsel”). All actions to be taken by the City under this Notice of Sale to establish the issue price of the Certificates may be taken on behalf of the City by the City’s Municipal Advisor identified herein and any notice or report to be provided to the City may be provided to the City’s Municipal Advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Certificates) will apply to the initial sale of the Certificates (the “Competitive Sale Requirements”) because:

- (1) the City shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Certificates to the bidder who submits a firm offer to purchase the Certificates at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Certificates, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the City shall so advise the winning bidder. The City may determine to treat (i) the price at which the first 10% of a maturity of the Certificates (the “10% Test”) is sold to the Public as the issue price of that maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity (the “Hold-The-Offering-Price Rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City if any maturity of the Certificates satisfies the 10% Test as of the date and time of the award of the Certificates. The City shall promptly advise the winning bidder, at or before the time of award of the Certificates, which maturities (and if different interest rates apply within a maturity, which separate CSUIP number within that maturity) of the Certificates shall be subject to the 10% Test or shall be subject to the Hold-The-Offering-Price Rule. Bids will not be subject to cancellation in the event that the City determines to apply the Hold-The-Offering-Price Rule to any maturity of the Certificates. Bidders should prepare their bids on the assumption that some or all of the maturities of the Certificates will be subject to the Hold-The-Offering-Price Rule in order to establish the issue price of the Certificates.

By submitting a bid, the winning bidder shall (i) confirm that the Underwriters have offered or will offer the Certificates to the Public on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the Underwriters participating in the purchase of the Certificates, that the Underwriters will neither offer nor sell unsold Certificates of any maturity to which the Hold-The-Offering-Price Rule shall apply 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 Underwriters have 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 winning bidder shall promptly advise the City when the Underwriters have 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, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Certificates, the winning bidder agrees to promptly report to the City the prices at which the unsold Certificates of that maturity have been sold to the public. At or promptly after the award of the Certificates, the winning bidder shall report to the City the price at which it has sold to the public the Certificates of each maturity sufficient to satisfy the 10% Test. If as of the award of the Certificates the 10% Test has not been satisfied as to any maturity of the Certificates, the winning bidder agrees to promptly report to the City the prices at which it subsequently sells Certificates of that maturity to the public until the 10% Test is satisfied. In either case, if Certificates constituting the first 10% of a certain maturity are sold at different prices, the winning bidder shall report to the City the prices at which Certificates of such maturity are sold until the winning bidder sells 10% of the Certificates of such maturity at a single price. The winning bidder's reporting obligation shall continue as set forth above, whether or not the Closing Date has occurred.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each Underwriter to comply with the Hold-The-Offering-Price Rule, as set forth in an agreement among Underwriters and the related pricing wires, (ii) 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 Hold-The-Offering-Price Rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a third-party distribution agreement that 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 Hold-The-Offering-Price Rule, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-The-Offering-Price Rule and that no Underwriter shall be liable for the failure of any other Underwriter, or 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 regarding the Hold-The-Offering-Price Rule as applicable to the Certificates.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, 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, to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Certificates of that maturity or all Certificates of that maturity have been sold to the public and (B) comply with the Hold-The-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (iii) any agreement among Underwriters relating to the initial sale of the Certificates to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter 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 allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Certificates of that maturity or all Certificates of that maturity have been sold to the Public and (B) comply with the Hold-The-Offering Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Certificates to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) “Public” means any person other than an Underwriter or a Related Party,
- (2) “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),
- (3) 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 (i) at least 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), (ii) 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 (iii) 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
- (4) “Sale Date” means the date that the Certificates are awarded by the City to the winning bidder.

Prior to the delivery of the Certificates, the successful bidder will be required to execute and enter into with the City, a Certificate of Final Terms setting out the final terms of the Certificates, including the principal amounts, interest rates and pricing per maturity and the redemption provisions.

At the request of the City, the successful bidder will provide information explaining the factual basis for the successful bidder’s Issue Price Certificate. This agreement by the successful bidder to provide such information will continue to apply after the issue date of the Certificates if (1) the City requests the information in connection with an audit or inquiry by the Internal Revenue Service or the Securities and Exchange Commission or (2) the information is required to be retained by the City pursuant to future regulation or similar guidance from the Internal Revenue Service, the Securities and Exchange Commission or other federal or state regulatory authority.

Legal Opinion. The Certificates will be sold subject to the approving legal opinion of Gilmore & Bell, P.C., Special Counsel, which opinion will be furnished and paid by the City and printed on the Certificates and delivered to the successful bidder when the Certificates are delivered. Said opinions will also include the opinion of Special Counsel relating to the exclusion of the interest on the Certificates from gross income for federal and Missouri income tax purposes. Reference is made to the Preliminary Official Statement for further discussion of federal and Missouri income tax matters relating to the interest on the Certificates.

Delivery and Payment. The City will deliver the Certificates, properly prepared, executed and registered, without cost to the successful bidder on or about September 23, 2025 in book-entry form only through the facilities of The Depository Trust Company in New York, New York. The successful bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and delivery of the Certificates and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Certificates affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the Certificates shall be made in federal reserve funds, immediately available for use by the City.

Good Faith Deposit. The successful bidder (the “Purchaser”) is required to submit a good faith deposit in the amount of \$172,600 (the “Deposit”) to the City in the form of an electronic transfer of federal reserve funds, immediately available for use by the City, as instructed by the City or its Municipal Advisor, no later than 2:00 P.M., Central Time, on the day the proposals are received. If the Deposit is not received by such time, the City may terminate its proposed award of the Certificates to such Purchaser, and the City may contact the bidder with the next lowest TIC and offer said bidder the opportunity to become the Purchaser. The Deposit of the Purchaser shall constitute a good faith deposit and shall be retained by the City to insure performance of the requirements of the sale by the Purchaser. In the event the Purchaser shall fail to comply with the terms of its bid, the Deposit will be forfeited as full and complete liquidated damages. Upon delivery of the Certificates, the Deposit will be applied to the purchase price of the Certificates or shall be returned to the Purchaser, but no interest shall be allowed thereon. If a bid is accepted but the City fails to deliver the Certificates to the bidder in accordance with the terms and conditions of this Notice of Sale, the Deposit shall be returned to the Purchaser.

Rating. S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (S&P) is expected to assign the Certificates a rating of [“___,”] which reflects S&P’s evaluation of the investment quality of the Certificates. Any explanation as to the significance of the rating may be obtained only from the rating agency. The rating is not a recommendation to buy, sell, or hold the Certificates, and such rating may be subject to revision or withdrawal at any time by the rating agency. Any downward revision or withdrawal of the rating may adversely affect the market price of the Certificates.

Submission of Bids. Electronic bids via PARITY® must be submitted in accordance with this Notice of Sale. During the electronic bidding, no bidder will see any other bidder’s bid or the status of their bid relative to other bids (i.e., whether their bid is a leading bid). Bidders may modify or cancel their bid at any time up to the end of the bidding. If provisions of this Notice of Sale conflict with those of PARITY®, this Notice of Sale shall control. Bids for the Certificates must be received before **10:00 A.M. on MONDAY, SEPTEMBER 8, 2025**. The City and the Municipal Advisor shall not be responsible for any failure, misdirection, delay or error in the means of transmission selected by the bidder.

PARITY®. All proposals must be submitted electronically through PARITY®, and no other proposals will be considered. Information about the electronic bidding services of PARITY® may be obtained from i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Phone No. (212) 849-5000 and from the following web site: www.newissuehome.i-deal.com. The City shall not be responsible for proper operation of, or have any liability for, any delays, interruptions, or damages caused by the use of the PARITY® system. The City is using the PARITY® system as a communication mechanism, and not as the City’s agent, to conduct the electronic bidding for the Certificates. The use of the PARITY® system shall be at the bidder’s risk and expense, and the City and its agents shall have no liability with respect thereto. The bids must be received as provided herein and by the time specified. The City is not bound by any advice or determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and the bid specifications. An electronic bid made through the facilities of PARITY® shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in this Notice of Sale, and such bid shall be binding upon the bidder as if made by a signed and sealed bid delivered to the City or its Municipal Advisor.

Preliminary Official Statement and Official Statement. The City has prepared a Preliminary Official Statement dated [August 22, 2025], “deemed final” by the City except for the omission of certain information as provided by Securities and Exchange Commission Rule 15c2-12, electronic copies of which may be obtained from the Municipal Advisor as provided herein. Upon the sale of the Certificates, the City will adopt the final Official Statement and will furnish the Purchaser with an electronic copy of the final Official Statement within seven business days of the acceptance of the Purchaser’s proposal in order to comply with Rule 15c2-12(b)(4) of the Securities and Exchange Commission and Rule G-32 of the Municipal Securities Rulemaking Board. The City’s acceptance of the successful bidder’s proposal for the purchase of the Certificates shall constitute a contract between the City and the Purchaser for purposes of said Rules.

Continuing Disclosure. The City covenants and agrees to enter into a continuing disclosure undertaking to provide ongoing disclosure about the City, for the benefit of the certificate holders on or before

the date of delivery of the Certificates as required by Section (b)(5)(i) of Rule 15c2-12 of the Securities and Exchange Commission, which continuing disclosure undertaking shall be in the form as may be agreed to in writing by the Purchaser. See the Preliminary Official Statement for statements about the City's compliance with undertakings previously entered into by the City pursuant to Rule 15c-2-12.

CUSIP Numbers. It is anticipated that CUSIP numbers will be printed on the Certificates at the expense of the City. In no event will the City, Special Counsel or the Municipal Advisor be responsible for the review of or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on the Certificates shall not be cause for the Purchaser to refuse to accept delivery of the Certificates.

Additional Information. Additional information regarding the Certificates may be obtained from the Municipal Advisor, Piper Sandler & Co., 11635 Rosewood Street, Leawood, Kansas, 66211, Attention: Todd Goffoy, Office: (913) 345-3373, Mobile: (913) 201-3270, Email: todd.goffoy@psc.com.

Anti-discrimination Against Israel Act. The State of Missouri has adopted the "Anti-discrimination Against Israel Act," Section 34.600, Revised Statutes of Missouri (the "Act"), which provides that "[a] public entity shall not enter into a contract with a company to acquire or dispose of services, supplies, information technology, or construction unless the contract includes a written certification that the company is not currently engaged in and shall not, for the duration of the contract, 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.

The Act provides that any contract that fails to comply with the Act's provisions shall be void as against public policy. By submitting a bid, the successful bidder will be deemed to have certified and agreed that, to the extent the Act is applicable to the underwriting of the Certificates, the successful bidder is not currently engaged in and shall not, for the duration of the underwriting period, 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 with the State of Israel, in all respects within the meaning of the Act.

The foregoing certification shall not be deemed an admission or agreement that the Act is applicable to the underwriting of the Certificates, but the foregoing certification is provided if the Act is applicable. If the Act is initially deemed or treated as applicable to the underwriting of the Certificates, but it is subsequently determined not to apply to the underwriting of the Certificates for any reason including by reason of applicable federal law, including without limitation, 50 U.S.C. Section 4607, the repeal or amendment of the Act or any ruling of a court of competent jurisdiction as to the unenforceability or invalidity of the Act, then the foregoing certification shall cease and not exist.

DATED [August __, 2025].

CITY OF SMITHVILLE, MISSOURI

By: /s/ Damien Boley
Mayor

EXHIBIT A

FORM OF UNDERWRITER'S RECEIPT FOR CERTIFICATES AND CLOSING CERTIFICATE

\$8,630,000*

CITY OF SMITHVILLE, MISSOURI CERTIFICATES OF PARTICIPATION SERIES 2025

The undersigned, on behalf of [Name of Underwriter] (the "Original Purchaser"), as the Original Purchaser of the above-described certificates (the "Series 2025 Certificates"), being issued on the date of this Certificate by the City of Smithville, Missouri (the "City") certifies and represents as follows:

1. Receipt for Series 2025 Certificates. The Original Purchaser acknowledges receipt on the date hereof of all of the Series 2025 Certificates, consisting of fully registered Series 2025 Certificates in authorized denominations in a form acceptable to the Original Purchaser.

2. Issue Price.

(a) *Public Offering.* The Original Purchaser offered all of the Series 2025 Certificates to the Public (as defined below) in a *bona fide* initial offering. Each of said Series 2025 Certificates has been signed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, with the City's official seal affixed or imprinted thereon, and has been authenticated by the manual signature of an authorized officer or signatory of UMB Bank, N.A., Kansas City, Missouri, as trustee for the Series 2025 Certificates.

(b) *Reasonably Expected Initial Offering Prices.* As of the sale date of the Series 2025 Certificates (September 8, 2025), the reasonably expected initial offering prices of the Series 2025 Certificates to the Public by the Original Purchaser are the prices listed in **Attachment A** hereto (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Series 2025 Certificates used by the Original Purchaser in formulating its bid to purchase the Series 2025 Certificates.

ALTERNATIVE LANGUAGE IF COMPETITIVE SALES REQUIREMENTS ARE NOT MET:

[**(a) *Public Offering.* The Original Purchaser has offered all the Series 2025 Certificates to the Public in a *bona fide* initial offering to the Public at the offering prices listed on **Attachment A** (the "Initial Offering Prices"). Included in **Attachment A** is a copy of the pricing wire or similar communication used to document the initial offering of the Series 2025 Certificates to the Public at the Initial Offering Prices.

(b) *Sale Prices.* As of the date of this Certificate, for each Maturity, the price or prices at which the first 10% of such Maturity was sold to the Public is the respective price or prices listed in **Attachment B** and all of the Series 2025 Certificates comprising the first 10% of sales for each Maturity were sold at the same price [**, except for the _____ Maturit[y][ies]. With respect to the _____ Maturit[y][ies], (i) less than 10% of such Maturit[y][ies] have been sold to the Public, and (ii) promptly following the date that the first 10% of such Maturit[y][ies] is sold to the Public, the Original Purchaser will execute a supplemental certificate in substantially the same form as this Certificate, including, a schedule substantially similar to **Attachment B** to this Certificate showing the price or prices at which the first 10% of [**each**] such Maturity was sold to the Public.**]***]

* Preliminary, subject to change.

(c) *Defined Terms.*

(i) The term “Maturity” means Series 2025 Certificates with the same credit and payment terms. Series 2025 Certificates with different maturity dates, or Series 2025 Certificates with the same maturity date but different stated interest rates, are treated as separate maturities.

(ii) The term “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” is defined in U.S. Treasury Regulation § 1.150-1(b) which generally provides that the term related party means any two or more persons who have a greater than 50 percent common ownership, directly or indirectly.

(iii) The term “Underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2025 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) of this paragraph to participate in the initial sale of the Series 2025 Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2025 Certificates to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this Certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the certifications contained herein will be relied upon by the City in executing and delivering its federal tax certificate and with respect to compliance with the federal income tax rules affecting the Series 2025 Certificates, and by Gilmore & Bell, P.C., Special Counsel, in rendering its opinion relating to the exclusion from federal gross income of the interest on the Series 2025 Certificates and other federal income tax advice that it may give to the City from time to time relating to the Series 2025 Certificates.

At the request of the City, we will provide information explaining the factual basis for this Certificate. This agreement to provide such information will continue to apply after the issue date of the Series 2025 Certificates if (1) the City requests the information in connection with an audit or inquiry by the Internal Revenue Service or the Securities and Exchange Commission, (2) related to any determination of the issue price for the Series 2025 Certificates, or (3) the information is required to be retained by the City pursuant to future regulation or similar guidance from the Internal Revenue Service, the Securities and Exchange Commission or other federal or state regulatory authority.

DATED: September __, 2025.

[UNDERWRITER]

By: _____
Title: _____

Attachment A

Expected Offering Prices

[Attach Initial Offering Prices Used in Formulating Bid]

SCHEDULE IF COMPETATIVE SALES REQUIREMENTS ARE NOT MET

Attachment A

Initial Offering Price Documentation

[Attach Pricing Wire or Other Offering Price Documentation]

Attachment B

Sale Price Documentation

[Attach Actual Sales Data Certification or Documentation]

NEW ISSUE—BOOK-ENTRY
BANK QUALIFIEDS&P RATING: [“__”]
See “RATING” herein

In the opinion of Gilmore & Bell, P.C., as 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 Portion of Basic Rent Payments paid by the City under the hereinafter-defined Lease and distributed to the Owners of the Series 2025 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 City’s obligation to pay Basic Rent Payments under the Lease is a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code. Special Counsel notes that for tax years beginning after December 31, 2022, the Interest Portion of Basic Rent paid by the City under the Lease 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” herein.

\$8,630,000*
CITY OF SMITHVILLE, MISSOURI
CERTIFICATES OF PARTICIPATION
SERIES 2025

Dated: Date of Delivery**Due: September 1, as shown on the inside cover**

The Certificates of Participation, Series 2025 (the “**Series 2025 Certificates**”) are being delivered pursuant to a Declaration of Trust dated as of September 1, 2025 (the “**Declaration of Trust**”) executed by UMB Bank, N.A., Kansas City, Missouri, as trustee (the “**Trustee**”) and the City of Smithville, Missouri (the “**City**”). The Series 2025 Certificates represent undivided, proportionate interests in basic rent payments (the “**Basic Rent**” or “**Basic Rent Payments**”) to be paid by the City under an annually-renewable Lease Purchase Agreement dated as of September 1, 2025 (the “**Lease**”) between the Trustee, as lessor, and the City, as lessee.

The Series 2025 Certificates will be in fully registered form in the denomination of \$5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“**DTC**”), New York, New York, which will act as securities depository for the Series 2025 Certificates. So long as Cede & Co. is the registered owner of the Series 2025 Certificates, as nominee of DTC, Beneficial Owners (defined herein) will not receive certificates representing their interests in Series 2025 Certificates, and payments of the Principal Portion (defined herein) and the Interest Portion (defined herein) of the Basic Rent represented by the Series 2025 Certificates will be made directly to DTC or its nominee, Cede & Co. The Interest Portion of each Basic Rent Payment represented by the Series 2025 Certificates will be payable semiannually on March 1 and September 1, beginning March 1, 2026. The Principal Portion of each Basic Rent Payment represented by the Series 2025 Certificates is payable annually on September 1, beginning on September 1, 2026, as shown on the inside cover page of this Official Statement.

The Series 2025 Certificates are subject to prepayment prior to maturity as described herein. See the caption “**THE SERIES 2025 CERTIFICATES – Prepayment Provisions**” in this Official Statement.

The City’s obligation to make Basic Rent Payments and the other obligations of the City under the Lease are subject to and dependent upon annual appropriations being made by the Board of Aldermen of the City for that purpose. The Series 2025 Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the City in any Fiscal Year (defined herein) subsequent to a Fiscal Year as to which the City has appropriated funds to pay Basic Rent Payments to come due under the Lease. If the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments to come due during the immediately following Fiscal Year, the Lease will terminate at the end of the then current Fiscal Year. Upon termination of the Lease, the Series 2025 Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from a sale or lease of the Trustee’s interest in the Leased Equipment (defined herein). The obligation of the City to pay Basic Rent Payments does not constitute a debt of the City in contravention of any applicable constitutional or statutory debt limitation or restriction concerning the creation of indebtedness by the City, and does not constitute a pledge of the general tax revenues, funds, properties or moneys of the City beyond any then current Fiscal Year during which the Lease is in effect. The City is not obligated to levy any taxes in order to raise revenues to make Basic Rent Payments.

The Series 2025 Certificates are subject to certain risks. Prospective purchasers of the Series 2025 Certificates should evaluate the risks and merits of an investment in the Series 2025 Certificates before considering a purchase of the Series 2025 Certificates. See the caption “**RISK FACTORS AND INVESTMENT CONSIDERATIONS**” in this Official Statement.

The Series 2025 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 2025 Certificates will be available for delivery in New York, New York on or about September __, 2025.

Bids for the Series 2025 Certificates will only be received electronically through PARITY electronic bid submission system until 10:00 A.M., Central Time, on Monday, September 8, 2025.

The date of this Official Statement is September __, 2025.

* Preliminary, subject to change

\$8,630,000*
CITY OF SMITHVILLE, MISSOURI
CERTIFICATES OF PARTICIPATION
SERIES 2025

MATURITY SCHEDULE*

Serial Certificates

<u>Maturity Date</u> <u>September 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>
2026	\$255,000		
2027	280,000		
2028	295,000		
2029	310,000		
2030	325,000		
2031	340,000		
2032	360,000		
2033	375,000		
2034	395,000		
2035	415,000		
2036	435,000		
2037	455,000		
2038	470,000		
2039	490,000		
2040	510,000		
2041	535,000		
2042	555,000		
2043	580,000		
2044	610,000		
2045	640,000		

* Preliminary, subject to change

CITY OF SMITHVILLE, MISSOURI
107 W Main Street
Smithville, Missouri 64089
(816) 532-3897

MAYOR AND BOARD OF ALDERMEN

Damien Boley, Mayor
Marvin Atkins, Alderman
Dan Hartman, Alderman
Kelly Kobylski, Alderwoman
Ronald Russell, Alderman
Leeah Shipley, Alderwoman
Melissa Wilson, Alderwoman

CITY ADMINISTRATION

Cynthia Wagner, City Administrator
Gina Pate, Assistant City Administrator
Linda Drummond, City Clerk

CERTIFIED PUBLIC ACCOUNTANT

CliftonLarsonAllen LLP
St. Joseph, Missouri

SPECIAL COUNSEL

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

MUNICIPAL ADVISOR

Piper Sandler & Co.
Leawood, Kansas

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Series 2025 Certificates 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 shall there be any sale of the Series 2025 Certificates 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 furnished by the City and other sources which are believed to be reliable, but such information 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 shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

The Underwriter has included the following sentence for inclusion in this Official Statement. 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.

In connection with this offering, the Underwriter may over allot or effect transactions that stabilize or maintain the market price of the Series 2025 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 2025 Certificates have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or under any state securities or “blue sky” laws. The Series 2025 Certificates are offered pursuant to an exemption from registration with the Securities and Exchange Commission.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included in or incorporated by reference in this Official Statement that are not purely historical are “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, and reflect the City’s current expectations, hopes, intentions or strategies regarding the future. Such statements may be identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget,” “intend” 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. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (1) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (2) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL AND REGULATORY CIRCUMSTANCES, AND (3) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE. UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE CITY ON THE DATE HEREOF, AND THE CITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS SET FORTH IN **APPENDIX D**.

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OFFICIAL STATEMENT
\$8,630,000*
CITY OF SMITHVILLE, MISSOURI
CERTIFICATES OF PARTICIPATION
SERIES 2025

INTRODUCTION

The following introductory information is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and appendices, should be considered in its entirety. The offering of the Series 2025 Certificates to potential investors is made only by means of the entire Official Statement.

General

This Official Statement, including the cover page, inside cover page and appendices hereto, is furnished to prospective purchasers in connection with the offering and sale of the City of Smithville, Missouri (the **“City”**) Certificates of Participation, Series 2025, in the aggregate principal amount of \$8,630,000* (the **“Series 2025 Certificates”**). The Series 2025 Certificates represent the proportionate interests of the owners thereof (the **“Owners”**) in Basic Rent Payments (defined herein) to be made by the City pursuant to an annually-renewable Lease Purchase Agreement dated as of September 1, 2025 (the **“Lease”**), between UMB Bank, N.A., Kansas City, Missouri, as trustee and lessor (the **“Trustee”**), and the City, as lessee. The Trustee and the City have agreed to execute and deliver the Series 2025 Certificates pursuant to a Declaration of Trust dated as of September 1, 2025 (the **“Declaration of Trust”**) related to the Series 2025 Certificates.

The City

The City is a fourth-class city organized and existing under the laws of the State of Missouri. See **“GENERAL AND DEMOGRAPHIC INFORMATION”** in *Appendix A* to this Official Statement.

Plan of Financing

Proceeds received from the sale of the Series 2025 Certificates will be used, along with other available funds of the City, to (1) acquire, construct, install, improve, furnish and equip various projects related to the City’s water and sewer system, including without limitation (a) the acquisition and installation of electric infrastructure for the System, (b) the construction and installation of sewer lift stations, including force mains, at 144th Street and Stonebridge, (c) the construction and installation of a force main from Smith’s Fork lift station, (d) the acquisition and installation of a water main and river crossing, (e) the construction and installation of a gravity sewer main along Owens Branch, and (f) improvements at the water treatment plant (the **“Project”**) and (2) pay costs of executing and delivering the Lease and the Series 2025 Certificates. See also the section captioned **“PLAN OF FINANCING”** in this Official Statement.

The force main and lift station at 144th Street, the, force main and lift station at Stonebridge, the force main at Smith’s Fork lift station, and the gravity sewer main along Owens Branch and related equipment and apparatus to be paid for with proceeds of the Series 2025 Certificates in connection with the Project are referred

* Preliminary, subject to change.

to herein as the **“Leased Equipment.”** See the caption **“PLAN OF FINANCING – The Project and Leased Equipment”** herein for a more detailed description of the Leased Equipment.

Financing Documents

Lease Purchase Agreement. Pursuant to the Lease, (1) the Trustee will agree to execute and deliver the Series 2025 Certificates as provided in the Declaration of Trust and, at the direction of the City, will deposit a portion of the proceeds of the Series 2025 Certificates in the Project Fund (defined herein) which will be used by the City to pay costs of the Project; and (2) the Trustee, as lessor, will lease the Lease Equipment acquired and installed in connection with the Project to the City, as lessee, for a series of one-year terms, with an option to purchase the Trustee’s interest in the Leased Equipment.

The Lease provides, among other things, for an initial term beginning on the date of delivery of the Series 2025 Certificates and ending on October 31, 2025 (the **“Original Term”**), with successive one-year renewal options co-extensive with the City’s Fiscal Year (beginning November 1 and ending October 31) (each a **“Renewal Term”**), provided that that the final Renewal Term does not extend beyond October 31, 2045. Each Renewal Term is subject to annual appropriation by the Board of Aldermen of the City. Furthermore, pursuant to the Lease, the Trustee and the City agree that the Leased Equipment is and shall remain personal property, notwithstanding that it may be in any way affixed to real property. **The Leased Equipment does not include any interests in real property.** See also the section captioned **“PLAN OF FINANCING – The Project and Leased Equipment”** herein for a more complete description of the Leased Equipment.

Declaration of Trust. The Series 2025 Certificates are being executed and delivered pursuant to the Declaration of Trust and represent undivided, proportionate interests in the Basic Rent Payments to be paid by the City under the Lease. Neither the Series 2025 Certificates nor the Basic Rent Payments are obligations of the Trustee, and the Trustee has no liability or obligation under or with respect to the Series 2025 Certificates or the Basic Rent Payments. Under the Declaration of Trust, the Trustee will hold all of its estate, right, title and interest in the Lease for the benefit of the Owners of the Series 2025 Certificates. The Declaration of Trust provides for the future delivery of additional certificates (**“Additional Certificates,”** together with the Series 2025 Certificates, the **“Certificates”**) which, if delivered, will rank on a parity with the Series 2025 Certificates, and any other Certificates then Outstanding under the Declaration of Trust. See the section **“ADDITIONAL CERTIFICATES”** in this Official Statement.

Limited Obligations

Under the Lease, the City has agreed to pay rental payments (the **“Basic Rent”** or **“Basic Rent Payments”**), consisting of a principal portion (the **“Principal Portion”**) and an interest portion (the **“Interest Portion”**), but only if and to the extent that the Board of Aldermen annually appropriates sufficient money to pay the Basic Rent coming due during each succeeding Renewal Term. The Series 2025 Certificates represent undivided, proportionate interests in the Basic Rent.

Following the delivery of the Series 2025 Certificates, the Series 2025 Certificates will be the only Outstanding series of Certificates under the Declaration of Trust. The City has the right to issue Additional Certificates on a parity with the Series 2025 Certificates, as described under the caption **“ADDITIONAL CERTIFICATES”** herein. Basic Rent Payments to be paid by the City under the Lease, which are subject to annual appropriation by the Board of Aldermen of the City, are designed to be sufficient to pay, when due, the Principal Portion and Interest Portion represented by each series of the Certificates.

The City intends to satisfy its obligation to make Basic Rent Payments from appropriated funds from the revenues available from the City’s combined waterworks and sewerage system (the **“System”**). Purchasers of the Series 2025 Certificates should be aware that such funds of the System, together with any other legally available revenues are the City, are not pledged to the payment of Basic Rent represented by the Series 2025

Certificates, and there can be no assurance that the City will appropriate funds for payment of the Basic Rent distributable to the Owners of the Series 2025 Certificates.

None of the Series 2025 Certificates, the Lease or any payments required under the Lease will (a) constitute a mandatory payment obligation of the City in any Fiscal Year beyond the Fiscal Year during which the City is a lessee under the Lease or (b) give rise to a general obligation or other indebtedness of the City. The City is not legally obligated to budget or appropriate money for any Fiscal Year beyond the current Fiscal Year or any subsequent Fiscal Year in which the Lease is in effect, and there can be no assurance that the City will appropriate funds to make Basic Rent or renew the Lease after any Renewal Term. The City may terminate its obligations under the Lease on an annual basis. The City will have the option to purchase the Trustee's interest in the Leased Equipment at the times and upon the conditions described in the Lease, which are summarized under caption **"FORM OF LEASE AGREEMENT"** in *Appendix C* to this Official Statement.

Annual Appropriation Lease

THE BASIC RENT PAYMENTS AND OTHER AMOUNTS DUE UNDER THE LEASE DO NOT CONSTITUTE AN OBLIGATION OF THE CITY IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR AS TO WHICH THE CITY HAS APPROPRIATED FUNDS TO PAY BASIC RENT PAYMENTS AND OTHER AMOUNTS REASONABLY ANTICIPATED TO COME DUE UNDER THE LEASE. IN THE EVENT THE CITY FAILS TO BUDGET, APPROPRIATE OR OTHERWISE PROVIDE FOR SUFFICIENT FUNDS TO PAY BASIC RENT PAYMENTS AND REASONABLY ANTICIPATED OTHER AMOUNTS TO COME DUE DURING THE IMMEDIATELY FOLLOWING FISCAL YEAR, THE LEASE WILL TERMINATE AT THE END OF THE THEN CURRENT FISCAL YEAR. UPON TERMINATION OF THE LEASE, THE SERIES 2025 CERTIFICATES WILL BE PAYABLE SOLELY FROM MONEYS, IF ANY, HELD BY THE TRUSTEE UNDER THE DECLARATION OF TRUST, AND ANY AMOUNTS RESULTING FROM A SALE OR LEASE OF THE TRUSTEE'S INTEREST IN THE LEASED EQUIPMENT. THE OBLIGATION OF THE CITY TO PAY BASIC RENT DOES NOT CONSTITUTE A DEBT OF THE CITY IN CONTRAVENTION OF ANY APPLICABLE CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION CONCERNING THE CREATION OF INDEBTEDNESS BY THE CITY, AND SHALL NOT CONSTITUTE A PLEDGE OF THE GENERAL TAX REVENUES, FUNDS, PROPERTIES OR MONEYS OF THE CITY BEYOND ANY THEN CURRENT FISCAL YEAR DURING WHICH THE LEASE IS IN EFFECT. THE CITY IS NOT OBLIGATED TO LEVY ANY TAXES IN ORDER TO RAISE REVENUES TO MAKE BASIC RENT PAYMENTS.

Risk Factors

Payment of the Principal Portions and Interest Portions of Basic Rent represented by the Series 2025 Certificates is subject to certain risks. See the caption **"RISK FACTORS AND INVESTMENT CONSIDERATIONS"** herein.

Continuing Disclosure Information

The City has covenanted in a Continuing Disclosure Certificate (the **"Continuing Disclosure Certificate"**) to provide certain financial information and operating data relating to the City and to provide notices of the occurrence of certain enumerated events relating to the Series 2025 Certificates. The financial information, operating data and notices of events will be filed by the City in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the **"Rule"**). For more detail, see the caption **"CONTINUING DISCLOSURE"** in this Official Statement and the **"FORM OF CONTINUING DISCLOSURE CERTIFICATE"** attached to this Official Statement as *Appendix D*.

Financial Statements

Audited financial statements of the City, as of and for the Fiscal Year ended October 31, 2024, are included in **Appendix B** to this Official Statement. The financial statements contained therein were audited by CliftonLarsonAllen LLP, independent certified public accountants located in St. Joseph, Missouri, to the extent and for the period indicated in the Independent Auditors' Report which is also included in **Appendix B** to this Official Statement.

Rating

S&P Global Ratings, a division of S&P Global Inc. ("**S&P**") has assigned the Series 2025 Certificates the rating on the cover page of this Official Statement based on the S&P's evaluation of the creditworthiness of the City. Such rating reflects only the views of S&P, and an explanation of the significance of such rating may be obtained therefrom. See also the section captioned "**RATING**" herein.

Definitions and Descriptions; Inspection of Documents

All capitalized terms used in this Official Statement not defined in the text hereof are defined in **Appendix C** to this Official Statement. Brief descriptions of the Series 2025 Certificates, the Lease, the Declaration of Trust, the Continuing Disclosure Certificate and certain other matters are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Lease, the Declaration of Trust and the Continuing Disclosure Certificate are qualified in their entirety by reference to such documents.

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PLAN OF FINANCING

The Project and Leased Equipment

A portion of the proceeds of the Series 2025 Certificates will be used to pay the costs of the Project, which include the acquisition, construction, installation, improvement, furnishing and equipping various projects related to the City's water and sewer system, including without limitation, the following:

- (1) Approximately \$3,510,000 for the construction and installation of a lift station and force main at 144th Street, located east of Highway 169, which includes an updated system of gravity sewers and will collect wastewater for the wastewater treatment plant by way of the South Force Main. The addition of this pump station will consolidate flows from multiple existing pump stations into a single route.
- (2) Approximately \$1,300,000 for the construction and installation of a lift station and force main at Stonebridge, which includes a new gravity sewer line and will provide for future capacity needs.
- (3) Approximately \$600,000 for the construction and installation of a force main from Smith's Fork lift station, which includes the replacement of the existing 4" force main from Smith's Fork Campground to 4th Street and Spelman Drive.
- (4) Approximately \$1,190,000 for the acquisition and installation of a water main and river crossing, which includes a new 12" water main under the Little Platte River for capacity and reliability purposes.
- (5) Approximately \$1,150,000 for the construction and installation of a gravity sewer main along Owens Branch.
- (6) Approximately \$1,000,000 for improvements at the water treatment plant, including, but not limited to improvements to taste and odor.
- (7) The acquisition and installation of electric infrastructure for the System.

The Project is anticipated to cost a total of \$8,750,000. The City expects the installation of the Project will begin in 2025 and will be completed by 2027.

The Leased Equipment consists of the force main and lift station at 144th Street, the, force main and lift station at Stonebridge, the force main at Smith's Fork lift station, the water main and river crossing, and the gravity sewer main along Owens Branch and the equipment and apparatus acquired and installed in connection with the Project that are paid for with proceeds of the Series 2025 Certificates. Pursuant to the Lease, the Trustee and the City agree that the Leased Equipment is and shall remain personal property, notwithstanding that it may be in any way affixed to real property; **therefore, the Leased Equipment does not include any interests in real property.**

Sources and Uses of Funds

The sources and uses of the proceeds of the Series 2025 Certificates are as follows:

Sources of Funds:

Principal Amount of Series 2025 Certificates	\$8,630,000.00*
[Net] Original Issue Premium/Discount	
Total	\$_____

Uses of Funds:

Deposit to Project Fund	\$
Costs of Issuance, including Underwriter's Discount	
Total	\$_____

THE SERIES 2025 CERTIFICATES

General Description

The Series 2025 Certificates represent a proportionate interest in the Principal Portion and Interest Portion of Basic Rent to be paid by the City under the Lease to the Trustee for the benefit of the Owners of the Series 2025 Certificates. The Series 2025 Certificates will be dated the date of delivery and payment therefor and will be delivered in fully-registered form in the denomination of \$5,000 or any integral multiple thereof. The Series 2025 Certificates will be delivered in the aggregate principal amount stated on the cover page hereof and will mature as stated on the inside cover page hereof, subject to prepayment as described herein under the caption **“Prepayment Provisions.”** The Principal Portion of Basic Rent distributable to the Owner of each Series 2025 Certificate will bear interest at specified rates as set forth on the inside cover page hereof. The Interest Portion of the Basic Rent represented by each Series 2025 Certificate will be payable from the date thereof or the most recent date to which said Interest Portion has been paid. The Interest Portion of the Basic Rent represented by the Series 2025 Certificates will be paid on March 1 and September 1 of each year (the **“Basic Rent Payment Dates”**), beginning on March 1, 2026, and will be computed on the basis of a 360-day year of twelve 30-day months.

Payment of the Interest Portion of the Basic Rent represented by any Series 2025 Certificates shall be made to the person appearing on the registration books of the Registrar as the Owner thereof on the Record Date, such Interest Portion to be paid to such Owner (i) by check or draft drawn on the Trustee and mailed to such Owner's address as it appears on the registration books of the Registrar on the Record Date or (ii) by electronic transfer to such Owner upon written notice given to the Trustee by such Owner not less than 15 days prior to the Record Date for such Interest Portion, containing the electronic transfer instructions including the name of the bank, the bank's ABA routing number, the account number to which such Owner wishes to have such transfer directed, and an acknowledgement that an electronic transfer fee may be applicable.

The Principal Portion of the Basic Rent represented by the Series 2025 Certificates shall be payable (whether at maturity or upon prepayment or acceleration) by check, draft or electronic transfer to the Owners of such Series 2025 Certificates upon presentation and surrender of such Series 2025 Certificates at the designated payment office of the Trustee.

While the Series 2025 Certificates remain in book-entry form, payments to Beneficial Owners (defined herein) are governed by the rules of DTC (defined herein) as described in the section **“THE SERIES 2025 CERTIFICATES - Book-Entry Only System”** herein.

* Preliminary; subject to change.

Prepayment Provisions

Optional Prepayment of Series 2025 Certificates. The Series 2025 Certificates are subject to prepayment, as a whole or in part at any time on or after [September 1, 20__] at 100% of the Principal Portion represented thereby, plus the Interest Portion accrued thereon to the prepayment date.

Extraordinary Optional Prepayment – Damage, Destruction, Condemnation, Changes in Law. The Series 2025 Certificates shall be subject to optional prepayment on any date prior to their respective stated maturities, as a whole or in part, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented thereby plus the Interest Portion of Basic Rent accrued to the Prepayment Date, in the event of substantial damage to or destruction or condemnation (other than by the City or any entity controlled by or otherwise affiliated with the City) of, or loss of title to, substantially all of the Leased Equipment, or if as a result of changes in the constitution of the State or legislative or administrative action by the State or the United States, the Lease or the Declaration of Trust becomes unenforceable. See the caption “**FORM OF LEASE AGREEMENT**” in *Appendix C* hereto.

Selection of Certificates to Be Prepaid. Series 2025 Certificates shall be prepaid only in principal amounts of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Series 2025 Certificates are called for optional prepayment, such Series 2025 Certificates shall be prepaid in such order of stated payment dates as is determined by the City. Within a stated payment date the Trustee shall select the Series 2025 Certificates or any given portion thereof to be prepaid by lot or in such equitable manner as the Trustee determines in principal amounts of \$5,000 or any integral multiple thereof.

Partial Prepayment of Certificates. Upon surrender of any Series 2025 Certificate prepaid in part only, the Trustee will execute and deliver to the Owner thereof, at the expense of the City, a new Series 2025 Certificate or Series 2025 Certificates of the same series and maturity, equal in aggregate principal amount to the unprepaid portion of the Series 2025 Certificate surrendered.

Notice of Prepayment. Unless otherwise provided in the Declaration of Trust, notice of prepayment will be given by the Trustee, not more than 60 days and not less than 20 days prior to the Prepayment Date, to the Owner of each Certificate affected at the address shown on the registration books of the Registrar on the date such notice is mailed. Each notice of prepayment will state (a) the Prepayment Date, (b) the place of prepayment, (c) the Prepayment Price, (d) that the proposed prepayment is conditioned upon there being on deposit in the applicable fund or account on the Prepayment Date sufficient money to pay the full Prepayment Price of the Certificates to be prepaid, (e) if less than all, the identification of the Certificates to be prepaid, and (f) if a Certificate is being prepaid in part, the portion thereof being prepaid. The failure of the Owner of any Certificate to be so prepaid to receive notice of prepayment mailed as herein provided or any defect therein will not affect or invalidate the validity of any proceedings for the prepayment of such Certificate.

With respect to optional prepayments, such notice may be conditioned upon moneys being on deposit with the Trustee on or prior to 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 the Series 2025 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 Series 2025 Certificates will not be prepaid.

The Trustee is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the Securities and Exchange Commission. Failure to comply with such standards will not affect or invalidate the prepayment of any Series 2025 Certificate to be prepaid.

The Trustee, as long as a book-entry system is used for the Series 2025 Certificates, will send notices of prepayment only to the Securities Depository (being DTC or its successors and its assigns), as the Owner of the Series 2025 Certificates. Any failure of the Securities Depository to advise any of the Participants, or of any participant or any nominee to notify any Beneficial Owner of the Series 2025 Certificates, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Series 2025 Certificates called for prepayment.

Effect of Prepayment. Notice of prepayment having been duly given as provided in the Declaration of Trust, and upon funds for payment of the Prepayment Price of such Series 2025 Certificates being held by the Trustee, on the Prepayment Date designated in such notice, the Series 2025 Certificates so called for prepayment will become due and payable at the Prepayment Price specified in such notice and the Interest Portion of Basic Rent represented by the Series 2025 Certificates so called for prepayment will cease to accrue, said Series 2025 Certificates will cease to be entitled to any benefit or security under the Declaration of Trust, and the Owners of such Series 2025 Certificates will have no rights in respect thereof except to receive payment of the Prepayment Price. All Series 2025 Certificates prepaid pursuant to the provisions of the Declaration of Trust will be cancelled upon surrender thereof and destroyed by the Trustee.

THE BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2025 Certificates. The Series 2025 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 2025 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 2025 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2025 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 2025 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 2025 Certificates, except in the event that use of the book-entry system for the Series 2025 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2025 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 2025 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 2025 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2025 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 2025 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Certificates, such as prepayments, defaults, and proposed amendments to the related documents. For example, Beneficial Owners of Series 2025 Certificates may wish to ascertain that the nominee holding the Series 2025 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 2025 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 2025 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 2025 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 Series 2025 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 2025 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 2025 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 2025 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 2025 Certificates are transferable only upon the Register upon presentation and surrender of the Series 2025 Certificates, together with instructions for transfer. Series 2025 Certificates may be exchanged for other Series 2025 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.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Series 2025 Certificates, but neither the failure to print such numbers on any Series 2025 Certificates, nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and payment for any Series 2025 Certificates.

ADDITIONAL CERTIFICATES

The Trustee may deliver Additional Certificates may be delivered without the consent of the Owners of the Series 2025 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 does not exceed \$8,630,000.

Any Additional Certificates will be equally and ratably secured by the Declaration of Trust on a parity with the Series 2025 Certificates, except that each series of Certificates, if secured by a reserve fund, is entitled to the benefits and security of a separate account in such reserve fund. Concurrently with the delivery of any such Additional Certificates, the Trustee and the City shall deliver an amendment to the Lease obligating the City to make payments of principal thereof and interest thereon in amounts and at times sufficient to provide for the timely payment of principal of and interest on such Additional Certificates. See the section captioned **"FORM OF THE DECLARATION OF TRUST"** in *Appendix C* to this Official Statement.

SECURITY FOR THE SERIES 2025 CERTIFICATES

Limited Obligations

Each Series 2025 Certificate evidences the undivided, proportionate interest of the Owner thereof in the right to receive Basic Rent Payments to be made by the City under the Lease. The Series 2025 Certificates are

payable solely from the Basic Rent and other money and investments held by the Trustee under the Declaration of Trust.

The Series 2025 Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the City in any Fiscal Year subsequent to a Fiscal Year as to which the City has appropriated funds to pay Basic Rent Payments and other amounts reasonably anticipated to come due under the Lease. If the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and reasonably anticipated other amounts to come due during the immediately following Fiscal Year, the Lease will terminate at the end of the then-current Fiscal Year. The City agrees to deliver notice to the Trustee of such termination at least 90 days prior to the end of the then-current Fiscal Year, but failure to give such notice will not extend the term beyond such Fiscal Year. Upon termination of the Lease, the Series 2025 Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from a sale or lease of the Trustee's interest in the Leased Equipment pursuant to the Lease and the Declaration of Trust. The obligation of the City to pay Basic Rent and, thus, the Series 2025 Certificates, is limited to payment from Available Revenues (as defined below under the section captioned **"Available Revenues"**), will constitute a current expense of the City and will not be a debt of the City in contravention of any applicable constitutional or statutory debt limitation or restriction concerning the creation of indebtedness by the City, and will not constitute a pledge of the general tax revenues, funds, properties or moneys of the City beyond any then current Fiscal Year during which the Lease is in effect. The City is not obligated to levy any taxes or increase other revenues in order to make Basic Rent Payments.

Under the terms of the Lease, if the City elects to renew the Lease at the end of any Renewal Term, it is obligated to budget, appropriate and set aside a portion of its Available Revenues, which appropriation must be sufficient to make the Basic Rent Payments coming due during the ensuing Fiscal Year. To provide for the timely payment of Basic Rent, the City has covenanted and agreed in the Lease to pay the Basic Rent Payments to the Trustee for deposit in the Lease Revenue Fund no later than the five (5) business days prior to each Basic Rent Payment Date (but only if the City elects to renew the Lease for each Renewal Term). **There can be no assurance that the Board of Aldermen will appropriate funds for Basic Rent or renew the Lease for any subsequent Renewal Term. The City is not legally required to budget or appropriate money for any subsequent Fiscal Year beyond the then-current Fiscal Year for which such moneys have been appropriated for the payment of Basic Rent.**

To secure the payment of all of the City's obligations under the Lease, the City has granted, to the extent permitted by law, to the Trustee a security interest in the Leased Equipment and all additions, attachments, accessions thereto, substitutions therefor and proceeds therefrom.

Neither the Series 2025 Certificates nor the Basic Rent Payments are obligations of the Trustee, and the Trustee has no obligation to make any payment with respect to the Series 2025 Certificates or the Lease.

Available Revenues; Sources of Payment

If the City appropriates funds to pay Basic Rent scheduled to become due under the Lease during any Renewal Term, the City is only obligated to pay such Basic Rent from lawfully Available Revenues. **"Available Revenues"** means amounts budgeted and appropriated by the City for such Fiscal Year plus any other funds of the City that are legally available to pay Basic Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

Although Basic Rent Payments due under the Lease distributable to Owners of the Series 2025 Certificates can be made from all Available Revenues of the City, it is the current intention of the City to satisfy its obligations to make Basic Rent Payments under the Lease from revenues generated by the City from the operation of the City's System. Purchasers of the Series 2025 Certificates should be aware that such revenues of the System, together with any other legally Available Revenues of the City, are not pledged to the payment of Basic Rent represented by the Series 2025 Certificates.

Nonappropriation

The Lease Term will continue into each succeeding Fiscal Year, at the option of the City, only if there is an appropriation made by the City from which to pay Basic Rent Payments and all other amounts payable by the City under the Lease during such Fiscal Year.

Upon the occurrence of an Event of Nonappropriation, the City's obligation to make Basic Rent Payments and other payments under the Lease will terminate as of the end of the last Fiscal Year for which the City has appropriated funds to make Basic Rent Payments. If an Event of Nonappropriation occurs, or upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee may take possession of the Leased Equipment, in which event the City will take all actions necessary to authorize, execute and deliver to the Trustee all documents necessary to vest in the Trustee all of the City's interest in and to the Leased Equipment. The Trustee may then terminate the Lease and lease the Leased Equipment or sell its interest therein. Upon the occurrence of an Event of Default or upon the occurrence of an Event of Nonappropriation, the Trustee may declare all Rent payable by the City under the Lease to the end of the then-current Renewal Term to be due. See the sections captioned **"FORM OF LEASE AGREEMENT"** in *Appendix C* attached hereto and the section captioned **"RISK FACTORS"** herein.

THERE CAN BE NO ASSURANCE THAT THE CITY WILL APPROPRIATE FUNDS FOR BASIC RENT PAYMENTS OR RENEW THE LEASE AFTER THE ORIGINAL LEASE TERM OR EACH RENEWAL TERM. NEITHER THE SERIES 2025 CERTIFICATES NOR THE LEASE CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION, NOR A MANDATORY PAYMENT OBLIGATION IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR IN WHICH THE LEASE 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 Leased Equipment

The Leased Equipment will be acquired and installed as part of the Project, to the extent funded in whole or in part with the proceeds of the Series 2025 Certificates (which does not include any interest in the underlying real property). See the section captioned **"PLAN OF FINANCING – The Leased Equipment"** herein. The Trustee and the City have agreed that the Leased Equipment is and will remain personal property. The Leased Equipment will not be deemed to be affixed to or a part of the real estate on or under which it may be situated, notwithstanding that the Leased Equipment or any part thereof may be or hereafter become in any manner physically affixed to, buried in or otherwise attached to such real estate or any building thereon. The Leased Equipment does not include any interests in real property.

Upon the occurrence of an Event of Default under the Lease, which includes an Event of Nonappropriation, the Trustee may terminate the Lease or, with or without terminating the Lease, retake possession of the Leased Equipment or require the City at the City's expense to promptly return any or all of such equipment to the possession of the Trustee at a place specified by the Trustee. The Trustee may sell or lease the Leased Equipment or, for the account of the City, sublease the Leased Equipment continuing to hold the City liable for the difference between (a) the Basic Rent Payments payable by the City under the Lease for the then-current Renewal Term, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease). Exercise of the remedies available to the Trustee may interfere with the City's ability to use any real property on which the Leased Equipment is located. Because the Trustee will not have a lien on the underlying real estate, however, the Trustee will not be able to foreclose on any real estate interest or exercise any of the remedies normally available to a mortgage trustee under a deed of trust.

Due to the nature of the Leased Equipment, no assurance can be given that the Trustee could sell, relet or assign its interest in the Leased Equipment for the amount necessary (after taking into account money legally available from other sources) to pay in full the Principal Portions and Interest Portions of Basic Rent then due with respect to the Series 2025 Certificates. The Leased Equipment includes the force main and lift station at 144th Street, the force main and lift station at Stonebridge, the force main at Smith's Fork lift station, the force main and river crossing, and the gravity sewer main along Owens Branch and the equipment and apparatus acquired and installed in connection with the Project that are paid for with proceeds of the Series 2025 Certificates. The number of potential purchasers or lessees of the Leased Equipment will be limited. Furthermore, no assurance can be given that the amount, if any, realized upon any sale, reletting or assignment of the Trustee's interest in the Leased Equipment will be available and sufficient to provide for the payment of the Series 2025 Certificates on a timely basis.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

The purchase of the Series 2025 Certificates involves certain investment risks that are discussed throughout this Official Statement. Each prospective purchaser of the Series 2025 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 2025 Certificates are described below.

General

The following is a discussion of certain risks that could affect the Basic Rent Payments and other payments to be made by the City with respect to the Lease and the Series 2025 Certificates. To identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement, including the appendices. Prospective purchasers of the Series 2025 Certificates should consider carefully all possible factors that may result in a default in the payment of the Principal Portion or Interest Portion of Basic Rent Payments represented by the Series 2025 Certificates by the City under the Lease, the prepayment of the Series 2025 Certificates prior to maturity or the determination that the Interest Portion of the Basic Rent Payments represented by the Series 2025 Certificates might be deemed taxable for purposes of federal and State income taxation, or that may affect the market price or liquidity of the Series 2025 Certificates. **This discussion of risk factors is not, and is not intended to be, comprehensive or exhaustive.**

Limited Obligations

The Series 2025 Certificates, the Basic Rent Payments and other amounts due under the Lease do not constitute an obligation of the City in any Fiscal Year subsequent to a Fiscal Year as to which the City has appropriated funds to pay Basic Rent Payments and other amounts reasonably anticipated to come due under the Lease. In the event the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent Payments and reasonably anticipated other amounts to come due during the immediately following Fiscal Year, the Lease will terminate at the end of the then current Fiscal Year. Upon termination of the Lease, the Series 2025 Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from the Trustee's sale or lease of the Leased Equipment pursuant to the Lease and the Declaration of Trust. The obligation of the City to pay Basic Rent and, thus, the Series 2025 Certificates, is limited to payment from Available Revenues, will constitute a current expense of the City and will not be a debt of the City in contravention of any applicable constitutional or statutory debt limitation or restriction concerning the creation of indebtedness by the City, and will not constitute a pledge of the general tax revenues, funds, properties or moneys of the City beyond any then current Fiscal Year during which the Lease is in effect. The City is not obligated to levy any taxes in order to raise revenues to make Basic Rent Payments.

The City's obligations under the Lease to make Basic Rent Payments may be terminated on an annual basis by the City without any penalty, and there is no assurance that the City will budget funds

for that purpose. Accordingly, the likelihood that there will be sufficient funds to pay the Series 2025 Certificates is dependent upon certain factors that are beyond the control of the Owners of the Series 2025 Certificates, including (a) the continuing need of the City for the Leased Equipment, (b) the ability of the City to generate sufficient revenues to pay Basic Rent and other obligations associated with the Lease and any other obligations of the City and (c) the ability of the Trustee to sell or lease the Leased Equipment to third parties, in the event of a termination of the Lease by reason of an Event of Nonappropriation or an Event of Default.

Results of Nonappropriation

An “**Event of Nonappropriation**” occurs if the City fails to budget, appropriate or otherwise provide for sufficient funds to pay Basic Rent and other amounts reasonably anticipated to come due during the immediately following Fiscal Year. See the section “**FORM OF LEASE AGREEMENT**” in *Appendix C* to this Official Statement for a discussion of the results of an Event of Nonappropriation.

The Lease will expire by its terms at the end of each Renewal Term (which is the end of each Fiscal Year of the City), with the final Renewal Term not extending beyond October 31, 2045, unless the City in its sole discretion exercises the option provided in the Lease to extend its term for each next succeeding Renewal Term. If in any year the City does not extend the term of the Lease, the City’s obligation to make payments will terminate at the end of the then current Renewal Term (which will be the end of the City’s then current Fiscal Year).

Upon the occurrence of an Event of Default under the Lease, which includes an Event of Nonappropriation, the Trustee may terminate the Lease or, with or without terminating the Lease, enter onto the real property on which the Leased Equipment is located and retake possession of the Leased Equipment or require the City at the City’s expense to promptly return any or all of such equipment to the possession of the Trustee at a place specified by the Trustee. The Trustee may sell or lease the Leased Equipment or, for the account of the City, sublease the Leased Equipment continuing to hold the City liable for the difference between (a) the Basic Rent Payments payable by the City under the Lease for the then current Renewal Term, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease). Exercise of the remedies available to the Trustee may interfere with the City’s ability to use the real estate or any facilities upon which the Leased Equipment is located. Because the Trustee will not have a lien on any underlying real estate, however, the Trustee will not be able to foreclose on any real estate interest or exercise any of the remedies normally available to a mortgage trustee under a deed of trust.

The Trustee and the City have agreed that the Leased Equipment is and will remain personal property. The Leased Equipment will not be deemed to be affixed to or a part of the real estate on or under which it may be situated, notwithstanding that the Leased Equipment or any part thereof may be or hereafter become in any manner physically affixed to, buried in or otherwise attached to such real estate. If necessary to protect the security interest of the Trustee and upon the request of the Trustee, the City will, at the City’s expense, furnish a waiver of any interest in the Leased Equipment from any party having an interest in any such real estate. A UCC fixture filing will not be recorded in any real property records.

Because of the nature of the Leased Equipment, it may not be reasonably or easily removed or converted to alternative uses. A potential purchaser of the Series 2025 Certificates should not assume that it will be possible to sell or lease the Trustee’s interest in the Leased Equipment after a termination of the Lease for an amount equal to the aggregate Principal Portion of the Basic Rent Payments represented by the Series 2025 Certificates then Outstanding plus the Interest Portion of the Basic Rent Payments represented by the Series 2025 Certificates accrued thereon.

Delays in Exercising Remedies

A termination of the City's right of possession of the Leased Equipment under the Lease as a result of an Event of Default or an Event of Nonappropriation or expiration of the term of the Lease at the end of any Renewal Term without an extension for the next succeeding Renewal Term will give the Trustee the right of possession of, and the right to sell, relet or assign its interest in, the Leased Equipment in accordance with the provisions of the Lease and the Declaration of Trust. However, the enforceability of the Lease and the Declaration of Trust is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the exercise of judicial authority by the State of Missouri 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 Leased Equipment is used by the City for the performance of its essential governmental functions. Due to the essential governmental use of the Leased Equipment, the nature of the Leased Equipment itself and the delays inherent in obtaining possession of the Leased Equipment 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 Portions and Interest Portions of Basic Rent Payments with respect to the Series 2025 Certificates. The legal opinion to be provided with the delivery of the Series 2025 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 (a) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (b) general principles of equity, and (c) the exercise of judicial discretion in appropriate cases. If such money is insufficient to pay all Outstanding Series 2025 Certificates and any Additional Certificates issued on a parity therewith in full, the Series 2025 Certificates and any such Additional Certificates would be paid in part on a *pro rata* basis. Any delays in the ability of the Trustee to obtain possession of the Leased Equipment will, of necessity, result in delays in any payment of Principal Portions and Interest Portions of Basic Rent Payments with respect to the Series 2025 Certificates.

Construction Risks

There can be no assurance that the actual costs of the Project will not exceed the funds available from the proceeds of the Series 2025 Certificates and other available funds of the City. Change orders and other contingencies such as weather conditions, labor conditions and difficulties in obtaining materials, may also cause the actual cost of completion to exceed available funds. Because the Leased Equipment serves as collateral for the Series 2025 Certificates, the failure by the City to complete the Project would likely adversely affect the security for the Series 2025 Certificates and could increase the likelihood of nonappropriation of Basic Rent Payments by the City.

Damage or Destruction of the Leased Equipment

The Lease requires the Leased Equipment to be insured as described in **"FORM OF LEASE AGREEMENT"** in *Appendix C*. If the Leased Equipment is damaged or destroyed or if title to, or the temporary use of the Leased Equipment is nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or others acting pursuant to a governmental authority, the City and the Trustee will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Leased Equipment, unless the City shall have exercised its option to purchase the Trustee's interest in the Lease Equipment. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the City and shall be held and appropriated by the City for the exclusive purpose of paying Rent under the Lease. If said Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, restoration, modification or improvement, the City shall nonetheless complete the work thereof and shall pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

If the City determines that repairing, restoring, modifying or improving the Leased Equipment is not economically feasible or in the best interest of the City, then, in lieu of repairing, restoring, modifying or improving the Leased Equipment, the City shall promptly purchase the Leased Equipment by paying the Purchase Price to the Trustee and any Net Proceeds shall be applied to such payment.

The City shall not, by reason of any Net Proceeds being insufficient to pay in full the cost of repairing, restoring, modifying or improving the Lease Equipment, be entitled to any reimbursement from the Trustee or the Owners of the Series 2025 Certificates, or any diminution of the rentals payable by the City under the Lease.

There can be no assurance either as to the adequacy of, or timely payment under, property damage insurance in effect at the time of damage or destruction or that the City will elect to extend the term of the Lease for the next Renewal Term succeeding such damage or destruction. See the section captioned **“FORM OF LEASE AGREEMENT”** in *Appendix C* to this Official Statement.

Investment Rating

The lowering or withdrawal of the investment rating initially assigned to the Series 2025 Certificates could adversely affect the market price for and the marketability of the Series 2025 Certificates.

Secondary Market

The Underwriter will not be obligated to repurchase any of the Series 2025 Certificates, and no representation is made concerning the existence of any secondary market for the Series 2025 Certificates. No assurance is given that any secondary market will develop following the completion of the offering of the Series 2025 Certificates and no assurance is given that the initial offering price for the Series 2025 Certificates will continue for any period of time.

The lowering or withdrawal of the investment rating initially assigned to the Series 2025 Certificates could adversely affect the market price for and the marketability of the Series 2025 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.

Bankruptcy

In addition to the limitations on remedies contained in the Declaration of Trust and the Lease, the rights and remedies provided in the Declaration of Trust and the Lease may be limited by and are subject to (a) bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors' rights, (b) the application of equitable principles, (c) the exercise of judicial discretion in appropriate cases and (d) limitations on legal remedies against public agencies in the State. The City, like all other political subdivisions within the State, is specifically authorized by State law to institute proceedings under Chapter 9 of the Federal Bankruptcy Code. Such proceedings, if commenced, are likely to have an adverse effect on the market price of the Series 2025 Certificates.

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 Portion or Interest Portion due with respect to the Series 2025 Certificates. Accordingly, any potential purchaser of the Series 2025 Certificates should consider the financial ability of the City to pay Basic Rent Payments under the Lease.

Cybersecurity Risks

The City relies on its information systems to provide security for processing, transmission and storage of confidential and other credit 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, including services provided by the City's System, or the unauthorized disclosure of confidential and other credit 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 has cybersecurity insurance through CFC Underwriting Limited in an amount of up to \$2,000,000.

Amendment of the Declaration of Trust and the Lease

Certain amendments to the Declaration of Trust and the Lease may be made without notice to or consent of the Owners (including amendments reacted to the delivery of Additional Certificates). Certain amendments to the Declaration of Trust and the Lease may be made with the consent of the Owners of not less than a majority in principal amount of the Certificates then Outstanding affected by such supplemental declarations of trust or supplemental leases. Such amendments, may adversely affect the security of the Owners of the Certificates.

Parity Obligations

The Declaration of Trust permits the delivery of Additional Certificates payable from the Trust Estate on a parity with the pledge of the Trust Estate to the payment of the Series 2025 Certificates. See the section captioned **"ADDITIONAL CERTIFICATES"** in this Official Statement. Additional Certificates may be delivered for any purpose without the consent of or notice to the Owners of the Series 2025 Certificates (i) if the Additional Certificates are being delivered to refund Certificates to provide present value debt service savings for the City, or (ii) if Additional Certificates to be delivered are in an amount, together with all other Certificates then Outstanding, not to exceed \$8,630,000. The delivery of Additional Certificates payable from the Trust Estate on a parity with the pledge of the Trust Estate to the payment of the Series 2025 Certificates may dilute the security for the Series 2025 Certificates by increasing payment obligations under the Declaration of Trust without a concomitant increase in the security for the Series 2025 Certificates.

Effects on Tax-Exemption of the Certificates Upon Termination of the Lease

Special Counsel is not rendering an opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Series 2025 Certificate subsequent to termination of the Lease for any reason (including an Event of Nonappropriation or an Event of Default). If the Lease is terminated while the Series 2025 Certificates are Outstanding, there is no assurance that the Series 2025 Certificates may be transferred by an Owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

Special Counsel is not rendering an opinion with respect to the exclusion from gross income of the Interest Portion of Basic Rent distributable to Owners of the Series 2025 Certificates subsequent to the termination of the Lease for any reason (including an Event of Default or an Event of Nonappropriation under the Lease). If the Lease is terminated while the Series 2025 Certificates are Outstanding, there is no assurance that payments made to Owners of the Series 2025 Certificate after such termination with respect to interest will be excluded from gross income of the Owners thereof for federal or State income tax purposes.

Taxability

The Series 2025 Certificates are not subject to prepayment, nor is the payment of any additional interest or penalties on the Series 2025 Certificates required, in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the Interest Portion of the Basic Rent Payments paid or to be paid with respect to any Series 2025 Certificate is or will be included in the gross income of the Owner of a Series 2025 Certificate for federal income tax purposes. Such determination may, however, result in a breach of the City's tax covenants set forth in the Lease. Likewise, the Declaration of Trust does not require the prepayment of the Series 2025 Certificates or the payment of any additional interest or penalty on the Series 2025 Certificates if the Interest Portion of the Basic Rent Payments with respect to the Series 2025 Certificates loses its exemption from income taxes imposed by the State. In such circumstances, it may be that Owners would continue to hold their Series 2025 Certificates, receiving Principal Portions and Interest Portions as and when due, but would be required to pay federal and State income tax on each payment of the Interest Portion as received or accrued.

Special Counsel expresses no opinion as to the federal or State tax exemption of the Interest Portions on the Series 2025 Certificates in the event of payment thereof (a) if the City fails to budget and appropriate sufficient moneys to pay the Basic Rent Payments under the Lease or (b) the Lease 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 2025 Certificates. Owners of the Series 2025 Certificates are advised that, if an audit of the Series 2025 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 2025 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 2025 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 2025 Certificate at a price in excess of its principal amount or who holds such Series 2025 Certificate trading at a price in excess of par should consider the fact that the Series 2025 Certificates are subject to prepayment prior to maturity at the Prepayment Prices described herein if the Series 2025 Certificates are prepaid prior to maturity. See the section captioned **"THE SERIES 2025 CERTIFICATES – Prepayment Provisions"** in this Official Statement.

Changes in Makeup of Board of Aldermen

All of the members of the Board of Alderman are elected to staggered four-year terms of office. It is likely that, over time, the composition of the Board of Aldermen will change. Such a change could impact the Board of Aldermen's willingness to appropriate funds to pay the Basic Rent under the Lease, particularly if the newly elected individuals are less supportive of the Projects financed by the Series 2025 Certificates.

Potential Impacts Resulting from Epidemics or Pandemics

The City's finances may be materially adversely affected by unforeseen impacts of future epidemics and pandemics. The City cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the City.

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 2025 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.

Defeasance Risks

When all Certificates are deemed paid as provided in the Declaration of Trust (in *Appendix C*, see **“FORM OF DECLARATION OF TRUST”**), the Declaration of Trust and the Lease will be released and terminated, and the Leased Equipment encumbered by the Lease as security for the Certificates will be released. Any Certificate shall be deemed paid when (a) payment of the Principal Portion of Basic Rent Payments evidenced by such Certificate and premium, if any, thereon and the Interest Portion of Basic Rent Payments payable with respect thereto whether such payment is by reason of the stated payment date or upon prepayment as provided in the Declaration of Trust either (i) has been made in accordance with the terms of such Certificate (determined assuming the City has appropriated funds to pay all Basic Rent Payments through the final Renewal Term of the Lease or through the Prepayment Date), or (ii) has been provided by irrevocably depositing, in trust and irrevocably set aside exclusively for such payment, (A) cash sufficient to make such payment and/or (B) Government Obligations, maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment, and (b) all necessary and proper fees, compensation and expenses of the Trustee pertaining to such Certificate have been paid or the payment thereof provided for to the satisfaction of the Trustee. Government 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 one of the two highest rating categories by the rating agencies. There is no legal requirement in the Declaration of Trust or the Lease that Government 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 Government Obligations to the extent the Government Obligations have a change or downgrade in rating.

Other Factors

Other factors, including but not limited to 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 Management.* Changes in key management 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, including increased unemployment and inability to control expenses in periods of inflation, could adversely impact the City’s financial performance, including its tax revenues and other revenues.
3. *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.
4. *Natural Disasters.* The occurrence of natural disasters, such as floods, droughts, tornadoes or earthquakes, could damage the City’s facilities, interrupt services or otherwise impair operations of the City.
5. *Organized Labor Efforts.* Efforts to organize employees of the City into collective bargaining units could result in adverse labor actions or increased labor costs.

System-Related Annual Appropriation Obligations

The City has previously issued annual appropriation obligations in the form of Certificates of Participation, Series 2018 (the “Series 2018 Certificates”) to acquire equipment and improvements for the System. The City has been and intends to continue paying debt service on the Series 2018 Certificates from surplus revenues of the System. However, the revenues of the System are not pledged to the repayment of the Series 2018 Certificates and the availability of funds for payment of debt service on the Series 2018 Certificates. The Series 2004 Certificates are expected to be paid off on September 1, 2038.

Authority to Issue Revenue Obligations

The City may issue revenue bonds to finance additional capital projects to the System upon a simple majority vote of the qualified voters that would be secured by the net revenues of the System. The City currently has plans to obtain such voted authority in the next five years. Because the debt service on the Series 2018 Certificates, the Series 2025 Certificates and any Additional Certificates that may be delivered are paid for with surplus revenues of the System, if revenue bonds are issued, any system-related annual appropriation obligations would have a junior and subordinate claim on the net revenues of the System for the payment of debt service.

LEGAL MATERS

Legal matters with respect to the authorization, delivery and sale of the Series 2025 Certificates are subject to the approving legal opinion of Gilmore & Bell, P.C., Kansas City, Missouri, as Special Counsel to the City, which opinion will be rendered in substantially the form set forth in **Appendix E** hereto. Gilmore & Bell, P.C., 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 and certified public accountants, as referred to herein, and Special Counsel expresses no opinion as to the accuracy or sufficiency thereof.

The legal opinion to be delivered concurrently with the delivery of the Series 2025 Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Series 2025 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 2025 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 2025 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 2025 Certificates.

Opinion of Special Counsel

In the opinion of Gilmore & Bell, P.C., Special Counsel, under the law existing as of the date of delivery of the Series 2025 Certificates:

Federal and State of Missouri Tax Exemption. The Interest Portion of the Basic Rent Payments paid by the City under the Lease and distributed to the Owners of the Series 2025 Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The Interest Portion paid by the City under the Lease is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Series 2025 Certificate are designated as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code.

Special Counsel’s opinions are provided as of the date of delivery of the Series 2025 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 2025 Certificates in order that the Interest Portion be, or continue to be, excludable from gross income for federal 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 Portion in gross income for federal and State of Missouri income tax purposes retroactive to the date of delivery of the Series 2025 Certificates. Special Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2025 Certificates but has reviewed the discussion under this section **“TAX MATTERS.”**

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2025 Certificate over its issue price. The stated redemption price at maturity of a Series 2025 Certificate is the sum of all payments on the Series 2025 Certificate other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2025 Certificate is generally the first price at which a substantial amount of the Series 2025 Certificates of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2025 Certificate during any accrual period generally equals (1) the issue price of that Series 2025 Certificate, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2025 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 payable on that Series 2025 Certificate during that accrual period. The amount of original issue discount 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 2025 Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2025 Certificate over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2025 Certificate is the sum of all payments on the Series 2025 Certificate other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2025 Certificate is generally the first price at which a substantial amount of the Series 2025 Certificates of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt obligations amortizes over the term of the Series 2025 Certificate using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2025 Certificate and the amount of

tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which 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 2025 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, Legal Defeasance or Retirement of Series 2025 Certificates. Upon the sale, exchange, legal defeasance or retirement (including prepayment) of a Series 2025 Certificate, an owner of the Series 2025 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 actually or constructively received on the sale, exchange, legal defeasance or retirement of the Series 2025 Certificate (other than in respect of the accrued and unpaid Interest Portion) and such owner's adjusted tax basis in the Series 2025 Certificate. To the extent a Series 2025 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 2025 Certificate has been held for more than 12 months at the time of sale, exchange, legal defeasance or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of Principal Portion, Interest Portion and prepayment premium paid on the Series 2025 Certificates, and to the proceeds paid on the sale of the Series 2025 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 2025 Certificates should be aware that ownership of the Series 2025 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, 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 2025 Certificates. Special Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2025 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 2025 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 Portion of Basic Rent paid by the City and distributed to the Owners of the Series 2025 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.

CONTINUING DISCLOSURE

The City is executing a Continuing Disclosure Certificate, in substantially the form provided in ***Appendix D*** to this Official Statement, for the benefit of the owners and Beneficial Owners of the Series 2025 Certificates in order to comply with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). 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 certain prior obligations of the City, to provide to the national information repositories (presently, only the MSRB) the City's audited financial statements and certain operating data. Over the last five years, the City has

filed its audited financing statement and operating data on a timely basis. In order to promote compliance with the City's obligations under the Continuing Disclosure Certificate and the City's prior undertakings with respect to the content of Annual Reports, the City engaged the law firm of Gilmore & Bell, P.C. to provide filing reminders and to assist the City in determining the required content of the Annual Reports and in submitting such Annual Reports to the MSRB via EMMA.

RATING

Standard & Poor's Rating Services has assigned the Series 2025 Certificates a rating of ["__,"] as set forth on the cover page hereof, based on the credit worthiness of the City.

The rating reflects only the views of S&P at the time such rating is given, and the Underwriter and the City make no representation as to the appropriateness of such rating. An explanation of the significance of such rating may be obtained only such rating agency. The City has furnished such rating agency with certain information and materials relating to the Series 2025 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 City and the Underwriter have not undertaken any responsibility to bring to the attention of the holders of the Series 2025 Certificates any proposed revision or withdrawal of the rating of the Series 2025 Certificates or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of the rating could have an adverse effect on the market price and marketability of the Series 2025 Certificates.

THE TRUSTEE

UMB Bank, N.A., Kansas City, Missouri, a national banking association duly organized and existing under the laws of the United States of America, will be the trustee under the Declaration of Trust, and the lessor under the 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 Declaration of Trust or the 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 2025 Certificates are executed by the Trustee, not individually or personally but solely as Trustee under the Declaration of Trust, 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 Declaration of Trust or the Lease is to be construed as creating any liability on the Trustee, individually or personally, to perform any covenant either express or implied in the Series 2025 Certificates, the Declaration of Trust or the Lease, all such liability, if any, being expressly waived by the Owners of the Series 2025 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 Series 2025 Certificates. The Trustee and the Owner of any Series 2025 Certificate and any person claiming by, through or under the Trustee or the Owner of any Series 2025 Certificate may look solely to the Trust Estate described in the Declaration of Trust for payment of the interests evidenced by the Series 2025 Certificates.

CERTAIN RELATIONSHIPS

Gilmore & Bell, P.C., as Special Counsel to the City, has represented the Trustee in transactions unrelated to the delivery of the Series 2025 Certificates, but is not representing the Trustee in connection with the delivery of the Series 2025 Certificates.

MISCELLANEOUS

Underwriting

Based upon bids received by the City on September 8, 2025, the Series 2025 Certificates were awarded to [] (the “**Underwriter**”). The Underwriter has agreed to purchase the Series 2025 Certificates at an aggregate purchase price equal to [\$] (the principal amount of the Series 2025 Certificates plus an original issue premium of [\$], less an underwriter’s discount of [\$]), plus accrued interest, if any. The Underwriter is purchasing the Series 2025 Certificates for resale in the normal course of the Underwriter’s business activities. The Underwriter may sell certain of the Series 2025 Certificates at a price greater than such purchase price, as shown on the inside cover page hereof. The Underwriter reserves the right to offer any of the Series 2025 Certificates to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine. The Underwriter reserves the right to join with dealers and other purchasers in offering the Series 2025 Certificates to the public. The Underwriter may offer and sell Series 2025 Certificates to certain dealers (including dealers depositing Series 2025 Certificates into investment trusts) at prices lower than the public offering prices.

Municipal Advisor

Piper Sandler & Co. (the “Municipal Advisor”) has acted as Municipal Advisor to the City in connection with the sale of the Series 2025 Certificates. The Municipal Advisor has assisted the City in matters relating to the planning, structuring and delivery of the Series 2025 Certificates and various other debt related matters. The Municipal Advisor will not be a manager or a member of any purchasing group submitting a proposal for the purchase of the Series 2025 Certificates.

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 2025 Certificates.

References herein to the Declaration of Trust and the 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 Preliminary Official Statement has been “deemed final” by the City except for the omission of certain information as provided by Securities and Exchange Commission Rule 15c2-12. Simultaneously with the delivery of the Bonds, the Mayor of the City, acting on behalf of the City, will furnish to the Underwriter a certificate which shall state, among other things, that to the best knowledge and belief of such officer, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

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 and the Declaration of Trust other than those expressly imposed on the City by the Declaration of Trust or the Lease.

CITY OF SMITHVILLE, MISSOURI

By: _____
Mayor

APPENDIX A

INFORMATION CONCERNING THE CITY AND THE SYSTEM

APPENDIX B

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2024**

APPENDIX C

**FORMS OF
DECLARATION OF TRUST AND LEASE AGREEMENT**

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This **CONTINUING DISCLOSURE CERTIFICATE** dated as of September [___], 2025 (this **“Continuing Disclosure Certificate”**), is executed and delivered by **CITY OF SMITHVILLE, MISSOURI** (the **“City”**).

RECITALS

1. This Continuing Disclosure Certificate is executed and delivered by the City in connection with the issuance of \$8,630,000* original principal amount of Certificates of Participation, Series 2025 (the **“Series 2025 Certificates”**), delivered by UMB Bank, N.A., as trustee (the **“Trustee”**), pursuant to a Declaration of Trust dated as of September 1, 2025 (the **“Declaration of Trust”**) granted by the Trustee and the City, which Series 2025 Certificates evidence interests in the right to receive Basic Rent Payments payable by the City under a Lease Purchase Agreement dated as of September 1, 2025 (the **“Lease”**) entered into between the City, as lessee, and the Trustee, as lessor.

2. The City is entering into this Continuing Disclosure Certificate for the benefit of the Beneficial Owners of the Series 2025 Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the **“Rule”**). The City is the only **“obligated person”** with responsibility for continuing disclosure hereunder.

The City covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Declaration of Trust and the Lease, which apply to any capitalized term used in this Continuing Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the City pursuant to, and as described in, **Section 2** of this Continuing Disclosure Certificate.

“Beneficial Owner” means any registered owner of any Series 2025 Certificates and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Certificates (including persons holding Series 2025 Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2025 Certificates for federal income tax purposes.

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

“Dissemination Agent” means any entity designated in writing by the City to serve as dissemination agent pursuant to this Continuing Disclosure Certificate and which has filed with the City a written acceptance of such designation.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

* Preliminary, subject to change.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the **12-month** period beginning on **November 1** and ending on **October 31** or any other **12-month** period selected by the City as the Fiscal Year of the City for financial reporting purposes.

“Material Events” means any of the events listed in **Section 3** of this Continuing Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“Participating Underwriter” means any of the original underwriter(s) of the Series 2025 Certificates required to comply with the Rule in connection with the offering of the Series 2025 Certificates.

Section 2. Provision of Annual Reports.

- (a) The City shall, not later than **six months** immediately following the end of the City’s Fiscal Year, commencing with the Fiscal Year ending October 31, 2024, file with the MSRB, through EMMA, the following financial information and operating data (the **“Annual Report”**):
 - (1) The audited financial statements of the City for the prior Fiscal Year, prepared in accordance with the accounting principles described in the notes to the financial statements attached as **Appendix B** to the final Official Statement relating to the Series 2025 Certificates. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Series 2025 Certificates, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.
 - (2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Series 2025 Certificates, as described in **Exhibit A**, in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the City.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an **“obligated person”** (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The City shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under

Section 3, and the Annual Report deadline provided above shall automatically become the last day of the ninth month after the end of the City's new fiscal year.

- (b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

Section 3. Reporting of Material Events.

Not later than **10** Business Days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Series 2025 Certificates ("**Material Events**"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) 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 Series 2025 Certificates, or other material events affecting the tax status of the Series 2025 Certificates;
- (7) modifications to rights of Series 2025 Certificate holders, if material;
- (8) Series 2025 Certificate calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Series 2025 Certificates, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, 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;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

If the City has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the City shall send a notice to the MSRB of the failure of the City to file on a timely basis the Annual Report, which notice shall be given by the City in accordance with this **Section 3**.

Section 4. Termination of Reporting Obligation. The City's obligations under this Continuing Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2025 Certificates. If the City's obligations under this Continuing Disclosure Certificate are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Certificate in the same manner as if it were the City, and the City shall have no further responsibility hereunder.

If such termination or substitution occurs prior to the final maturity of the Series 2025 Certificates, the City shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Designated Agents. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the City pursuant to this Continuing Disclosure Certificate.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Certificate, the City may amend this Continuing Disclosure Certificate and any provision of this Continuing Disclosure Certificate may be waived, provided that Special Counsel or other counsel experienced in federal securities law matters provides the City with its written opinion that the undertaking of the City contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Certificate.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Certificate, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that required by this Continuing Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that specifically required by this Continuing Disclosure Certificate, the City shall have no obligation under this Continuing Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the City fails to comply with any provision of this Continuing Disclosure Certificate, any Participating Underwriter or any Beneficial Owner of the Series 2025 Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Continuing Disclosure Certificate. A default under this Continuing Disclosure Certificate shall not be deemed an event of default under the Declaration of Trust, the Lease or the Series 2025 Certificates, and the sole remedy under this Continuing Disclosure Certificate in the event of any failure of the City to comply with this Continuing Disclosure Certificate shall be an action to compel performance.

Section 9. Beneficiaries. This Continuing Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriter, and Beneficial Owners from time to time of the Series 2025 Certificates, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Certificate, the Declaration of Trust, the Lease or the Series 2025 Certificates shall be invalid, illegal or unenforceable, the

validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement 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 documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the City has caused this Continuing Disclosure Certificate to be executed as of the day and year first above written.

CITY OF SMITHVILLE, MISSOURI

By: _____
Name: Damien Boley
Title: Mayor

**EXHIBIT A
TO CONTINUING DISCLOSURE CERTIFICATE**

**FINANCIAL INFORMATION AND OPERATING DATA TO BE
INCLUDED IN ANNUAL REPORT**

The financial information and operating data contained in the tables under the following described sections contained in *Appendix A* of the final Official Statement relating to the Series 2025 Certificates:

DEBT STRUCTURE

Current Indebtedness of the City

Other Obligations

Legal Debt Capacity

FINANCIAL INFORMATION CONCERNING THE CITY

Sources of Revenue

Retail Sales Taxes

Property Valuations – *History of Property Valuation*

Tax Rates – *The table showing tax levies*

Tax Rates – *Tax Collection Record*

APPENDIX E

FORM OF OPINION OF SPECIAL COUNSEL

[Closing Date]

City of Smithville, Missouri
Smithville, Missouri

UMB Bank, N.A., as Trustee
Kansas City, Missouri

[Underwriter]

Re: \$8,630,000* City of Smithville, Missouri, Certificates of Participation, Series 2025 (the **“Series 2025 Certificates”**)

Ladies and Gentlemen:

We have acted as Special Counsel to the City of Smithville, Missouri (the **“City”**), in connection with a transaction involving the above-referenced Series 2025 Certificates, evidencing proportionate interests of the owners thereof in Basic Rent Payments to be made by the City under a Lease Purchase Agreement dated as of September 1, 2025, between UMB Bank, N.A., a national banking association, as lessor and trustee (the **“Trustee”**), and the City, as lessee (the **“Lease”**). *Capitalized terms used herein and not otherwise defined herein will have the meanings assigned to such terms in the Lease.*

We have examined (a) the Lease, (b) the Declaration of Trust dated as of September 1, 2025, between the City and the Trustee (the **“Declaration of Trust”**), (c) the Tax Compliance Agreement dated as of September 23, 2025 related to the Series 2025 Certificates, (d) certifications of officers and officials of the City and others and (e) the form of the Series 2025 Certificates. In addition, we have reviewed and considered the Internal Revenue Code of 1986, as amended (the **“Code”**), and the applicable regulations thereunder promulgated by the United States Treasury Department.

In rendering the opinions set forth herein, we have assumed without undertaking to verify the same by independent investigation, (a) as to questions of fact, the accuracy of all representations of the Trustee and the City set forth in the Lease, the Declaration of Trust, the Tax Compliance Agreement and all certificates of officials of the Trustee, the City and others examined by us, and (b) the conformity to original documents of all documents submitted to us as copies and the authenticity of such original documents and all documents submitted to us as originals.

Based on and subject to the foregoing, we are of the opinion, under existing law, as follows:

1. The Declaration of Trust, the Lease and the Tax Compliance Agreement have been duly authorized, executed and delivered by the City and constitute legal, valid and binding agreements of the City, enforceable in accordance with their terms, except that the Lease is enforceable only during each fiscal year for which sufficient funds have been appropriated.

2. The Series 2025 Certificates have been duly authorized, executed and delivered in accordance with the Declaration of Trust, are entitled to the benefits and security of the Declaration of Trust and evidence interests in the right to receive Basic Rent Payments under the Lease, which right to receive Basic Rent Payments is enforceable in accordance with the terms of the Series 2025 Certificates, the Declaration of Trust and the Lease.

* Preliminary, subject to change.

3. The Interest Portion of each Basic Rent Payment paid by the City under the Lease and distributed to the registered owners of the Series 2025 Certificates (including any original issue discount property allocable to an owner thereof) is excludable from gross income of such registered owners for federal and Missouri income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the execution and delivery of the Lease and the Series 2025 Certificates in order that the Interest Portions of Basic Rent Payments represented by the Series 2025 Certificates be, or continue to be, excluded from gross income for federal and Missouri income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such Interest Portions of Basic Rent Payments in gross income for federal and Missouri income tax purposes retroactive to the date of execution and delivery of the Lease and the Series 2025 Certificates. The City’s obligation to pay Basic Rent Payments under the Lease is a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code.

We express no opinion regarding (a) other federal or Missouri tax consequences arising with respect to the Basic Rent or the Series 2025 Certificates, (b) the treatment for federal or Missouri income tax purposes of any money received by registered owners of the Series 2025 Certificates made pursuant to the Lease upon an Event of Nonappropriation or an Event of Default, (c) the title to or the description of the property subject to the Lease or (d) the accuracy, completeness or sufficiency of any offering material related to the Series 2025 Certificates.

The rights of the owners of the Series 2025 Certificates and the enforceability of the Series 2025 Certificates, the Declaration of Trust, the Lease and the Tax Compliance Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of remedies or creditors’ rights and remedies and to applicable principles of equity if equitable remedies are sought.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

This opinion is limited to the laws of the State of Missouri and applicable laws of the United States.

Very truly yours,

APPENDIX A

THE CITY OF SMITHVILLE MISSOURI

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CITY OF SMITHVILLE, MISSOURI

General

The City is a fourth-class city and political subdivision, duly created and existing under the laws of the State of Missouri. Additional information regarding the City may be obtained from Linda Drummond, City Clerk, City of Smithville, 107 W. Main, Smithville, Missouri 64089, (816) 532-3897. The City was founded in 1824 on the Little Platte River and was the second oldest settlement in Clay County, Missouri. Because the City was subjected to occasional flooding, the Army Corps of Engineers built a dam, impounding potential floodwaters and creating Smithville Lake, an approximately 7,200 acre reservoir just to the east of the City and a popular recreational destination. The City is located primarily in the northwestern part of Clay County, Missouri with a small part of the City extending into Platte County, Missouri, approximately 20 north of Kansas City, Missouri, and 14 miles east of the Kansas City International Airport (KCI). The City's estimated population is approximately 10,971.

The City is governed by a Mayor and a six-member Board of Aldermen elected from three wards, each serving staggered two-year terms. The City Administrator is appointed by the Mayor with the approval of a majority of the Board of Aldermen. The appointment is for an indefinite term. The City Administrator is the budget officer of the City and works directly with the City Clerk, Budget Committee and Mayor in preparing the budget for each year. The City Administrator has continuing responsibility throughout the year in proper implementation and administration of the City budget. Tax rates are established by the Board of Aldermen to support the budget adopted. As required by state law, the aggregate City budget may not include any expenditures in excess of anticipated revenues plus any unencumbered balances. The City's fiscal year ends on October 31.

Municipal Services and Utilities

The City provides water, sewer and garbage collection services to its residents. Platte-Clay Electric Cooperative and KCP&L provide the City with electricity. Spire provides gas service throughout the City. KCP&L and Spire are regulated by the Missouri Public Service Commission.

Transportation and Communication Facilities

U.S. Highway 169 and Missouri Highway 92 intersect in Smithville. The nearby Kansas City Airport offers convenient access to national and international travel.

Educational Institutions and Facilities

Smithville R-II School District provides public education to residents. The District has an enrollment of 2,497 students in three elementary schools, one middle school and a high school.

The Metropolitan Community College north campus is located 12 miles south of Smithville. In addition, there are a number of colleges and universities in the Kansas City metropolitan area and within an easy commute from Smithville.

Recreational and Religious Facilities

Smithville is near the 7,200-acre Smithville Lake with boating, fishing, hiking, swimming and camping facilities. The City has churches representing most of the major denominations.

Economy

In 2000 the population of the City was 5,514 compared to the 2010 Census population of 8,425. The 2020 Census population increased to 10,406, a 26 percent growth rate over ten years. The City is a fast-growing

community offering an education system highly respected for its academic achievements, abundant parks, trails, golf courses, and swimming beaches, and safe neighborhoods. The City offers affordable homes and diverse housing choices, as well as a competitive business environment that supports and encourages investment.

ECONOMIC INFORMATION CONCERNING THE CITY

Commerce and Industry

Because of the City's location, employment opportunities for residents of the City are available both within the City and throughout the Kansas City metropolitan area. Listed below are the major employers located in the Kansas City Metropolitan Statistical Area:

<u>Employer</u>	<u>Type of Business</u>	<u>Employee</u>
Public School System*	Education	47,161
Federal Government	Government	38,651
State/County/City Government**	Government	29,317
The University of Kansas Health System	Acute-Care Hospital	14,763
HCA Midwest Health Systems	Health Care Provider	10,051
Saint Luke's Health System	Health Care Provider	9,973
Ford Kansas City Assembly Plant	Automotive Assembly	9,021
Children's Mercy Hospitals & Clinic	Health Care Provider	7,688
Honeywell Federal Manufacturing & Technologies	Engineering & Manufacturing for US Dept. of Energy	6,637
Oracle Cerner	Health Care Information Technology	6,400
Amazon	Internet Retailer	6,000
Burns & McDonnell	Engineering, Construction & Architecture Firm	5,200
Garmin Ltd.	Communication & Navigation Products	4,807
United States Postal Service	Package Delivery	4,509
Hallmark Cards, Inc.	Greeting Cards, Gifts and Media Network	4,480
University of Kansas Medical Center	Medical Centers	4,157
University Health	Acute-Care Medical Center	4,144
T-Mobile U.S., Inc.	Wireless Carrier	4,000
UPS	Shipping & Logistics Company	3,888
North Kansas City Hospital	Acute-Care Medical Center	3,386

Source: KC's Biggest Public-Sector Employers, Kansas City Business Journal, February 9, 2024, and KC's Biggest Private Sector Employers, Kansas City Business Journal, July 26, 2024. The data compiled is self-reported.

* The number of local employees for the public-school systems is made up of fifty-four (54) public school systems and school districts, including state schools for the Blind and Deaf.

** The number of local employees for the State/County/City Government is made up of sixty-two (62) employers.

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General and Demographic Information

The following tables set forth certain population information.

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
City of Smithville	2,786	5,514	8,425	10,406
Clay County	153,411	184,006	221,939	253,335
Platte County	57,867	73,781	89,322	106,718
State of Missouri	5,117,073	5,595,211	5,988,927	6,154,913

Source: United State Census Bureau, QuickFacts.

Population Distribution by Age

<u>Age</u>	<u>City of Smithville</u>	<u>Clay County</u>	<u>Platte County</u>	<u>State of Missouri</u>
Under 5	816	15,524	6,255	359,915
5-19 years	2,292	50,821	21,495	1,187,955
20-44 years	3,411	87,519	36,183	1,999,311
45-54 years	1,066	32,512	14,061	723,910
55-64 years	1,443	31,129	13,666	817,961
65 years and older	<u>1,524</u>	<u>38,061</u>	<u>17,091</u>	<u>1,079,129</u>
Total	<u>10,552</u>	<u>255,566</u>	<u>108,751</u>	<u>6,168,181</u>
Median Age	36.8	37.6	38.7	38.9

Source: United States Census Bureau, 2023 American Community Survey 5-Year Estimates.

Employment

The following table sets forth unemployment figures for the last five years for Clay County, Platte County, and the State of Missouri.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025*</u>
<i>Clay County</i>					
Total Labor Force	138,246	138,929	142,233	143,066	143,116
Unemployed	6,380	3,457	3,675	4,601	5,594
Unemployment Rate	4.6%	2.5%	2.6%	3.2%	3.9%
<i>Platte County</i>					
Total Labor Force	59,445	60,049	61,591	61,931	61,774
Unemployed	2,258	1,311	1,514	1,987	2,230
Unemployment Rate	3.8%	2.2%	2.5%	3.2%	3.6%
<i>State of Missouri</i>					
Total Labor Force	3,050,028	3,061,279	3,087,759	3,131,182	3,152,888
Unemployed	124,810	76,939	94,172	114,296	133,322
Unemployment Rate	4.1%	2.5%	3.0%	3.7%	4.3%

Source: Missouri Department of Labor and Industrial Relations. *Average of January through April 2025.

Income Statistics

The following table sets forth income figures from the last census information.

	<u>Per Capita</u>	<u>Median Family</u>
City of Smithville	\$40,542	\$113,539
Clay County	42,336	103,627
Platte County	49,273	118,570
State of Missouri	38,497	88,759

Housing Structures

The median value of owner-occupied housing units in the area of the City was as follows:

	<u>Median Value</u>
City of Smithville	\$272,500
Clay County	256,400
Platte County	317,600
State of Missouri	215,600

Source: United States Census Bureau, 2023 American Community Survey 5-Year Estimates.

Building Construction

The following table indicates the number of building permits and total estimated cost of these permits issued within the City over a five-year period. These numbers reflect permits issued for new construction.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025*</u>
<i>Residential</i>					
Number of Permits	48	58	33	93	8
Estimated Cost	\$14,307,983	\$16,760,950	\$10,887,016	\$24,715,319	\$3,334,700
<i>Commercial**</i>					
Number of Permits	32	20	12	6	6
Estimated Cost	\$34,860,987	\$9,875,676	\$1,681,892	\$6,873,272	\$13,221,416
TOTALS:					
Number of Permits	80	78	45	99	14
Estimated Cost	\$49,168,970	\$26,636,626	\$12,568,908	\$31,588,591	\$16,556,116

Source: City. *Through June 2025.

**Includes both new construction, and tenant finish permits, which involves reconstruction of at least a portion of the interior of a building.

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DEBT STRUCTURE OF THE CITY

Current Indebtedness of the City

The following table sets forth as of August 1, 2025 all of the outstanding general obligation indebtedness of the City.

<u>Name of Issue</u>	<u>Issue Date</u>	<u>Principal Amount</u>	<u>Amount Outstanding</u>
General Obligation Bonds, Series 2018	10/02/2018	\$2,000,000	\$1,715,000
General Obligation Bonds, Series 2019	03/14/2019	3,625,000	3,010,000

Debt Summary

(as of 8/1/25)	2024 Assessed Valuation:	\$304,748,939
(except as noted below))	2024 Estimated Actual Valuation:	\$1,411,204,915
	Estimated Population as of July 1, 2024	10,971
	Total Outstanding General Obligation Debt: ⁽¹⁾	\$4,725,000
	Overlapping Debt: ⁽²⁾	\$50,966,364
	Direct and Overlapping General Obligation Debt:	\$55,691,364
	Ratio of General Obligation Debt to Assessed Valuation:	1.55%
	Ratio of General Obligation Debt to Estimated Actual Valuation:	0.33%
	Per Capita General Obligation Debt:	\$430.68
	Ratio of Direct and Overlapping Debt to Assessed Valuation:	18.27%
	Ratio of Direct and Overlapping Debt to Estimated Actual Valuation:	3.95%
	Per Capita Direct and Overlapping Debt:	\$5,076.23

⁽¹⁾ Outstanding general obligation debt as of August 1, 2025.

⁽²⁾ 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 (including general obligation bonds) of political subdivisions with boundaries overlapping the City as of August 1, 2025, and the percentage attributable (on the basis of 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>
Smithville R-II School District	\$68,919,000	73.1%	\$50,379,789
Smithville Area Fire Protection District	825,000	71.1	<u>586,575</u>
Total			<u>\$50,966,364</u>

Other Obligations

The City also issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service, enters into lease financings payable from annual appropriations and issues bonds payable from certain incremental property and sales tax revenues generated in tax increment financing redevelopment areas. Such obligations of the City outstanding as of August 1, 2025 are as follows:

<u>Certificates of Participation</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>
Certificates of Participation, Series 2018	\$8,635,000	\$6,830,000

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 percent 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 percent 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 percent of the assessed valuation. Article VI, Section 26(e) 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 percent 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 percent of the assessed valuation. The legal debt capacity of the City is \$60,949,787, less the amount of outstanding general obligation bonds in the amount of \$4,725,000, leaves a legal debt margin of the City is \$56,224,787.

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 the modified cash basis of accounting, which is a comprehensive basis of accounting other than 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 Board of Aldermen for consideration prior to the fiscal year commencing on November 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 Board of Aldermen. 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 ending October 31, 2024 was performed by CliftonLarsonAllen LLP, St. Joseph, 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.

Sources of Revenue

The City finances its operations through the following taxes and other miscellaneous sources as indicated below for the City's general fund for fiscal year 2024 (the most recent fiscal year for which audited financial statements are available):

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Property Taxes	\$1,208,975	16.92%
Sales and Use Taxes	2,688,789	37.63
Franchise Taxes	804,845	11.26
Licenses, Permits & Fees	351,651	4.92
Intergovernmental Revenues	539,592	7.55
Charges for Services	495,877	6.94
Fines & Forfeitures	88,937	1.24
Interest	730,251	10.22
Other Revenue	<u>237,245</u>	<u>3.32</u>
	<u>\$7,146,162</u>	<u>100.00%</u>

Retail Sales Taxes

The following table shows collections of sales taxes for the City during the last five fiscal years:

<u>Fiscal Year</u>	<u>1% General</u>	<u>1/2% Transportation</u>	<u>1/2% Capital Improvement⁽¹⁾</u>	<u>1/2% Parks & Stormwater⁽²⁾</u>
2024	\$1,587,367	\$678,092	\$776,869	\$774,822
2023	1,427,476	661,373	760,910	760,303
2022	1,317,700	608,120	692,937	690,959
2021	1,259,399	587,177	659,009	614,190
2020	1,257,949	582,359	579,721	-

Source: City.

⁽¹⁾ The City began collecting a 1/2% Capital Improvement Sales Tax in FY 2019.

⁽²⁾ The City began collecting a 1/2% Parks & Stormwater Sales Tax in FY 2021.

The City currently collects a 1% sales tax for general purposes, a 1/2% sales tax for transportation purposes, a 1/2% capital improvement sales tax for the purpose of funding, financing, operating and maintaining capital improvements in the City, and a 1/2% parks and stormwater sales tax for the purpose of stormwater control and capital improvements to local parks.

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Tax Increment Financing

The City has designated tax increment financing redevelopment areas within the City and authorized tax increment financing within those redevelopment areas to reimburse redevelopment project costs to assist in certain developments. These costs are payable solely from moneys on deposit in a "special allocation fund." The moneys deposited into the special allocation fund may consist of (a) certain payments in lieu of taxes, attributable to the increase in assessed valuation of the real property within the redevelopment areas as a result of development, and (b) fifty percent of the total additional revenue from taxes (including the sales taxes of the City but excluding certain other taxes) of local taxing districts that are generated by economic activities within the redevelopment areas over the amount of such taxes generated by economic activities within the year in the calendar year in which the redevelopment areas were designated. As a result, the payments in lieu of taxes attributable to the increase in assessed valuation of the real property within the redevelopment areas and up to fifty percent (50%) of the additional revenues generated by the sales taxes within such redevelopment areas over the amount so generated in the year in which such redevelopment areas were designated may not be available to the City, but instead might be deposited into the special allocation fund and used to pay redevelopment project costs related to the development. The City does not expect that the amount of such payments in lieu of taxes or sales taxes paid into the special allocation fund from these projects will materially affect its ability to pay the Series 2025 Certificates.

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.

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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 of **2024** (the last completed assessment):

	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real Estate:			
Residential	\$214,787,492	19%	\$1,130,460,484
Commercial	47,769,844	32	149,280,763
Agricultural	<u>916,661</u>	12	<u>7,638,842</u>
Sub-Total	\$263,473,997		\$1,287,380,089
Personal Property	<u>41,274,942</u>	33 1/3% *	123,824,826
Total	\$304,748,939		\$1,411,204,915

* 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.

History of Property Valuation:

The total assessed valuation of all taxable tangible property situated in the City, including state assessed railroad and utility property, but excluding the assessed value of property constructed in tax increment financing redevelopment areas, 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>
2024	\$304,748,939	8.94%
2023	279,732,579	17.79*
2022	237,485,177	8.88
2021	218,117,390	14.77*
2020	190,053,661	4.05
2019	182,661,090	11.69*

*Substantial increase due to reassessment by the County.

Property Tax Levies and Collections

Tax Collection Procedure:

Property taxes are levied and collected by the County. 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

Operating Levy. The current general fund levy of the City is \$0.3880 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 current tax rate ceiling for the general fund is \$0.3880 per \$100 of assessed valuation.

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 local governmental unit. Prior to the enactment of SB 711, a Hancock rollback would not necessarily result in a reduction of a city's actual operating 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. Under SB 711, in reassessment years (odd-numbered years), the Hancock rollback is applied to a city's actual operating tax levy, regardless of whether that levy is at the city's tax levy ceiling. This further reduction is sometimes referred to as an "SB 711 rollback." In non-reassessment years (even-numbered years), the operating levy may be increased to the city'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.

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Historical Tax Rates:

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

<u>Fiscal Year Ended October 31</u>	<u>General Fund</u>	<u>Total Levy</u>
2025	\$0.38880	\$0.3880
2024	0.3869	0.3869
2023	0.4126	0.4126
2022	0.4126	0.4126
2021	0.4126	0.4126
2020	0.4484	0.4484

Tax Collection Record:

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

<u>Year Ended October 31</u>	<u>Total Levy</u>	<u>Taxes Levied</u>	<u>Current and Delinquent Taxes Collected*</u>	
			<u>Amount</u>	<u>%</u>
2024	\$0.3869	\$1,070,089	\$1,175,543	109.39%
2023	0.4126	979,864	1,116,997	113.08
2022	0.4126	899,952	1,007,610	111.96
2021	0.4126	852,200	934,865	109.70
2020	0.4484	819,052	895,583	109.34

* The City consistently collects over 100% of taxes levied due to a significant amount of funds received from a surtax imposed within the City. In each of the following fiscal years, the City collected these amounts generated by the surtax: \$85,255.10 in 2020, \$87,137 in 2021, \$112,809.29 in 2022, \$138,308.33 in 2023, and \$150,002.28 in 2024.

Source: The City

Major Property Taxpayers:

The following table sets forth the ten largest real property taxpayers in the City based upon assessed valuation of **2024**.

	<u>Name of Taxpayer</u>	<u>Local Assessed Valuation</u>	<u>% of Total Local Assessed Valuation</u>
1.	IIP-MO I LLC	\$8,639,520	2.8%
2.	Development Associates Smithville, LLC	3,517,540	1.2
3.	Laclede Gas Co	3,112,410	1.0
4.	Equestrian Life Clay Creek, LLC	2,832,160	0.9
5.	Alto Asset Company 4 LLC	1,722,300	0.6
6.	Kansas City Properties & Investments LLC	1,680,100	0.6
7.	Pratt Land LLC	1,112,480	0.4
8.	Kansas City Garage Storage Operating LLC	1,096,990	0.4
9.	Essers Inc	991,680	0.3
10.	Second Wind Reserve LLC	925,180	0.3

Source: Clay County Assessor.

THE SYSTEM

Description of System

The City owns and operates a revenue producing combined waterworks and sewerage system serving the City and its inhabitants (the “System”). The waterworks portion of the System is currently comprised of a water treatment plant, a distribution system of pipes and mains, four water towers with a capacity of 2.25 million gallons, and two clear wells with a capacity of 500,000 gallons. The source of raw water for the waterworks portion of the System is Smithville Lake. The raw water is treated and tested by the System’s water treatment plant before being introduced into the System’s storage and distribution systems. The water treatment plant has a pumping capacity of up to 2.5 million gallons per day, operating seven days a week from 7:00 a.m. to 11:00 p.m.

Water is distributed and delivered to customers through 1.1 miles of 2 inch main, 3 miles of 3 inch main, 4.7 miles of 4 inch main, 9.8 miles of 6 inch main, 51 miles of 8 inch main, 1.9 miles of 10 inch main, 9.5 miles of 12 inch main, and service lines in an amount of 32 miles comprise the remainder of the water system for a total of 113 miles of water line. Of just over 4,195 total water meters in the System, approximately 3,945 are three-quarter-inch meters, 64 are two-inch meters and 11 are four-inch meters. There are approximately 543 fire hydrants connected to the System.

The City’s sewerage collection and treatment facilities consist of a wastewater treatment plant, gravity sewers, two primary force mains, and 31 pump stations. Gravity sewer is connected by way of 1,101 manholes within the System. Currently, sewage flows through the collection system into the wastewater treatment plant before being discharged into the Little Platte River, which ultimately flows to the Platte River. The sewer treatment plant currently has a capacity of approximately 1,250,000 gallons per day.

The water treatment plant and the sewer treatment plant are operated by 12 full-time employees.

Customers

The approximate total number of System customers for each of the last five fiscal years is as follows:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Water Customers	3,883	3,904	3,937	3,975	4,203
Sewer Customers	3,745	3,788	3,800	3,834	3,772

Source: The City.

The approximate total number of customers for the waterworks system for each of the last five fiscal years is as follows:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential	3,634	3,675	3,682	3,703	3,942
Commercial	<u>249</u>	<u>229</u>	<u>255</u>	<u>272</u>	<u>261</u>
Total	3,883	3,904	3,937	3,975	4,203

Source: The City.

The approximate total number of customers for the sewerage system for each of the last five fiscal years is as follows:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential	3,519	3,559	3,567	3,586	3,551
Commercial	<u>226</u>	<u>229</u>	<u>233</u>	<u>248</u>	<u>227</u>
Total	3,745	3,788	3,800	3,834	3,778

Source: The City.

The following is a list of the top ten customers of the System during fiscal year 2024:

	<u>Name</u>	<u>Revenues</u>	<u>% of Total</u>
1.	Platte County PWS #8	\$203,778.39	3.17%
2.	Clay County Parks	82,560.72	1.29
3.	St. Luke's Northland Hospital	80,819.45	1.26
4.	CPC of Missouri – Smithville LLC	67,834.62	1.06
5.	Pro Car Wash – Park Drive	42,767.66	0.67
6.	Clay County Parks – F Highway	32,879.48	0.51
7.	Smithville Properties	32,573.55	0.51
8.	Super 8	28,133.47	0.44
9.	Pro Car Wash – 2 nd Street	27,559.91	0.43
10.	101 US 169 Highway	25,169.49	0.39

Source: The City.

At present, the City has an agreement with the Department of the Army which provides the City with the right to utilize an undivided percent of the useable water storage space (8,000 acre feet) in Smithville Lake for municipal and industrial use. Additionally, the City has an agreement with the Public Water Supply District #8 of Platte County which provides for their connection and maintenance of their system and water rate.

Future Capital Improvements

The City has to make additional material improvements to the System that will require additional bonds or lease obligations, currently planned as follows:

1. Construction of Owens Branch Gravity line, which is a 12-inch gravity sewer main that has multiple phases and extends from the Wastewater Treatment Plant north. This main will provide additional capacity for residential growth and relieve pump stations.
2. Construction of the McDonalds / Central Bank Lift Station, which will eliminate the lift station and convert it to a gravity main
3. Interconnect the mains at 144th Street, Hwy 169, and Major Mall. This will be a 12-inch water main that will provide better distribution from the North water tower.
4. Expansion of the Water Plant, which includes construction of a new filter building, primary settling and rapid mix basins along with piping valving and chemical building. This will provide for additional water demand. Current plant design capacity is 2.5 million gallons per day and future projections indicate maximum daily capacity will need to be 3.2 million gallons per day.
5. Improvement of Taste and Odor Control, which consists of the addition of granular activated carbon on top of the filter media to remove taste and odor issues.
6. Construction of the Highway 92 and Commercial Waterline, which will be a new 12-inch main that will loop the system for better flow and operation of the System.
7. Improvement of the Smith's Fork Park Water main, which will replace the water main to Smith's Fork Park for future park expansion.

8. Expansion of the Wastewater Treatment Plant, which will include a new Sequential Batch Reactor. Current capacity is 1.125 million gallons per day and future design capacity will be 2.25 million gallons per day.

Additional water and wastewater funding include those additional projects that are identified due to development, deterioration of infrastructure and continued maintenance and system improvements. These projects include:

1. Water System: Maintenance of towers, looping of water mains, valve and hydrant replacement, pumps and valve replacement at the water plant.
2. Wastewater System: Slip lining of sewer mains, blower and pump replacements, improvement and rehabilitation of pump stations, UV bulb replacement

Authority to Issue Revenue Obligations

The City may issue revenue bonds to finance additional capital projects to the System upon a simple majority vote of the qualified voters. The City does not currently have any authorized but unissued voted authority for combined waterworks and sewerage system revenue bonds, but has plans to obtain such voted authority in the next five years.

City Water Rates

The current rate schedule (effective as of August 1, 2025) for residents of the City, businesses located within the City and for non-residents is as follows:

	<u>Rate</u>
Residents	\$11.96 per 1,000 gallons
Commercial	\$11.96 per 1,000 gallons
Non-residents	\$25.37 per month + \$15.60 per 1,000 gallons

Source: The City.

City Sewer Rates

The current rate schedule (effective as of August 1, 2025) for residents of the City, businesses located within the City and for non-residents is as follows:

	<u>Rate</u>
Residents	\$10.17 per 1,000 gallons
Commercial	\$10.17 per 1,000 gallons
Non-residents	\$92.61 per month

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DEBT STRUCTURE OF THE SYSTEM

Current Outstanding Revenue Obligations of the System

The City does not currently have any outstanding revenue obligations of the System.

System-Related Annual Appropriation Obligations

The City has provided for a portion of the costs of certain improvements made to the System with money received from annual appropriation certificates of participation, described below:

<u>Name</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding</u>
Refunding and Improvement Certificates of Participation, Series 2018 (the "Series 2018 Certificates")	\$8,635,000	\$6,830,000

The Series 2018 Certificates are secured by an annual appropriation lease executed by the City. The City currently intends to provide for the payment of the principal and interest components of the Series 2018 Certificates from surplus revenues of the System, but revenues of the System are not pledged to such payment. Although the net revenues of the System are not pledged to the repayment of the Series 2018 Certificates, the Series 2018 Certificates were issued to fund improvements to the System and are secured by a security interest in the sewer treatment facility and a water tower that are part of the System. The Series 2018 Certificates are expected to be paid off on September 1, 2038.

Debt Service Requirements

The following table shows debt service schedules by fiscal year for all obligations of the System, including the Series 2025 Certificates being offered. Although the net revenues of the System are not pledged to the repayment of the Series 2018 Certificates and the Series 2025 Certificates being offered, the Series 2018 Certificates were used and the Series 2025 Certificates are intended to be used to fund improvements to the System, and the City has been and intends to continue paying debt service on the Series 2018 Certificates and the Series 2025 Certificates from surplus revenues of the System.

Fiscal Year Ending 10/31	Annual Appropriations Obligations		Total Long-Term Obligations
	Series 2018 Certificates	Series 2025 Certificates	
2026	\$622,350	\$629,546	\$1,251,896
2027	620,050	666,175	1,286,225
2028	622,450	667,175	1,289,625
2029	619,400	667,425	1,286,825
2030-2045__	5,593,544	11,343,200	16,936,744
Total	\$8,077,794	\$13,306,096	\$21,383,890

Historical Debt Service Coverage

The following table sets forth for the last five fiscal years the revenues reflected in the audited financial statements of the City related to the System available to pay debt service to the extent of which such revenues covered debt service requirements during such years. In preparing the table, the City has (a) included in expenses operating transfers to the City's general fund for administration of the System (including billing and administrative supervision), (b) excluded interest paid on borrowed money and depreciation and any costs of improvements that may be capitalized from expenses, and (c) shown debt service related to the Series 2018 Certificates. This summary should be read in conjunction with the financial statements of the City included in **APPENDIX B** to this Official Statement and on file at the City. Reference is hereby made to such financial statements, including the notes thereto. There can be no assurance that the City will generate the revenues set forth below in subsequent fiscal years.

	Fiscal Year Ended October 31				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues					
Operations	\$6,413,127	\$5,674,094	\$5,051,848	\$4,597,991	\$4,107,090
Misc	388,791	1,037,809	2,499,203	352,490	343,226
Interest	<u>13,934</u>	<u>6,345</u>	<u>1,200</u>	<u>4,451</u>	<u>15,954</u>
	\$6,815,852	\$6,718,248	\$7,552,251	\$4,954,932	\$4,466,270
Expenses	\$3,375,228	\$3,199,436	\$2,603,625	\$2,326,329	\$2,396,329
Available for Debt Service	<u>\$3,440,624</u>	<u>\$3,518,812</u>	<u>\$4,948,626</u>	<u>\$2,628,603</u>	<u>\$2,069,941</u>
Debt Service – Including COPs*	\$614,850	\$622,600	\$619,350	\$562,600	\$560,100
Coverage – Including COPs*	5.60x	5.65x	7.99x	4.67x	3.70x

* Includes debt service relating to the Series 2018 Certificates. Although the net revenues of the System are not pledged to the repayment of the Series 2018 Certificates, they were issued to fund improvements to the System and the City has been and intends to continue paying debt service on the Series 2018 Certificates from surplus revenues of the System.