

St. Louis City Ordinance 63135

FLOOR SUBSTITUTE

BOARD BILL NO. [93] 305

INTRODUCED BY ALDERMAN ROBERT RUGGERI

AN ORDINANCE AUTHORIZING AND DIRECTING THE ISSUANCE IN THE NAME OF THE CITY OF ST. LOUIS OF WATER REVENUE BONDS, SERIES 1994, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$60,000,000 OF THE PREPAYMENT AND REDEMPTION IN ADVANCE OF THEIR MATURITY OF THE CITY'S WATER REVENUE BONDS, SERIES 1985 WHICH REMAIN OUTSTANDING AND/OR PURCHASING, CONSTRUCTING, EXTENDING AND IMPROVING THE WATERWORKS SYSTEM OWNED BY THE CITY AS PART OF \$170,000,000 AGGREGATE PRINCIPAL AMOUNT OF THE BONDS APPROVED BY THE VOTERS TO FINANCE THE COST THEREOF; SETTING FORTH CERTAIN TERMS AND CONDITIONS FOR SAID BONDS; GRANTING AUTHORITY TO THE TREASURER OF THE CITY TO EMPLOY A TRUSTEE, PAYING AGENT AND ESCROW AGENT IN CONNECTION WITH SUCH BONDS; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE INDENTURE OF TRUST, THE FIRST SUPPLEMENTAL INDENTURE OF TRUST AND THE ESCROW AGREEMENT; AUTHORIZING THE NEGOTIATED SALE OF THE BONDS AND THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; AUTHORIZING THE PREPARATION AND DISTRIBUTION OF THE PRELIMINARY OFFICIAL STATEMENT AND THE PREPARATION, EXECUTION AND DELIVERY OF THE OFFICIAL STATEMENT WITH RESPECT TO THE BONDS AND THE TAKING OF FURTHER ACTIONS WITH RESPECT THERETO; THE TAKING OF OTHER ACTIONS, APPROVAL AND EXECUTION OF OTHER DOCUMENTS AS NECESSARY OR DESIRABLE TO CARRY OUT AND COMPLY WITH THE INTENT HEREOF AND TO COMPLY WITH THE DUTIES OF THE CITY UNDER ANY AGREEMENT FOR BOND INSURANCE, IF ANY; AUTHORIZING THE TRANSFER OF WATERWORKS SYSTEM REVENUES TO THE ACCOUNTS AND SUB-ACCOUNTS ESTABLISHED UNDER THE INDENTURE, THE FIRST SUPPLEMENTAL INDENTURE AND THE ESCROW AGREEMENT; AUTHORIZING THE TAKING OF OTHER ACTIONS, APPROVAL AND EXECUTION OF OTHER DOCUMENTS AS NECESSARY OR DESIRABLE TO CARRY OUT AND COMPLY WITH

THE DUTIES OF THE CITY UNDER ANY HEDGE AGREEMENT, IF ANY; AND CONTAINING SEVERABILITY AND EMERGENCY CLAUSES.

WHEREAS, the City of St. Louis (the "City") now owns and operates a municipal waterworks system (the "Waterworks System");

WHEREAS, pursuant to Article VI, Section 27 of the Constitution of the State of Missouri, as amended, and Chapter 108 of the Missouri Revised Statutes, as amended, the City financed the purchase, construction, extension and improvement of the Waterworks System and unified its outstanding indebtedness by the issuance of \$11,155,000 of its negotiable interest-bearing water revenue bonds (the "Series 1985 Bonds") on December 12, 1985 of which \$4,820,000 remain outstanding and unpaid as of the date hereof;

WHEREAS, the City has determined that additional funds are needed to provide for the prepayment and redemption in advance of their maturity of the Series 1985 Bonds and/or the purchase, construction, extension and improvement of the Waterworks System, all as described in the First Supplemental Indenture referred to below (collectively, the "Project") and the City finds it necessary and desirable to provide such funds;

WHEREAS, on April 6, 1993 the qualified electors of the City approved the issuance by the City of its negotiable interest-bearing water revenue bonds in the aggregate principal amount of \$170,000,000 for the purpose of extending and improving the Waterworks System and acquiring land, rights-of-way and easements therefor;

WHEREAS, the City is now prepared to issue and sell its Water Revenue Bonds, Series 1994, in one or more series in an aggregate principal amount not to exceed \$60,000,000 (the "Series 1994 Bonds"), the proceeds of which will be used to finance a portion of the cost of the prepayment and redemption in advance of their maturities of the Series 1985 Bonds and/or the purchase, construction, extension and improvement of the Waterworks System, including the funding of a debt service reserve account and other funds established pursuant to the Indenture and the payment of the expenses of the City associated therewith, including but not limited to a bond insurance premium;

WHEREAS, as required by the Indenture, it is necessary and appropriate for the City to issue the Series 1994 Bonds and to secure the Series 1994 Bonds solely from the revenues derived by the City from the operation of the Waterworks System pursuant to the terms of the Indenture as supplemented by

a First Supplemental Indenture, such Indenture and such First Supplemental Indenture to be substantially in the form attached to this Ordinance as Exhibit I (the "Original Indenture") and Exhibit II (the "First Supplemental Indenture") (the Original Indenture as supplemented by the First Supplemental Indenture being hereinafter collectively referred to as the "Indenture");

WHEREAS, it is necessary and desirable that the City enter into certain documents, including the Indenture, the First Supplemental Indenture and the Escrow Agreement, (the forms of which are attached to this Ordinance as Exhibit I, Exhibit II and Exhibit III, respectively) and that the City execute certain other documents and authorize preparation and execution of an official statement and a bond purchase agreement;

WHEREAS, the Series 1994 Bonds and any additional Water Revenue Bonds issued pursuant to the Indenture shall state that such bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation and the taxing power of the City is not pledged to the payment of the principal of, premium, if any, or interest on the Series 1994 Bonds.

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF ST. LOUIS AS FOLLOWS:

Section 1. Authorization of the Series 1994 Bonds; Findings.

The City does hereby authorize and direct the issuance of the Series 1994 Bonds to finance a portion of the cost of the Project, and does hereby find and determine that this Ordinance is being enacted pursuant to Article VI, Section 27 of the Constitution of the State of Missouri and that the issuance of the Series 1994 Bonds is for the public purpose set forth in the recitals to this Ordinance.

Section 2. Principal Amount and Terms and Provisions of the Series 1994 Bonds.

The Board of Aldermen, acting as the governing authority of the City, does hereby authorize the issuance of the Series 1994 Bonds in an aggregate principal amount not to exceed \$60,000,000, the proceeds of which will be used to finance the Cost of Construction (as defined in the Indenture) of the purchase, construction, extension and improvement of the Waterworks System, including in connection therewith, the prepayment and redemption in advance of their maturity of the Series 1985 Bonds and the costs of the refunding of the Series 1985 Bonds, including the funding of a portion of a bond reserve account and other funds, accounts and sub-accounts established pursuant to the

Indenture, and the payment of the costs of issuance associated therewith, including, but not limited to a bond insurance premium. This Board of Aldermen hereby authorizes and directs the Mayor and the Comptroller of the City in the exercise of their sole discretion to determine and establish the aggregate principal amount and the terms and conditions of the Series 1994 Bonds.

Section 3. Source of Repayment; Security; Pledge.

The Series 1994 Bonds and any additional bonds issued under the Indenture, shall be secured and payable, both as to principal and interest and, except to the extent secured and payable from Bond proceeds and certain funds established pursuant to the Indenture, solely from the pledge of revenues from the Waterworks System. The rights of the owners of the Series 1994 Bonds and any additional bonds issued under the Indenture to the revenues of the Waterworks System shall be subject and subordinate to the rights of the holders of certain outstanding obligations (the "Outstanding Obligations") under Ordinances 49382, 51378, 55581 and 58111 pursuant to which the Outstanding Obligations were issued and the application of the revenues of the Waterworks System to the purposes and on the terms and conditions set forth by the Indenture. Upon the issuance and sale of the Series 1994 Bonds, and subject to the prior rights of the holders of the City's Outstanding Obligations issued in the original principal amount of \$23,000,000 which were advance refunded by the Series 1985 Bonds but which Outstanding Obligations are not yet defeased, all revenues derived from the operation of the Waterworks System shall be and are hereby pledged to the payment of the Series 1994 Bonds and any additional bonds issued under the Indenture, all as provided in the Indenture. The Series 1994 Bonds shall be limited obligations of the City, payable solely from revenues derived by the City from the operation of the Waterworks System, and shall not be deemed to be an indebtedness of the State of Missouri or of any political subdivision thereof within the meaning of any constitutional or statutory limitation upon the incurring of indebtedness. The Series 1994 Bonds shall bear such date or dates, mature at such times or times (not exceeding thirty (30) years from their date of issuance), bear interest at such rate or rates (not exceeding the limitations set forth herein), be sold at a premium or at a discount with such discount not to exceed the maximum discount allowable under Missouri law, and be subject to redemption on such conditions and at such time or times as shall be approved by the Mayor and the Comptroller and provided for in the Original Indenture and the First Supplemental Indenture as executed and delivered by the City. The Series 1994 Bonds shall be issuable in such series and denominations, be in fully registered form without coupons and carry such medium of payment at such place or places as the First

Supplemental Indenture may provide. The Board of Aldermen of the City hereby specifically authorizes and directs the Mayor and the Comptroller in the Original Indenture and the First Supplemental Indenture (as executed and delivered by the Mayor and the Comptroller) to enter into such covenants with the future owner or owners of the Series 1994 Bonds and the bond insurer, if any, as to the operation and maintenance of funds, including a debt service reserve account, the application of funds subject to the First Supplemental Indenture, limitations on the issuance of additional water revenue bonds and other pertinent matters as may be deemed by the Mayor and the Comptroller to assure the marketability of the Series 1994 Bonds. Such Original Indenture and such First Supplemental Indenture shall also include remedies in case of default, and such additional covenants, agreements and provisions as are judged advisable or necessary by the Mayor and the Comptroller for the security of the owners of the Series 1994 Bonds.

Section 4. Designation of Fiduciaries.

The Board of Aldermen of the City hereby authorizes and directs the Treasurer of the City in the exercise of such Treasurer's sole discretion to select and designate one or more banks or trust companies within the City to serve as trustee, paying agent(s), escrow agent or other fiduciaries required pursuant to the terms of the Original Indenture.

Section 5. Authority to Execute and Deliver the Original Indenture, the First Supplemental Indenture and the Escrow Agreement.

The Original Indenture, the First Supplemental Indenture and the Escrow Agreement, which are incorporated herein by reference and made a part hereof, are hereby approved, and the Mayor and Comptroller of the City are hereby authorized and directed to execute, acknowledge and deliver the Original Indenture, the First Supplemental Indenture and the Escrow Agreement in substantially such forms as attached to this Ordinance as Exhibit I, Exhibit II and Exhibit III, respectively, the same to be attested by the Register of the City, with such changes therein, including with respect to the First Supplemental Indenture, and, without limitation, and if approved by bond counsel to the City, changes with respect to the bond insurance and the covenants of the City and the manner of holding and application of funds by the City and the Trustee subject to the Original Indenture and the First Supplemental Indenture, as shall be approved by such persons executing the Original Indenture, the First Supplemental Indenture and the Escrow Agreement, their execution to constitute conclusive evidence of their approval of such changes or modifications by the City, and the Register is hereby authorized to affix to the

Original Indenture, the First Supplemental Indenture and the Escrow Agreement the corporate seal of the City and to attest the same.

Section 6. Execution of Series 1994 Bonds.

The Series 1994 Bonds shall be executed on behalf of the City in the manner provided in the Indenture. If any of the officers who shall have signed or sealed any of the Series 1994 Bonds shall cease to be such officers of the City before the Series 1994 Bonds so signed and sealed shall have been actually authenticated by the Trustee specified in the First Supplemental Indenture, or delivered by the City, such Series 1994 Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though the person or persons who signed or sealed such Series 1994 Bonds had not ceased to be such officer or officers of the City; and any such Series 1994 Bonds also may be signed and sealed on behalf of the City by those persons who, at the actual date of the execution of such Series 1994 Bonds, shall be the proper officers of the City, although at the date of such Series 1994 Bonds any such person shall not have been such officer of the City.

Section 7. Manner of Sale of the Series 1994 Bonds; Application of Proceeds.

The City declares that it is in the best interest of the City to sell the Series 1994 Bonds at a negotiated sale in order to obtain the necessary investment expertise in the desired time frame and to obtain greater flexibility in the structuring and marketing of the Series 1994 Bonds. The Series 1994 Bonds may be sold at the best price obtainable at a negotiated sale as the Mayor and the Comptroller shall determine in their sole discretion, subject to the interest rate and par value limitations set forth in Chapter 108.170, Missouri Revised Statutes, as amended. The proceeds from the sale of the Series 1994 Bonds shall be applied by the City simultaneously with the delivery of the Series 1994 Bonds in accordance with the provisions of the First Supplemental Indenture.

Section 8. Execution and Delivery of a Bond Purchase Agreement.

In connection with a negotiated sale of the Series 1994 Bonds, the Board of Aldermen hereby authorizes and directs the Mayor and Comptroller to enter into a Bond Purchase Agreement with the purchaser or purchasers of the Series 1994 Bonds, such Bond Purchase Agreement to set forth the terms of sale and to contain such other customary terms and provisions as the Mayor and the Comptroller shall approve, their execution to constitute conclusive evidence of such approval. The sale of the Series 1994 Bonds pursuant to the Bond Purchase Agreement is hereby authorized.

Section 9. Official Statement.

The Mayor, the Comptroller and other appropriate officers, agents and employees of the City (hereinafter, the "Authorized Officials"), with the advice and concurrence of the City Counselor, are hereby authorized to participate in the preparation of a Preliminary Official Statement with respect to the Series 1994 Bonds, for and on behalf of the City. The Authorized Officials are hereby authorized to permit the managing underwriter and/or financial advisor to the City to use the Preliminary Official Statement in connection with the sale of the Series 1994 Bonds. The Authorized Officials are each hereby authorized to deliver an Official Statement for and on behalf of the City with such customary terms and provisions as the Mayor and the Comptroller shall approve, their execution to constitute conclusive evidence of such approval, and are further authorized to execute such documents with their signatures thereon to be evidence of such approval by the City.

Section 10. Acquisition of Bond Insurance.

Upon the recommendation of the managing underwriter and/or the financial advisor to the City with respect to the Series 1994 Bonds, based upon a cost-benefit analysis, the Comptroller is hereby authorized to approve the terms of any agreement for bond insurance with respect to the Series 1994 Bonds and to purchase bond insurance with respect to the Series 1994 Bonds from a recognized municipal bond insurance company with respect to all or a portion of the Series 1994 Bonds and to execute any agreement for bond insurance with respect to the Series 1994 Bonds and other documents in connection therewith as necessary to obtain bond insurance with respect to the Series 1994 Bonds. The premium and costs payable with respect to any bond insurance acquired for the Series 1994 Bonds shall be payable out of the proceeds thereof as a cost of issuance.

Section 11. Authorized Officials; Further Authority.

The Authorized Officials of the City are hereby empowered to execute and deliver the Series 1994 Bonds and all documents and other instruments which may be required under the terms of the Indenture, the Escrow Agreement, the Bond Purchase Agreement and this Ordinance, or which may be required by bond counsel to the City, including, without limitation, a no-arbitrage certificate and applications, notices and other forms required to qualify the Series 1994 Bonds for sale under state securities or "Blue Sky" laws. The City shall, and the Authorized Officials of the City are hereby authorized to take such further actions, including, but not limited to the transfer of certain

Waterworks System Revenues to the accounts and sub-accounts established under the Indenture, the First Supplemental Indenture and the Escrow Agreement, as may be necessary or desirable to carry out and comply with the intent of this Ordinance, and to carry out, comply with and perform the duties of the City with respect to the Indenture, the Escrow Agreement, the Bond Purchase Agreement, and any agreement with respect to bond insurance.

Section 12. Use of Hedge Agreements.

Upon the recommendation of the managing underwriter and/or the financial advisor to the City with respect to the Series 1994 Bonds and pursuant to the terms of the Indenture and the applicable Supplemental Indenture, the City is hereby authorized to enter into hedging structures including, but not limited to, interest rate exchange agreements, swap agreements, cap agreements, collars, floors, forwards and other hedging structures (collectively, the "Hedge Agreements") which are otherwise not inconsistent with applicable law. The Comptroller is hereby authorized to approve the terms of any hedge agreement and the Mayor and the Comptroller are hereby authorized and directed to make such changes in the Indenture and the applicable Supplemental Indentures as shall be necessary or desirable to effectuate the foregoing and to execute, acknowledge and deliver any Hedge Agreement entered into in connection with the issuance of Water Revenue Bonds under the Indenture and the applicable Supplemental Indenture.

Section 13. Severability.

The sections of this Ordinance shall be severable. In the event that any section of this Ordinance is found by a court of competent jurisdiction to be unconstitutional, the remaining sections of this Ordinance are valid unless the court finds the valid sections of this Ordinance are so essentially and inseparably connected with, and so dependent upon, the void section that it cannot be presumed that the Board of Aldermen would have enacted the valid section without the void ones; or unless the court finds the valid sections, standing alone, are incomplete and incapable of being executed in accordance with legislative intent.

Section 14. Incorporation of Exhibits. The exhibits attached to this Ordinance are hereby incorporated herein by this reference as if such exhibits were duly set forth herein.

Section 15. Emergency Clause.

The passage of this Ordinance and the purchase, construction, extension and improvement of the Waterworks System, including, in connection therewith, the prepayment and redemption in advance of their maturity of the Series 1985 Bonds to be financed with the proceeds of the Series 1994 Bonds being deemed necessary to the immediate preservation of the public peace, health and safety, an emergency is hereby declared to exist under the terms and provisions of Article IV, Sections 19 and 20 of the Charter of the City of St. Louis and this Ordinance shall take effect immediately upon its passage and approval by the Mayor.

INDENTURE OF TRUST

DATED AS OF APRIL 1, 1994

between

THE CITY OF ST. LOUIS

and

MARK TWAIN BANK,

Trustee

relating to

WATER REVENUE BONDS

INDENTURE OF TRUST

TABLE OF CONTENTS*

Parties	1
Recitals	1
GRANTING CLAUSES	2

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

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

Section 102.	Rules of Construction	15
Section 103.	Indenture to Constitute Contract	15

ARTICLE II
THE BONDS

Section 201.	Title and Amount of Bonds	16
Section 202.	Nature of Obligations	16
Section 203.	Form, Denomination and Dating of Bonds	16
Section 204.	Method and Place of Payment of Bonds; Interest Rights Preserved	17
Section 205.	Execution and Authentication of Bonds	17
Section 206.	Registration, Transfer and Exchange of Bonds	18
Section 207.	Persons Deemed Owners of Bonds	19
Section 208.	General Provisions for Issuance of Bonds	19
Section 209.	Initial Issue of Bonds	21
Section 210.	Additional Bonds	22
Section 211.	Refunding Bonds	23
Section 212.	Subordinated Indebtedness	25
Section 213.	Responsibility of Treasurer	26
Section 214.	Mutilated, Lost, Stolen or Destroyed Bonds	26
Section 215.	Cancellation and Destruction of Bonds Upon Payment	26
Section 216.	Temporary Bonds	27
Section 217.	Hedge Agreements	28

ARTICLE III
REDEMPTION OF BONDS

Section 301.	Redemption of Bonds Generally	28
Section 302.	Redemption at the Election or Direction of the City	28
Section 303.	Redemption Otherwise Than at City's Election or Direction	28
Section 304.	Selection of Bonds to be Redeemed	28
Section 305.	Notice of Redemption	29

PAGE

Section 306.	Effect of Call for Redemption	30
--------------	-------------------------------	----

ARTICLE IV
FORM OF BONDS

Section 401.	Form of Bonds	31
--------------	---------------	----

ARTICLE V
CREATION OF FUNDS AND ACCOUNTS

Section 501.	The Pledge Effected by this Indenture	32
Section 502.	Creation of Funds and Accounts	32
Section 503.	Creation of the Rebate Fund	35
Section 504.	Deposits into the Rebate Fund	35
Section 505.	Application of Moneys in the Waterworks Bond and Interest Account	35
Section 506.	Payments Due on Saturdays, Sundays and	

	Holidays	35	
Section 507.	Nonpresentment of Bonds	36	
Section 508.	Repayment to the City from the Waterworks Revenue Fund	36	

ARTICLE VI

RESERVED

ARTICLE VII

DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS
AND INVESTMENT OF FUNDS

Section 701.	Moneys to be Held in Trust	37	
Section 702.	Deposits	37	
Section 703.	Investment of Certain Funds	38	
Section 704.	Valuation and Sale of Investments	38	
Section 705.	Rebate	39	

ARTICLE VIII

PARTICULAR COVENANTS OF THE CITY

Section 801.	Effects of Covenants	40	
Section 802.	Payment of Principal, Premium, if any, and Interest	40	
Section 803.	Extension of Payment of Bonds	40	
Section 804.	Offices for Servicing Bonds	40	
Section 805.	Further Assurance	40	
Section 806.	Powers as to Bonds and Pledge	41	
Section 807.	Powers as to the Waterworks System and Collection of Rates, Fees and Rentals	41	
Section 808.	Indebtedness and Liens	41	
Section 809.	Sale, Lease or Encumbrance of Property	41	
Section 810.	Operations, Maintenance and Reconstruction	43	
Section 811.	Rates and Charges	44	

PAGE

Section 812.	Insurance	44	
Section 813.	Condemnation	45	
Section 814.	Water Consultant	45	
Section 815.	Consulting Engineers	45	
Section 816.	Waterworks System Budget	45	
Section 817.	Accounts and Reports	46	
Section 818.	Completion of Project	48	
Section 819.	Covenants by the City with Respect to Agreements	48	
Section 820.	Covenants with Respect to the Waterworks System and Water Facilities	48	
Section 821.	Fulfillment of Conditions Precedent	48	
Section 822.	Payment of Lawful Charges	49	

ARTICLE IX

DEFAULT AND REMEDIES

Section 901.	Events of Default	50	
Section 902.	Accounting and Examination of Records After Default	52	
Section 903.	Application of Revenues and Other Moneys		

	After Default	52	
Section 904.	Acceleration of Maturity in Event of Default	54	
Section 905.	Appointment of Receivers in Event of Default	54	
Section 906.	Exercise of Remedies by the Trustee	54	
Section 907.	Exercise of Rights and Powers	55	
Section 908.	Limitation on Exercise of Remedies by Bondholders	55	
Section 909.	Right of Bondholders to Direct Proceedings	56	
Section 910.	Remedies Cumulative	57	
Section 911.	Delay or Omission Not Waiver	57	
Section 912.	Effect of Discontinuance of Proceedings		57
Section 913.	Waivers of Events of Default	57	
Section 914.	Notice of Default	58	

ARTICLE X
THE TRUSTEE

Section 1001.	Acceptance of the Trusts	59	
Section 1002.	Paying Agents; Appointment and Acceptance of Duties	61	
Section 1003.	Responsibilities of Fiduciaries	61	
Section 1004.	Evidence on Which Fiduciaries May Act	62	
Section 1005.	Compensation	63	
Section 1006.	Certain Permitted Acts	63	
Section 1007.	Notice to Bondholders if Default Occurs		63
Section 1008.	Successor Trustee Upon Merger, Consolidation or Sale	63	
Section 1009.	Resignation of Trustee	64	
	PAGE		
Section 1010.	Removal of Trustee	64	
Section 1011.	Appointment of Successor Trustee	64	
Section 1012.	Vesting of Trusts in Successor Trustee	65	
Section 1013.	Merger or Consolidation	65	
Section 1014.	Adoption of Authentication	66	
Section 1015.	Resignation or Removal of Paying Agent and Appointment of Successor	66	
Section 1016.	Accounting	66	
Section 1017.	Notices to be Given to the Bond Insurer		66

ARTICLE XI
SUPPLEMENTAL INDENTURES

Section 1101.	Supplemental Indentures Not Requiring Consent of Bondholders		68
Section 1102.	General Provisions	69	

ARTICLE XII
AMENDMENTS

Section 1201.	Mailing	71	
Section 1202.	Powers of Amendment	71	
Section 1203.	Consent of Bondholders	71	

Section 1204.	Modifications by Unanimous Consent	73
Section 1205.	Exclusive of Bonds	73
Section 1206.	Notation on Bonds	73
Section 1207.	Consent of Bond Insurers	73
Section 1208.	Notification to Rating Agencies	73

ARTICLE XIII
SATISFACTION AND DISCHARGE OF INDENTURE

Section 1301.	Satisfaction and Discharge of the Indenture	75
---------------	--	----

ARTICLE XIV
MISCELLANEOUS PROVISIONS

Section 1401.	Evidence of Signatures of Bondholders and Ownership of Bonds	78
Section 1402.	Prior Contracts Not Affected	78
Section 1403.	Money Held for Particular Bonds	78
Section 1404.	Preservation and Inspection of Documents	79
Section 1405.	Concerning the Bond Insurers	79
Section 1406.	Parties Interested Herein	79
Section 1407.	No Recourse on the Bonds	79
Section 1408.	Severability of Invalid Provisions	80
Section 1409.	Successors and Assigns	80
Section 1410.	Applicable Law	80
Section 1411.	Counterparts	80

PAGE

Section 1412.	Consents and Other Instruments by Bondholders	80
Section 1413.	Consent of the Bond Insurer; References to Bond Insurer Inapplicable	81
Section 1415.	Limitation of Rights Under the Indenture	81
Section 1416.	Payment Procedure Pursuant to Bond Insurance Policy	81
Section 1417.	Notices	81
Signatures		83
Acknowledgement		84
Schedule I		I-1

INDENTURE OF TRUST

THIS INDENTURE OF TRUST (herein sometimes referred to as the "Indenture"), made and entered into as of April 1, 1994, by and between THE CITY OF ST. LOUIS (the "City"), and MARK TWAIN BANK, St. Louis, Missouri, a trust company duly organized and existing and authorized to accept and execute trusts of the character herein set out under the laws of the State of Missouri and having its principal corporate trust office located in the City of St. Louis, Missouri, as trustee (the "Trustee");

WITNESSETH:

WHEREAS, the City of St. Louis (the "City") now owns and operates a municipal waterworks system (the "Waterworks System");

WHEREAS, pursuant to Article VI, Section 27 of the Constitution of the State of Missouri, as amended, and Chapter 108 of the Missouri Revised Statutes, as amended, the City financed the purchase, construction, extension and improvement of the Waterworks System and unified its outstanding indebtedness by the issuance of \$11,155,000 of its negotiable interest-bearing water revenue bonds on December 12, 1985 of which \$4,820,000 remain outstanding and unpaid as of the date hereof (the "Series 1985 Bonds");

WHEREAS, the City has determined that additional funds are needed to provide for the prepayment and redemption in advance of their maturity of the Series 1985 Bonds and/or the purchase, construction, extension and improvement of the Waterworks System including in connection therewith, all as described in the First Supplemental Indenture referred to below (collectively, the "Project") and the City finds it necessary and desirable to provide such funds;

WHEREAS, on April 6, 1993 the qualified electors of the City approved the issuance by the City of its negotiable interest-bearing water revenue bonds in the amount of \$170,000,000 for the purpose of paying the costs of purchasing, constructing, extending and improving the Waterworks System;

WHEREAS, the purpose of this Indenture is to provide for the issuance of Water Revenue Bonds for the purposes and upon the terms and conditions set forth herein;

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as in this Indenture, valid, legal and binding obligations of the City, and to constitute this Indenture a valid, legal and binding pledge and assignment of the property, rights, interest and revenues herein made for the security of the payment of the principal of, and redemption premium, if any, and interest on, the Bonds, have been done and performed, and the execution and delivery of this Indenture and the execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

GRANTING CLAUSES

That as security for payment of the principal of, premium, if any, and interest on the Water Revenue Bonds issued from time to time hereunder and for the funds which may be advanced by the Trustee pursuant hereto, the City does hereby, pledge, assign, grant, bargain and sell, convey and confirm to the Trustee, a security interest in and to the following described property:

A. The proceeds of sale of the Bonds issued hereunder;

B. Revenues (as hereinafter defined);

C. All Funds established by this Indenture, including the investments, if any, thereof;

D. All other property of every name and nature from time to time hereafter mortgaged, pledged or hypothecated as and for additional security hereunder by the City, or by anyone on its behalf or with its written consent, in favor of the Trustee, which is hereby authorized to receive all such property at any time and to hold and apply the same subject to the terms hereof; and

E. All proceeds of any of the foregoing.

TO HAVE AND TO HOLD, all and singular, the Trust Estate with all rights and privileges hereby conveyed, pledged and assigned, or agreed or intended so to be, to the Trustee and its successors and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and subject to the conditions herein set forth, for the equal and proportionate benefit, protection and security of all Bondholders, without preference, priority or distinction as to lien or otherwise of any of the Bonds over any other of the Bonds except as expressly provided in or permitted by this Indenture;

SUBJECT TO the application of the proceeds of sale of the Bonds issued hereunder and Revenues to the purposes and on the conditions permitted by this Indenture and the rights of the holders of the Outstanding Obligations pursuant to the Outstanding Obligations Ordinances to the Revenues of the Waterworks System.

THIS INDENTURE FURTHER WITNESSETH, and it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all the Trust Estate is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts,

uses and purposes as hereinafter expressed, and the City does hereby agree and covenant with the Trustee and with the Bondholders as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. Definitions of Words and Terms. In addition to words and terms, if any, defined elsewhere in this Indenture, the words and terms as used in this Indenture shall have the following meanings, unless some other meaning is plainly intended.

"Additional Bonds" means any additional Bonds, including Refunding Bonds, issued by the City pursuant to Section 210 of this Indenture.

"Additional Project" means the extension, improvement, purchase, acquisition, construction and enlargement of facilities, appurtenances and equipment for the Waterworks System to be financed or re-financed, in whole or in part, from the proceeds of any Additional Bonds issued pursuant to the provisions of Section 210.

"Adjusted Net Revenues" means Net Revenues calculated as Net Revenues would have been calculated had the increased rate been in effect during the immediately preceding Water Division Fiscal Year, if there shall have been an increase in the rates in effect at the time of issuance of any Additional Bonds, from those in effect for the immediately preceding Water Division Fiscal Year.

"Aggregate Debt Service" means, as of any particular date of computation and with respect to any period, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds.

"Annual Budget" means the annual budget of the City for the Water Division, as amended or supplemented from time to time, adopted or in effect for a particular City Fiscal Year as provided in Section 816.

"Authorized Denominations" means \$5,000 or any integral multiple thereof.

"Board of Aldermen" means the Board of Aldermen of the City.

"Bond", "Bonds" or "Series of Bonds" means any bond or bonds, including Additional Bonds, authenticated and delivered under and pursuant to this Indenture.

"Bond Counsel" means an attorney or firm of attorneys with nationally recognized standing in the field of municipal bond finance approved by the City.

"Bondholder", "Holder", "Owner" or "Registered Owner" means the registered owner of any Bond.

"Bond Insurer" means each insurance company which has insured the payment of the principal and interest on all or any portion of the Bonds and any successor thereto.

"Bond Insurance Policy" means the municipal bond insurance policy issued by a Bond Insurer.

"Bond Proceeds" means all amounts received on the sale of a Series of Bonds.

"Bond Register" means the register and all accompanying records kept by the Bond Registrar evidencing the registration, transfer and exchange of Bonds.

"Bond Registrar" means the Trustee when acting in such capacity under this Indenture.

"Business Day" means any day except Saturday, Sunday, a legal holiday, or a day on which banking institutions located in the States of Missouri and New York are authorized by law to close.

"Charter" means the Charter of the City as in effect from time to time.

"City" means the City of St. Louis, Missouri, a municipal corporation and political subdivision organized and existing under its Charter and the constitution and laws of the State of Missouri.

"City Representative" means the person or persons at the time designated to act on behalf of the City in matters not requiring legislative authorization relating to this Indenture as evidenced by a written certificate furnished to the Trustee containing the specimen signature of such person or persons and signed on behalf of the City by its Mayor and its Comptroller. For the purpose of investing the Bond Proceeds the authorized City Representative shall be the City Treasurer or his designee. Such certificate may designate an alternate or alternates each of whom shall be entitled to perform all duties of the City Representative.

"Code" means the Internal Revenue Code of 1986, as amended and the applicable regulations thereunder.

"Collateral" or "collateral" as used in the definition of Permitted Investments means the obligations described in subparagraphs (1) and (2) of the definition of Permitted Investments.

"Consulting Engineers" means the independent engineer or independent engineering firm or corporation at the time retained by the City pursuant to Section 815 to perform the acts and carry out the duties provided for such Consulting Engineers in this Indenture.

"Cost of Construction", with respect to the Project or an Additional Project, means the City's costs properly attributable to the construction or acquisition thereof, including but not limited to, the costs of acquisition by or for the City of real or personal property or other interest therein, costs of physical construction, and costs of the City incidental to such construction or acquisition, including, but not limited to the cost of any indemnity and surety bonds and premiums on insurance during construction, planning, architectural, engineering, inspection and construction management fees, legal fees and expenses, cost of audits, fees and expenses of the Fiduciaries and costs of financing, construction period interest on any Bonds issued in connection with such Project, administrative and general overhead and keeping accounts and making reports required by this Indenture prior to commencement of operation of such Project, amounts, if any, required by this Indenture to be paid into any Fund or Account established under this Indenture upon the issuance of any Series of Bonds, payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the City (other than the Bonds) incurred for such Project, costs of machinery, equipment and supplies and initial working capital required by the City for the commencement of operation of such Project, the initial funding of the reserves required under this Indenture, and may include reimbursement to the City for any such items of Cost of Construction theretofore paid by or on behalf of the City. "Costs of Construction" shall also include the Costs of Issuance of any Series of Bonds to the extent payable from the Water Replacement and Improvement Account pursuant to this Indenture or a Supplemental Indenture.

"Costs of Issuance" means all items of expense, directly or indirectly payable or reimbursable by or to the City and related to the authorization, sale and issuance of any Bonds, including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary, legal fees and charges, fees and

disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, costs and expenses of refundings, premiums for the insurance of the payment of Bonds, fees payable in connection with any letter of credit securing all or a portion of the Bonds, financing charges, accrued interest with respect to the initial investment of proceeds of Bonds and any other costs, charge or fee in connection with the original issuance of Bonds.

"Counsel" means an attorney duly admitted to practice law before the highest court of any state and, without limitation, may include legal counsel for the City.

"Debt Service" for any period means, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series, except to the extent that such interest on the Bonds of such Series is to be paid from deposits (including investment income thereon) in the Waterworks Bond and Interest Account made from Bond Proceeds or other amounts available therein, and (ii) that portion of each Principal Installment for such Series of Bonds which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series (or, if there shall be no such preceding Principal Installment due date, from the date of issuance of such Series). Such interest and Principal Installments for such Series of Bonds shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

"Debt Service Reserve Requirement" means, as of any date of calculation, an amount equal to the maximum Debt Service with respect to the then Outstanding Bonds in any future Water Division Fiscal Year.

"Defeasance Obligations" means direct obligations of the Department of the Treasury of the United States of America (including obligations issued or held in book entry form) which are non-callable. The value of Defeasance Obligations shall be determined as provided in the definition of "Value" herein.

"Event of Default" means with respect to this Indenture any Event of Default as defined in Section 901 of this Indenture.

"Fiduciary" means the Trustee and any Paying Agent or Escrow Agent, or any or all of them as may be appropriate.

"First Supplemental Indenture" means the First Supplemental Indenture of Trust dated as of April 1, 1994 between the City and the Trustee.

"Fiscal Year" means, with respect to the City, its fiscal year currently beginning on July 1 of each calendar year.

"Fitch" means Fitch Investors Service, Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall mean any other nationally recognized securities rating agency designated by the City, by notice to the Trustee.

"Holder", "Bondholder", "Owner" or "Registered Owner" means the registered owner of any Bond.

"Indenture" means this Indenture of Trust dated as of April 1, 1994, between the City and the Trustee authorized by the Resolution, as from time to time amended and supplemented in accordance with the provisions of Article XI of this Indenture.

"Interest Payment Date" shall, with respect to any Series of Bonds, have the meaning specified in the Supplemental Indenture authorizing such Series of Bonds.

"Maximum Annual Debt Service" shall mean the maximum principal and interest requirement in any succeeding fiscal year on Bonds then Outstanding and on the Additional Bonds proposed to be issued.

"Maturity" means, with respect to any Bond, the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration or acceleration or call for redemption or otherwise.

"Moody's" shall mean Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody's shall mean any other nationally recognized securities rating agency designated by the City, by notice to the Trustee.

"Net Revenues" means Revenues less Operation and Maintenance Expenses and excluding depreciation and gross receipts tax for the Water Division Fiscal Year.

"Non-Arbitrage Certificate" means the non-arbitrage certificate and any exhibit attached thereto relating to a Series of Bonds executed by the City on the date of closing of such Series of Bonds.

"Operation and Maintenance Expenses" means the City's expenses for operation, maintenance, repairs, ordinary replacement and ordinary reconstruction of the Waterworks System and shall include, without limiting the generality of the foregoing, administrative expenses, insurance premiums, legal and engineering expenses, payment to pension, retirement, group life insurance, behalf and hospitalization funds, or other employee benefit funds, and any other expenses required to be paid by the City under the provisions of this Indenture or by laws consistent with standard practices for waterworks systems similar to the properties and business of the Waterworks System and applicable in the circumstances, including, without limitation, an allocable share of administrative and personnel costs incurred by the City at locations other than the Waterworks System in connection with the operations of the Waterworks System, and the expenses, liabilities and compensation of the Fiduciaries required to be paid under this Indenture, all to the extent properly attributable to the Waterworks System.

"Ordinance" means Ordinance _____ of the City approved on March __, 1994, which authorized, among other things, the issuance, sale and delivery of the Water Revenue Bonds, in accordance with this Indenture and a Supplemental Indenture, and any amendments or supplements thereto and any other ordinance providing for the issuance of a Series of Bonds hereunder.

"Outstanding Obligations" means the negotiable interest bearing revenue bonds of the City issued pursuant to the Outstanding Obligations Ordinances and which are described in Schedule I attached hereto which were refunded by the Water Revenue Bond, Series 1985 issued on December 12, 1985 but which have not yet been defeased.

"Outstanding Obligations Escrow Agent" means the escrow trust account established for the benefit of the holders of the Outstanding Obligations pursuant to the Outstanding Obligations Escrow Agreement.

"Outstanding Obligations Escrow Agreement" means the Outstanding Obligations Escrow Agreement, dated as of December 12, 1985, between the

City and the Outstanding Obligations Escrow Trustee with respect to the Outstanding Obligations.

"Outstanding Obligations Escrow Trustee" means Southwest Bank of St. Louis and its successors, as Escrow Trustee under the Outstanding Obligations Escrow Agreement with respect to the Outstanding Obligations.

"Outstanding Obligations Ordinances" means the Ordinances of the City pursuant to which the Outstanding Obligations were issued and which are described in Schedule I attached hereto.

"Outstanding" means, when used with reference to Bonds, as of a particular date, all Bonds theretofore authenticated and delivered, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancelling;

(b) Bonds which are deemed paid under Section 1301 of this Indenture;

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Indenture; and

(d) Bonds held by or for the account of the City, the City or any person controlling, controlled by or under common control with the City for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds outstanding under this Indenture.

"Paying Agent" means the Trustee when acting in such capacity under this Indenture.

"Permitted Investments" means for all purposes other than (a) investments in escrow accounts and (b) investing and receiving credit for accrued and capitalized interest:

(1) Direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Government Obligations");

(2) Direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation

certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMA's"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMA's"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing and Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; Resolution Funding Corporation securities;

(3) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by S&P and "A" or better by Fitch, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investor Service and "A" or better by S&P and "A" or better by Fitch;

(4) Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are delivered to the Bond Insurer to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's and a "Short-Term CD" rating of "A-1" or better by S&P and a "Short-Term CD" rating of "A-1" or better by Fitch;

(5) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;

(6) Commercial paper which is rated at the time of purchase in the single highest classification, by "A-1" by S&P and "A-1" by Fitch and "P-1" by Moody's, and which matures not more than 270 days after the date of purchase;

(7) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;

(8) Repurchase agreements meeting the following criteria:

Repurchase agreements collateralized by Direct Obligations, GNMA's, FNMA's or FHLMC's with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's, and "A-1" or "A-" or better by S&P, and "A-1" or "A-" or better by Fitch provided:

a. a master repurchase agreement or specific written repurchase agreement governs the transaction; and

b. the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent ("Agent") for the Trustee, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits or not less than \$50 million or (iii) a bank approved in writing for such purpose by the Bond Insurer, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; and

c. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Trustee; and

d. the repurchase agreement has a term of 180 days or less, and the Trustee or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

e. the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest is equal to at least 103%.

(9) Other forms of investments approved in writing by the Bond Insurer, if any, and S&P, Moody's and Fitch (to the extent that any such rating agency has rated any Bonds at the time Outstanding).

The value of Permitted Investments shall be determined as provided in the definition of "Value" herein.

"Owner", "Holder", "Bondholder" or "Registered Owner" means the registered owner of any Bond.

"Principal Installment" means, as of the date of calculation and with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series due on a certain future date for which no sinking fund installments have been established, or (ii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of sinking fund installments due on such future date plus such applicable redemption premiums, if any.

"Project" means the financing or re-financing of the extension, improvement, purchase, acquisition, construction and enlargement of the facilities, appurtenances and equipment described in each Supplemental Indenture.

"Record Date" shall, with respect to any Series of Bonds, have the meaning specified in the Supplemental Indenture authorizing such Series of Bonds but in no event shall be less than ten (10) days prior to the following Interest Payment Date or Maturity.

"Redemption Date", when used with respect to any Bond to be redeemed, means the date fixed for redemption pursuant to this Indenture and the Supplemental Indenture applicable thereto.

"Redemption Price" means, with respect to any Bond, the amount payable upon redemption thereof pursuant to such Bond or this Indenture, including any applicable premium.

"Refunding Bonds" means bonds issued to refund any Series of Bonds or portion thereof then Outstanding.

"Registered Owner", "Holder", "Bondholder" or "Owner" means the registered owner of any Bond.

"Revenues" means

(i) all income and revenues from all sources, collected or received directly or indirectly by the City in the operation of the Waterworks System, including without limitation except as herein expressly provided, all fees and use charges received by or on behalf of the City in its capacity as the operator of the Waterworks System in connection with the operation, improvement and enlargement of the Waterworks System, or any part thereof; and

(ii) income received by the City and required to be deposited in the Waterworks Revenue Fund on any investment of money held pursuant to this Indenture;

For purposes of determining Net Revenues, the term "Revenues" shall not include (1) any Bond Proceeds and other money including investment earnings) credited to the Water Replacement and Improvement Account for the financing of capital improvements to the Waterworks System, (2) insurance proceeds received by the City with respect to the Waterworks System, other than loss of use or business interruption insurance proceeds, (3) any interest earnings or other gain from investment of moneys or securities in any escrow or similar account pledged to the payment of any obligations therein specified in connection with the issuance of Refunding Bonds or the defeasance of any Series of Bonds in accordance with Section 1301 hereof, and (4) any consideration received by the City upon transfer of the Waterworks System pursuant to Section 809(D) hereof.

"S&P" means Standard & Poor's Rating Group, a division of McGraw Hill, Incorporated, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall mean any other nationally recognized securities rating agency designated by the City, by notice to the Trustee.

"Series" means all of the Bonds delivered on original issuances in a simultaneous transaction or pursuant to a Supplemental Indenture authorizing the issuance of such Bonds as a separate Series, and any Bonds thereafter delivered in lieu of or in substitution for such Bonds pursuant to this Indenture, regardless of variations in maturity, interest rate, or other provisions.

"Series 1994 Bonds" or "Bonds" means the Water Revenue Refunding and Improvement Bonds, Series 1994, authorized by Article II of the First Supplemental Indenture.

"State" means the State of Missouri.

"Stated Maturity" means, when used with respect to any Bond, the date specified in this Indenture or in any Supplemental Indenture authorizing Additional Bonds as the fixed date on which the principal of such Bond is due and payable.

"Subordinated Indebtedness" means any evidence of debt referred to in, and complying with the provisions of, Section 212.

"Supplemental Indenture" means any indenture supplemental or amendatory to this Indenture entered into by the City and the Trustee pursuant to Article XI of this Indenture.

"Treasurer" means the Treasurer of the City, an officer of the City in accordance with the laws of the State of Missouri.

"Trust Estate" means the Trust Estate described in the Granting Clauses of this Indenture.

"Trustee" shall mean Mark Twain Bank, St. Louis, Missouri, as trustee under this Indenture and any successors or assigns.

"United States Government Obligations" means bonds, notes, certificates of indebtedness, treasury bills, or other securities constituting direct obligations of the United States of America or obligations the payment of the principal of and interest of which are fully and unconditionally guaranteed by the United States of America.

"Value" means the value, determined as of the end of each month, of Permitted Investments and/or Defeasance Obligations (together, "investments") which shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times or other national publication acceptable to the Trustee): the average of the bid and asked prices for such investments so published at or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal (if not there, then in the alternative, The New York Times or other national publication acceptable to the Trustee): the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the

Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(c) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and

(d) as to any investment not specified above: the value thereof established by prior agreement between the City, the Trustee and the Bond Insurer.

"Water Commissioner" shall mean the Water Commissioner referred to in the present Charter of the City of St. Louis, or to such officer of said City who may hereafter be legally given the powers and duties given to the Water Commissioner under the present Charter of the City of St. Louis.

"Water Consultant" means the water consultant or water consulting firm or corporation from time to time retained by the City pursuant to Section 814 to perform the acts and carry out the duties provided for such Water Consultant in this Indenture.

"Water Contingent Account" means the Water Contingent Account established in Section 502 hereof.

"Water Division Fiscal Year" means the annual accounting period of the Water Division for its general accounting purposes, which period currently consists of the twelve consecutive calendar months ending the last day of June of any year.

"Water Replacement and Improvement Account" means the Water Replacement and Improvement Account established in Section 502 hereof.

"Water Replacement and Improvement Account Requirement" means the requirement as set forth in the applicable Supplemental Indenture and with respect to the Water Replacement and Improvement Account.

"Water Revenue Debt Service Reserve Account" means the Water Revenue Debt Service Reserve Account established in Section 502 hereof.

"Water Revenue Rebate Fund" means the Water Revenue Rebate Fund established in Section 503 hereof.

"Waterworks Bond and Interest Account" means the Waterworks Bond and Interest Account established in Section 502 hereof.

"Waterworks Construction Account" means the Waterworks Construction Account established in Section 502 hereof.

"Waterworks Operation and Maintenance Account" means the Waterworks Operation and Maintenance Account established in Section 502 hereof.

"Waterworks Revenue Fund" means the Waterworks Revenue Fund created in Section 502 of this Indenture which may consist of separate accounts or subaccounts, as may hereafter be created by a Supplemental Indenture authorizing a Series of Bonds.

"Waterworks System" means the waterworks system owned and operated by the City, including all land now owned or hereafter acquired by the City (by lease or otherwise) for purposes of such waterworks system and all improvements and facilities now in existence and located on any such land, as said system may be hereafter added to, extended, improved or constructed and equipped.

Section 102. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing person shall include firms, associations and corporations, including public bodies, as well as natural persons.

The table of contents hereto and the headings and captions herein are not a part of this document.

Section 103. Indenture to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the City and the Owners from time to time of the Bonds and a security agreement under the Missouri Uniform Commercial Code. The pledge and assignment made in this Indenture and the covenants and agreement therein set forth to be performed on behalf of the City shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery of maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by this Indenture.

ARTICLE II

THE BONDS

Section 201. Title and Amount of Bonds. No Bonds may be issued under this Indenture except in accordance with this Article II. The Bonds shall be designated as "Water Revenue Bonds, Series ____" or as hereinafter provided in Section 210 with such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as the City may determine.

Section 202. Nature of Obligations. Each Bond issued hereunder shall expressly state that the principal of, premium, if any, and interest thereon are payable solely from the Net Revenues to be derived by the City from the operation of the Waterworks System and certain funds pledged therefor hereunder and that such Bond shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation or provision, and the taxing power of the City is not pledged to the payment thereof, either as to principal, premium or interest. The Bonds and the interest thereon shall not be a debt of the City or the State and the City and the State shall not be liable thereon, and the Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Section 203. Form, Denomination and Dating of Bonds.

1. The Bonds shall be issuable as fully registered Bonds without coupons transferable to subsequent owners as hereinafter provided.
2. The form of the Bonds and the Trustee's Certificate of Authentication to be endorsed thereon shall be as set forth in the Supplemental Indenture authorizing a particular Series of Bonds. Any Additional Bonds and the Trustee's Certificate of Authentication to be endorsed thereon shall also be in the form set forth in the Supplemental Indenture authorizing the respective Series of Bonds, with such necessary or appropriate variations, omissions and insertions as are permitted or required by this Indenture or the Supplemental Indenture authorizing such Series of Bonds. The Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any custom, usage or requirement of law with respect thereto.
3. Bonds of each Series shall be dated and shall have such denominations as provided in this Indenture or the Supplemental Indenture authorizing such Series of Bonds. Bonds of each Series shall bear interest from the most recent Interest Payment Date to which interest has been paid in full or, if no interest

has been paid, from their dated date. Interest on Bonds shall be payable on each Interest Payment Date.

4. The Bonds of any Series, if so provided in a Supplemental Indenture authorizing same, may be evidenced in book-entry form without certificates.

Section 204. Method and Place of Payment of Bonds; Interest Rights Preserved.

1. The principal of, and redemption premium, if any, and interest (computed on the basis of a 360-day year consisting of twelve 30-day months) on, the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

2. Payment of the principal of and redemption premium, if any, shall be made upon the presentation and surrender of such Bonds at their respective Maturities at the principal corporate trust office of the Paying Agent. Payment of the interest on each Bond shall be made by the Paying Agent on each Interest Payment Date to the Registered Owner thereof at the close of business on the Record Date next preceding said Interest Payment Date by check or draft mailed to such Bondholder at his address as it appears on the Bond Register. Upon written request to the Paying Agent by the Holder, as of the Record Date, of at least \$1,000,000 principal amount of the Bonds, principal of and interest on the Bonds payable subsequent to the Record Date on or after which such notice is received shall be made by wire transfer to an account designated by such Holder or in such other manner as such Bondholder and the Paying Agent may determine.

Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

Section 205. Execution and Authentication of Bonds.

1. The Bonds shall be executed on behalf of the City by the manual or facsimile signature of the Mayor, the Comptroller and the Treasurer of the City, approved as to form by the manual or facsimile signature of the City Counselor and attested by the manual or facsimile signature of the Register, and shall have the seal of the City affixed thereto or imprinted or reproduced thereon and attested by the manual or facsimile signature of the Register of the City or in such other

manner as may be required or permitted by law. In case any officer whose signature or facsimile thereof appears on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or facsimile thereof shall nevertheless be valid and sufficient for all purposes, the same as if such person had remained in office until delivery. Any Bond may be executed by such persons as shall be the proper officers to sign such Bond at the actual time of the execution of such Bond although at the date of such Bond such persons may not have been such officers.

2. The Bonds shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in the Supplemental Indenture authorizing such Bonds, which shall be manually executed by the Trustee. No Bond shall be entitled to any security or benefit under this Indenture or shall be valid or obligatory for any purpose unless and until such Certificate of Authentication shall have been duly executed by the Trustee. Such executed Certificate of Authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Certificate of Authentication on any Bond shall be deemed to have been duly executed if signed by any authorized officer or employee of the Trustee, but it shall not be necessary that the same officer or employee sign the Certificate of Authentication on all of the Bonds that may be issued hereunder at any one time.

Section 206. Registration, Transfer and Exchange of Bonds.

1. The Trustee is hereby appointed Bond Registrar for the purpose of registering and transferring Bonds and as such shall keep the Bond Register as provided in this Indenture. All of the Bonds and all transfers and all exchanges thereof shall be fully registered as to principal and interest in the Bond Register.

2. Subject to any restrictions imposed by any Supplemental Indenture relating to global bond certificates in the event Bonds are issued in book-entry only form, Bonds may be transferred in the Bond Register only upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by a written instrument of transfer duly executed by the Registered Owner thereof or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the City shall execute and the Trustee shall authenticate and deliver in exchange for such Bond, a new Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this Indenture or the Supplemental Indenture authorizing such Bonds in an aggregate principal amount equal to the principal amount of such

Bond, of the same Series and Stated Maturity and bearing interest at the same rate.

3. Bonds, upon surrender thereof at the principal corporate trust office of the Trustee, together with a written instrument of transfer duly executed by the Registered Owner thereof or his attorney or legal representative in such form as shall be satisfactory to the Trustee, may, at the option of the Registered Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and Stated Maturity, of any denomination or denominations authorized by this Indenture, and bearing interest at the same rate.

4. In all cases in which Bonds shall be exchanged or transferred as provided in this Indenture, the City shall execute and the Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with this Indenture. All Bonds surrendered in any such exchange or transfer shall forthwith be cancelled by the Trustee. No service charge shall be made to any Bondholder for registration, transfer or exchange of Bonds, but the City or the Trustee may make a charge for every such exchange or transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, and such charge shall be paid before any such transfer or exchange shall be completed.

5. Neither the City nor the Trustee shall be required (i) to issue, transfer or exchange any Bond during a period beginning at the opening of business 15 days preceding the date of mailing a notice of redemption for Bonds selected for redemption under Section 302 or 303 and ending at the close of business on the day of such mailing or (ii) to transfer or exchange any Bond so selected for redemption in whole or in part.

Section 207. Persons Deemed Owners of Bonds. The person in whose name any Bond shall be registered shall be deemed and regarded by the City, the Trustee and the Paying Agent and each Fiduciary as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment thereof or on account thereof and for all purposes, and neither the City, the Trustee, the Paying Agent or any Fiduciary shall be affected by notice to the contrary. Payment of or on account of the principal of, and redemption premium, if any, and interest on any Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative. All such payments shall be valid and effective to satisfy and discharge the liability upon such Bond, including the redemption premium, if any, and interest thereon, to the extent of the sum or sums so paid.

Section 208. General Provisions for Issuance of Bonds.

(a) All (but not less than all) of the Bonds of each Series shall be executed by the City for issuance under this Indenture and delivered to the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of the Bonds, the following items, when necessary, shall be filed with the Trustee, except as provided in clause (vii) of this paragraph:

(i) A copy of (a) this Indenture, (b) any Supplemental Indenture and (c) the applicable escrow agreement, each certified by the City Representative;

(ii) A copy of the Ordinance certified by the City Representative;

(iii) A Counsel's Opinion to the effect that (i) the City has the right and power under the Missouri Constitution, the laws of the State of Missouri and the Charter, all as amended, to execute, deliver and perform its obligations under this Indenture and this Indenture has been duly and lawfully executed and delivered by the City, is in full force and effect and is valid and binding upon the City, and is enforceable in accordance with its terms (except insofar as the enforcement thereof may be limited by judicial discretion, the valid exercise of the sovereign police powers of the City and the State of Missouri and the constitutional powers of the United States of America, and any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights) and no other authorization for this Indenture is required; (ii) this Indenture creates the valid pledge which it purports to create of the moneys, securities and funds held or set aside under this Indenture and of all Revenues, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; and (iii) the Bonds of such Series are valid and binding limited obligations of the City as provided in this Indenture, and are enforceable in accordance with their terms and the terms of this Indenture (except insofar as the enforcement thereof may be limited by judicial discretion, the valid exercise of the sovereign police powers of the City and the State of Missouri and the constitutional powers of the United States of America, and any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights) and are entitled to the benefits of this Indenture, as amended to the date of such Counsel's Opinion, and such Bonds have been duly and validly authorized and issued in accordance with the Missouri Constitution, the laws of the State of Missouri and the Charter, all as amended, to the date of such Counsel's Opinion, and in accordance with this Indenture; and

(iv) In the case of each Series of Additional Bonds, a copy of the Supplemental Indenture authorizing such Bonds, certified by the City Representative, which shall, among other provisions, specify: (A) the authorized principal amount, designation and Series of such Bonds; (B) purposes for which such Series of Bonds is being issued; (C) the date, and the Stated Maturities of the Bonds of such Series; (D) the interest rate or rates of the Bonds of such Series and the Interest Payment Dates therefor; (E) the Authorized Denominations of, and the manner of dating, numbering and lettering of the Bonds of such Series; (F) the Paying Agent or Paying Agents and the place or places of payment of the principal and redemption price, if any, of, and interest on, the Bonds of such Series; (G) the redemption price or prices, if any, and, subject to Article III, the redemption terms for the Bonds of such Series; (H) the amount and due date of sinking fund installments, if any, for Bonds of like maturity of such Series, provided that each sinking fund installment due date shall occur on an Interest Payment Date; (I) if so determined by the City, provisions for the sale of the Bonds of such Series; (J) if such Bonds are to be issued in global book-entry-only form, the applicable provisions relating thereto; (K) the amount (or the method of determining the amount) to be deposited from the proceeds of such Series of Bonds in a Water Revenue Debt Service Reserve Account for such Bonds, if any; (L) the amount to be deposited from the proceeds of such Series of Bonds in the Water Replacement and Improvement Account; and (M) the forms of the Bonds of such Series and the Certificate of Authentication to be endorsed thereon;

(v) A request and authorization to the Trustee, on behalf of the City, executed by a City Representative, to authenticate the Bonds and to deliver said Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the City, of the purchase price thereof. The Trustee shall be entitled to conclusively rely upon such request and authorization as to the names of the purchasers and the amount of such purchase price;

(vi) In the case of each Series of Additional Bonds, an opinion of Bond Counsel to the effect that the issuance of such Additional Bonds will not result in the interest on any Bonds then Outstanding becoming includable in gross income for purposes of Federal income taxation, if applicable;

(vii) Except in the case of Refunding Bonds issued for the purpose of refunding Outstanding Bonds, a certificate executed by the City Representative stating that the City is not in default in the performance of any of the covenants, conditions, agreement or provisions contained in this Indenture.

(viii) Such further documents, moneys and securities which are required by the provisions of any Supplemental Indenture authorizing such Bonds.

(b) After the issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article II.

Section 209. Initial Issue of Bonds.

A. Bonds entitled to the benefit, protection and security of this Indenture are hereby authorized to be issued in one or more series from time to time for the purpose of refunding the Outstanding Obligations, financing, together with the other funds available for such purpose, the Cost of Construction of the Project or any Additional Project, refunding any Outstanding Bonds, Subordinated Indebtedness, funding any Funds or Account established pursuant to this Indenture or any combination of the foregoing. Each such Series of Bonds shall be designated as "Water Revenue Bonds" and shall include such further appropriate designation as the City shall determine to distinguish the Bonds of such Series from the Bonds of all other Series.

B. The aggregate principal amount of each Series of Bonds to be issued, the date of such Bonds, the maturity date or dates of such Bonds and the principal amount of such Bonds maturing on such dates, the dates and amounts of sinking fund installments, if any, on such Bonds, the rate or rates of interest on such Bonds (not exceeding the legal rate permitted by law), and the dates on and prices at which such Bonds may be redeemed prior to maturity shall be set forth herein or in one or more Supplemental Indentures adopted by the City.

C. There is hereby authorized an initial issue of Bonds which shall be designated "Water Revenue Bonds, Series 1994" (the "Series 1994 Bonds") with such additional designation as shall be set forth in the First Supplemental Indenture, which shall be issued in an aggregate principal amount of \$_____ as provided in the ordinance and the Supplemental Indenture authorizing the Series 1994 Bonds.

D. Bond Proceeds, including accrued interest, if any, of the applicable Series of Bonds shall be applied as provided in the Supplemental Indenture authorizing the applicable Series of Bonds.

Section 210. Additional Bonds. From and after the issuance of the Series 1994 Bonds authorized hereby, no further bonds shall be issued or obligations incurred by the City which are in whole or in part payable from or chargeable

to the Revenues derived or to be derived from the operation of the Waterworks System ("Additional Bonds") (except obligations subordinate to the Series 1994 Bonds) unless the following conditions are met:

(a) The City shall certify that it is not in default hereunder; and there shall exist no event which, with the passage of time or giving of notice or both, would constitute a default hereunder.

(b) The Net Revenues of the Waterworks System for the most recent full fiscal year prior to the issuance of the Additional Bonds (as shown by the annual audit of an independent accountant) or its Adjusted Net Revenues must equal at least 125% of Maximum Annual Debt Service.

The restrictions upon the issuance of Additional Bonds or other obligations set out in this Section shall not apply in the following circumstances and in such circumstances only if:

(i) The Waterworks System of the City should be substantially destroyed or damaged hereafter to such an extent that it cannot be operated;

(ii) All funds received from insurance or otherwise available shall be insufficient to pay the cost of the restoration of the Waterworks System to such a condition that it can be operated again. The cost of such restoration shall be determined by the estimate of the Consulting Engineers. This estimate shall be based upon plans and specifications for the restoration of the Waterworks System prepared for that purpose; and

(iii) The holders of at least 51% of the principal amount of the Series 1994 Bonds authorized by this Ordinance and all Additional Bonds previously issued then outstanding shall give written consent to the issuance of Additional Bonds and shall file such written consents with the Comptroller of The City of St. Louis. Such consents shall be acknowledged before a notary public and shall state the precise amount of Additional Bonds which may be issued.

Upon the occurrence of all the circumstances above set out, Additional Bonds may be issued solely for the purpose of paying the cost of restoring the Waterworks System to reasonable working order in an amount not greater than the amount stated in the consents filed by the holders of the Outstanding Bonds.

Section 211. Refunding Bonds.

A. One or more Series of Refunding Bonds may be authenticated and delivered upon original issuance to refund (1) all Outstanding Bonds of one or more Series or one or more maturities within a Series or (2) any Subordinated Indebtedness. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds under this Indenture required by the provisions of the Supplemental Indenture authorizing such Bonds and determining the terms and details thereof.

B. Refunding Bonds of each Series issued to refund one or more Series of Outstanding Bonds or one or more maturities within a Series shall be authenticated and delivered by the Trustee only upon receipt by it from the City (in addition to the documents and moneys required by Section 208) of:

(1) Irrevocable instruction to the Trustee, satisfactory to it, to give due notice or redemption of all Bonds to be redeemed, if any, on a Redemption Date specified in such instructions;

(2) If the Bonds to be refunded are not by their terms subject to redemption within the next succeeding 60 days, irrevocable instruction to the Trustee, satisfactory to it, to mail the notice provided for in Section 1301 to the Owners of the Bonds being refunded;

(3) Either (a) moneys in an amount sufficient to effect payment at the applicable Redemption Price of the Bonds to be refunded, together with accrued interest on such Bonds to the Redemption Date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Owners of the Bonds to be refunded, or (b) Government Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of subsection B of Section 1301 and any moneys required pursuant to said subsection B which Government Securities and moneys shall be held in trust and used only as provided in said subsection B;

(4) Either of the following: (a) a certificate of a City Representative setting forth (i) the Aggregate Debt Service, for the then current and each future Water Division Fiscal Year to and including the Water Division Fiscal Year next preceding the date of the latest maturity of any Bonds of any Series then Outstanding (X) with respect to the Bonds of all Series Outstanding immediately prior to the date of authentication and delivery of such Refunding Bonds, and (Y) with respect to the Bonds of all Series to be Outstanding

immediately thereafter, and (ii) that the Aggregate Debt Service set forth for each Water Division Fiscal Year pursuant to (Y) above is no greater than the corresponding amounts set forth for such Water Division Fiscal Year pursuant to (X) above;

The proceeds, including accrued interest, of the Refunding Bonds of each such Series shall be applied simultaneously with the delivery of such Bonds for the purpose of making deposits in such Funds and Accounts under this Indenture as shall be provided in the Supplemental Indenture authorizing such Bonds or determining the terms and details thereof and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Indenture.

C. Each Series of Refunding Bonds issued pursuant to clause (2) of subsection A of this Section to refund any Subordinated Indebtedness shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the documents, securities and moneys required by Section 208) of:

(1) The certification referred to in subsections a and b of Section 210;

(2) A certificate of the Trustee then duly appointed or acting under the Indenture, ordinance or other appropriate instrument securing and authorizing such Subordinated Indebtedness of a City Representative if there shall be no such trustee, that (a) provisions have been duly made for the redemption or payment at maturity of such Subordinated Indebtedness in accordance with the terms thereof, (b) the pledge, if any, securing such Subordinated Indebtedness, and all other rights granted by such indenture, ordinance or instrument shall have been discharged and satisfied, and (c) such trustee or the paying agents for such Subordinated Indebtedness hold in trust the moneys required to effect such redemption or payment; and

(3) A Counsel's Opinion to the effect that all actions required under the indenture, ordinance or other appropriate instrument securing and authorizing such Subordinated Indebtedness to provide for the redemption or payment of such Subordinated Indebtedness have been taken.

The proceeds, including accrued interest, of the Refunding Bonds of each such Series shall be applied simultaneously with the delivery of such Bonds for the purpose of making deposits in such funds and accounts under this Indenture as shall be provided in the Supplemental Indenture authorizing such Series or determining the terms and details thereof and shall be applied to refund such Subordinated Indebtedness, including expenses in connection therewith, in the manner provided in such Supplemental Indenture.

Section 212. Subordinated Indebtedness. Except as provided herein, nothing contained in this Indenture shall prohibit or prevent, or be deemed, or construed, to prohibit or prevent, the City from issuing bonds, notices, certificates, warrants or other evidence of indebtedness payable as to principal and interest from the Waterworks Revenue Fund and the Net Revenues subject and subordinate to the deposits and credits required to be made therefrom to the Waterworks Bond and Interest Account, Water Revenue Debt Service Reserve Account, the Waterworks Construction Account, the Water Replacement and Improvement Account and the Water Contingent Account, or from securing such bonds, notes, certificates, warrants or other evidences of indebtedness and the payment thereof by a lien and pledge on the Net Revenues herein created for the payment and security of the Bonds. Prior to the issuance of any Subordinated Indebtedness, the City and the Engineering Consultants or Water Consultant shall furnish the Trustee with the evidence that the test for the issuance of Additional Bonds has been satisfied. The principal amount of any such Subordinated Indebtedness shall, by its terms, not be subject to acceleration upon default unless and until the principal amount of the Bonds has been accelerated pursuant to Section 901 of this Indenture.

Section 213. Responsibility of Treasurer. Nothing in this Indenture shall be deemed to modify or otherwise abrogate the responsibilities and duties of the Treasurer arising under the laws of the State of Missouri and the Charter. Without limiting the generality of the foregoing, the Treasurer shall be responsible for the designation and appointment of Fiduciaries acting pursuant to this Indenture and the directing on behalf of the City of all investments of moneys in the Funds and Accounts established pursuant to this Indenture.

Section 214. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond shall become mutilated, or be lost, stolen or destroyed, the City shall execute and the Trustee shall authenticate and deliver a new Bond of like date and tenor as the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the City and the Trustee evidence of such loss, theft or destruction satisfactory to the City and the Trustee, together with indemnity satisfactory to them to save each of them harmless. In the event any such Bond shall have matured, instead of issuing a substitute Bond the City may authorize the payment of the same without surrender thereof. Upon the issuance of any substitute Bonds, the City and the Trustee may require the payment of an amount sufficient to reimburse the City and the Trustee for any tax or other governmental charge that may be imposed in relation thereto and any other reasonable fees and expenses incurred in connection therewith. The provisions

of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, lost, stolen or destroyed Bonds.

Section 215. Cancellation and Destruction of Bonds Upon Payment. All Bonds which have been paid, which the Trustee has purchased, which have been surrendered for transfer or exchange and which have otherwise been surrendered to the Trustee under this Indenture, either at or before maturity, shall be cancelled by the Trustee immediately upon the payment, redemption or purchase of such Bonds and the surrender thereof to the Trustee and disposed of in accordance with the Charter.

All Bonds cancelled under any of the provisions of this Indenture shall be delivered by the Trustee to the City, and shall be destroyed by the Trustee. The Trustee shall execute a certificate in duplicate describing the Bonds so delivered or destroyed, and shall file an executed counterpart of such certificate with the City.

Section 216. Temporary Bonds. Until definitive Bonds are ready for delivery, there may be issued, and upon request of the City the Trustee shall authenticate and deliver, in lieu of definitive bonds and subject to the same limitations and conditions, temporary typewritten, printed, engraved or lithographed fully registered bonds, substantially of the tenor hereinabove set forth and with such appropriate omissions, insertions and variations as may be required.

Until definitive bonds are ready for delivery, any temporary bond may be exchanged at the principal corporate trust office of the Trustee, without charge to the Holder thereof, for an equal aggregate principal amount of temporary bonds of the like tenor of the same maturity and bearing interest at the same rate.

If temporary bonds shall be issued, the City shall cause the definitive bonds to be prepared without unreasonable delay and to be executed and delivered to the Trustee, and the Trustee, upon presentation to it at its principal corporate trust office of any temporary bond, shall cancel the same and authenticate and deliver in exchange therefor, without charge to the holder thereof, a definitive bond or bonds of an equal aggregate principal amount, of the same maturity and bearing interest at the same rate as the temporary bond surrendered. Until so exchanged the temporary bonds shall in all respects be entitled to the sole benefit and security of this Indenture as the definitive bonds to be issued and authenticated hereunder.

Section 217. Hedge Agreements. If permitted by law, in connection with the issuance of the Water Revenue Bonds, the execution by the City of hedging structures, including but not limited to interest rate exchange agreements, swap agreements, cap agreements, collars, floors, forwards or other hedging structures (collectively, the "Hedge Agreements") in notional amounts not exceeding the amount of the Water Revenue Bonds actually issued is hereby authorized. The terms of each Hedge Agreement shall be set forth in the applicable Supplemental Indenture.

If any Hedge Agreement is entered into in connection with the issuance of the Water Revenue Bonds, any payment made thereunder may be secured and payable on a parity with the Water Revenue Bonds, solely from the Revenues of the Waterworks System pledged to the Water Revenue Bonds. The Supplemental Indenture may provide that any references to an interest rate (or yield) or maximum interest rate (or yield) may be deemed to mean the hedge rate resulting under such debt instruments as a result of the execution by the City of such Hedge Agreement.

ARTICLE III REDEMPTION OF BONDS

Section 301. Redemption of Bonds Generally. The Bonds of each Series shall be subject to redemption prior to their Stated Maturity in accordance with this Article and the provisions of the Supplemental Indenture authorizing such Series of Bonds.

Section 302. Redemption at the Election or Direction of the City. In the case of any redemption of Bonds at the election or direction of the City, the City shall give written notice to the Trustee of such election or direction so to redeem, of the Redemption Date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by the City in its sole discretion, subject to any limitations with respect thereto contained in this Indenture). Such notice shall be given at least 45 days prior to the Redemption Date. In the event notice of redemption shall have been given as provided in Section 305 there shall be paid prior to the Redemption Date to the appropriate Paying Agents an amount in cash which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the Redemption Date at the Redemption Price thereof, plus interest accrued and unpaid to the Redemption Date, all of the Bonds to be redeemed. The City shall promptly notify the Trustee in writing of all other payments by it to a Paying Agent.

Section 303. Redemption Otherwise Than at City's Election or Direction.

Whenever by the terms of this Indenture the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of the City, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the Redemption Date, to the appropriate Paying Agents in accordance with the terms of this Article III.

Section 304. Selection of Bonds to be Redeemed.

1. Bonds shall be redeemed in their Authorized Denominations. In the case of a partial redemption of Bonds of the same Series, the Bonds to be redeemed shall be selected by the City, from the Outstanding Bonds of that Series by lot or by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of (i) portions of the principal of Outstanding Bonds of that Series of a denomination larger than \$5,000. The portions of the principal of Outstanding Bonds so selected for partial redemption shall be equal to \$5,000 or integral multiples thereof. Any Bond which is to be redeemed only in part shall be submitted to the Paying Agent and delivered to the Trustee, who shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of any authorized denomination as requested by such Holder in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered. If the Holder of any Bond to be redeemed only in part shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the principal amount of a Bond so called for redemption and accrued interest thereon (and to that extent only). If the Bonds are in the form of global bond certificates, the partial redemption of such Bonds shall be governed by the agreement between the City, the Trustee, and the Depository.

2. The Trustee shall call Bonds for redemption and payment as herein provided upon receipt by the Trustee at least 45 days prior to the Redemption Date of a written request by the City. Such request shall specify the principal amount and Stated Maturities of Bonds so to be called for redemption, the applicable redemption price or prices and the provision or provisions of this Indenture or a Supplemental Indenture authorizing Additional Bonds pursuant to which such Bonds are to be called for redemption. The foregoing provisions of this paragraph shall not apply in the case of any mandatory redemption of Bonds pursuant to the mandatory redemption requirements of a Supplemental Indenture authorizing Additional Bonds, if any, and Bonds shall be called by

the Trustee for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the City and whether or not the Trustee shall hold moneys available for and sufficient to effect the required redemption.

Section 305. Notice of Redemption. If and when any of the Bonds are called for redemption and payment prior to their Stated Maturity, the Trustee shall give written notice of said redemption and payment by first class mail, postage prepaid, mailed not less than 25 days prior to the Redemption Date, to the Bond Insurer, if applicable, and to each Holder of Bonds to be redeemed, at the address appearing on the Bond Register. All notices of redemption shall include the following information:

- (a) The Redemption Date;
- (b) The Redemption Price;
- (c) If less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (d) That on the Redemption Date, the Redemption Prices will become due and payable upon each such Bond, and that interest thereon shall cease to accrue from and after said date; and
- (e) The place where such Bonds are to be surrendered for payment of the Redemption Price (which shall be the principal corporate trust office of the Trustee as Paying Agent).

The failure of the Holder of any Bond to be so redeemed to receive written notice mailed as herein provided shall not affect or invalidate the redemption of said Bond.

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

Notice of the redemption of Bonds hereunder, other than mandatory sinking fund redemption and except with respect to any notice which refers to Bonds which are the subject of an advance refunding, shall be given only if sufficient

funds have been deposited with the Trustee to pay the Redemption Price of the Bonds to be redeemed. Prior to the Redemption Date the City shall pay to the Trustee an amount which, in addition to other moneys, if any, available thereof held by such Paying Agent, will be sufficient to redeem on the Redemption Date at the Redemption Price thereof, plus interest accrued and unpaid to the Redemption Date, all of the Bonds to be redeemed.

Section 306. Effect of Call for Redemption. Prior to any date fixed for redemption pursuant to Section 302 of this Indenture and prior to the giving of notice of redemption of any Bonds pursuant to Section 304, there shall be deposited with the Trustee funds sufficient or United States Government Obligations, maturing as to principal and interest at such times and in such amounts as to provide funds sufficient, to pay the principal of Bonds to be called for redemption and accrued interest thereon on the Redemption Date and the redemption premium, if any, provided, however, the requirements for such deposit need not be met to the extent such redemption is to be made with the proceeds of Additional Bonds to be issued to refund all or a part of the Bonds to be redeemed. Any redemptions pursuant to Section 302 of this Indenture shall be made only from and/or to the extent of the funds or United States Government Obligations so deposited with the Trustee. Upon the happening of the above conditions, and notice having been given as provided herein, the Bonds or the portions of the principal amount of Bonds thus called for redemption shall cease to bear interest on their Redemption Date, provided funds or United States Government Obligations sufficient for the payment of principal of, and redemption premium, if any and accrued interest on, are on deposit at the place of payment at that time, and shall no longer be entitled to the protection, benefit or security of this Indenture and shall not be deemed to be Outstanding under this Indenture.

ARTICLE IV FORM OF BONDS

Section 401. Form of Bonds. The form of the Bonds for each Series of Bonds shall be set forth in the Supplemental Indenture authorizing such Series of Bonds.

ARTICLE V CREATION OF FUNDS AND ACCOUNTS

Section 501. The Pledge Effected by this Indenture.

A. There are hereby pledged for the payment of the Bonds in accordance with their terms and the provisions of this Indenture, subject only to the rights of the holders of the Outstanding Obligations pursuant to the Outstanding Obligations

Ordinances to the Revenues of the Waterworks System and the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture, (1) the proceeds of sale of the Bonds, (2) Revenues, and (3) all Funds established by this Indenture, including the investments, if any, thereof.

B. Such proceeds of sale of the Bonds, the Revenues and the other moneys and securities hereby pledged shall immediately be subject to the lien of this pledge as set forth in subsection A hereof without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City irrespective of whether such parties have notice thereof.

Section 502. Creation of Funds and Accounts. All Revenues derived from the operation of the Waterworks System of the City shall be set aside as collected and shall be deposited in a Fund created and designated the "Waterworks Revenue Fund" of the City of St. Louis. Such Revenues shall be deposited and held in a bank account or accounts separate from all other bank accounts of the City.

As long as any of the Bonds remain Outstanding and unpaid, the Comptroller of the City shall, on the first business day of each month, credit all monies held in the Waterworks Revenue Fund to the following separate accounts to the extent and for the purposes hereinafter stated, in the following order:

(a) To an account designated the "Waterworks Operation and Maintenance Account" there shall be credited a sum sufficient to pay the estimated cost of operating and maintaining the Waterworks System in good repair and working order during such month; such sum to be determined by the Water Commissioner of the City of St. Louis.

(b) To an account designated the "Waterworks Bond and Interest Account" there shall be credited an amount at least equal to one-sixth (1/6) of the amount of interest that will become due and payable on the Bonds (as hereinafter defined) then Outstanding on the next succeeding interest payment date, plus an amount at least equal to one-twelfth (1/12) of the aggregate principal amount of Bonds, if any, that will become due on the next maturity date, provided, however, the City shall be entitled to reduce such monthly payment of principal or interest, as the City may elect, by an amount equal to the amount deposited or transferred from the Water Contingent Account created hereunder into the Waterworks Bond and Interest Account by the City. All monies in said account

shall be used only for the purpose of paying interest on and the principal of Bonds as the same shall become due.

(c) To an account designated the "Water Revenue Debt Service Reserve Account" there shall be credited a sum equal to the maximum principal and interest coming due in any fiscal year on the Bonds or a debt service reserve fund policy or a surety bond shall be provided by a Bond Insurer or a letter of credit shall be provided by a bank acceptable to the City in such amount. When and as long as the sum on deposit in this account shall equal the maximum principal and interest coming due in any fiscal year on the Bonds, no further payment needs to be made, but should this account be reduced or depleted, additional deposits shall be made thereafter in an equal monthly installments per month until said account shall have credited an amount equal to the maximum principal and interest coming due in any fiscal year on the Bonds; provided, however the Debt Service Reserve Requirement shall be replenished within twelve months unless a certificate is provided by the Water Consultant or Consulting Engineers which verifies the sufficiency of debt service coverage within an extended time period. All amounts paid and credited to the Water Revenue Debt Service Reserve Account shall be used solely to prevent any default in the payment of the principal of and interest on the Bonds.

(d) To an account designated the "Waterworks Construction Account" there shall be credited the amount set forth in the applicable Supplemental Indenture.

At the option of the City, any monies received for or in connection with the Waterworks System by the City from any other source may be paid into the Waterworks Construction Account, unless required to be otherwise applied as provided by this Indenture. Amounts in separate sub-accounts for each Project shall be applied by the City to the Cost of Construction of such Project and amounts for each Additional Project shall be applied to the purposes specified in the applicable Supplemental Indenture or, if no Bonds are issued, to the purposes specified in an Ordinance for the City, a copy of which, certified by an Authorized Officer, shall be filed with the Trustee.

The completion of each portion of the Project and any Additional Project shall be evidenced by a certificate of the Consulting Engineers, which shall be filed by the City promptly with the Trustee, stating the date of such completion and the amount remaining to be paid, if any, and that such Project has been completed in accordance with plans and specifications applicable thereto.

Surplus funds which remain in the Waterworks Construction Account may be used by the City, at its option as follows:

(1) to redeem Bonds on the earliest redemption date;

(2) to purchase Bonds on the open market prior to such redemption date at prices (exclusive of accrued interest) not in excess of one hundred percent (100%) of the principal amount of such Bonds, or

(3) for any other lawful purpose of the Waterworks System.

(e) to an account designated "Water Replacement and Improvement Account" there shall be credited to said account the sum equal to the "Water Replacement and Improvement Account Requirement" as defined in each Supplemental Indenture. The deposit to such account shall be made in monthly installments until said account shall have credited an amount equal to the Water Replacement and Improvement Account Requirement; but should such account be reduced or depleted, additional deposits shall be made thereafter in monthly installments until said account shall have been restored to an amount equal to the Water Replacement and Improvement Account Requirement.

(f) After crediting the required amounts to the respective accounts hereinbefore provided for and after making up any deficiency in accounts provided by subparagraphs (a), (b), (c), (d) and (e) hereof shall have been made, all monies remaining in the Waterworks Revenue Fund shall be credited to an account designated the "Water Contingent Account." Said money may be used for (i) paying the cost of the operation, maintenance, and repair of the Waterworks System; (ii) paying the cost of extending, improving or making replacements to the Waterworks System; (iii) preventing default in, anticipating payments into, or increasing the amounts in other accounts; (iv) payment of any gross receipts tax now or hereafter levied by The City of St. Louis; (v) payment of the principal of, redemption premium, if any, and interest on any subordinate or junior lien bonds; (vi) the payment of any redemption premium due on the Bonds; or (vii) any other lawful purpose for use by the Waterworks System.

PROVIDED, anything in the provisions of the foregoing subparagraphs (e) and (f) to the contrary notwithstanding, in the event that the sums on deposit in the Waterworks Bond and Interest Account and in the Water Revenue Debt Service Reserve Account hereinabove provided for should at any time be insufficient to pay accruing interest or maturing principal, or both, on the outstanding water revenue bonds of said City, the balances in the accounts provided for in said subparagraphs (e) and (f) may be drawn upon to the extent necessary to provide for the payment of such interest or principal or both.

Section 503. Creation of the Rebate Fund. There is hereby created and ordered established in the custody of the Trustee a special trust fund to be designated "Water Revenue Rebate Fund (the "Rebate Fund"). The Rebate Fund shall consist of such accounts or sub-accounts as may be created by one or more Supplemental Indentures.

Section 504. Deposits into the Rebate Fund. All moneys required or expected to be required to be rebated to the United States shall be deposited in the Rebate Fund.

Section 505. Application of Moneys in the Waterworks Bond and Interest Account. The City hereby authorizes and directs the Trustee to withdraw sufficient funds from the Waterworks Bond and Interest Account to pay the principal of, and redemption premium, if any, and interest on, the Bonds as the same become due and payable and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying such principal, redemption premium, if any, and interest.

Whenever the amount in the Waterworks Bond and Interest Account from any source whatsoever is sufficient to redeem all of the Bonds Outstanding and pay interest to accrue thereon prior to such redemption, the City shall take and cause to be taken the necessary steps to redeem all such Bonds on the next succeeding Redemption Date for which the required redemption notice may be given or on such later Redemption Date. Any moneys in the Waterworks Bond and Interest Account may be used to redeem a portion of the Bonds Outstanding so long as the City is not in default with respect to any payments hereunder and to the extent said moneys exceed the amount required (i) for payment of Bonds theretofore matured or called for redemption and (ii) for payment of any past due interest remaining unpaid.

Section 506. Payments Due on Saturdays, Sundays and Holidays. In any case where the Maturity of principal of, or redemption premium, if any, or interest on, any Bonds or the days fixed for redemption of any Bonds shall be a Saturday, a Sunday, a legal holiday or a day on which banking institutions in the city of payment are authorized by law to close, then payment of principal, redemption premium, if any, or interest need not be made on such date but may be made on the next succeeding day not a Saturday, a Sunday or a legal holiday or a day upon which such banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 507. Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal therein becomes due, either at its Maturity or otherwise, or at the Redemption Date thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the City to the Bondholder thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Holder of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond. If any Bond shall not be presented for payment within five years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall repay to the City the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the City, and the Bondholder thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 508. Repayment to the City from the Waterworks Revenue Fund. After payment in full of the principal of and redemption premium, if any, and interest on, the Bonds (or after provision has been made for the payment thereof as provided in this Indenture), and the fees, charges and expenses of the Trustee and Paying Agents and any other amounts required to be paid under this Indenture and the applicable Supplemental Indenture, all amounts remaining in the Waterworks Revenue Fund shall be paid to the City upon the expiration or sooner termination of the Indenture.

ARTICLE VI

RESERVED

ARTICLE VII

DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 701. Moneys to be Held in Trust. Except as otherwise specifically provided herein, all moneys deposited with or paid to the Trustee or other Fiduciary pursuant to the provisions of this Indenture, and all moneys deposited with or paid to any Paying Agent under this Indenture, shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with this Indenture and the applicable Supplemental Indenture, and, until used or applied as herein provided, shall constitute part of the Trust Estate and be subject to the lien hereof. Neither the Trustee nor any Paying Agent shall be

under any liability for interest on any moneys received hereunder except such as may be agreed upon.

Section 702. Deposits.

A. All moneys held by any Fiduciary under this Indenture may be placed on demand or time deposits, if and as directed by the City, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. The City shall not be liable for any loss or depreciation in value resulting from any investment made pursuant to this Indenture. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not such Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the City and acceptable to such Fiduciary, on time deposit, provided that such moneys on time deposit are available for use at the time when needed. Such Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

B. All moneys held under this Indenture by the Trustee or any Fiduciary shall be continuously and fully secured for the benefit of the City and the Owners of the Bonds, either (1) by lodging with the Trustee, as custodian, as collateral security, direct obligations of or obligations guaranteed by the United States of America having a market value (exclusive of accrued interest) not less than the amount of such moneys, or (2) in such other manner as may then be required by applicable federal or State of Missouri laws and regulations regarding security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Fiduciaries to give security under this subsection B for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee or any Fiduciary to give security for any moneys which shall be represented by obligations purchased as an investment of such moneys.

C. All moneys deposited with the Trustee and each Fiduciary shall be credited to the particular Fund or Account to which such moneys belong. Earnings on any moneys or investments on all Funds and Accounts established under this Indenture shall be applied as provided in Section 703.

Section 703. Investment of Certain Funds. Moneys held in the Waterworks Bond and Interest Account and the Water Revenue Debt Service Reserve

Account shall be invested and reinvested by the Trustee to the fullest extent practicable in Permitted Investments which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund and Accounts, and in the case of the Waterworks Bond and Interest Reserve Account not later than 15 years (unless such securities shall be redeemable at the option of the holder thereof, in which event such securities may mature at a date no later than the final maturity date of the Bonds). The Trustee shall make such investment in accordance with any instructions received from City Representative. The Trustee, upon notice to and written consent of a City Representative, may make any and all such investments through its own bond department or the bond department of any bank or trust company under common control with the Trustee.

Moneys in the Waterworks Revenue Fund, the Water Replacement and Improvement Account and the Waterworks Construction Account may be invested by the City in Permitted Investments which mature not later than such times as shall be necessary to provide moneys when needed to provide payments from such Funds. Moneys in the Waterworks Operation and Maintenance Account may be invested by the City in Permitted Investments which mature within 12 months and moneys in the Water Contingent Account may be invested in Permitted Investments which mature within 5 years, and in any case not later than such times as shall be necessary to provide moneys when needed for payment from such respective Funds.

Earnings on any moneys on investments on all Funds and Accounts established under this Indenture shall be deposited in the Waterworks Revenue Fund, except that earnings on the moneys or investments in the Water Replacement and Improvement Account shall, to the extent expressly required by the terms of any Supplemental Indenture authorizing the issuance a Series of Bonds, be retained in the Water Replacement and Improvement Account.

Section 704. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any Account or Fund shall be deemed at all times to be a part of such Account or Fund and any profit realized from the liquidation of such investment shall be credited to such Account or Fund and any loss resulting from the liquidation of such investment shall be charged to the respective Account or Fund.

In computing the amount in any Account or Fund created under the provisions of this Indenture for any purpose provided in this Indenture, obligations purchased as an investment of moneys therein shall be valued at cost or the principal amount thereof, whichever is lower, exclusive of accrued interest,

except that such investments in the Water Revenue Debt Service Reserve Account shall be valued at the cost or market price thereof whichever is lower, exclusive of accrued interest. The valuation of such Accounts and Funds shall be made as of the end of each Fiscal Year.

Except as otherwise provided in this Indenture, the Trustee shall sell at the best price obtainable, or present for redemption, any obligation so purchased as an investment whenever it shall be requested in writing by a City Representative so to do or whenever it shall be necessary, in order to provide moneys to meet any payment or transfer from any Account or Fund held by the Trustee. The Trustee shall not be liable for making any such investment in the manner provided above or for any loss resulting from such investment.

Section 705. Rebate. The Trustee shall annually make or, at the discretion of the City and at the expense of the City, employ an individual or firm having the requisite expertise to make, the calculation(s) required by the Non-Arbitrage Certificate and the City shall (i) pay to the United States the amount, if any, required to be rebated by the Non-Arbitrage Certificate and (ii) invest proceeds of the Bonds only as provided in the Non-Arbitrage Certificate. Anything in this Section to the contrary notwithstanding, the Non-Arbitrage Certificate may be amended or superseded by a new Non-Arbitrage Certificate accompanied by an opinion of Bond Counsel addressed to the City to the effect that the use of said new Non-Arbitrage Certificate will not cause the interest on the Bonds to become includable in gross income for Federal income tax purposes of the recipient thereof.

ARTICLE VIII PARTICULAR COVENANTS OF THE CITY

Section 801. Effects of Covenants. The City hereby particularly covenants and agrees with the Trustee and with the Owners of the Bonds and makes provisions which shall be a part of the contract with such Owners, to the effect and with the purpose set forth in the following sections of this Article.

Section 802. Payment of Principal, Premium, if any, and Interest. The City will promptly pay or cause to be paid, but solely from the Net Revenues, the proceeds of the Bonds and the other funds pledged therefor by this Indenture, the principal of, interest and premium on all Bonds issued hereunder according to the terms hereof.

Section 803. Extension of Payment of Bonds. The City shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of

such Bonds or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled in case of any default under this Indenture to the benefit of this Indenture or to any payment out of the Net Revenues, or out of any funds including the investments, if any, thereof, pledged under this Indenture or the moneys (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to this Indenture) held by any Fiduciary except subject to the prior payments of the principal of all Bonds Outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by extended claims for interest. Nothing herein shall be deemed to limit the right of the City to issue Refunding Bonds and such issuance shall not be deemed to constitute an extension of the maturity of any Bonds.

Section 804. Offices for Servicing Bonds. The City shall at all times maintain one or more offices or agencies, in the City in where Bonds may be presented for payment, redemption, registration of transfer and exchange. The City hereby appoints the Trustee as its agent to maintain such an office or agency in the City. The City hereby also appoints the Paying Agent as its respective agent to maintain such offices or agencies for the payment or redemption of Bonds.

Section 805. Further Assurance. At any and all times the City shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming of all and singular the rights, Revenues and other moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the City may hereafter become bound to pledge or assign.

Section 806. Powers as to Bonds and Pledge. The City is duly authorized under the Constitution of the State of Missouri, as amended and all applicable laws to create and issue the Bonds and to adopt this Indenture and to pledge the Revenues and other moneys, securities and funds purported to be pledged by this Indenture in the manner and to the extent provided in this Indenture. Except as to the Outstanding Obligations and the issuance of Bonds hereunder and subject to the application of Revenues to the purposes and the conditions permitted by this Indenture, the Revenues and other moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Indenture, and all corporate or other action on the part of

the City to that end had been duly and validly taken. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the City in accordance with their terms and the terms of this Indenture. The City shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Revenues and other moneys, securities and funds pledged under this Indenture and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever.

Section 807. Powers as to the Waterworks System and Collection of Rates, Fees and Rentals. The City has and will have so long as any Bonds are Outstanding, good right and lawful authority to acquire, construct, develop, operate, maintain, repair, improve, reconstruct, enlarge, and extend the Waterworks System and to fix rates, fees, rentals and other charges in connection therewith.

Section 808. Indebtedness and Liens. The City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, payable out of or secured by a pledge of the Revenues or of the moneys, securities of funds held or set aside by the City or by the Fiduciaries under this Indenture and shall not create or cause to be created any lien or charge on the Revenues or such moneys, securities or funds; provided, however, that nothing contained in this Indenture shall prevent the City from issuing Subordinated Indebtedness as provided in Section 212.

Section 809. Sale, Lease or Encumbrance of Property.

A. Except as provided in subsection B, C, and E of this Section 809, no part of the Waterworks System shall be sold, or otherwise disposed of or encumbered.

B. The City may sell, for fair and reasonable value, at any time and from time to time any property constituting part of the Waterworks System which in the opinion of the Board of Aldermen (expressed in the form of an ordinance) and the Water Consultant is not necessary or useful in the operation thereof. The opinion of the Board of Aldermen and the Water Consultant shall be filed with the Trustee prior to such sale. Except as stated above, the Comptroller may sell any surplus property as may be permitted by law.

C. The City may lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the Waterworks System if such lease, contract, license, easement or right does not impede or restrict the operation by the City of the Waterworks System for Waterworks System purposes.

D. The City shall not sell, lease or otherwise transfer all or a substantial part of the Waterworks System unless the Bonds shall have been paid in full, both as to principal and interest or unless adequate provision (as hereinafter defined) shall have been made for the payment of the Bonds. For purposes of this Section, the term "adequate provision" shall mean the defeasance of the Bonds in accordance with Section 1301 hereof or the assumption by the transferee of the obligations of the City hereunder and in the Bonds if: (1) in the written opinions of the Water Commissioner and the Water Consultant, after giving effect to such transfer and assumption, the ability of the transferee to meet the rate maintenance and other covenants hereunder and the security for the Bonds are not materially and adversely affected, (2) the City shall have furnished the Trustee with a Counsel's Opinion to the effect that such transfer will not adversely affect the tax-exempt status of interest on the Bonds under the Code, as applicable, and (3) such transferee shall expressly agree not to use the Funds held under this Indenture otherwise than as provided in this Indenture. In the event of any such transfer and assumption, nothing herein shall prohibit or prevent the retention by the City of any facility of the Waterworks System if, in the written opinions of the Water Commissioner and the Water Consultant, such retention will not materially and adversely affect the security for the Bonds, nor unreasonably restrict the transferee's ability to comply with the rate maintenance and other covenants hereunder. Any consideration received by the City from the transferee of all or a substantial part of the Waterworks System shall constitute "Revenues" hereunder or be subject to the terms and provisions of this Indenture. The terms and conditions of the transfer of all or a substantial part of the Waterworks System pursuant to this Section shall be set forth in a Supplemental Indenture executed by the City, the Trustee and the transferee and notice of such transfer shall be given to the Bondholders in accordance with Article XI hereof.

Section 810. Operations, Maintenance and Reconstruction.

A. The City shall at all times operate, or cause to be operated, the Waterworks System properly and in a sound, efficient and economical manner and shall maintain, preserve, and keep the same or cause the same to be maintained, preserved, and kept with the appurtenances and every part and parcel thereof, in good repair, working order and conditions, and shall from time to time make or cause to be made, all ordinary, necessary and proper repairs, replacements and renewals so that at all times the operation of the Waterworks System may be properly and advantageously conducted, and, if any useful part of the Waterworks System is damaged or destroyed, the City shall, as expeditiously as may be possible, commence and diligently prosecute the ordinary replacement or reconstruction of such part so as to restore the same to use; provided,

however, that nothing in this Indenture shall require the City to operate, maintain, preserve, repair, replace, renew or reconstruct any part of the Waterworks System (1) from sources other than the Revenues or (2) if there shall have been filed with the Trustee (i) a certificate executed by a City Representative stating that in the opinion of the City abandonment of operation of such part is economically justified and is not prejudicial to the interest of the Owners of the Bonds, and (ii) a consent to the filing of such certificate is given by the Trustee, which consent shall be withheld only upon reasonable grounds.

B. To the extent permitted by law and deemed necessary by the City for the efficient or economical operation of the Waterworks System, it shall maintain, preserve, and renew all the franchises, rights, powers and privileges acquired, owned or held by it.

C. The City shall establish and enforce reasonable rules and regulations governing the operation, use and services of the Waterworks System.

Said City further covenants with the Holders of said Bonds as follows:

(a) As long as any Bonds authorized hereunder are Outstanding and unpaid, it will operate or cause to be operated in a sound, efficient and economical manner and maintain or cause to be maintained in good repair, working order or condition, the Waterworks System.

(b) As long as any of the Bonds remain Outstanding and unpaid, the City will establish and maintain fees, rates and charges for the use of the Waterworks System, as shall be sufficient at all times to (i) pay the cost of maintenance and operation of the Waterworks System, (ii) pay the principal of redemption premium, if any, and the interest on all revenue bonds of the Waterworks System, and (iii) establish and maintain the reserves and accounts established pursuant to this Ordinance. There will be charged against all users of water service such rates and charges as shall be fully adequate to meet the requirements of the Waterworks Revenue Fund, and the City will adopt or continue in effect rates for all services rendered by the Waterworks System sufficient to produce Net Revenues for the next succeeding fiscal year at least equal to one hundred ten percent (110%) of the amount of the principal of and interest coming due on all Bonds during the next succeeding fiscal year.

If the City has not adjusted the water rates at the end of a twenty-four month period following the last adjustment of water rates, the City covenants that it shall promptly employ Consulting Engineers to perform a water rate study for purposes of determining the Net Revenues of the Waterworks System for the

next succeeding two year period. If such study indicates that a rate adjustment is necessary to comply with the rate covenants contained in this Section, the City agrees to take such action as it deems necessary to comply with the rate covenants contained herein.

Section 811. Rates and Charges. The City shall, at all times while any Bonds shall be Outstanding perform all duties with respect to the operation and maintenance of the Waterworks System and shall establish, fix, prescribe and collect such rates, fees and other charges for the use of the Waterworks System as shall be reasonably anticipated to provide in each Water Division Fiscal Year an amount so that the Revenues shall be sufficient to pay the Aggregate Debt Service for such Water Division Fiscal Year and to provide the funds necessary to make the required deposits in and maintain the several Funds and Accounts established in Article V hereof, and in any event, as shall be required to pay or discharge all indebtedness, charges and liens whatsoever payable out of Revenues under this Indenture.

Section 812. Insurance.

A. So long as any Bonds are Outstanding the City shall at all times carry insurance or cause insurance to be carried or be self-insured. In any case, the City shall be designated as an insured as its interest may appear, with a responsible insurance company or companies authorized and qualified under the laws of the State of Missouri and of the United States of America to assume the risk thereof, covering such properties of the Waterworks System as are customarily insured, and against loss or damage from such causes as are customarily insured against, by public or private corporations engaged in a similar type of business.

B. Any proceeds of insurance for the Waterworks System shall, to the extent necessary and desirable, be applied to the repair and replacement of any damaged or destroyed properties of the Waterworks System. If any of said proceeds received are not used or committed for use with respect to the repair or replacement of Waterworks System property within twenty four (24) months of receipt, such proceeds shall be paid into the Water Contingent Account.

Section 813. Condemnation. The City covenants that in the event that Waterworks Systems or any part thereof is taken by the exercise of eminent domain, any proceeds received in connection with such exercise of eminent domain shall, to the extent necessary and desirable, be applied to the replacement of the Waterworks System or such part thereof. If any of said proceeds received are not applied to or committed for use with respect to such

replacement within twenty-four (24) months or receipt, such proceeds shall be paid into the Water Contingent Account.

Section 814. Water Consultant. The City shall employ a Water Consultant from time to time whenever and for the purposes contemplated by this Indenture. Such Water Consultant shall be a water consultant or water consultant firm or corporation having a wide and favorable reputation for skill and experience with respect to the operation and maintenance of water systems and in projecting revenues to be derived from the operation of water systems.

Section 815. Consulting Engineers. The City shall employ Consulting Engineers from time to time whenever and for the purposes contemplated or required by this Indenture. Such Consulting Engineers shall be engineers or engineering firms having a wide and favorable reputation for skill and experience in the construction and operation of water system facilities.

Section 816. Waterworks System Budget. Prior to the commencement of each Water Division Fiscal Year the Water Commissioner of the City shall cause to be prepared an Annual Budget setting out the estimated receipts and expenditures of the Waterworks System of the City for the then ensuing fiscal year. This budget shall contain:

- (a) An estimate of the receipts expected to be derived from the operation of the Waterworks System.
- (b) The estimated cost of operating the Waterworks System during the next Water Division Fiscal Year.
- (c) Any unusual and extraordinary expenses of operation or maintenance which might be reasonably anticipated and an estimate of the cost thereof.
- (d) Which replacements to the Waterworks System may be anticipated and the estimated cost thereof.
- (e) The amount of interest to become due during the ensuing year on the Bonds then outstanding.
- (f) The principal of such Bonds which will become due absolutely by their terms.

Section 817. Accounts and Reports.

A. The City, through the Board of Aldermen and the Comptroller, shall keep or cause to be kept proper books of record and account of the Waterworks System (separate from all other records and accounts of the City) in which complete and correct entries shall be made of its transactions relating to the Revenues, each Fund and Account established under this Indenture and which shall at all times be subject to the inspection of the Trustee, and the Owners of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

B. The Trustee shall advise the City promptly after the end of each month of the respective transactions during such month relating to each Fund and Account held by the Trustee under this Indenture. The City shall have the right upon reasonable notice and during reasonable business hours to examine the books and records of the Trustee with respect to the Funds and Accounts held by the Trustee under this Indenture.

C. The City shall annually, within 120 days after the close of each Water Division Fiscal Year (commencing with the Water Division Fiscal Year ending June 30, 1994) cause an audit to be made of its books and accounts relating to the Waterworks System for such Water Division Fiscal Year by an independent and recognized certified public accountant or firm of independent certified public accountant not in the regular employ of the City. Promptly thereafter reports of each audit shall be filed with the Trustee, each Bond Insurer and with each rating agency, if any, maintaining a credit rating on any of the Bonds. Each such Audit Report shall set forth with respect to such Water Division Fiscal Year:

(1) a statement of financial condition of the Waterworks System as of the end of such Water Division Fiscal Year and the related statement of revenues and expenses of the Water Division Fiscal Year then ended;

(2) a summary with respect to each Fund and Account established under this Indenture of the receipts therein and disbursements therefrom;

(3) the details of all Bonds issued, paid, purchased or redeemed;

(4) the amounts on deposit at the end of such Water Division Fiscal Year to the credit of each Fund and Account established under this Indenture showing the respective amounts on deposit to the credit thereof in each Fiduciary under this Indenture and any security held therefor, and showing the details of any investment thereof;

(5) the amounts of the proceeds received from any sales of property constituting part of the Waterworks System; and any sales of property constituting part of the Waterworks System; and

(6) a list of all insurance policies with respect to the Waterworks System or certificates thereof then held by the City or the Trustee.

D. The City shall file with the Trustee and each Bond Insurer, if any, forthwith upon becoming aware of any Event of Default or default in the performance by the City of any covenant, agreement or condition contained in this Indenture, a certificate signed by a City Representative and specifying such Event of Default or default and (2) within 150 days after the end of each Water Division Fiscal Year, commencing with Fiscal Year, a certificate signed by an appropriate City Representative stating that, to the best of his knowledge and belief, the City has kept, observed, performed and fulfilled each and every one of its covenant and obligations contained in this Indenture and there does not exist at the date of such certificate any default by the City under this Indenture or any Event of Default or other event which, with the giving of notice or the lapse of time specified in Section 901, or both, would become an Event of Default, or, if any such default or Event of Default or other event shall so exist, specifying the same and the nature and status thereof.

E. The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of this Indenture shall be available for the inspection of Bondholders at the office of the Trustee and shall be mailed to each Bondholder who shall file a written request therefor with the City. The City may charge each Bondholder requesting such reports, statement and other documents a reasonable fee to cover reproduction, handling and postage.

Section 818. Completion of Project. The City shall continue to completion the acquisition and construction of the Project and each Additional Project with all practical dispatch and in a sound and economical manner. Subject to its obligations in Section 819 hereof, the City may modify or cancel, in whole or in part and from time to time, any Project or Additional Project to the extent such modification or cancellation, together with any other prior or contemplated modification or cancellation, shall not adversely affect the revenue producing capabilities of the Waterworks System.

Section 819. Covenants by the City with Respect to Agreements. The City shall take all necessary or appropriate action to maintain in full force and effect and enforce its rights under all existing agreements to which it is a party with respect to the Waterworks System. The City further hereby covenants that it

will not enter into any agreements (including modifications or waivers of the terms or provisions of existing agreements) with respect to the properties and facilities of the Waterworks System which would compromise or limit the ability of the City to meet its covenants under this Indenture.

Section 820. Covenants with Respect to the Waterworks System and Water Facilities. Nothing herein contained shall prohibit the City from acquiring or constructing a new Waterworks System or any other water facility at any other location and financing the same from moneys other than the proceeds of Bonds or Revenues generated by the Waterworks System. The City hereby covenants that it will not acquire or construct any such waterworks system or water facilities as aforesaid unless a certificate is received from the Water Consultant and filed with the Trustee to the effect that such waterworks system or water facility will not impair the City's ability to meet its obligations under this Indenture.

Section 821. Fulfillment of Conditions Precedent. Upon the date of issuance of any of the Bonds, all conditions, acts and things required by the Constitution or statutes of the State of Missouri, or this Indenture to exist, to have happened and to have been performed precedent to or in the issuance of such Bonds, together with all other indebtedness of the City, shall be within every applicable debt and other limit prescribed by said Constitution or statutes.

Section 822. Payment of Lawful Charges. The City shall pay from the Revenues all taxes and assessments or other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Waterworks System, or upon any part thereof or upon any Revenue therefrom, when the same shall become due, and shall duly observe and comply with all legal requirements of any municipal or governmental authority applicable to any part of the Project, and shall not create or suffer to be created any lien or charge upon the Waterworks System or any part thereof or upon the Revenues therefrom, except the pledge and lien created by this Indenture for the payment of the principal and Redemption Price of and interest on the Bonds. The City shall pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within ninety (90) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects; provided, however, that nothing contained in this Section shall require the City to pay or cause to be discharged or make provisions for, any such lien or charge, so long as the validity thereof shall be contested in good faith and by appropriate administrative and legal proceedings.

ARTICLE IX

DEFAULT AND REMEDIES

Section 901. Events of Default. If one more of the following events ("Events of Default") shall happen, that is to say:

(A) if default shall be made in the due and punctual payment of the principal of or Redemption Price of any Bond, whether at maturity or by call for redemption, or otherwise, or in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any sinking fund installment therefore when and as such interest installment or sinking fund installment shall become due and payable;

(B) if default shall be made by the City in the performance or observance of the covenants, agreements and conditions on its part as provided in Section 811; provided, however, a failure by the City to comply with the covenants in Section 811 hereof shall not constitute an event of default hereunder if, (i) within four (4) months of the end of the most recently completed Water Division Fiscal Year, the City shall retain the Water Consultant for the purpose of making recommendations with respect to the operations of the Waterworks System and the sufficiency of its rates, fees, and other charges, (ii) the Water Consultant shall make the required recommendations to the City within seven (7) months of the end of such Water Fiscal Year and file same with the Trustee; and (iii) the City shall diligently and in good faith follow the recommendations of the Water Consultant;

(C) if default shall be made by the City in the performance or observance of any other of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds and such default shall continue for a period of sixty (60) days after written notice thereof to the City by the Trustee or to the City and to the Trustee by the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding; provided, however, that if such failure shall be such that it can be corrected but cannot be corrected within such sixty (60) day period, it shall not constitute an Event of Default if corrective action is instituted within such period and diligently pursued until the failure is corrected;

(D) if the City shall file a petition seeking a composition of indebtedness under the Federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State of Missouri;

(E) if judgment for the payment of money shall be rendered against the City as the result of the construction, improvement, ownership, control or operation of the Waterworks System, and any such judgment shall not be discharged within

twenty-four (24) months after the entry thereof, or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to set aside or stay the execution of or levy under such judgment, or order, decree or process or the enforcement thereof; or

(F) if an order or decree shall be entered, with the consent or acquiescence of the City, appointing a receiver or receivers of the Waterworks System or any part thereof, or the Revenue therefrom, or if such order or decree having been entered without the consent or acquiescence of the City, shall not be vacated or discharged, stayed or appealed within ninety (90) days after the entry thereof; then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, either the Trustee may (by notice in writing to the City), and upon written request of the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding (by notice in writing to the City and the Trustee) shall, declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this Indenture or in any of the Bonds contained to the contrary notwithstanding.

The right of the Trustee to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums then payable by the City under this Indenture (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the City or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under this Indenture (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Owners of fifty-one percent (51%) in principal amount of the Bonds Outstanding, by written notice to the City and to the Trustee, may rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted itself, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Owners of fifty-one percent (51%) in principal amount of the Bonds then Outstanding, then any such declaration

shall ipso facto be deemed to be rescinded and any such default and its consequences shall ipso facto be deemed to be annulled, but no such rescission and annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

For purposes of this Section 901, all actions required or permitted to be taken hereunder by the owners of any Bonds insured by a Bond Insurer may be taken by such Bond Insurer without any action being taken or required to be taken by such owner. Any action taken by such Bond Insurer shall be deemed to be the action taken by such Bond Insurer shall be deemed to be the action taken by such owner.

Section 902. Accounting and Examination of Records After Default.

A. The City covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the City and all other records relating to the Waterworks System shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys, including any engineer or firm of engineers appointed to act on behalf of the Trustee.

B. The City covenants that if an Event of Default shall happen and shall not have been remedied, the City, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and Funds pledged or held under this Indenture for such period as shall be stated in such demand.

Section 903. Application of Revenues and Other Moneys After Default.

A. The City covenants that if an Event of Default shall happen and shall not have been remedied, the City, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (1) forthwith, all moneys, securities and Funds then held by the City in any Fund or account under this Indenture, and (2) all Revenues as promptly as practicable after receipt thereof.

B. During the continuance of an Event of Default, the Trustee shall apply such moneys, securities, Funds and Revenues and the income therefrom as follows and in the following order:

(1) to the payment of the reasonable and proper charges and expenses of the Trustee and the reasonable fees and disbursements of its counsel;

(2) to the payment of the Operation and Maintenance Expenses of the Waterworks System;

(3) to the payment of the interest and principal or Redemption Price then due on the Bonds, subject to the provisions as follows:

(a) unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturity on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination of preference except as to any difference in the respective rates of interest specified in the Bonds.

C. If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums payable by the City under this Indenture, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the City, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under this Indenture or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed

by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the City all moneys, securities, and Funds then remaining unexpended in the hands of the Trustee (except monies, securities, and Funds deposited or pledged, or required by the terms of this Indenture to be deposited or pledged, with the Trustee), and thereupon the City and the Trustee shall be restored, respectively, to their former positions and rights under the Indenture. No such payment over to the City by the Trustee nor such restoration of the City and the Trustee to their former positions and rights shall extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 904. Acceleration of Maturity in Event of Default. If an Event of Default shall have occurred and be continuing, the Trustee may, and upon the written request of the Holders of not less than 51% in aggregate principal amount of Bonds then Outstanding, shall, by notice in writing delivered to the City, declare the principal of all Bonds then Outstanding and the interest accrued thereof immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

If the payment of the Bonds is accelerated under this Section, each Bond shall be payable in the principal amount thereof and accrued interest thereon.

Section 905. Appointment of Receivers in Event of Default. If an Event of Default shall have occurred and be continuing, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee or of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 906. Exercise of Remedies by the Trustee. Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the Bonds then Outstanding, and enforce and compel the performance of the duties and obligations of the City as herein set forth or to enforce or realize upon any of the rights, powers, liens or interests granted hereby to the Trustee. Upon the occurrence of an Event of Default, the Trustee may exercise any of the rights and remedies of a secured party under the Missouri Uniform Commercial Code or other applicable laws and require the City to assemble any collateral covered hereby and make it available to the Trustee at a place to be designated by the Trustee which is reasonably convenient to both parties.

Section 907. Exercise of Rights and Powers. If an Event of Default shall have occurred and be continuing, and if requested so to do by the Holders of 25% in aggregate principal amount of Bonds then Outstanding and indemnified as provided in subparagraph (1) of Section 1001 the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Bondholders.

All rights of action under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds 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 Bondholder, and any recovery or judgment shall, subject to Section 909, be for the equal benefit of all the Registered Owners of the Outstanding Bonds.

Section 908. Limitation on Exercise of Remedies by Bondholders. No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder unless:

(i) a default has occurred of which the Trustee has been notified as provided in subparagraph (h) of Section 1001 or of which by said subsection the Trustee is deemed to have notice;

(ii) such default shall have become an Event of Default;

(iii) the Holders of 25% in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee, shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and shall have provided to the Trustee indemnity as provided in subparagraph (1) of Section 1001; and

(iv) the Trustee shall thereafter fail or refuse to exercise the powers herein granted or to institute such action, suit or proceeding in its own name for a period of thirty (30) days subsequent to such written request;

and such notification, request and provision of indemnity are hereby declared in every case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause

of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder, it being understood and intended that no one or more Bondholders shall have any right in any manner whatsoever to affect, disturb or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Registered Owners of all Bonds then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder to payment of the principal of, and redemption premium, if any, and interest on any Bond at and after its Maturity or the obligation of the City to pay the principal of, and redemption premium, if any, and interest on, each of the Bonds to the respective Registered Owners thereof at the time, place, from the source and in the manner herein and in such Bond expressed.

Nothing in this Indenture or in the Bonds contained shall affect or impair the obligation of the City, which is absolute and unconditional, to pay, from the sources herein specified, at the respective dates of Maturity and places therein expressed the principal of and interest on the Bonds to the respective Owners thereof, or affect or impair the right of action, which is also absolute and unconditional, or any Owners to enforce such payment of such Owner's Bond.

Section 909. Right of Bondholders to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds 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 Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture, 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 proceedings directed would involve it in personal liability.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under this Indenture, the Trustee shall be entitled to exercise any and all rights and powers conferred in this Indenture and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Owners of not less than fifty-

one percent (51%) in principal amount of the Bonds then Outstanding or the Bond Insurer, if any, and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under this Indenture by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interest of the Bondholders.

Section 910. Remedies Cumulative. No remedy conferred by this Indenture upon or reserved to the Trustee, to the Bond Insurer or to the Bondholders 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, to the Bond Insurer, if any, or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

Section 911. Delay or Omission Not Waiver. No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient.

Section 912. Effect of Discontinuance of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture 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, the Trustee, the Bond Insurer, if any, and the Bondholders shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 913. Waivers of Events of Default. 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 Registered Owners of at least a majority in aggregate principal amount of all Bonds then Outstanding; provided, however, that there shall not be waived without the consent of the Registered Owners of all the Bonds Outstanding (a) any Event of Default in the payment of the principal of any Outstanding Bonds at their Stated Maturity, or (b) any Event of Default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds or

overdue installments of interest in respect of which such default shall have occurred, or all arrears of payments of principal 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. In case of any such waiver or rescission, or in case any proceeding 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 and the Bondholders shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon. For purposes of this Section, all actions permitted to be taken herewith by the owners of any Bonds insured by a Bond Insurer, if any, may be taken by such Bond Insurer without any action being taken by such owner and such action shall be deemed to be action taken by such owner.

Section 914. Notice of Default. The Trustee shall promptly upon becoming aware of any Event of Default mail to the Bond Insurer, if any, the Owners of Bonds, the Water Consultant and to all other interested persons who shall have filed their names and addresses with the Trustee for such purpose, written notice of the occurrence of any Event of Default; provided, that, except in the case of an Event of Default set forth in items (A) through (C) of Section 901 hereof, the Trustee shall be protected in withholding such notice if any for so long as the board of directors, the executive committee or a trust committee of directors or a trust committee of other responsible officers of the Trustee in good faith determines that the withholding of such notice is in the interests of Bondholders.

ARTICLE X THE TRUSTEE

Section 1001. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts exercising the same degree of care and skill as a prudent corporate trustee ordinarily would exercise under the circumstances, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. If any Event of Default shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise, as a prudent corporate

trustee would exercise or use under the circumstances in the conduct of its corporate trust affairs.

(b) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys or receivers and shall not be responsible for any misconduct or negligence on the part of any attorney or receiver appointed or chosen by it with due care, and the Trustee shall be entitled to act upon the opinion or advice of Counsel, who may be Counsel to the City, concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from an action or non-action by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of Counsel.

(c) The Trustee shall not be responsible for any recital herein or in the Bonds (except with respect to the Certificate of Authentication of the Trustee appearing on the Bonds), or for the filing or refiling of this Indenture or any security agreements in connection therewith, or for the validity of the execution by the City of this Indenture or any Supplemental Indentures or instruments of further assurance, or for the sufficiency of the security for the Bonds.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated and delivered hereunder. The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights which it would have if it were not Trustee.

(e) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, affidavit, letter, telegram or other paper or document provided for under this Indenture believed by it to be genuine and correct and to have been signed, presented or sent by the proper person or persons.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee shall be entitled to rely upon a certificate signed by a City Representative, as the case may be, as sufficient evidence of the facts

therein contained, and prior to the occurrence of a default of which the Trustee has been notified as provided in subparagraph (h) of this Section or of which by said subparagraph it is deemed to have notice, the Trustee shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except failure by the City to cause to be made any of the payments to the Trustee required to be made under Article VI, unless the Trustee shall be specifically notified in writing of such default by the City, the Bond Insurer, if any (so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy), or by the Registered Owners of at least 25% in aggregate principal amount of all Bonds then Outstanding.

(i) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but shall not be required, to inspect all books, papers and records of the City pertaining to the Waterworks System and the Bonds, and to make copies of such memoranda as may be reasonably desired.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of its trusts and powers hereunder or otherwise in respect of the premises.

(k) The Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee deemed necessary for the purpose of establishing the right of the City to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any action under this Indenture, the Trustee may require that satisfactory and reasonable indemnity be furnished to it for the reimbursement

of all costs and expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

(m) The Trustee shall invest funds held by it in accordance with Article VII.

Notwithstanding any other provision of this Indenture, in determining whether the rights of the Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Trustee shall consider the effect on the Bondholders as if there were no Bond Insurance Policy.

Section 1002. Paying Agents; Appointment and Acceptance of Duties.

A. The Trustee hereby accepts its appointment as a Paying Agent. The City (through the Treasurer) shall appoint one or more Paying Agents for the Bonds, and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 1015 for a successor Paying Agent.

B. Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the City and to the Trustee a written acceptance thereof.

C. Unless otherwise provided, the principal corporate trust office of the Paying Agents are designated as the respective offices or agencies of the City for the payment of the interest on and principal or Redemption Price of the Bonds.

Section 1003. Responsibilities of Fiduciaries.

A. The recitals of fact herein and in the Bonds contained shall be taken as the statements of the City and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Indenture or of any Bonds issued thereunder or as to the security afforded by this Indenture, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the City or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. Subject to the provisions of

subsection B of this Section, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence, misconduct or default.

B. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case any Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, 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 its own affairs. Any provision of this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section.

Section 1004. Evidence on Which Fiduciaries May Act.

A. Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Indenture, shall examine such instrument to determine whether it conforms to the requirements of this Indenture and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be Counsel to the City, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Indenture in good faith and in accordance therewith.

B. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of a City Representative, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may seem reasonable.

C. Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provisions thereof by the City to any Fiduciary shall be sufficiently executed if executed in the name of the City and a City Representative.

Section 1005. Compensation. The City shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture and each Fiduciary shall have a lien therefor on any and all Funds at any time held by it under this Indenture.

Section 1006. Certain Permitted Acts. Any Fiduciary may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Indenture, whether or not any such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

Section 1007. Notice to Bondholders if Default Occurs. If a default occurs of which the Trustee is by subparagraph (h) of Section 1001 hereof required to take notice or if notice of default be given as in said subparagraph (h) provided, then the Trustee shall give written notice thereof by first class mail, postage prepaid, to (a) the Holders of all Bonds then Outstanding at their respective addresses appearing on the Bond Register and (b) within 30 days of the Trustee's knowledge thereof, to the Bond Insurer, if any.

Section 1008. Successor Trustee Upon Merger, Consolidation or Sale. Any corporation or association into which the Trustee may be merged or converted or with or into which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, shall be and become successor Trustee hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereunder as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties hereto provided such successor Trustee is qualified to act as such under State law.

Section 1009. Resignation of Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving at least 90 days written notice to the City, the Bond Insurer, if any, and the Bondholders, but such resignation shall not take effect until the appointment of a successor

Trustee by the Bondholders or by the City pursuant to Section 1011 (through the Treasurer).

Section 1010. Removal of Trustee. The Trustee may be removed at any time (a) at the written request of the Bond Insurer, if any, for any breach of the trust set forth herein, and (b) by an instrument or concurrent instruments in writing delivered to the Trustee, the Bond Insurer, if any, and the City not less than ten (10) days prior to such removal and signed by the Holders of a majority in aggregate principal amount of Bonds then Outstanding, but such removal shall not take effect until the appointment of a successor Trustee by the Bondholders or by the City of such successor.

The City (through the Treasurer) may remove the Trustee at any time, except during the existence of an Event of Default, for good cause shown (including gross negligence or willful misconduct of the Trustee) by filing with the Trustee an ordinance of the City exercising such right of removal. The City shall give written notice to each Bond Insurer of the removal of the Trustee pursuant to this Section.

Section 1011. Appointment of Successor Trustee. In case the Trustee shall resign or be removed, or shall otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor Trustee may be appointed by the Holders of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing; provided that notwithstanding any other provision of this Indenture, no removal, resignation or termination of the Trustee shall take effect until a successor, acceptable to the Bond Insurer, if any, and approved by the City shall be appointed and provided further that, in case of such vacancy, the City (through the Treasurer) by an instrument executed and signed by an Authorized Officer, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondholders in the manner above provided. Any such temporary Trustee so appointed shall immediately and without further acts be superseded by the successor Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to this Section shall be a trust company or bank in good standing and qualified to accept such trusts, subject to examination by a Federal or state regulatory authority and having a reported capital and surplus and undivided profits of not less than \$75,000,000 and be acceptable to the Bond Insurer, or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, shall be and become successor Trustee hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and

privileges hereunder as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five (45) days after the Trustee shall have given to the City written notice as provided herein or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Owner of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Section 1012. Vesting of Trusts in Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City an instrument in writing accepting such appointment hereunder, and thereupon such successor shall become fully vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of its predecessor; but such predecessor nevertheless, on the written request of the City, shall execute and deliver an instrument transferring to such successor Trustee all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of such predecessor hereunder. Every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the City be required by any successor Trustee for more fully and certainly vesting in such successor the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereby vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City. Any such successor Trustee shall promptly notify all Paying Agents of its appointment as Trustee.

Section 1013. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a part or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association having an office in the City, shall have a net worth after such merger, conversion, consolidation, sale or transfer at least equal to the net worth of the Fiduciary immediately prior thereto, and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 1014. Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force in said Bonds or in this Indenture provided that the certificate of the Trustee shall have such full force.

Section 1015. Resignation or Removal of Paying Agent and Appointment of Successor.

A. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least ninety (90) days' written notice to the City, the Trustee, and the other Paying Agents. Any Paying Agent may be removed by the City (through the Treasurer) with or without cause at any time by an instrument filed with such Paying Agent and the Trustee and signed by a City Representative. Any successor Paying Agent shall be appointed by the City (through the Treasurer) with the approval of the Trustee and shall be a bank or trust company or a national banking association, and having capital stock and surplus aggregating at least \$50,000,000 and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture. The City shall give written notice to the Bond Insurer, if any, of the resignation, removal or appointment of any Paying Agent pursuant to this Section.

B. In the event of a resignation or removal of any Paying agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent or if there be no successor, to the Trustee. In the event that for any reason there shall be vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

Section 1016. Accounting. The Trustee shall provide access to its records to the City, the Bond Insurer, if any, and to any Bondholder requesting the same, which records shall show in reasonable detail all financial transactions relating to the Trust Estate and the balance in any funds created by this Indenture as of the beginning and close of each accounting period.

Section 1017. Notices to be Given to the Bond Insurer. If a Bond Insurance Policy is in effect, the City or the Trustee, as aggregate, shall furnish to the Bond Insurer:

(a) a copy of any notice to be given to the Registered Owners of the Bonds, including, without limitation, notice of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this Indenture relating to the security for the Bonds; and

(b) such additional information as it may reasonably request.

The Trustee shall notify the Bond Insurer of any failure of the City to provide any notices and certificates hereunder.

The City will permit the Bond Insurer to discuss the affairs, finances and accounts of the City or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the City. The Trustee or the City, as appropriate, will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Bonds at any reasonable time.

Notwithstanding any other provision of this Indenture, the Trustee shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and/or interest as required and immediately upon the occurrence of any Event of Default hereunder.

ARTICLE XI SUPPLEMENTAL INDENTURES

Section 1101. Supplemental Indentures Not Requiring Consent of Bondholders. Subject to Section 1103, the City with the approval of the Bond Insurer, if any, and the Trustee may from time to time, without the consent of or notice to any of the Bondholders, enter into such Supplemental Indenture or Supplemental Indentures as shall not adversely affect the interests of the Bondholders, for any one or more of the following purposes:

(1) To cure any ambiguity or formal defect or omission in this Indenture or to correct or supplement any provision herein which may be inconsistent with any other provision herein;

(2) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them;

- (3) To subject to this Indenture additional revenues, properties or collateral;
- (4) To issue the initial Series of Bonds as provided in Section 209;
- (5) To make any other change which in the sole determination of the Trustee does not materially adversely affect the Bondholders; in making such determination the Trustee may rely on the opinion of such Counsel as it may select; and
- (6) To evidence the appointment of a separate trustee or a co-trustee or the succession of a new Trustee.
- (7) To close this Indenture against, or provide limitations and restrictions to the limitations and restrictions contained in this Indenture on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;
- (8) To add to the limitations and restrictions in this Indenture, other limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this Indenture as theretofore in effect;
- (9) To provide for the issuance of bearer Bonds and interest coupons and establish appropriate exchange privileges and notice requirements in connection therewith;
- (10) To authorize Bonds of a Series or to determine the terms and details thereof and, specify and determine matters and things relative to such Bonds which are not contrary to or inconsistent with this Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;
- (11) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture, of the Revenues, or of any other moneys, securities or funds;
- (12) To modify any of the provisions of this Indenture in any respect whatever, provided that (i) the effective date of such modification shall be, and expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of any Series Outstanding at the date of the adoption of such Supplemental Indenture shall cease to be Outstanding, and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such

Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof;

(13) To insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture theretofore in effect.

Section 1102. General Provisions.

A. The Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article XI and Article XII. Nothing in this Article XI or Article XII contained shall affect or limit the right or obligation of the City to adopt, make, do, execute, acknowledge or deliver any ordinance, act or other instrument or the right or obligation of the City to execute and deliver to any Fiduciary and instrument which elsewhere in this Indenture it is provided shall be delivered to said Fiduciary.

B. Any Supplemental Indenture referred to and permitted or authorized by Section 1101 may be adopted by the City without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Indenture when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of this Indenture, and is valid and binding upon the City and enforceable in accordance with its term (except insofar as the enforcement thereof may be subject to judicial discretion, the valid exercise of the sovereign police powers of the State of Missouri and of the institutional powers of the United States of America and as may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights).

C. The Trustee is hereby authorized to execute and deliver any Supplemental Indenture referred to and permitted or authorized by Section 1101 or 1102 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Counsel's Opinion) that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

D. No Supplemental Indenture shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

ARTICLE XII AMENDMENTS

Section 1201. Mailing. A. Any provision in this Article for the mailing of a notice or other paper to Bondholder shall be fully complied with if it is mailed first-class postage prepaid only (1) to each Owner of Bonds then Outstanding at his address, appearing upon the registry book of the City, (2) to the Trustee and (3) each Bond Insurer, if any.

Section 1202. Powers of Amendment. Any modification or amendment of this Indenture and of the rights and obligations of the City and of the Owners of the Bonds thereunder, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in Section 1203 (A) of the Owners of at least fifty-one percent (51%) in principal amount of the Bonds Outstanding at the time such consent is given, and (B) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least fifty-one (51%) in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption nor maturity of the principal of any Outstanding Bond or sinking fund installment or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by any modification or amendment of this Indenture and any such determination shall be binding and conclusive on the City and all Owners of Bonds.

Section 1203. Consent of Bondholders. The City may at any time adopt a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 1202, to take effect when and as provided in this Section.

A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the City to Bondholders. Such Supplemental Indenture shall not be effective unless and until (A) there shall have been filed with the Trustee (1) the written consents of Owners of the percentages of Outstanding Bonds specified in Section 1202 and (2) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted and filed by the City in accordance with the provisions of the indenture, is authorized or permitted by this Indenture, and is valid and binding upon the City and enforceable in accordance with its terms, and (B) a notice shall have been mailed as hereinafter in this Section provided. Any such consent shall be binding upon the Owner of the Bonds giving such consent and, upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof) unless such consent is revoked in writing by the Owner of such Bonds giving such consent or a subsequent Owner thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section provided for is filed, such revocation. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the City to the effect that no revocation thereof is on file with the Trustee. At any time after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the City and the Trustee a written statement that the Owners of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Indenture (which may be referred to as a Supplemental Indenture adopted by the City on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Bonds and will be effective as provided in this Section, may be given to Bondholders by the City by mailing such notice to Bondholders (by failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in this Section provide) not more than ninety (90) days after the last of the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee hereinabove provided for its filed. In the event the City has mailed the notice, the City shall file with the Trustee or Paying Agent proof of the mailing of such notice. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be

deemed conclusively binding upon the City, the Fiduciaries and the Owners of all Bonds at the expiration of forty (40) days after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for such purpose commenced within such (40) day period; provided, however, that any Fiduciary and the City during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

Section 1204. Modifications by Unanimous Consent. The terms and provisions of this Indenture and the rights and obligations of the City and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the City of a Supplemental Indenture and the consent of the Owners of all the Bonds then Outstanding, such consent to be given as provided in Section 1203 except that no notice to Bondholders either by mailing shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Bondholders.

Section 1205. Exclusive of Bonds. Bonds owned or held by or for the account of the City shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent of other action taken under this Article, the City shall furnish the Trustee a certificate of a City Representative, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 1206. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in Article XI or this Article provided may, and, if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the City and the Trustee as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for such purpose at the principal office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the City or the Trustee shall so determine, new Bonds so modified as

in the opinion of the Trustee and the City to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Owner of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

Section 1207. Consent of Bond Insurers. Notwithstanding anything contained herein to the contrary, the consent of the Owner of any Bond which is entitled to the benefits of a Bond Insurance Policy issued by a Bond Insurer shall not be effective for purposes of this Article unless the Trustee shall have received the written consent of such Bond Insurer.

Section 1208. Notification to Rating Agencies. Any rating agency which shall be rating the Bonds shall receive notice of each Supplemental Indenture and a copy thereof at least 15 days in advance of its execution. The Bond Insurer, if any, shall receive a full transcript of all proceedings relating thereto.

ARTICLE XIII

SATISFACTION AND DISCHARGE OF INDENTURE

Section 1301. Satisfaction and Discharge of the Indenture.

A. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners of all Bonds the principal, redemption premium and interest due or to become due therein at the times and in the manner stipulated therein and in the Indenture hereunder, including the fees and expenses of the Trustee and the Paying Agent to the date of retirement of the Bonds, then the pledge of Net Revenues and other moneys and securities pledged hereunder and the right, title and interest of the Trustee in respect hereof shall thereupon cease, terminate and be void, and thereupon the Trustee shall cancel, discharge and release the lien of this Indenture and shall execute, acknowledge and deliver to the City such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and the satisfaction and discharge of the lien of this Indenture, and the Fiduciaries shall assign and deliver to the City any property and revenues at the time subject to this Indenture that may then be in their possession, except funds or securities in which such funds are invested by the Trustee for the payment of the principal of, and redemption premium, if any, and interest on, the Bonds.

If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Outstanding Bonds of a particular Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture,

and all covenants, agreements and obligations of the City to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

As between the City and any Bond Insurer, payments of principal or interest on any Bond made by such Bond Insurer under its Bond Insurance Policy to an Owner shall not constitute payments made or caused to have been made by the City to such Owner pursuant to this Section and any such payment made by such Bond Insurer to such Owner shall continue to be due and owing to such Bond Insurer (by subrogation) by the City.

B. Bonds or interest installments for payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the City of funds for such payment or redemption or otherwise) at the maturity or Redemption Date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection A of this Section. All Outstanding Bonds of any Series shall prior to the maturity or Redemption Date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection A of this Section if:

(1) in case any of said Bonds are to be redeemed on any date prior to their maturity, the City shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail as provided in Article III notice of redemption of such Bonds on said date,

(2) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Government Securities the principal of and the interest on which when due will provide money which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or premium, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date thereof, and all necessary and proper fees, compensation and expenses of the Trustee any Paying Agents pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for the satisfaction of the Trustee and Paying Agents, respectively, as the case may be, and

(3) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the City shall have given the Trustee in form satisfactory to it irrevocable instructions to mail, as soon as practicable, to the Owners of such Bonds that the deposit required by (2) above has been made with the Trustee and that said Bonds are deemed to have been paid in

accordance with this Section and stating such maturity or Redemption Date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds.

Neither Government Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Government Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Securities deposited with the Trustee, (a) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Trustee, free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Indenture, and (b) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable and legally permissible, be reinvested in Government Securities maturing at times and in amounts sufficient to pay when due the principal or premium, if applicable, and interest to become due on said Bonds on and prior to such Redemption Date or maturity date thereof, as the case may be.

C. Anything in this Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge or any of the Bonds which remain unclaimed for seven (7) years after the date which such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for seven (7) years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, unless otherwise provided by law, at the written request of the City, be repaid by the Fiduciary to the City, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the City for the payment of such Bonds; provided, however that before being required to make any such payment to the City, the Fiduciary shall, at the expense of the City, cause to be mailed to the Owner of each unpaid Bond at the address of such Owner as set forth on the Bond register maintained by the Trustee, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than forty-five (45) days after the date of the mailing of such notice, the balance of such moneys then unclaimed will be returned to the City.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

Section 1401. Evidence of Signatures of Bondholders and Ownership of Bonds.

A. Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. The fact and date of the execution by any Bondholder or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or their officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such notary public or other officer or in any other manner acceptable to the Trustee. Where such execution is by an officer of a corporation or association or member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

B. The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

C. Any request or consent by the Owner of any Bond shall bind all future Owners of such Bond in respect to anything done or suffered to be done by the City or any Fiduciary in accordance therewith.

Section 1402. Prior Contracts Not Affected. Nothing contained in this Indenture shall be construed as impairing or destroying the obligation of the City in connection with any franchise, contract, agreement, lease or other arrangement (other than ordinances of the City to the extent such ordinances are inconsistent with the terms hereof) entered into by the City in connection with the operation of waterworks systems by the City prior to the adoption of this Indenture, or to release any person, firm or corporation, public or private, for any debt or other obligation to the City pursuant to any such franchise, contract, agreement, lease or other arrangement.

Section 1403. Money Held for Particular Bonds. The amounts held by any Fiduciary for the payment of the interest, principal, or redemption, price due on any date with respect to particular Bonds, shall, on and after such date and pending such payment, be set aside on its bonds and held in trust by it for the Owners of the Bonds.

Section 1404. Preservation and Inspection of Documents. All documents received by any Fiduciary under provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of

the City, any other Fiduciary, and any Bondholder and their agents and their representative, any of whom may make copies thereof.

Section 1405. Concerning the Bond Insurers. All rights of any Bond Insurer hereunder shall cease and determine if (i) such Bond Insurer has failed to make any payment under its Bond Insurance Policy, (ii) such Bond Insurance Policy shall at any time for any reason cease to be valid and binding on such Bond Insurer or shall be declared to be null and void, or the validity or enforceability of any provision thereof is being contested by such Bond Insurer or any governmental agency or authority, or such Bond Insurer is denying further liability or obligation under such Bond Insurance Policy, (iii) a petition has been filed and is pending against such Bond Insurer under any bankruptcy, reorganization, arrangements, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and has not been dismissed within 30 days after such filing, (iv) such Bond Insurer has filed a petition, which is still pending, in voluntary bankruptcy or is seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment or debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or has consented to the filing of any petition against it under any such law or (v) a receiver has been appointed for such Bond Insurer under the insurance laws of any state.

Section 1406. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the City, the Fiduciaries, any Bond Insurer and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Fiduciaries, the Bond Insurer and the Owners of the Bonds.

Section 1407. No Recourse on the Bonds. No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Indenture against any member of the Board of Aldermen or officer of the City or any person executing the Bonds. The Bonds and the interest thereon are payable solely from the funds pledged therefor under this Indenture. The issuance of Bonds under this Indenture shall not directly or indirectly or contingently obligate the City to levy or pledge any form of taxation whatever therefor.

Section 1408. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Indenture on the part of the City or

any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provision of this Indenture.

Section 1409. Successors and Assigns. This Indenture shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 1410. Applicable Law. This Indenture shall be governed by the applicable laws of the State of Missouri.

Section 1411. Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

Section 1412. Consents and Other Instruments by Bondholders. Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted under any such instrument, namely:

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

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the Bond Register. Any action taken by the Trustee pursuant to this Indenture 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 Holder of any Bond, shall be conclusive and binding upon all future Holders of the same Bond and upon Bonds issued in exchange therefor or upon transfer or in place thereof.

Section 1413. Consent of the Bond Insurer; References to Bond Insurer Inapplicable.

1. Any provision of this Indenture expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

2. Unless otherwise provided in this Section, the Bond Insurer's consent shall be required in addition to Bondholder consent, when required, for the following purposes: (i) execution and delivery of any Supplemental Indenture (ii) removal of the Trustee and selection and appointment of any successor trustee; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent.

3. Anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default as defined herein, the Bond Insurer shall, so long and it is not in default in its payment obligations under the Bond Insurance Policy, be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders under this Indenture including, without limitation, acceleration of the principal of the Bonds as described in this Indenture and the right to annul any declaration of acceleration, and the Bond Insurer shall also be entitled to approve all waivers of Events of Default so long as the Bond Insurer is not in default in its payment obligations under the Bond Insurance Policy.

4. References herein to the Bond Insurer shall have no application when there is no Bond Insurance Policy in effect.

Section 1415. Limitation of Rights Under the Indenture. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give any person, other than the parties hereto, the Bond Insurer and the Bondholders, any right, remedy or claim under or in respect to this Indenture, this Indenture being intended to be and being for the sole and exclusive benefit of the parties hereto and the Bondholders as herein provided.

Section 1416. Payment Procedure Pursuant to Bond Insurance Policy. The payment procedure pursuant to the Bond Insurance Policy issued with respect to any Series of Bonds shall be as provided in the Supplemental Indenture authorizing such Series of Bonds.

Section 1417. Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper required by this Indenture to be given or filed with the City, the Trustee, the Bond Insurer or Bondholders if the same shall be duly mailed by registered or certified mail with postage prepaid addressed as follows:

(a) If to the City:

City of St. Louis, Missouri
City Hall
1200 Market Street
St. Louis, Missouri 63103

Attention: Comptroller, Room 212

and

Attention: Mayor, Room 200

(b) If to the Trustee:

Mark Twain Bank
8820 Ladue Road
St. Louis, Missouri 63124

Attention: Victor Zarilli

(c) If to the Bond Insurer:

The address or addresses set forth in one or more Supplemental Indentures authorizing the issuance of the Bonds.

(d) If to the Bondholders:

To the Bondholders if the same shall be duly mailed by first class mail, postage prepaid, addressed to each of the Holders of Bonds at the time Outstanding at his address as shown by the Bond Register.

(e) If to the rating services:

Public Finance Department
Moody's Investors Service

99 Church Street
New York, New York 10007

Municipal Financial Department
Standard & Poor's Ratings Group
25 Broadway
New York, New York 10004

Public Finance Representative
Fitch Investors Service, Inc.
1 State Street Plaza - 33rd Floor
New York, New York 10004

A duplicate copy of each notice, certificate or other communication given hereunder to the City or the Trustee shall also be given to the other and the City. The City, the City and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

IN WITNESS WHEREOF, the City of St. Louis has caused this Indenture to be signed in its name and behalf by its Mayor, Comptroller and Treasurer and its corporate seal to be hereunto affixed, imprinted or reproduced and attested by its Register, and to evidence its acceptance of the trusts hereby created, Mark Twain Bank has caused this Indenture to be signed in its name and behalf by one of its duly authorized officers and its corporate seal to be hereunto affixed and attested by one of its duly authorized officers all as of the day first above written.

THE CITY OF ST. LOUIS

By:
Mayor

(SEAL)

By:
Comptroller

By:
Treasurer

Register

Approved as to form:

By:
City Counselor

MARK TWAIN BANK, AS TRUSTEE

By: Printed Name: Title:
(SEAL)

ATTEST:

Printed Name:
Title:
Schedule I

Outstanding Obligations Ordinances

Original
Principal Currently
Ordinance No. Amount Outstanding

49382 (Series 1959)	\$7,500,000	Update
51378 (Series 1963)	6,000,000	
55581 (Series 1970)	5,000,000	
58111 (Series 1980)	4,500,000	

THE CITY OF ST. LOUIS

AND

MARK TWAIN BANK,

TRUSTEE

FIRST SUPPLEMENTAL INDENTURE OF TRUST

\$___,000,000

WATER REVENUE REFUNDING AND IMPROVEMENT BONDS,

SERIES 1994

DATED AS OF APRIL 1, 1994

TABLE OF CONTENTS

PAGE

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 101. Definitions 3

ARTICLE II

AUTHORIZATION OF SERIES 1994 BONDS

Section 201. Authorization and Purpose 5
Section 202. Principal Amount, Designation and Series 5
Section 203. Date, Maturities and Interest 5
Section 204. Denominations, Numbers and Letters 6
Section 205. Places of Payment 6
Section 206. Redemption Prices and Terms 6
Section 207. Sinking Fund Installments 7
Section 208. Application of Proceeds of Series 1994 Bonds 7
Section 209. Conditions Precedent 8
Section 210. Execution and Forms of Series 1994 Bonds and Authentication Certificate 8

ARTICLE III

BOOK ENTRY SYSTEM FOR SERIES 1994 BONDS

Section 301. Book Entry System 10

ARTICLE IV

ACCOUNTS WITH RESPECT TO SERIES 1994 BONDS

Section 401. Creation of Series 1994 Accounts 12

ARTICLE V

MISCELLANEOUS

Section 501. Provisions of Original Indenture. 14
Section 502. Counterparts 14

Section 503.	Tax Covenants	14
Section 504.	Payment Procedure Pursuant to Bond Insurance	14
Section 505.	Notices to the Bond Insurer and Fiscal Agent	16
Section 506.	Additional Provisions with respect to Bond Insurer	16
Signatures		20
Schedule I		I-1
Exhibit A-1		A-1-1

FIRST SUPPLEMENTAL INDENTURE

THIS FIRST SUPPLEMENTAL INDENTURE, dated as of April 1, 1994, between The City of St. Louis, a municipal corporation (the "City"), and Mark Twain Bank a trust company organized and existing under the laws of the State of Missouri duly authorized to accept and execute trusts, and having its principal corporate trust office in The City of St. Louis, Missouri (in such capacity herein, together with any successor in such capacity called the "Trustee").

WITNESSETH:

WHEREAS, the City of St. Louis (the "City") now owns and operates a municipal waterworks system (the "Waterworks System");

WHEREAS, pursuant to Article VI, Section 27 of the Constitution of the State of Missouri, as amended, and Chapter 108 of the Missouri Revised Statutes, as amended, the City financed the purchase, construction, extension and improvement of the Waterworks System and unified its outstanding indebtedness by the issuance of \$11,155,000 of its negotiable interest-bearing water revenue bonds on December 12, 1985 of which \$4,820,000 remain outstanding and unpaid as of April 1, 1994 (the "Series 1985 Bonds");

WHEREAS, the City has determined that additional funds are needed to provide for the prepayment and redemption in advance of their maturity of a portion of the Series 1985 Bonds and/or the purchase, construction, extension and improvement of the Waterworks System all as described herein (collectively, the "Project") and the City finds it necessary and desirable to provide such funds;

WHEREAS, on April 6, 1993 the qualified electors of the City approved the issuance by the City of its negotiable interest-bearing water revenue bonds in the aggregate principal amount of \$170,000,000 for the purpose of extending and improving the Waterworks System and acquiring land, rights-of-way and easements therefor;

WHEREAS, the City has determined that it is in the public interest to issue bonds under the Indenture to provide funds for the prepayment and redemption in advance of their maturity of a portion of the Series 1985 Bonds and/or the purchase, construction, extension and improvement of the Waterworks System;

WHEREAS, the purpose of this First Supplemental Indenture is to provide for the issuance of a new series of Water Revenue Bonds to be known as Water Revenue Refunding and Improvement Bonds, Series 1994 (the "Series 1994 Bonds") in the form, having the characteristics and being secured and entitled to the benefits as provided in the Indenture as supplemented by this First Supplemental Indenture;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE FURTHER WITNESSETH:

That as security for payment of the principal, premium, if any, and interest on the Series 1994 Bonds and on the additional Water Revenue Bonds issued from time to time under the Indenture and for the funds which may be advanced by the Trustee pursuant hereto, the City does hereby ratify and confirm its pledge to the Trustee of a security interest in and to all the property described in the granting clause of the Indenture and does hereby by these presents pledge, assign, grant, bargain and sell, convey and confirm to the Trustee, a security interest in and to the same.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned or agreed or intended to be, conveyed to the Trustee and its successors in such trust and their assigns forever.

IN TRUST, however, for the equal and proportionate benefit and security of the Owners from time to time of the Bonds issued under and secured by the Indenture and this First Supplemental Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the others upon the terms and conditions hereinafter stated and except as otherwise herein expressly provided.

SUBJECT TO the application of the proceeds of sale of the Series 1994 Bonds and the Revenues to the purposes and on the conditions permitted by the Indenture and this First Supplemental Indenture and the rights of the holders of the Outstanding Obligations (as defined in the Indenture) pursuant to the Outstanding Obligations Ordinances (as defined in the Indenture) to the Revenues of the Waterworks System.

The City hereby covenants and agrees with the Trustee and with the Owners of the Bonds, as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

Section 101. Definitions. In this First Supplemental Indenture, unless a different meaning clearly appears from the context:

"Bond Counsel" means legal counsel experienced and nationally recognized in matters relating to tax-exempt financing under Sections 103 and 141-150 of the Code.

["Bond Insurance Policy" means the municipal bond new issue insurance policy issued by the Bond Insurer that guarantees payment of and interest on the Series 1994 Bonds.]

["Bond Insurer" means _____, a New York stock insurance company or any successor thereto.]

"Code" means the Internal Revenue Code of 1986, as amended.

"Depository" or "DTC" means The Depository Trust Company, New York a member of the Federal Reserve System, a "clearing corporation," within the meaning of the Missouri Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Security Exchange Act of 1934, and its successors and assigns.

"Series 1994 Escrow Account" means the account by that name created pursuant to the Series 1994 Escrow Agreement.

"Series 1994 Escrow Agent" means Mark Twain Bank, St. Louis, Missouri.

"Series 1994 Escrow Agreement" means dated as of April 1, 1994 between the City and the Series 1994 Escrow Agent.

"Global Bond Certificate" means one or more bond certificates of the City, each certificate representing the entire principal amount of the Bonds due on a particular stated maturity, immobilized from general circulation in the Depository.

"Redemption Price" means with respect to any Series 1994 Bond, the amount payable upon redemption thereof pursuant to Article II of this First Supplemental Indenture.

"Series 1985 Bonds" means the \$11,155,000 Water Revenue Bonds, Series 1985 issued on December 12, 1985 of which \$4,820,000 remain outstanding and unpaid as of April 1, 1994.

"Series 1994 Bonds" means the Water Revenue Refunding and Improvement Bonds, Series 1994, in the original aggregate principal amount of \$____,000,000 and authorized to be issued pursuant to Article II hereof.

"Series 1994 Capitalized Interest Sub-account" means the sub-account created in Section 401 herein.

"Series 1994 Cost of Issuance Sub-account" means the sub-account created in Section 401 herein.

"Series 1994 Water Contingent Account" means the account created in Section 401 herein.

"Section 1994 Water Revenue Debt Service Reserve Account" means the account created in Section 401 herein.

"Series 1994 Waterworks Bond and Interest Account" means the account created in Section 401 herein.

"Series 1994 Waterworks Construction Account" means the account created in Section 401 herein.

"Series 1994 Waterworks Replacement and Improvement Account Requirement" means _____.

"Series 1994 Waterworks Replacement and Improvement Account" means the account created in Section 401 herein.

Any capitalized terms used herein not defined in this Section 101 shall have the meanings assigned to them in the Indenture.

ARTICLE II

AUTHORIZATION OF SERIES 1994 BONDS

Section 201. Authorization and Purpose. The City hereby authorizes the issuance of an initial series of Bonds pursuant to the Indenture, such Series of Bonds to consist of the Series 1994 Bonds. The purpose for which the Series 1994 Bonds are being issued is to provide a portion of (i) the Cost of Construction of the extension and improvement of the Waterworks System, including any reimbursement of funds related thereto as described in Schedule I hereto, as modified from time to time in accordance with Section 818 of the Indenture and including, in connection therewith, the prepayment and redemption in advance of a portion of the Series 1985 Bonds, (ii) the funding of the Series 1994 Water Revenue Debt Service Reserve Account, (iii) the funding of the Series 1994 Capitalized Interest Sub-Account, and (iv) the payment of the costs of issuance of the Series 1994 Bonds.

Section 202. Principal Amount, Designation and Series. The Series 1994 Bonds entitled to the benefit, protection and security of this First Supplemental Indenture and the Indenture, are hereby authorized to be issued in the aggregate principal amount of \$____,000,000. The Series 1994 Bonds shall be designated and distinguished from the Bonds of all other Series by the title, "Water Revenue Refunding and Improvement Bonds, Series 1994 or the "Series 1994 Bonds".

Section 203. Date, Maturities and Interest. The Series 1994 Bonds issued under this First Supplemental Indenture and pursuant to the Indenture shall be issued, transferred and exchanged only in fully registered form and shall be dated April 1, 1994. The interest on the Series 1994 Bonds is payable semi-annually. The Series 1994 Bonds shall mature or be subject to Sinking Fund redemption on July 1 in the years and in the respective principal amounts (subject to prior redemption as hereinafter provided) and shall bear interest at the rates per annum, as follows:

SERIES 1994 BONDS

Serial Bond Maturity or Sinking Fund Payment Date	Principal	Interest
July 1	Amount	Rate

\$ %

The Series 1994 Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on January 1 and July 1 in each year, beginning July 1, 199_.

Section 204. Denominations, Numbers and Letters. The Series 1994 Bonds shall be issued in the denominations of \$5,000 and integral multiples thereof. The Series 1994 Bonds shall be substantially in the form set forth in Exhibit A to this First Supplemental Indenture. The Series 1994 Bonds shall be numbered from one consecutively upward in order of issuance, with the number on each Series 1994 Bond preceded by the letters "R- ."

Section 205. Places of Payment.

(a) The principal and Redemption Price of the Series 1994 Bonds shall be payable at maturity or when otherwise due upon due presentment and surrender thereof at the principal corporate trust office of the Trustee or at the office of any Paying Agent. Interest on the Series 1994 Bonds will be paid by check or draft drawn upon the Trustee payable to the Owner thereof in accordance with Section 204 of the Indenture. Notwithstanding the provisions of the Indenture, registered owners of Series 1994 Bonds of at least \$1,000,000 may receive payments of interest by wire transfer upon written notice provided by the registered owner to the Trustee of the relevant wire instructions not later than five (5) days prior to the Record Date for such interest payment.

(b) The principal of and redemption premium, if any, on the Series 1994 Bonds, shall be payable at maturity or upon earlier redemption to the persons in whose names such Series 1994 Bonds are registered at the maturity or redemption date thereof, upon the presentation and surrender of such Series 1994 Bonds at the principal corporate trust office of the Trustee or of any Paying Agent named in the Series 1994 Bonds.

Section 206. Redemption Prices and Terms. The Series 1994 Bonds shall be subject to redemption prior to maturity, upon notice as provided in Article III of the Indenture and herein, (i) in part by operation of the Waterworks Bond and Interest Account to satisfy Sinking Fund Installments with respect to the Series 1994 Bonds maturing July 1, 20__ and July 1, 20__ as set forth in Section 207 hereof, at the principal amount thereof, together with accrued interest to the redemption date, and (ii) the Series 1994 Bonds maturing on and after July 1, 20__ are subject to the right of the City to redemption prior to maturity from any source, in whole at any time, or in part on any interest payment date, of such maturities as shall be selected by the City (and within a maturity as

selected by lot), on and after July 1, 20__ during the periods and at the respective Redemption Prices (expressed as a percentage of the principal amount of the Series 1994 Bonds or portions thereof to be redeemed), respectively, set forth below, in each case together with accrued interest to the redemption date:

Period During Which Redeemed
(both dates inclusive) Redemption Price

July 1, 20__ to and including June 30, 20__ %
July 1, 20__ to and including June 30, 20__ %
July 1, 20__ and thereafter %

Any notice of redemption with respect to the Series 1994 Bonds shall be mailed to each registered owner of a Series 1994 Bond subject to redemption not less than 30 days prior to the redemption date. Notice of the redemption of any Series 1994 Bonds, other than mandatory sinking fund redemption and excepting any notice that refers to any Series 1994 Bonds that are the subject of an advance refunding, shall be circulated only if sufficient funds have been deposited with the Trustee to pay the redemption price of the Series 1994 Bonds to be redeemed.

Section 207. Sinking Fund Installments. Sinking Fund Installments are hereby established for the Series 1994 Bonds maturing on July 1, 20__ and July 1, 20__. Such installments shall be due on each of the dates set forth in the following respective tables in the respective amount set forth opposite such date in each such tables:

SERIES 1994 BONDS MATURING JULY 1, 20__

July 1 Principal Amount
20__ \$ _____
20__ _____
20__ _____

(leaving \$ _____ of such Bond to be paid on the stated maturity date on July 1, 20__).

SERIES 1994 BONDS MATURING JULY 1, 20__

July 1 Principal Amount

20__ \$_____

20__ _____

(leaving \$_____ of such Bond to be paid on the stated maturity date on July 1, 20__).

Section 208. Application of Proceeds of Series 1994 Bonds. The proceeds, including accrued interest, if any, of the Series 1994 Bonds shall be applied by the City simultaneously with the delivery of such Series 1994 Bonds, as follows:

(1) There shall be deposited into the Series 1994 Waterworks Bond and Interest Account \$_____ (representing the accrued interest received from the initial purchasers of the Series 1994 Bonds);

(2) There shall be deposited into the Series 1994 Capitalized Interest Sub-account in the Series 1994 Waterworks Bond and Interest Account \$_____ (representing the capitalized interest in connection with the Series 1994 Bonds);

(3) There shall be deposited in the Series 1994 Water Revenue Debt Service Reserve Account \$_____ which is the amount necessary to fully fund the Bond Reserve Requirement;

(4) There shall be deposited in the Series 1994 Waterworks Construction Account \$_____ and there shall be deposited into a sub-account of the Series 1994 Waterworks Construction Account and designated as the Cost of Issuance Sub-account in order to pay the cost of issuance of the Series 1994 Bonds \$_____;

(5) There shall be deposited into the Series 1994 Waterworks Bond and Interest Account \$_____ and there shall be next transferred to and deposited with the Series 1994 Escrow Agent from such proceeds the sum of \$_____ with instructions on behalf of the City to (i) deposit the same in the Series 1994 Escrow Account created pursuant to the Series 1994 Escrow Agreement and (ii) to refund, redeem and retire a portion of the Series 1985 Bonds on July 1, 1994.

Section 209. Conditions Precedent. The Series 1994 Bonds shall be executed by the City and delivered to the Trustee and shall thereupon be authenticated by

the Trustee and delivered to the City or upon its order but only upon the receipt by the Trustee of the documents and monies required by the provisions of this Article II of the Indenture.

Section 210. Execution and Forms of Series 1994 Bonds and Authentication Certificate. The Series 1994 Bonds and the Certificate of Authentication and Form of Assignment thereon shall be in substantially the forms set forth in Exhibit A-1 attached hereto, respectively, with such insertions or omissions, endorsements, modifications and variations as may be necessary or advisable to reflect the details and purpose of issuance of such Series 1994 Bonds, the provisions of this First Supplemental Indenture authorizing the same or otherwise required or permitted by the provisions of the Indenture or this First Supplemental Indenture.

CUSIP identification numbers may be printed on the Series 1994 Bonds, but such numbers shall not be deemed to be a part of the Series 1994 Bonds or a part of the contract evidenced thereby and no liability shall hereafter attach to the City or any of the officers or agents thereof because of or on account of said CUSIP identification numbers.

ARTICLE III

BOOK ENTRY SYSTEM FOR SERIES 1994 BONDS

Section 301. Book Entry System. Notwithstanding anything contained in the Indenture and particularly Article IV thereof, or in this First Supplemental Indenture to the contrary, Series 1994 Bonds may be issued by means of a book-entry system with no physical distribution of Bond certificates to be made except as hereinafter provided.

Pursuant to the contract for the sale of the Series 1994 Bonds to the original purchasers, immediately upon delivery of the Series 1994 Bonds, the original purchasers of the Series 1994 Bonds will deposit the Global Bond Certificates representing all of the Series 1994 Bonds with DTC. The Global Bond Certificates may be in printed or typewritten form or otherwise, as shall be acceptable to DTC and shall be registered in the name of Cede & Co. and held immobilized from circulation at the offices of DTC on behalf of the original purchasers and subsequent bondowners. DTC will be the sole Holder of record of such Global Bond Certificates and no investor or other party purchasing, selling or otherwise transferring ownership of any Series 1994 Bonds or any interest therein is to receive, hold or deliver any bond certificates as long as DTC holds such Series 1994 Bonds immobilized from circulation.

The Global Bond Certificates evidencing the Series 1994 Bonds may not thereafter be transferred or exchanged except:

(i) To any successor of DTC (or its nominee) or any substitute depository ("substitute depository") designated pursuant to clause (ii) of this subsection, provided that any successor of DTC or any substitute depository must be both a "clearing corporation" as defined in Section 8-102 of the Uniform Commercial Code of the State of Missouri and a qualified and registered "clearing agency" as provided in Section 17A of the Securities Exchange Act of 1934, as amended,

(ii) To a substitute depository designated by the City and acceptable to the City upon (a) the determination by DTC that the Series 1994 Bonds shall no longer be eligible for depository services or (b) a determination by the City that DTC is no longer able to carry out its functions, provided that any substitute depository must be qualified to act as such, as provided in clause (i) of this subsection, or

(iii) To those persons to whom transfer is requested in written transfer instructions in the event that (a) DTC shall resign or discontinue its services for the Series 1994 Bonds and the City is unable to locate a qualified successor within two months following the resignation or determination of non-eligibility, (b) the City determines that DTC is incapable of discharging its duties and the City is unable to locate a qualified successor within two months following such determination, or (c) upon a determination by the City that the continuation of the book-entry system described herein, which precludes the issuance of certificates to any Holder other than DTC (or its nominee) is no longer in the best interest of the beneficial owners of the Series 1994 Bonds, then the City shall notify the beneficial owner of such resignation or determination and of the availability of replacement Bonds to beneficial owners of the Series 1994 Bonds requesting the same and the registration, transfer and exchange of such Series 1994 Bonds will be conducted as provided in Section 206 of the Indenture.

In the event of a succession of DTC as may be authorized by this Section, the Bond Registrar upon its receipt of bond certificates for cancellation shall cause the authorization and delivery of bond certificates to the substitute or successor depositories in appropriate denominations and form as approved hereunder and the substitute or successor depository shall be treated as the Depository for all purposes and functions under this First Supplemental Indenture. The City hereby agrees to pay the cost of replacement Bonds and agrees to delete all references to the Depository in the form of Bond in such case.

The Trustee may rely on the information provided to it by DTC and its Participants as to the names of all beneficial Owners of the Series 1994 Bonds.

ARTICLE IV

ACCOUNTS WITH RESPECT TO SERIES 1994 BONDS

Section 401. Creation of Series 1994 Accounts. In order to properly account for, and determine the amount of monies on deposit in certain Funds and Accounts allocable to the Series 1994 Bonds so that the investment and reinvestment of such amounts can be monitored and, if necessary, restricted, the accounts and sub-accounts are hereby created within each of the Accounts of the same name established by the Indenture:

- (a) the Series 1994 Waterworks Operation and Maintenance Account;
- (b) the Series 1994 Waterworks Bond and Interest Account, and therein one sub-account designated as the Series 1994 Capitalized Interest Sub-account;
- (c) the Series 1994 Water Revenue Debt Service Reserve Account;
- (d) the Series 1994 Waterworks Construction Account and therein, one sub-account designated as the Series 1994 Cost of Issuance Sub-account;
- (e) the Series 1994 Waterworks Replacement and Improvement Account; and
- (f) the Series 1994 Water Contingent Account.

Such accounts are hereinafter referred to collectively as the Series 1994 Accounts. The sub-accounts are created for administrative convenience only. Each of the Series 1994 Accounts and Sub-accounts shall be used for the same purposes as the respective Fund or Account to which it relates. Monies on deposit in each of the Series 1994 Accounts and Sub-accounts pursuant to Section 208 herein shall be held and used for purposes and on the conditions specified in the Indenture, and are not separately pledged or otherwise specifically allocated to the Series 1994 Bonds. Monies credited to the Series 1994 Accounts and Sub-accounts may be held by the City, in the case of funds deposited with the City under the Indenture, or by the Trustee, in the case of funds deposited with the Trustee under the Indenture. However, the investment of monies with respect to each of the Series 1994 Accounts and Sub-accounts shall be separately made and maintained. The investment earnings of any of the Series 1994 Accounts shall be deposited in the Waterworks Revenue Fund, except the investment earnings on the Series 1994 Waterworks Replacement

and Improvement Account shall remain in such account until it is funded to the Waterworks Replacement and Improvement Account Requirement.

So long as any Series 1994 Bonds remain Outstanding, the amount on deposit in each of the Series 1994 Accounts shall, except as provided in the next sentence, at all times equal the ratio of the original face amount of the Series 1994 Bonds over the sum of the face amounts of the Series 1994 Bonds and any other series of Additional Bonds, provided, however, the principal amount of any Series of Bonds shall not be taken into account in the test set forth hereinabove if all the Bonds of such Series have matured or have been redeemed. The City and the Trustee, as the case may be, may eliminate any of the aforementioned Series 1994 Accounts and transfer all amounts therein to the related Account if both receive the unqualified written opinion of Bond Counsel that the failure to maintain such account will not adversely affect the tax-exempt status of interest on the Series 1994 Bonds.

ARTICLE V MISCELLANEOUS

Section 501. Provisions of Original Indenture. Except as otherwise provided by this First Supplemental Indenture, all the provisions, terms and conditions of the Indenture shall continue in full force and effect.

Section 502. Counterparts. This First Supplemental Indenture may be executed in several counterparts, all or any of which may be treated for all purposes as an original and shall constitute and be one and the same instrument.

Section 503. Tax Covenants. The City shall at all times do and perform, or cause to be done and performed, all acts and things permitted by law and necessary in order to assure that the interest paid on the Series 1994 Bonds shall for the purpose of Federal income taxation, be excluded from the gross income of the recipient thereof and exempt from such taxation.

[Section 504. Payment Procedure Pursuant to Bond Insurance. As long as the Bond Insurance Policy shall be in full force and effect, the City and the Trustee agree to comply with the following provisions:

If on the third day preceding any interest payment date for the Series 1994 Bonds the Trustee determines that there will be insufficient funds in the Funds and Accounts to pay all of the principal of or interest on the Series 1994 Bonds due on such interest payment date, the Trustee shall immediately notify the Bond Insurer and _____, New York, New York or its successor, as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency.

If, by said interest payment date, the City has not provided the amount of such deficiency, the Trustee, shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Series 1994 Bonds maintained by the Trustee. In addition:

(A) the Trustee, shall provide the Bond Insurer with a list of registered owners of Series 1994 Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (i) to mail checks or drafts to the registered owners of Series 1994 Bonds entitled to receive full or partial interest payments from the Bond Insurer and (ii) to pay principal of the Series 1994 Bonds surrendered to the Fiscal Agent by the registered owners of Series 1994 Bonds entitled to receive full or partial principal payments from the Bond Insurer; and

(B) the Trustee shall, at the time it makes the registration books available to the Bond Insurer pursuant to (A) above, notify registered owners of Series 1994 Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy, (3) that except as provided in paragraph (C) below in the event that any registered owner is entitled to receive full payment of principal from the Bond Insurer, such registered owner must tender his Series 1994 Bonds with the instrument of transfer in the form provided on the Series 1994 Bond executed in the name of the Bond Insurer, and (4) except as provided in paragraph (C) below in the event that such registered owner is entitled to receive partial payment of principal from the Bond Insurer, such registered owner must tender his Series 1994 Bonds for payment thereon first to the Trustee, who shall note on such Series 1994 Bonds the portion of the principal paid by the Trustee, and then, along with an acceptable form of assignment, executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal subject to the terms of the Bond Insurance Policy.

(C) in the event that the Trustee has notice that any payment of principal or interest on a Series 1994 Bonds has been recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall

furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 1994 Bonds which have been made by the Trustee, as Paying Agent, and subsequently recovered from registered owners and the dates on which such payments were made.

(D) the Bond Insurer shall, to the extent it makes payment of principal of or interest on the Series 1994 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy, and to evidence such subrogation (a) in the case of subrogation as to claims for past due interest, the Trustee, shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee, upon receipt from the Bond Insurer of proof of the payment of interest thereon to the registered owners of the Series 1994 Bonds, and (b) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the Series 1994 Bonds maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Registered Owners of such Bonds. Notwithstanding anything in this First Supplemental Indenture or the Bonds to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

Section 505. Notices to the Bond Insurer and Fiscal Agent. Any notice, request, complaint, demand or other paper required by the Indenture or this First Supplemental Indenture to be given or filed with the Bond Insurer shall be addressed as follows: _____ Attention: Managing Counsel. Any notices to be given to the Fiscal Agent shall be given to _____, Attention: Municipal Trust and Agency Services Administration.

Section 506. Additional Provisions with respect to Bond Insurer. The Bond Insurer shall be provided with notice of any draw upon or deficiency due to market fluctuations in the amount, if any, on deposit in the Series 1994 Water Revenue Debt Service Reserve Account when valued in accordance with Section 704 of the Indenture, any notice of the redemption, other than a mandatory sinking fund redemption, of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof, and such additional information as the Bond Insurer may reasonably request from time to time.

The Bond Insurer shall be provided by the City with the following information:

(i) Within 120 days after the end of each of the City's Fiscal Years, the Water Division budget for the next year, annual audited financial statements relating to the Water Division, a statement of the amount on deposit in the Series 1994 Water Revenue Debt Service Reserve Account as of the last valuation and, if not presented in the audited financial statements, a statement of the Revenues pledged to payment of Bonds in such Fiscal Year;

(ii) Official Statement or other disclosure, if any, prepared in connection with the issuance of additional debt, whether or not on parity with the Series 1994 Bonds within 30 days after the sale thereof;

(iii) Notice of the redemption, other than mandatory sinking fund redemption of any of the Series 1994 Bonds, including the principal amount, maturities and CUSIP numbers thereof; and

In determining whether a payment default has occurred under Section 804 of the Indenture or whether a payment on the Series 1994 Bonds has been made under the Indenture of Trust, no effect shall be given to payments made under the Bond Insurance Policy.

The Bond Insurer shall receive immediate notice of any payment default and notice of any other default known to the Trustee within 30 days of the Trustee's knowledge thereof.

For all purposes of Articles IX and XI of the Indenture governing events of default and remedies, and supplements and amendments, except the giving of any required notice to Bondholders, the Bond Insurer shall be deemed to be the sole holder of the Series 1994 Bonds for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policy.

Any successor trustee or co-trustee shall have combined capital, surplus and undivided profits of at least \$50 million, unless the Bond Insurer shall otherwise approve. No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee. The Bond Insurer shall be furnished with written notice of the resignation or removal of the Trustee and the appointment of any successor thereto.

The Trustee shall not take the Bond Insurance Policy into account in determining whether the rights of bondholders are adversely affected by actions taken pursuant to the terms and provisions of the Indenture of Trust.

The Bond Insurer shall be included as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Series 1994 Bonds or the security therefor. The Trustee shall be required to accept notice of default from the Bond Insurer.

Any amendment or supplement to the Indenture of Trust with respect to the Series 1994 Bonds shall be subject to the prior written consent of the Bond Insurer. Any rating agency rating the Series 1994 Bonds must receive notice of each amendment and a copy thereof at least 15 days in advance of its execution or adoption.

The following restrictions shall apply to Investment Securities with respect to the Series 1994 Bonds:

(1) obligations of the Federal Home Loan Banks shall consist of consolidated debt obligations or letter of credit-backed issues; obligations of the Government National Mortgage Association shall be guaranteed mortgage-backed securities or guaranteed participation certificates;

(2) obligations of the Federal Financing Bank, Federal Farm Credit, Federal Land Banks, Housing Authority Bonds, Project Notes and Farmer's Home Administration shall not be deemed to be Investment Securities for purposes of the Series 1992 Bonds;

(3) certificates of deposit shall have maturities of not more than 365 days and shall at the time of purchase have a short-term "bank deposit" rating of "P-1" by Moody's Investors Service and a "short-term CD" rating of "A1" or better by Standard and Poor's Corporation;

(4) repurchase agreement shall be with a commercial bank which shall have the additional requirements that it shall be insured by the FDIC and have an uninsured, unsecured or unguaranteed obligation rated "P-1" or "A3" or better by Moody's Investors Service and "A-1" or "A-" or better by Standard & Poor's Corporation, provided:

(a) a master repurchase agreement or specific written repurchase agreement governs the transaction; and

(b) the securities are held free and clear of any lien by the Trustee or an independent third party acting solely as agent ("Agent") for the Trustee, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is member of

the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million or (iii) a bank approved in writing for such purpose by _____, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee; and

(c) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Trustee; and

(d) the repurchase agreement has a term of 180 days or less, and the Trustee or the Paying Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

(e) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%.]

IN WITNESS WHEREOF, the City and the Trustee have caused this First Supplemental Indenture to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers all as of the date first above written.

THE CITY OF ST. LOUIS

By:
Mayor

By:
Comptroller

(SEAL)

By:
Treasurer

Register

Approved as to form:

By:
City Counselor

MARK TWAIN BANK,
as Trustee

By:
Vice President

(SEAL)

Attest:

Assistant Secretary

SCHEDULE I

IMPROVEMENT PROJECT DESCRIPTION

IMPROVEMENT ESTIMATED COSTS

- | | |
|---|--------------|
| 1. Construction of Chain
of Rocks Treatment Plant
Pre-sedimentation Basin
Improvements | \$12,650,000 |
| 2. Rehabilitation of Steel Water
Conduit | 8,900,000 |
| 3. Construction of Chlorine
Handling and Containment
Facilities | 3,400,000 |
| 4. Construction of Compton Hill
Reservoir Improvements
EXHIBIT A-1 | 20,400,000 |

(FORM OF SERIES 1994 BOND)

Registered
Registered
No. R-

\$

UNITED STATES OF AMERICA

STATE OF MISSOURI

THE CITY OF ST. LOUIS

WATER REVENUE REFUNDING AND IMPROVEMENT BOND, SERIES
1994

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC TO THE CITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

Interest				
Rate Per		Maturity		Dated
Annum	Date	Date	CUSIP	

‰

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE CITY OF ST. LOUIS, a municipal corporation in the State of Missouri (the "City"), hereby acknowledges itself indebted to, and for value received hereby promises to pay, solely from the revenues and funds pledged therefor as hereinafter provided, the registered owner specified above, or registered assigns, on the maturity date specified above the principal sum specified above, and to pay solely from such revenues and funds pledged therefor to the registered owner hereof interest on such principal sum from the dated date specified above at the rate of interest specified above, payable on the first days of January and July in each year commencing on July 1, 199_ and semi-annually thereafter until such principal sum shall be discharged as provided in the Indenture hereinafter mentioned. The principal and premium, if any, on this

Bond shall be payable by check or draft in lawful money of the United States of America upon presentation at the principal corporate trust office of Mark Twain Bank, in the City of St. Louis, Missouri (the "Trustee"), or at the office of any other Paying Agent appointed pursuant to the Indenture. Interest on this Bond is payable by wire transfer to registered owners of at least \$1,000,000 in Bonds upon written notice provided by the registered owner to the Trustee of the relevant wire instructions not later than five (5) days prior to the Record Date for such interest payment and by check or draft in lawful money of the United States of America mailed to the registered owner hereof as of the fifteenth day of the month next preceding the applicable interest payment date at the address of such Owner shown on the Bond registration books maintained by the Trustee, as Bond Registrar.

The interest on the Series 1994 Bonds is payable semiannually.

Notwithstanding any other provision hereof, this Bond is subject to a book-entry system maintained by The Depository Trust Company ("DTC") and payment of principal and interest, the provision of notices and other matters will be made as described in the City's letter of representations to DTC.

This Bond is one of a duly authorized issue of bonds of the City designated "Water Revenue Refunding and Improvement Bonds, Series 1994 (the "Bonds") in the aggregate principal amount of \$_____,000,000 issued under and pursuant to the Indenture of Trust, dated as of April 1, 1994 between the City and Mark Twain Bank, as supplemented by the First Supplemental Indenture of Trust dated as of April 1, 1994 between the City and Mark Twain Bank (the "First Supplemental Indenture") (collectively, the "Indenture"). The City has not heretofore issued any bonds under the Indenture. As provided in the Indenture, the principal of, premium, if any, and interest the Series 1994 Bonds and any other Bonds issued under the Indenture is payable solely from and secured by a pledge of the Net Revenues of the Waterworks System (as defined in the Indenture) owned and operated by the City and certain other funds held or set aside under the Indenture. The rights of the owners of the Bonds and any other Bonds issued under the Indenture to the Net Revenues of the Waterworks System and other funds pledged therefor pursuant to the Indenture are subject to the rights of the holders of the City's outstanding negotiable interest bearing water revenue bonds in the original aggregate principal of \$23,000,000 which have not been defeased, of which \$4,820,000 were outstanding and unpaid as of April 1, 1994 (the "Outstanding Obligations"). Pursuant to an escrow agreement, dated as of December 1, 1985, between the City and Southwest Bank of St. Louis, as escrow agent, the City acquired and irrevocably deposited with the escrow agent government

securities the interest and principal of which will be sufficient to pay the principal of and interest on the Outstanding Obligations when due. Copies of the Indenture are on file at the offices of the City and at the principal corporate trust office of Mark Twain Bank or its successor as trustee, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof is made for a description of the pledge and covenants securing this Bond, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the owner of this Bond with respect thereto and the terms and conditions upon which Bonds are issued and may be issued thereunder.

As provided in the Indenture, bonds of the City may be issued from time to time pursuant to Supplemental Indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and otherwise may vary as in the Indenture provided. The aggregate principal amount of bonds which may be issued under the Indenture is not limited except as provided in the Indenture, and all bonds issued and to be issued under the Indenture are and will be equally secured by the pledge and covenants made therein, subject to the prior rights of the holders of the Outstanding Obligations and except as otherwise expressly provided or permitted in the Indenture.

The Indenture grants to Bond Insurers which have issued municipal bond insurance policies covering bonds issued thereunder certain rights with respect to the bonds covered by their policies. For purposes of Article IX (Default and Remedies) and Article XI (Supplemental Indentures) of the Indenture, certain actions required or permitted to be taken thereunder by the owners of any bonds insured by a Bond Insurer may be taken by such Bond Insurer without any action being taken by the owner thereof. Any action taken by such Bond Insurer shall be deemed to be the action taken by such owner. Reference is hereby made to the Indenture for a complete statement of the rights of such Bond Insurers to which the owner of this Bond may be subject.

To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture or any indenture supplemental thereto, may be modified or amended by the City, with the written consent of the owners of at least fifty-one percent (51%) in principal amount of the bonds then outstanding under the Indenture, and, in case less than all of the series of bonds would be affected thereby, with such consent of at least fifty-one percent (51%) in principal amount of the bonds of each series so affected then outstanding under the Indenture; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series

and maturity remain outstanding under the Indenture, the consent of the owners of such bonds shall not be required and such bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding bonds. The Indenture further provides that certain changes may be made to the Indenture or any Supplemental Indenture without the consent of the Owners of the Bonds. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the Owner of such bond, or shall reduce the percentages or otherwise affect the classes of bonds the consent of the Owners of which is required to effect any such modification or amendment or shall change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto.

This Bond is transferable, as provided in the Indenture, only upon the books of the City kept for that purpose at the above- mentioned office of the Trustee by the owner hereof in person, or by his duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Trustee duly executed by the owner or his duly authorized attorney at the office of the Trustee and thereupon a new Bond or Bonds and in the same aggregate principal amounts, shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The City, the Trustee and any Paying Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The Bonds of the issue of which this Bond is one are issuable in the form of registered bonds without coupons in the denominations of \$5,000 or any integral multiple of \$5,000. Subject to such conditions and upon the payment of such charges, the owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Trustee duly executed by the Owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of registered Bonds of any other authorized denominations of the same issue.

The Series 1994 Bonds maturing on and after July 1, 20__ are subject to the right of the City to redeem the same prior to maturity from any source, in whole at any time or in part on any interest payment date, of such maturities as shall be selected by the City (and within a maturity as selected by lot), on or after July 1, 20__, during the periods and at the redemption prices (expressed as a

percentage of the principal amount of Series 1994 Bonds to be redeemed), respectively, set forth below, together with accrued interest to the redemption date:

Period During Which Redeemed Redemption
(Both dates inclusive) Price

July 1, 20__ to and including June 30, 20__ %

July 1, 20__ to and including June 30, 20__ %

July 1, 20__ and thereafter %

Mandatory Sinking Fund Redemption

The Series 1994 Bonds maturing July 1, 20__, are subject to mandatory sinking fund redemption prior to maturity, by lot, at a price of 100% of the principal amount so redeemed plus accrued interest thereon to the date of redemption, without premium, in the following principal amounts on July 1 in each of the years set forth below:

Redemption Principal
Date Amount

July 1, 20__ \$

July 1, 20__

July 1, 20__

(leaving \$_____ of such Bond to be paid on the stated maturity date on July 1, 20__).

The Series 1994 Bonds maturing July 1, 20__, are subject to mandatory sinking fund redemption prior to maturity, by lot, at a price of 100% of the principal amount so redeemed plus accrued interest thereon to the date of redemption, without premium, in the following principal amounts on July 1 in each of the years set forth below:

Redemption Principal
Date Amount

July 1, 20__ \$

July 1, 20__

(leaving \$_____ of such Bond to be paid on the stated maturity date on July 1, 20__).

If less than all of the Bonds of like maturity are to be redeemed, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate.

The Bonds of the issue of which this Bond is one are payable upon redemption at the above mentioned office of the Trustee and any Paying Agents. Notice of redemption shall be mailed to each owner of a Bond subject to redemption not less than twenty-five (25) days prior to the redemption date, all in the manner and upon the terms and conditions set forth in the Indenture. If notice of redemption shall have been mailed as aforesaid, the Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date, and if moneys for the payment of the redemption price of all the Bonds to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds shall cease to accrue and become payable to the owners entitled to payment whereof on such redemption.

This Bond does not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation or provision, and the taxing power of the City is not pledged to the payment hereof, either as to principal, premium, if any, or interest.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and by the laws of the State of Missouri or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond, exist, have happened and have been performed.

This Bond shall not be entitled to any security, right or benefit under the Indenture or be valid or obligatory for any purpose, unless the certificate of authentication hereon has been duly executed by the Trustee.

[_____ ("_____") has issued a policy containing the following provisions with respect to The City of St. Louis Water Revenue Refunding and Improvement Bonds, Series 1994, (the

"Bonds"), such policy being on file at the principal office of the Trustee, as paying agent (the "Paying Agent"):

_____ hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal of and interest on the Bonds which is then due for payment and which the City of St. Louis (the "Issuer") shall have failed to provide. Due for payment means with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which the payment of principal of the Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to _____ that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with _____, or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments or assignment required to vest all of such Bondholder's right to such payment in _____, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer or the City, as such term is defined in the Indenture, who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancelable for any reason.

_____]

IN WITNESS WHEREOF, The City of St. Louis has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signatures of the Mayor, the Comptroller and the Treasurer and its corporate seal (or a facsimile thereof) to be affixed, imprinted, engraved or otherwise reproduced

hereon and attested by the manual or facsimile signature of its Register, all as of the date of authentication specified below.

THE CITY OF ST. LOUIS

By:
(SEAL)
Mayor

By:
Comptroller

Attest:

By:
Treasurer

Register

Approved as to form:

By:
City Counselor

CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds executed and delivered pursuant to the within mentioned Indenture.

MARK TWAIN BANK,
as Trustee

Authorized Signatory

(Assignment)

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

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

_the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the Bond 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 Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed by:

(Name of Bank)

By: _____

Title: _____

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by S.E.C. Rule 17Ad-15 (17 C.F.R. 240 17Ad-15).

ESCROW AGREEMENT

between

THE CITY OF ST. LOUIS, MISSOURI

and

MARK TWAIN BANK,

ST. LOUIS, MISSOURI

as escrow agent

DATED AS OF APRIL 1, 1994

TABLE OF CONTENTS

Section 1.	Receipt of Applicable Resolutions		2
Section 2.	Creation of Escrow Account	2	
Section 3.	Deposits to Escrow Account	2	
Section 4.	Creation of Lien	2	
Section 5.	Application of Proceeds of Defeasance Obligations		3
Section 6.	Escrow Agent Covenants	4	
Section 7.	City Covenants	5	
Section 8.	Redemption of Series 1985 Bonds; Notices	5	
Section 9.	Remaining Funds	8	
Section 10.	Liability of Escrow Agent		8
Section 11.	Fees and Costs of Escrow Agent		9
Section 12.	Resignation or Removal of Escrow Agent; Successor Escrow Agent		9
Section 13.	Termination	11	
Section 14.	Severability	11	
Section 15.	Successors and Assigns	12	
Section 16.	Reliance	12	
Section 17.	Governing Laws	12	
Section 18.	Counterparts	12	
Section 19.	Amendments to this Agreement		12
Section 20.	Subsequent Actions	13	
Section 21.	Notices	13	
	Signatures	15	
	Schedule I	I-1	

ESCROW AGREEMENT

This Escrow Agreement, dated as of April 1, 1994, by and between The City of St. Louis, Missouri, a municipal corporation and a political subdivision of the State of Missouri (the "City"), and Mark Twain Bank, a trust company duly organized and existing under and by virtue of the laws of the State of Missouri (the "Escrow Agent").

WITNESSETH:

WHEREAS, the City has heretofore issued its Water Revenue Bonds Series 1985 in the original principal amount of \$11,155,000 (the "Series 1985 Bonds") pursuant to Ordinance 59597 (the "1985 Bond Ordinance") for the purpose of providing funds for the advance refunding of the then outstanding water revenue bonds of the City; and

WHEREAS, the Board of Aldermen of the City have determined that it is necessary and advisable and in the best interest of the City to pay, refund and redeem and thereby to retire a portion of the City's Series 1985 Bonds which remain outstanding and unpaid by depositing with the Escrow Agent funds in an amount sufficient to purchase direct obligations of the United States of America that may not be redeemed at the option of the issuer or any person other than the holder thereof, as identified in Schedule I hereto (the "Defeasance Obligations"), which Defeasance Obligations will mature in principal amounts and bear interest in such amounts and become due and payable at such times so that monies will be available from such maturing principal and interest payments as shall, together with such beginning cash balance, be sufficient to pay, as the same become due by reason of maturity or redemption prior thereto as herein provided, all principal of, interest and redemption premium, if any, on a portion of City's Series 1985 Bonds; and

WHEREAS, in order to provide funds to purchase the Defeasance Obligations, the City has determined that it is necessary to issue its Water Revenue Refunding and Improvement Bonds, Series 1994, in the original principal amount of \$___,000,000 (the "Series 1994 Bonds"), under the authority of Ordinance _____ adopted by the Board of Aldermen of the City on March , 1994 and an Indenture of Trust (the "Indenture") dated as of April 1, 1994 between the City and Mark Twain Bank (the "Series 1994 Trustee") and a First Supplemental Indenture of Trust dated as of April 1, 1994 between the City and the Series 1994 Trustee (together with the Indenture, the "Series 1994 Indenture"), and to apply a portion of the proceeds thereof to such purpose;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

Section 1. Receipt of Applicable Resolutions. Receipt of true and correct copies of the Series 1994 Indenture and Ordinance _____ is hereby acknowledged by the Escrow Agent and reference herein to, or citation herein of, any provision of said documents shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if both were fully set forth herein.

Section 2. Creation of Escrow Account. There is hereby created and established with the Escrow Agent a special and irrevocable escrow account designated "Escrow Account for City of St. Louis, Missouri Water Revenue Bonds, Series 1985" (the "Escrow Account") to be held in the custody of the Escrow Agent in a segregated account separate and apart from all other funds held by the Escrow Agent, in trust for the benefit of the holders of the Series 1985 Bonds. The cash

funds and Defeasance Obligations at any time on deposit in the Escrow Account shall be considered a part of the Waterworks Revenue Fund created to pay the Series 1985 Bonds in accordance with Ordinance 59597 to the extent and in the amount of the lien created at paragraph 4 hereof with respect to and in favor of the owners of said Series 1985 Bonds.

Section 3. Deposits to Escrow Account. Concurrently with the execution of this Agreement and in accordance with Ordinance 59597 and the Series 1994 Indenture, the City herewith deposits or causes to be deposited with the Escrow Agent and the Escrow Agent hereby acknowledges receipt of immediately available funds in the amount of \$_____, consisting of certain proceeds of the Series 1994 Bonds.

The aforesaid funds so held shall be held in the Escrow Account and administered subject to and in accordance with the terms of this Agreement and Ordinance 59597.

The City hereby instructs the Escrow Agent to purchase with the aforesaid funds on deposit with the Escrow Agent, the Defeasance Obligations described in Schedule I. Barnes, McGhee, Poston & Segue, Bond Counsel, has issued its opinion that the City of St. Louis Water Revenue Bonds, Series 1985 (the "Series 1985 Bonds") have been defeased in accordance with the terms of Ordinance 59597.

Section 4. Creation of Lien. The escrow created hereby shall be irrevocable. The holders of the Series 1985 Bonds are hereby granted an express lien on and security interest in the cash and Defeasance Obligations in the Escrow Account and all earnings thereon until used and applied in accordance with this Agreement. Except as otherwise expressly provided in Section 5, such cash funds and the matured principal of and interest income from the Defeasance Obligations in the Escrow Account shall be applied solely for the payment of the principal of, redemption premium and interest on the Series 1985 Bonds.

Based upon the opinion of Bond Counsel referred to in Section 3 above, the City and the Escrow Agent hereby acknowledge and agree that under the terms of Section 36 of Ordinance 59597, the deposit of funds hereinbefore described and application of the same in accordance with the terms of this Agreement will constitute all action required for the Series 1985 Bonds to cease to be entitled to any lien, benefit or security under Ordinance 59597 and, upon such deposit and such application as aforesaid, all covenants, agreements and obligations of the City under Ordinance 59597 to the owners of the Series 1985 Bonds shall cease, terminate and become void and be discharged and fully

satisfied. The Escrow Agent hereby acknowledges receipt of all documents required pursuant to Section 4 of Ordinance 59597. Simultaneously with the delivery of the aforementioned documents, the City shall provide to the Trustee a verification report addressed to the Trustee, the City and Bond Counsel from a firm of nationally recognized independent certified public accountants that the amounts (which will consist of cash or Defeasance Obligations available or to be available for payment of the City's Series 1985 Bonds will remain sufficient to pay when due all principal and interest on the Series 1985 Bonds.

Section 5. Application of Proceeds of Defeasance Obligations. Except as otherwise expressly provided herein, the Escrow Agent shall have no power or duty to invest any monies held hereunder or to sell, transfer or otherwise dispose of the Defeasance Obligations.

On July 1, 1994 (the "Redemption Date"), the Escrow Agent shall pay, pursuant to Ordinance 59597, principal of, redemption premium, as applicable, and interest on all of the Series 1985 Bonds which remain outstanding after July 1, 1994 which shall equal \$_____. In order to make the payments required to be made by the provisions of this paragraph, the Escrow Agent is hereby authorized to redeem or otherwise dispose of the Defeasance Obligations in which monies of the Escrow Account are invested in accordance with the maturity schedule set forth in Schedule I hereof.

The liability of the Escrow Agent to make the payments required by this Section 5 shall be limited to the funds and Defeasance Obligations on deposit in the Escrow Account. Notwithstanding any other provision of this Agreement, the City hereby covenants that no part of the proceeds of the Series 1994 Bonds or of the monies or funds in the Escrow Account shall be used, at any time, directly or indirectly, in a manner which, if such use had been reasonably anticipated on the date of issuance of the Series 1994 Bonds would have caused any of such Series 1994 Bonds or the Series 1985 Bonds to be an "arbitrage bond" under Section 148 of the Internal Revenue Code of 1986, as amended, (herein the "Code"), and the regulations of the Treasury Department thereunder proposed or in effect at the time of such use and applicable to obligations issued on the date of issuance of the Series 1994 Bonds.

At the written request of the City and upon compliance with the conditions hereinafter stated, the Escrow Agent shall have the power to sell, transfer or otherwise dispose of or request the redemption of the Defeasance Obligations acquired hereunder and to substitute for the Defeasance Obligations other direct and general obligations of the United States of America (the "Substituted Obligations"), which are not subject to redemption prior to maturity except at

the option of the holder thereof, provided however that such substitution shall only occur upon the receipt by the Escrow Agent of (i) a new verification by a verification agent of the sufficiency of the escrowed securities (assuming such substitution has been made) to provide for the payment of the Series 1985 Bonds in accordance with the terms herein and (ii) an opinion of bond counsel to the effect that such substitution shall not affect the tax-exempt status of interest on the Series 1985 Bonds or the Series 1994 Bonds. The City hereby covenants and agrees that it will not request the Escrow Agent to exercise any of the powers described in the preceding sentence in any manner which, if reasonably expected on the date of issuance thereof, would cause any such Series 1985 Bonds or Series 1994 Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, and the regulations thereunder in effect on the date of such request and applicable to obligations issued on the issue date of such Series 1994 Bonds. The Escrow Agent shall purchase such Substituted Obligations with the proceeds derived from the sale, transfer, disposition or redemption of the Defeasance Obligations together with any other funds available for such purpose.

Section 6. Escrow Agent Covenants. The Escrow Agent covenants and agrees with the City as follows:

The Escrow Agent will hold the Defeasance Obligations and all interest income or profit derived therefrom and all uninvested deposits in an irrevocable segregated and separate trust fund account for the sole and exclusive benefit of the City (and the holders of the Series 1985 Bonds) to the purposes for which escrowed.

The Escrow Agent will take no action in the investment or securing of the proceeds of the Defeasance Obligations which would cause the Series 1994 Bonds to be classified as "arbitrage bonds" under Section 103(c) of the Internal Revenue Code of 1986, as amended, and all lawful regulations promulgated thereunder, provided, it shall be under no duty to affirmatively inquire whether the Defeasance Obligations as deposited are properly invested under said section; and, provided, further, it may rely on all specific directions in this Agreement in the investment or reinvestments of balances held hereunder.

The Escrow Agent will submit to the Comptroller of the City a statement within forty-five (45) days after January 1 and July 1 of each calendar year, commencing January 1, 1995, itemizing all moneys received by it and all payments made by it under the provisions of this Agreement during the preceding six (6) month period, and also listing the Defeasance Obligations on deposit therewith on the date of said report, including all moneys held by it

received as interest on or profit from the collection of the Defeasance Obligations.

Section 7. City Covenants. The City covenants and agrees with the Escrow Agent as follows:

The Escrow Agent in its capacity hereunder shall have no responsibility or liability whatsoever for (a) any of the recitals of the City herein, (b) the performance of or compliance with any covenant, condition, term or provisions of the Indenture and (c) any undertaking or statement of the City hereunder or under the Indenture.

All payments to be made by, and all acts and things required to be done by, the Escrow Agent under the terms and provisions of this Agreement, shall be made and done by the Escrow Agent without any further direction or authority of the City.

Section 8. Redemption of Series 1985 Bonds; Notices. The City hereby irrevocably elects and directs the Escrow Agent to cause to be redeemed on the Redemption Date, with the funds in the Escrow Account, that portion of the Series 1985 Bonds then outstanding which mature on and after July 1, 1995.

The Escrow Agent hereby agrees to expeditiously mail, as soon as practicable, after the closing of the Series 1994 Bonds, a notice to registered owners of the Series 1985 Bonds in substantially the following form:

NOTICE TO OWNERS

OF

THE CITY OF ST. LOUIS, MISSOURI

WATER REVENUE BONDS, SERIES 1985

DATED AS OF DECEMBER 1, 1985

MATURING ON JULY 1, 1995, 1996 AND 1997

Notice is hereby given by the undersigned on behalf of The City of St. Louis, Missouri (the "City") to the Owners of the City's Water Revenue Bonds, Series 1985 dated as of July 1, 1985, (the "Series 1985 Bonds"), that there has been deposited irrevocably in trust with Mark Twain Bank, St. Louis, Missouri, as

Escrow Agent, direct obligations of the United States of America, the principal of and interest on which, together with other monies on deposit with the Escrow Agent, shall be sufficient to pay on July 1, 1994 the Series 1985 Bonds maturing on and after July 1, 1995 and interest thereon in accordance with the irrevocable election and instruction of the City.

Mark Twain Bank, St. Louis,
Missouri, as Escrow Agent

The City hereby gives the Escrow Agent irrevocable instructions required by the Ordinance 59597 as follows:

To provide in writing, notice in the name of the City, of the City's intention to redeem that portion of the Series 1985 Bonds prior to their stated maturities which mature on and after July 1, 1995, such notice to be in substantially the following form and to be mailed to each of the registered owners such Series 1985 Bonds maturing on and after July 1, 1995, as hereinafter provided, not less than 25 days prior to July 1, 1994:

NOTICE OF REDEMPTION

TO THE OWNERS OF

THE CITY OF ST. LOUIS, MISSOURI

WATER REVENUE BONDS SERIES 1985

DATED AS OF DECEMBER 1, 1985

MATURING ON JULY 1, 1995, 1996 AND 1997

Notice is hereby given by the undersigned on behalf of The City of St. Louis, Missouri (the "City") that all outstanding Water Revenue Bonds, Series 1985 (described above) (the "Series 1985 Bonds") have been irrevocably designated for payment upon redemption and shall be redeemed on July 1, 1994 at a redemption price equal to the percentage set forth below of the principal amount thereof plus interest accrued on such principal amount to, but not including, the date fixed for redemption.

The stated maturity dates, aggregate principal amounts, interest rates and CUSIP numbers and redemption price (as a percentage) of the Series 1985 Bonds hereby called for redemption are as follows:

Stated Principal Maturity	Principal Amount	Interest Rate	CUSIP Number	Redemption Price
July 1, 1995	\$_____	8.10%	_____	102%
July 1, 1996	_____	8.25	_____	102%
July 1, 1997	_____	8.40	_____	102%

The total aggregate principal amount of Series 1985 Bonds maturing after July 1, 1994 which are hereby called for redemption and shall be payable on July 1, 1994 is \$3,750,000.

The Series 1985 Bonds shall be payable upon presentation and surrender at the principal office of Mark Twain Bank, Attention: Victor Zarilli, _____, St. Louis, Missouri _____. Inquiries or requests for additional information should be directed to the principal office of Mark Twain Bank, or by telephone to (314) _____.

Interest on the Series 1985 Bonds called for redemption shall cease to accrue from and after July 1, 1994.

Dated: _____

MARK TWAIN BANK,

ESCROW AGENT

Under the provisions of the Interest and Dividend Tax Compliance Act of 1983, Paying Agents making payments of principal on municipal securities will be obligated to withhold 20% of the payment of principal to holders who have failed to provide the paying agent with a valid Taxpayer Identification Number. Holders of the above described securities will avoid such withholding by providing a certified Taxpayer Identification Number when presenting securities for payment.

The Escrow Agent shall mail such Notice of Redemption to the registered owners of each of the Series 1985 Bonds, by first class mail, postage prepaid, at least 25 days prior to July 1, 1994.

Section 9. Remaining Funds. All cash funds and Defeasance Obligations together with any income and interest thereon remaining in the Escrow Account after all of the Series 1985 Bonds have been duly paid in full at maturity according to their terms or upon redemption as herein provided, shall be applied as provided in Ordinance 59597.

Section 10. Liability of Escrow Agent.

(a) The Escrow Agent shall not be liable for any loss resulting from any investment, sale, transfer or other disposition made pursuant to this Agreement in compliance with the provisions hereof. The Escrow Agent shall have no lien whatsoever on any of the monies or Defeasance Obligations on deposit in the Escrow Account for the payment of fees and expenses for services rendered by the Escrow Agent under this Agreement or otherwise.

(b) The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the Defeasance Obligations and other monies available for such purpose to pay the Series 1985 Bonds. So long as the Escrow Agent applies the Defeasance Obligations and monies as provided herein, and complies fully with the terms of this Agreement, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Series 1985 Bonds caused by such calculations. Notwithstanding the foregoing, the Escrow Agent shall not be relieved of liability arising from and proximate to its gross negligence, or willful misconduct or failure to exercise good faith in its efforts to comply fully with the terms of this Agreement.

(c) In the event of the Escrow Agent's failure to account for any of the Defeasance Obligations or monies received by it, said Defeasance Obligations or monies shall be and remain the property of the City in trust for the holders of the Series 1985 Bonds, as herein provided, and if for any cause within the scope of the Escrow Agent's obligations or control such Defeasance Obligations or monies are not applied as herein provided, the assets of the Escrow Agent shall be liable for the amount thereof until the required application shall be made.

Section 11. Fees and Costs of the Escrow Agent. The aggregate amount of the costs, fees and expenses of the Escrow Agent in connection with the creation of the escrow described in and created by this Agreement and in carrying out any of the duties, terms or provisions of this Agreement is \$_____ payable upon the establishment of the escrow.

Notwithstanding the preceding paragraph, the Escrow Agent shall be entitled to reimbursement from the City of out-of-pocket, legal or extraordinary expenses or any loss incurred in carrying out the duties, terms or provisions of this Agreement. Claims for such reimbursement may be made to the City and in no event shall such reimbursement be made from funds held by the Escrow Agent pursuant to this Agreement.

Section 12. Resignation or Removal of Escrow Agent; Successor Escrow Agent. The Escrow Agent at the time acting hereunder may at any time resign and be discharged from its duties and responsibilities hereby created by giving written notice to the City not less than 60 days prior to the date when the resignation is to take effect. Such resignation shall take effect immediately upon the acceptance by the City of such resignation, the appointment of a successor Escrow Agent (which may be a temporary Escrow Agent), the acceptance by such successor Escrow Agent of the terms, covenants and conditions of this Agreement, the transfer of the Escrow Account, including the moneys and Defeasance Obligations held therein, to such successor Escrow Agent and the completion of any other actions required for the principal of and interest on the Defeasance Obligations to be made payable to such successor Escrow Agent other than the resigning Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent signed by the owners of a majority in principal amount of the Series 1985 Bonds then outstanding. The Escrow Agent may also be removed by the City if the Escrow Agent, due to its negligence or willful failure to act, fails to make timely payment on any bond payment date of the amounts required to be paid by it on such bond payment date by Section 5 of this Agreement to the persons specified in said Section 5. Any removal pursuant to this paragraph shall become effective upon the appointment of a successor Escrow Agent (which may be a temporary successor Escrow Agent), the acceptance by such successor Escrow Agent of the terms, covenants and conditions of this Agreement, the transfer of the Escrow Account, including the moneys and Defeasance Obligations held therein, to such successor Escrow Agent and the completion of any other actions required for the principal of and interest on the Defeasance Obligations to be made payable to such successor Escrow Agent rather than the Escrow Agent being removed.

In the event the Escrow Agent shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a

court, the City shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed in the manner above provided, and any such temporary Escrow Agent so appointed shall immediately and without further act be superseded by the successor Escrow Agent so appointed. The City covenants and agrees that it shall appoint a successor Escrow Agent. The City shall mail notice of any such appointment made by the City to the owners of the Series 1985 Bonds at their last address, if any appearing upon the registry books.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by the City pursuant to the foregoing provisions of this Section within 60 days after written notice of resignation of the Escrow Agent has been given to the City, the owner of any of the Series 1985 Bonds or the retiring Escrow Agent may apply to any court of competent jurisdiction for the appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers authorized to do business in the State of Missouri and organized under the banking laws of the United States or the State of Missouri and shall have at the time of appointment capital and surplus of not less than \$70,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the City an instrument in writing accepting such appointment hereunder, and thereupon such successor Escrow Agent without any further act, deed or conveyance shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor, but such predecessor shall, nevertheless, on the written request of such successor Escrow Agent or the City execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor. Should any transfer, assignment or instrument in writing from the City be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

Any corporation into which the Escrow Agent, or any successor to it of the duties and responsibilities created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent or any successor to it shall be a party shall be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 13. Termination. This Agreement shall terminate when all transfers required to be made by the Escrow Agent under the provisions hereof shall have been made.

Section 14. Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the City or on the part of the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

In the event of the application of this severability provision, the Escrow Agent shall give immediate notice of Moody's Investors Service, 99 Church Street, New York, New York 10007, Attention: Public Finance Rating Desk/Refunded Bonds, and Standard & Poor's Ratings Group at 25 Broadway, New York, New York 10004, Attention: Municipal Finance Department.

Section 15. Successors and Assigns. All the covenants, promises and agreements in this Agreement contained by or on behalf of the City or by or on behalf of the Escrow Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 16. Reliance. The Escrow Agent hereunder is conclusively entitled to rely on this Agreement and the opinions of bond counsel and any special tax counsel as to the validity and legal sufficiency thereof and of the refunding, and shall incur no liability for application of funds in accordance with the provisions of this Agreement and Ordinance 59597. The City agrees to indemnify and save harmless to the extent permitted by law the Escrow Agent from and against any claims arising out of or on account of the refunding except for its willful misconduct or gross negligence and except for claims based on its failure to faithfully perform the terms and provisions of this Agreement.

Section 17. Governing Laws. This Agreement shall be governed by the applicable laws of the State of Missouri.

Section 18. Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

Section 19. Amendments to this Agreement. This Agreement is made for the benefit of the owners from time to time of the Series 1985 Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners and the Escrow Agent; provided, however, that the Escrow Agent may, without the consent of, or notice to, such owners, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Escrow Agent for the benefit of the holders of the Series 1985 Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an opinion of counsel, nationally recognized on the subject of municipal bonds, acceptable to the Escrow Agent with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Series 1985 Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Section 20. Subsequent Actions. This Agreement may be amended or supplemented, the Defeasance Obligations or any portion thereof sold or redeemed, or invested or reinvested in the manner provided herein (any such amendment, supplement, direction to sell or redeem or invest to be referred to as a "Subsequent Action"), upon submission to the Escrow Agent of each of the following:

(1) A certified copy of proceedings of the City authorizing the Subsequent Action and copy of the document effecting the Subsequent Action signed by duly designated officers of the City.

(2) An opinion of nationally recognized bond counsel or tax counsel nationally recognized as having an expertise in the area of tax-exempt municipal bonds that the Subsequent Action will not cause the interest on the Series 1994 Bonds or the Series 1985 Bonds to become includable in the gross income of the owners for federal income tax purposes and not exempt from Federal income taxes of such owners under the laws of the United States of America providing for taxation of income nor violate the covenants of the City not to cause the Series 1994 Bonds or the Series 1985 Bonds to become arbitrage bonds under §103(c) of the Internal Revenue Code of 1986, as amended, and that the Subsequent Action does not materially adversely affect the legal rights of the holders of the Series 1994 Bonds and the Series 1985 Bonds.

(3) An opinion of a firm of nationally recognized independent certified public accountants that the amounts (which will consist of cash or deposits on demand held in trust or receipts from direct full faith and credit obligations of the United States of America, all of which shall be held hereunder) available or to be available for payment of the City's Series 1985 Bonds will remain sufficient to pay when due all principal and interest on the Series 1985 Bonds after taking of the Subsequent Action.

Section 21. Notices. All notices and communications to the City and/or the Comptroller shall be addressed in writing to:

The City of St. Louis

City Hall

1200 Market Street

St. Louis, Missouri 63103

Attention: Comptroller (Room 212) and City Counselor (Room 314)

All notices and communications to the Escrow Agent shall be addressed in writing to:

Mark Twain Bank
8820 Ladue Road

St. Louis, Missouri 63124
Attention: Victor Zarilli

IN WITNESS WHEREOF, the City has caused this Agreement to be signed in its name and behalf of the Mayor and Comptroller and its corporate seal to be hereunto affixed and attested by its Register, and Mark Twain Bank, in the capacity as hereinabove described, has caused this Agreement to be signed in its corporate name by one of its Vice Presidents or Assistant Vice Presidents and attested by one of its Assistant Secretaries under its corporate seal hereunto affixed, all as of the date first above written.

THE CITY OF ST. LOUIS
(SEAL)

By:
Mayor

ATTEST:

By:
Register
By:

Comptroller

Approved as to form:

By:

City Counselor

By:
Treasurer

(SEAL)

MARK TWAIN BANK,
ATTEST: as Escrow Agent

By:
Secretary Title:

SCHEDULE I

I. Description of Defeasance Obligations

Principal Maturity Total
 Type Amount Date Price Costs

_____ \$ _____ % \$ _____

Legislative History				
1ST READING	REF TO COMM	COMMITTEE	COMM SUB	COMM AMEND
03/04/94	03/04/94	PU		
2ND READING	FLOOR AMEND	FLOOR SUB	PERFECTN	PASSAGE
03/04/94			03/11/94	03/18/94
ORDINANCE	VETOED		VETO OVR	
63135				