



105 E. Center Street
Sikeston, MO 63801
573-471-2512
www.Sikeston.org

TENTATIVE AGENDA

CITY COUNCIL REGULAR MEETING
CITY HALL
COUNCIL CHAMBERS
105 E. Center St.

Monday, June 28, 2021
5:00 P.M.

I. CALL TO ORDER

II. RECORD OF ATTENDANCE

III. ITEMS OF BUSINESS

- A. Approve Resolution 21-06-01, Community Development Block Grant (CDBG) Funding – Street Improvements
- B. 2nd Reading & Consideration, Bill #6226, Chapter 100 Bond
- C. 2nd Reading & Consideration, Bill #6229, Special Obligation Refunding & Improvement Bond
- D. Approval of FY21 Audit Services
- E. 1st & 2nd Reading, Emergency Bill #6231, Amending FY21 Budget Amendment
- F. 2nd Reading & Consideration, Bill #6221, Designating Scott & New Madrid County Circuit Courts as Municipal Court for City of Sikeston
- G. Other Items As May Be Determined During the Course of the Meeting

IV. ADJOURNMENT

Dated this 24th day of June 2021.

Rhonda Council

Rhonda Council, City Clerk

Council Letter

Date of Meeting: 21-06-28

Originating Department: Public Works Department

To the Mayor and City Council:

Subject: Approval of Resolution 21-06-01

Action Options:

1. Approve Resolution 21-06-01
2. Other Action Council May Deem Necessary

Background:

The City plans to apply for Community Development Block Grant (CDBG) funding through the state's competitive cycle for infrastructure. This grant, if selected, would provide up to \$500,000 to fund additional street infrastructure projects. The resolution in question is a prerequisite to apply for funding.

We are seeking Council's approval of the resolution.

RESOLUTION 21-06-01

A RESOLUTION OF THE CITY OF SIKESTON, MISSOURI, STATING INTENT TO SEEK FUNDING THROUGH THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM AND AUTHORIZING THE MAYOR TO PURSUE ACTIVITIES IN AN ATTEMPT TO SECURE FUNDING.

WHEREAS, Title I of the Housing and Community Development Act of 1974 does state as its primary objective “the development of viable urban communities, by providing decent housing and suitable living environment and expanding economic opportunities principally for persons of low and moderate income”; and

WHEREAS, Title I does offer to communities the opportunity of monetary assistance in accomplishing its stated primary objectives; and

WHEREAS, The Missouri Department of Economic Development is designated to award Community Development Block Grant funding under Title I; and

WHEREAS, The city does have areas of need which may be addressed through the Community Development Block Grant Program.

NOW THEREFORE, BE IT RESOLVED by the City of Sikeston, Missouri that it desires to participate with the Missouri Department of Economic Development in the improvement of our community under the activities authorized pursuant to the Housing and Community Development Act of 1974.

THEREFORE, BE IT FURTHER RESOLVED, that the Mayor of Sikeston, Missouri hereby is authorized to submit documents which are necessary in applying for funding and establishing an administrative organization to implement activities pursuant to the aforementioned act.

THEREFORE, BE IT FURTHER RESOLVED, that the applicant will dedicate \$_____ of local cash and funds and \$_____ of in-kind materials or labor to be used in this project.

Read this 24th day of June, 2021, discussed and voted upon as follows:

Williams _____, Teachout _____, Meredith _____,

Sparks _____, Self _____, Baker _____,

Turnbow _____, thereby being

_____,

Greg Turnbow, Mayor

Approved as to form
Tabatha Thurman, City Counselor

Seal / Attest:

Rhonda Council, City Clerk

Council Letter

Date of Meeting: June 28, 2021

Originating Department: City Manager

To the Mayor and City Council:

Subject: 2nd Reading, Bill #6226, Chapter 100 Bonds for Carlisle Construction Materials

Attachment(s):

1. Emergency Bill 6226 and Exhibits
2. Development Agreement

Action Options:

1. Conduct second reading and consideration of Emergency Bill Number 6226
2. Other Action Council May Deem Necessary

Background:

After many months of negotiation, the City Council approved a Development Agreement with Carlisle Construction Materials on April 16, 2021, which set forth the incentive package the City was offering the company. Carlisle Construction Materials is seeking to locate a new \$62,000,000 plant employing 100 people in Sikeston's South Industrial Park.

The bill authorizes the issuance of industrial revenue bonds up to \$85,000,000 (which amount is higher than the company's planned investment in order to allow for contingencies), and approves the necessary plans, documents, and other actions in connection with the issuance of the bonds. Under these agreements the company, not the city, has the obligation to repay these bonds, but the issuance of them allows the company to access the tax incentives set forth in the Development Agreement.

The City's incentive package is memorialized in the attached Development Agreement, and includes the following:

- Chapter 100 Bond Financing which will provide a 100% tax abatement for 10 years, a 75% tax abatement for 5 years, and a 50 percent tax abatement for the final 5 years, as well as a sales tax exemption on construction materials purchased for the project.

- Transfer of ownership of 124 acres of land in the industrial park at the conclusion of the tax abatement term.
- Improvements to Highway 61 (namely widening of the street and installation of a traffic signal) and construction of a public street within the industrial park from which Project Armor would take access. The City will seek grant funding for these improvements but will guarantee the company's ability to break ground July 1, 2021, regardless of the status of any grant applications.
- Extension of water, sewer, and electric services to the Project Armor site.
- Temporary office space for the company during the construction of the project.
- Waiver of utility connection fees and building permit and inspection fees.
- Guarantee of timely plan review and approval processes.

AN EMERGENCY ORDINANCE AUTHORIZING THE CITY OF SKESTON, MISSOURI, TO ISSUE ITS TAXABLE INDUSTRIAL REVENUE BONDS (CARLISLE CONSTRUCTION MATERIALS, LLC PROJECT), SERIES 2021, IN A PRINCIPAL AMOUNT OF NOT TO EXCEED \$85,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO PAY THE COSTS OF ACQUIRING, CONSTRUCTING AND EQUIPPING A FACILITY FOR AN INDUSTRIAL DEVELOPMENT PROJECT IN THE CITY; APPROVING A PLAN FOR THE PROJECT; AND AUTHORIZING THE CITY TO ENTER INTO CERTAIN AGREEMENTS AND TAKE CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE BONDS.

WHEREAS, the City of Skeston, Missouri, a charter city and political subdivision of the State of Missouri (the "City"), is authorized and empowered pursuant to the provisions of Article VI, Section 27(b) of the Missouri Constitution, Sections 100.010 through 100.200, inclusive, of the Revised Statutes of Missouri (collectively, the "Act") and the City Charter to purchase, construct, extend, improve and equip certain projects (as defined in the Act), to issue industrial revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporations for manufacturing, commercial, office industry, warehousing and industrial development purposes upon such terms and conditions as the City deems advisable; and

WHEREAS, on April 16, 2021, the City Council adopted Ordinance No. 6224, approving a Development Agreement (the "Development Agreement") with Carlisle Construction Materials, LLC, a Delaware limited liability company (the "Company") concerning a proposed industrial development project on property currently owned by the City; and

WHEREAS, the Development Agreement contemplates that the City will issue its Taxable Industrial Revenue Bonds (Carlisle Construction Materials, LLC Project), Series 2021, in the maximum principal amount of \$85,000,000 (the "Bonds"), for the purpose of constructing an approximately 455,000 square foot manufacturing facility (the "Project Improvements") on an approximately 124-acre site located northwest of the intersection of Highway 62 and County Road 824 in the City (as legally described in the Lease Agreement hereinafter authorized, the "Project Site") and acquiring and installing within the Project Improvements certain equipment and other personal property (the "Project Equipment" and, together with the Project Site and the Project Improvements, the "Project"), as more fully described in the Indenture hereinafter authorized and in the Lease Agreement; and

WHEREAS, the Act requires the City to prepare a plan in connection with any industrial development project undertaken pursuant to the Act; and

WHEREAS, a Plan for an Industrial Development Project and Cost/Benefit Analysis (the "Plan") has been prepared in the form of **Exhibit A** attached hereto; and

WHEREAS, notice of the City's consideration of the Plan has been given in the manner required by the Act, and the City Council has fairly and duly considered all comments submitted to the City Council regarding the proposed Plan; and

WHEREAS, the City Council hereby finds and determines that it is desirable for the improvement of the economic welfare and development of the City and within the public purposes of the Act that the City: (1) approve the Plan pursuant to the Act; (2) issue the Bonds and finance the costs of the Project using proceeds of the Bonds, subject to certain terms and conditions set forth in this Ordinance; and (3) enter into certain agreements and documents with the Company relating to the Bonds; and

WHEREAS, the City Council further finds and determines that it is necessary and desirable in connection with the implementation of the Plan and the issuance of the Bonds that the City enter into certain documents and take certain other actions as herein provided;

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

SECTION I: Approval of the Plan. The City Council hereby approves the Plan.

SECTION II: Authorization for the Project. The City is hereby authorized to provide for the acquisition, construction, equipping, installation and improvement of the Project in the manner and as more particularly described in the Indenture and the Lease Agreement.

SECTION III: Authorization of the Bonds. The City is hereby authorized to issue and sell the Bonds as described in the recitals hereto for the purpose of providing funds to pay the costs of the Project. The Bonds shall be issued and secured pursuant to the Indenture and shall have such terms, provisions, covenants and agreements as are set forth in the Indenture.

SECTION IV: Limitation on Liability. The Bonds and the interest thereon shall be limited obligations of the City, payable solely out of certain payments, revenues and receipts derived by the City from the Lease Agreement. Such payments, revenues and receipts shall be pledged and assigned to the bond trustee named in the Indenture (the "Trustee") as security for the payment of the Bonds as provided in the Indenture. The Bonds and the interest thereon shall not constitute general obligations of the City, the State of Missouri (the "State") or any political subdivision thereof, and neither the City nor the State shall be liable thereon. The Bonds shall not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction and are not payable in any manner by taxation.

SECTION V: Authorization of Documents. The City is hereby authorized to enter into the following documents (collectively, the "City Documents"), in substantially the forms presented to and approved by the City Council and attached to this Ordinance, with such changes therein as shall be approved by the officials of the City executing the documents, such officials' signatures thereon being conclusive evidence of their approval thereof:

(a) Special Warranty Deed from the City, as grantor, to the Company, as grantee, in substantially the form attached hereto as **Exhibit B**, pursuant to which the City will transfer title to the Project Site to the Company.

(b) Special Warranty Deed from the Company, as grantor, to the City, as grantee, in substantially the form attached hereto as **Exhibit C**, pursuant to which the Company will transfer title to the Project to the City.

(c) Lease Agreement (the "Lease Agreement") between the City and the Company, in substantially the form attached hereto as **Exhibit D**, pursuant to which the City will lease the Project to the Company pursuant to the terms and conditions in the Lease Agreement, in consideration of rental payments by the Company that will be sufficient to pay the principal of and interest on the Bonds.

(d) Performance Agreement between the City and the Company, in substantially the form attached hereto as **Exhibit E**, pursuant to which the Company will make certain payments in lieu of taxes.

(e) Trust Indenture (the "Indenture") between the City and the Trustee, in substantially the form attached hereto as **Exhibit F**, pursuant to which the Bonds will be issued and the City will pledge the Project and assign certain of the payments, revenues and receipts received pursuant to the Lease Agreement to the Trustee for the benefit and security of the owners of the Bonds upon the terms and conditions as set forth in the Indenture.

(f) Bond Purchase Agreement between the City and the Company, in substantially the form attached hereto as **Exhibit G**, pursuant to which the Company will purchase the Bonds from the City.

SECTION VI: Execution of Documents. The Mayor or the City Manager is hereby authorized to execute the Bonds and to deliver the Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the City in the manner provided in the Indenture. The Mayor or the City Manager is hereby authorized to execute the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance, for and on behalf of and as the act and deed of the City. The City Clerk is hereby authorized to attest to and affix the seal of the City to the Bonds and the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

SECTION VII: Further Authority. The City shall, and the officials, agents and employees of the City are hereby authorized to, take such further action, and execute such other documents, certificates and instruments 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 Bonds and the City Documents. The Mayor and the City Manager are hereby authorized, through the term of the Lease Agreement, to execute all documents on behalf of the City (including documents pertaining to the transfer of property or the financing or refinancing of the Project by the Company) as may be required to carry out and comply with the intent of this Ordinance, the Indenture and the Lease Agreement. The Mayor and the City Manager are further authorized, on behalf of the City, to grant such consents, estoppels and waivers relating to the Bonds, the Indenture, the Lease Agreement or the Performance Agreement as may be requested during the term thereof; provided, such consents, estoppels and/or waivers shall not increase the principal amount of the Bonds, increase the term of the Lease Agreement or the tax exemption as provided for therein, waive an event of default or materially change the nature of the transaction. The City Clerk is authorized to attest to and affix the seal of the City to any document authorized by this Section.

SECTION VIII: Savings. Except as expressly set forth herein, nothing contained in this Ordinance shall in any manner be deemed or construed to alter, modify, supersede, supplant or otherwise nullify any other Ordinance of the City or the requirements thereof whether or not relating to or connected with the subject matter hereof.

SECTION IX: General Repealer Section. Any ordinance or parts thereof inconsistent herewith are hereby repealed.

SECTION X: Severability. If any term, condition or provision of this Ordinance shall, to any extent, be held to be invalid or unenforceable, the remainder hereof shall be valid in all other respects and continue to be effective and each and every remaining provision hereof shall be valid and shall be enforced to the fullest extent permitted by law, it being the intent of the City Council that it would have enacted this Ordinance without the invalid or unenforceable provision. If, as a result of a subsequent change in applicable law, the provision which had been held invalid is no longer invalid, said provision shall thereupon return to full force and effect without further action by the City and shall thereafter be binding.

SECTION XI: Emergency Ordinance. The Company intends to commence construction of its new facility in Summer 2021, but such construction is conditioned on the issuance of the Bonds. Accordingly, the City Council hereby finds and declares that this Ordinance shall be an emergency ordinance as described in the City's Charter.

SECTION XII: Record of Passage:

- A. Bill Number 6226 was introduced to Council and read the first time this 7th day of June 2021.
- B. Bill Number 6226 was read the second time this 28th day of June 2021, discussed,

and was voted as follows:

Baker _____, Merideth _____, Self _____, Sparks _____,

Teachout _____, Williams _____, and Turnbow _____,

thereby being _____,

becoming Ordinance 6226.

- C. Upon passage by a majority of the Council, this Bill shall become Ordinance 6226 and shall be in full force and effect.

Greg Turnbow, Mayor

Approved as to form
Tabatha Thurman, City Counselor

SEAL / ATTEST:

Rhonda Council, City Clerk

EXHIBIT A

**PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT
AND
COST/BENEFIT ANALYSIS**

[On file with the City Clerk]

EXHIBIT B

SPECIAL WARRANTY DEED (CITY TO COMPANY)

[On file with the City Clerk]

EXHIBIT C

SPECIAL WARRANTY DEED (COMPANY TO CITY)

[On file with the City Clerk]

EXHIBIT D

LEASE AGREEMENT

[On file with the City Clerk]

EXHIBIT E

PERFORMANCE AGREEMENT

[On file with the City Clerk]

EXHIBIT F

TRUST INDENTURE

[On file with the City Clerk]

EXHIBIT G

BOND PURCHASE AGREEMENT

[On file with the City Clerk]

CITY OF SIKESTON, MISSOURI

**PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT
AND
COST/BENEFIT ANALYSIS**

FOR

CARLISLE CONSTRUCTION MATERIALS, LLC

TABLE OF CONTENTS

	<u>Page</u>
I. PURPOSE OF THIS PLAN.....	- 1 -
II. DESCRIPTION OF CHAPTER 100 FINANCINGS	- 1 -
General.....	- 1 -
Issuance and Sale of Bonds	- 1 -
Property Tax Abatement.....	- 1 -
Sales Tax Exemption.....	- 2 -
III. DESCRIPTION OF THE PARTIES.....	- 2 -
Carlisle Construction Materials, LLC	- 2 -
City of Sikeston, Missouri	- 2 -
IV. REQUIREMENTS OF THE ACT	- 2 -
Description of the Project.....	- 2 -
Estimate of the Costs of the Project	- 2 -
Sources of Funds to be Expended for the Project	- 2 -
Statement of the Terms Upon Which the Project is to be Leased or Otherwise Disposed of by the City.....	- 3 -
Affected School District, Community College District, Ambulance District, Fire District, County and City	- 3 -
Current Assessed Valuation.....	- 3 -
Payments in Lieu of Taxes	- 3 -
Cost/Benefit Analysis	- 4 -
Sales Tax Exemption.....	- 4 -
V. ASSUMPTIONS AND BASIS OF PLAN.....	- 5 -
EXHIBIT A: COST/BENEFIT ANALYSIS	

* * *

I. PURPOSE OF THIS PLAN

The City of Sikeston, Missouri (the “City”), intends to issue taxable industrial revenue bonds in a principal amount of not to exceed \$85,000,000 (the “Bonds”) to finance the costs of a proposed industrial development project (the “Project”) for Carlisle Construction Materials, LLC (the “Company”). The Bonds will be issued pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri and Article VI, Section 27(b) of the Missouri Constitution (collectively, the “Act”). The Bonds will initially be owned by the Company and cannot be transferred, other than to the Company’s affiliates and lenders, without the City’s prior approval.

This Plan for an Industrial Development Project and Cost/Benefit Analysis (this “Plan”) has been prepared to satisfy requirements of the Act and to analyze the potential costs and benefits, including the related tax impact on affected taxing jurisdictions, of using industrial revenue bonds to finance the Project and to facilitate abatement of ad valorem taxes on the bond-financed property.

II. DESCRIPTION OF CHAPTER 100 FINANCINGS

General. The Act authorizes cities, counties, towns and villages to issue industrial revenue bonds to finance the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities that provide interstate commerce, industrial plants and other commercial facilities. Bond proceeds may be used to finance land, buildings, fixtures and machinery.

Issuance and Sale of Bonds. Revenue bonds issued pursuant to the Act do not require voter approval and are payable solely from revenues received from a lease or other disposition of the project. The municipality issues its bonds, and in exchange, the benefited company promises to make payments that are sufficient to pay the principal of and interest on the bonds as they become due. Thus, the municipality merely acts as a conduit for the financing.

Concurrently with the closing of the bonds, the company will convey title or lease the site on which the industrial development project will be located to the municipality. The company will convey to the municipality title to the personal property included in the project. (The municipality must be the legal owner of the property while the bonds are outstanding for the property to be eligible for tax abatement, as further described below.) The municipality will immediately lease the project site, the improvements thereon and the personal property included in the project back to the benefited company pursuant to a lease agreement. The lease agreement will require the company, acting on behalf of the municipality, to use the bond proceeds to purchase, construct and equip the project.

Under the lease agreement, the company typically: (1) will agree to make payments sufficient to pay the principal of and interest on the bonds as they become due; (2) will agree, at its own expense, to maintain the project, to pay all taxes (other than those abated) and assessments with respect to the project and to maintain adequate insurance; (3) has the right, at its own expense, to make certain additions, modifications or improvements to the project; (4) may assign its interests under the lease agreement or sublease the project while remaining responsible for payments under the lease agreement; (5) will covenant to maintain its corporate existence during the term of the bond issue; and (6) will agree to indemnify the municipality for liability the municipality might incur as a result of its participation in the transaction.

Property Tax Abatement. Under Article X, Section 6 of the Missouri Constitution and Section 137.100 of the Revised Statutes of Missouri, all property of any political subdivision is exempt from taxation. In a typical transaction, the municipality holds fee title to the project and leases the project to the benefited company. Although the Missouri Supreme Court has held that the leasehold interest is taxable, it is taxable only to the extent that the economic value of the lease is less than the actual market value of the lease. See *Iron County v. State Tax Commission*, 437 S.W.2d 665 (Mo. banc 1968) and *St. Louis County v. State Tax Commission*, 406 S.W.2d 644 (Mo. banc 1966). If the rental payments under

the lease agreement equal the actual debt service payments on the bonds, the leasehold interest should have no “bonus value” and the bond-financed property should be exempt from ad valorem taxation and personal property taxation so long as the bonds are outstanding.

If the municipality and the company determine that partial tax abatement is desirable, the company may agree to make “payments in lieu of taxes.” The amount of payments in lieu of taxes is negotiable. The payments in lieu of taxes are payable by December 31 of each year, and are distributed to the municipality and to each political subdivision within the boundaries of the project in the same manner and in the same proportion as property taxes would otherwise be distributed under Missouri law.

Sales Tax Exemption. In addition to property tax abatement, qualified building materials can be exempt from sales tax if approved by the municipality. The sales tax exemption is evidenced by a project exemption certificate issued by the municipality.

III. DESCRIPTION OF THE PARTIES

Carlisle Construction Materials, LLC. The Company, headquartered in Carlisle, Pennsylvania, is a diversified manufacturer and supplier of premium building products and related technologies for the commercial and residential construction markets. The Company employs more than 3,800 people globally across 42 facilities in North America and seven in Europe. More information regarding the Company can be found at www.carlisleconstructionmaterials.com.

City of Sikeston, Missouri. The City is a charter city and a political subdivision of the State of Missouri. The City is authorized and empowered pursuant to the provisions of the Act to purchase, construct, extend and improve certain projects (as defined in the Act) and to issue industrial development revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporations for manufacturing, commercial, warehousing and industrial development purposes upon such terms and conditions as the City deems advisable.

IV. REQUIREMENTS OF THE ACT

A. Description of the Project. The Project consists of approximately 124 acres of land located northwest of the intersection of Highway 62 and County Road 824 in the City (the “Project Site”), the construction thereon of an approximately 455,000 square foot manufacturing facility (the “Project Improvements”), and acquisition and installation of equipment and other personal property within the Project Improvements (the “Project Equipment”). The Project Site, the Project Improvements and the Project Equipment are collectively referred to as the “Project.”

The acquisition, construction and installation of the Project are expected to be completed by December 31, 2022. The Company will, as the City’s agent, acquire, construct and install the Project with the Bond proceeds. The City will lease the Project back to the Company during the term of the tax abatement described herein.

B. Estimate of the Costs of the Project. The acquisition and installation of the Project is estimated to cost approximately \$64,000,000, consisting of approximately \$35,734,000 for the Project Site and Project Improvements and approximately \$28,110,000 for the Project Equipment. The Bonds are being issued in a greater amount to provide for contingencies.

C. Sources of Funds to be Expended for the Project. The sources of funds to be expended for the Project will be the proceeds of the Bonds in the maximum principal amount of \$85,000,000 and other available funds of the Company, if any. The Bonds will be payable solely from the revenues derived by the City from the lease or other disposition of the Project to the Company (as further described below).

The Bonds will not be an indebtedness or general obligation, debt or liability of the City or the State of Missouri.

D. *Statement of the Terms Upon Which the Project is to be Leased or Otherwise Disposed of by the City.* The City will lease the Project to the Company for lease payments equal to the principal of and interest on the Bonds. Under the terms of the lease, the Company will have the option to purchase the Project at any time for nominal consideration. The lease will terminate on December 31 of the 20th year following completion of the Project Improvements (expected to be December 31, 2042), unless terminated sooner pursuant to the terms of the lease.

E. *Affected School District, Community College District, Ambulance District, Fire District, County and City.* The New Madrid R-1 School District is the school district affected by the Project. The Project Site is within the service area, but not the taxing district boundaries, of Three Rivers Community College District of Poplar Bluff, Missouri. The Project Site is served by the New Madrid County Ambulance District (the “Ambulance District”); the Ambulance District does not levy a real property tax on the Project Site, but is affected by the Project as a result of the below-described sales tax exemption on construction materials. There is no fire district affected by the Project. New Madrid County (the “County”) is the county affected by the Project. The City of Sikeston is the city affected by the Project. The Cost/Benefit Analysis attached hereto identifies all other taxing jurisdictions affected by the Project.

F. *Current Assessed Valuation.* The Project has not yet been acquired, constructed and installed and the Project Site is currently owned by City; accordingly, the most recent equalized assessed valuation of the real property and personal property included in the Project is \$0. The Company estimates the total equalized assessed valuation of real property included in the Project will be \$11,434,000 after completion of the Project Improvements and the total equalized assessed value of personal property included in the Project will be approximately \$8,300,292 after installation of the Project Equipment. These assessed values, as well as future inflationary increases and depreciation, are reflected in the attached Cost/Benefit Analysis.

G. *Payments in Lieu of Taxes.* If this Plan is approved by the City Council, the City intends to issue the Bonds, take possession of the Project and extend tax abatement to the Company. During the twenty-year tax abatement period, the Company will make payments in lieu of taxes (“PILOTs”) equal to a percentage of ad valorem real personal property taxes that would otherwise be due, but for the City’s ownership of the Project shown on the below table:

Year	Real Property PILOTs	Personal Property PILOTs
1-10	0%	0%
11-15	25%	25%
16-20	50%	50%

Pursuant to Section 100.050 of the Act, certain emergency service districts may elect to be reimbursed up to 100% of the taxes they would have received, but for the tax abatement. Currently, no qualifying emergency service districts are impacted by this Plan. However, to the extent a qualifying emergency service district levies an ad valorem tax on the Project Site, the emergency service district may elect a reimbursement rate equal to 100% of the taxes each would have otherwise received. The Company must make PILOTs required to satisfy the obligations to any applicable emergency service providers as required by the Act.

PILOTs are expected to be collected by the New Madrid County Collector in the same manner as other property taxes. Except as described above with respect to the applicable emergency service providers, all PILOTs will be disbursed to the respective taxing jurisdictions in the same proportion as the then-current ad valorem tax levy of each taxing jurisdiction.

H. Cost/Benefit Analysis. Attached hereto as **Exhibit A** is the Cost/Benefit Analysis on each affected taxing jurisdiction, which assumes a 20-year tax abatement period. The Cost/Benefit Analysis assumes PILOTs will be imposed as described above. The 2020 tax levy rates were utilized for all jurisdictions.

I. Sales Tax Exemption. In addition to the real and personal property tax abatement reflected in the Cost/Benefit Analysis, qualified building materials purchased for the construction of the Project Improvements are expected to be exempt from sales tax pursuant to the provisions of Section 144.062 of the Revised Statutes of Missouri and the Bond documents upon delivery of a project exemption certificate by the City to the Company. For purposes of determining the impact of the sales tax exemption on the qualified building materials on the affected taxing jurisdictions, it was assumed that:

- \$16,792,000 of the total costs of the Project Improvements will be allocated to construction material costs;
- the applicable sales tax rate applicable to the Project Site is 9.225%, of which 4.225% is allocated to the State of Missouri, 3.000% is allocated to the City, 1.500% is allocated to the County and 0.500% is allocated to the Ambulance District;
- the applicable use tax rate is 8.725%, of which 4.225% is allocated to the State of Missouri, 3.000% is allocated to the City and 1.500% is allocated to the County;
- 80% of the qualified construction materials will be subject to the State's sales tax and 20% will be subject to the State's use tax;
- 10% of the qualified construction materials will be subject to the City's sales tax and 10% will be subject to the City's use tax;
- 10% of the qualified construction materials will be subject to the County's sales tax and 10% will be subject to the County's use tax; and
- 10% of the qualified construction materials will be subject to the Ambulance District's sales tax.

Please note that any variance in these assumptions will alter the net fiscal impact of the sales tax exemption on the affected taxing jurisdictions.

Based on the assumptions set forth above, the net fiscal impact of the sales and use tax exemption on the qualified building materials granted by the City is approximately \$868,986, allocated as follows:

	<u>Sales Tax</u>	<u>Use Tax</u>	<u>Total</u>
State of Missouri	\$567,570	\$141,892	\$709,462
City	50,376	50,376	100,752
County	25,188	25,188	50,376
Ambulance District	8,396	0	8,396
Total	\$651,530	\$217,456	\$868,986

V. ASSUMPTIONS AND BASIS OF PLAN

In addition to the assumptions described above, the Cost/Benefit Analysis details further assumptions used in estimating the impact of the proposed real and personal property tax abatement on the affected taxing districts.

To complete this Plan, Gilmore & Bell, P.C. has generally reviewed and relied upon information furnished by, and has participated in conferences with, representatives of the City, representatives of the Company and other persons as the firm has deemed appropriate. Gilmore & Bell, P.C. does not assume any responsibility for the accuracy, completeness or fairness of any of the information provided and has not independently verified the accuracy, completeness or fairness of such information.

* * *

Exhibit A

City of Sikeston, Missouri
(Carlisle Construction Materials, LLC Project)

COST BENEFIT ANALYSIS
PLAN FOR INDUSTRIAL DEVELOPMENT PROJECT

Table of Contents

Project Assumptions	1
Summary of Cost Benefit Analysis	2
Projected Tax Revenues Without Abatement on Real Property	3
Projected PILOT Amounts on Real Property	4
Projected Tax Abatement on Real Property	5
Projected Tax Revenues Without Abatement on Personal Property	6
Projected PILOT Amounts on Personal Property	7
Projected Tax Abatement on Personal Property	8

This information is provided based on the factual information and assumptions provided to Gilmore & Bell, P.C. by a party to or a representative of a party to the proposed transaction. This information is intended to provide factual information only and is provided in conjunction with our legal representation. It is not intended as financial advice or a financial recommendation to any party. Gilmore & Bell, P.C. is not a financial advisor or a “municipal advisor” as defined in the Securities Exchange Act of 1934, as amended.

Project Assumptions - Project Armor

- ♦ Initial year taxes assessed 2023
- ♦ Appraised value of real estate \$ 1,845,000
- ♦ Appraised value of improvements \$ 52,629,800
- ♦ Appraised value of personal property

	7-year	\$ 25,562,547
	5-year	\$ 4,962,653
- ♦ Bi-annual growth rate of appraised value of real property 2.0%
- ♦ Assessed value as a percentage of appraised value (real) 32.0%
- ♦ Assessed value as a percentage of appraised value (personal) 33.33%
- ♦ Assessed value of real property \$ 590,400
- ♦ Assessed value of improvements \$ 16,841,536
- ♦ Terms of abatement:

Years 1 to 10	100%
Years 11 to 15	75%
Years 16 to 20	50%

- ♦ Personal Property is depreciated using the following 5 and 7 year recovery period schedule:

Year	Recovery Period in Years					
	3	5	7	10	15	20
0	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
1	75.00%	85.00%	89.29%	92.50%	95.00%	96.25%
2	37.50%	59.50%	70.16%	78.62%	85.50%	89.03%
3	12.50%	41.65%	55.13%	66.83%	76.95%	82.35%
4	5.00%	24.99%	42.88%	56.81%	69.25%	76.18%
5	5.00%	10.00%	30.63%	48.07%	62.32%	70.46%
6	5.00%	10.00%	18.38%	39.33%	56.09%	65.18%
7	5.00%	10.00%	10.00%	30.59%	50.19%	60.29%
8	5.00%	10.00%	10.00%	21.85%	44.29%	55.77%
9	5.00%	10.00%	10.00%	15.00%	38.38%	51.31%
10	5.00%	10.00%	10.00%	15.00%	32.48%	46.85%
11	5.00%	10.00%	10.00%	15.00%	26.57%	42.38%
12	5.00%	10.00%	10.00%	15.00%	20.67%	37.92%
13	5.00%	10.00%	10.00%	15.00%	15.00%	33.46%
14	5.00%	10.00%	10.00%	15.00%	15.00%	29.00%
15	5.00%	10.00%	10.00%	15.00%	15.00%	24.54%
16	5.00%	10.00%	10.00%	15.00%	15.00%	20.08%
17 and on	5.00%	10.00%	10.00%	15.00%	15.00%	20.00%

Summary of Cost Benefit Analysis

Taxing Jurisdiction	Tax Rate	Projected Tax Revenue for Real Property and Personal Property	Projected Tax Abatement for Real Property and Personal Property	Projected PILOT Amount for Real Property and Personal Property
County Revenue	0.2237	\$ 952,800	\$ 774,894	\$ 177,906
Health	0.1000	425,928	346,399	79,529
J.G.C.	0.0100	42,593	34,640	7,953
New Madrid County Library	0.1448	616,743	501,586	115,158
R-1 School District	3.8400	16,355,626	13,301,715	3,053,911
Road & Bridge	0.1576	671,262	545,925	125,338
Sheltered Workshop	0.0200	85,186	69,280	15,906
City of Sikeston	0.7989	3,402,737	2,767,380	635,357
State	0.0300	127,778	103,920	23,859
Surtax	0.2300	878,024	703,883	174,141
	5.5550	\$ 23,558,677	\$ 19,149,620	\$ 4,409,057

**Projected Tax Revenues Without Abatement
on Real Property**

Estimated Assessed Value of Real Property	\$	590,400	\$	590,400	\$	602,208	\$	602,208	\$	614,252	\$	614,252	\$	626,537	\$	626,537	\$	639,068	\$	639,068
Estimated Assessed Value of Improvements	\$	16,841,536	\$	16,841,536	\$	17,178,367	\$	17,178,367	\$	17,521,934	\$	17,521,934	\$	17,872,373	\$	17,872,373	\$	18,229,820	\$	18,229,820

Taxing Jurisdiction	Tax Rate per \$100	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
County Revenue	0.2237	\$ 38,995	\$ 38,995	\$ 39,775	\$ 39,775	\$ 40,571	\$ 40,571	\$ 41,382	\$ 41,382	\$ 42,210	\$ 42,210
Health	0.1000	17,432	17,432	17,781	17,781	18,136	18,136	18,499	18,499	18,869	18,869
J.G.C.	0.0100	1,743	1,743	1,778	1,778	1,814	1,814	1,850	1,850	1,887	1,887
New Madrid County Library	0.1448	25,241	25,241	25,746	25,746	26,261	26,261	26,786	26,786	27,322	27,322
R-1 School District	3.8400	669,386	669,386	682,774	682,774	696,430	696,430	710,358	710,358	724,565	724,565
Road & Bridge	0.1576	27,473	27,473	28,022	28,022	28,583	28,583	29,154	29,154	29,737	29,737
Sheltered Workshop	0.0200	3,486	3,486	3,556	3,556	3,627	3,627	3,700	3,700	3,774	3,774
City of Sikeston	0.7989	139,264	139,264	142,049	142,049	144,890	144,890	147,788	147,788	150,744	150,744
State	0.0300	5,230	5,230	5,334	5,334	5,441	5,441	5,550	5,550	5,661	5,661
Surtax	0.2300	40,093	40,093	40,895	40,895	41,713	41,713	42,548	42,548	43,398	43,398
	5.5550	\$ 968,344	\$ 968,344	\$ 987,711	\$ 987,711	\$ 1,007,465	\$ 1,007,465	\$ 1,027,614	\$ 1,027,614	\$ 1,048,167	\$ 1,048,167

Estimated Assessed Value of Real Property	\$	651,849	\$	651,849	\$	664,886	\$	664,886	\$	678,184	\$	678,184	\$	691,748	\$	691,748	\$	705,583	\$	705,583
Estimated Assessed Value of Improvements	\$	18,594,417	\$	18,594,417	\$	18,966,305	\$	18,966,305	\$	19,345,631	\$	19,345,631	\$	19,732,544	\$	19,732,544	\$	20,127,195	\$	20,127,195

Taxing Jurisdiction	Tax Rate per \$100	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total
County Revenue	0.2237	\$ 43,054	\$ 43,054	\$ 43,915	\$ 43,915	\$ 44,793	\$ 44,793	\$ 45,689	\$ 45,689	\$ 46,603	\$ 46,603	\$ 853,974
Health	0.1000	19,246	19,246	19,631	19,631	20,024	20,024	20,424	20,424	20,833	20,833	381,750
J.G.C.	0.0100	1,925	1,925	1,963	1,963	2,002	2,002	2,042	2,042	2,083	2,083	38,175
New Madrid County Library	0.1448	27,869	27,869	28,426	28,426	28,994	28,994	29,574	29,574	30,166	30,166	552,774
R-1 School District	3.8400	739,057	739,057	753,838	753,838	768,915	768,915	784,293	784,293	799,979	799,979	14,659,187
Road & Bridge	0.1576	30,332	30,332	30,939	30,939	31,558	31,558	32,189	32,189	32,832	32,832	601,637
Sheltered Workshop	0.0200	3,849	3,849	3,926	3,926	4,005	4,005	4,085	4,085	4,167	4,167	76,350
City of Sikeston	0.7989	153,758	153,758	156,834	156,834	159,970	159,970	163,170	163,170	166,433	166,433	3,049,798
State	0.0300	5,774	5,774	5,889	5,889	6,007	6,007	6,127	6,127	6,250	6,250	114,525
Surtax	0.2300	44,266	44,266	45,152	45,152	46,055	46,055	46,976	46,976	47,915	47,915	878,024
	5.5550	\$ 1,069,130	\$ 1,069,130	\$ 1,090,513	\$ 1,090,513	\$ 1,112,323	\$ 1,112,323	\$ 1,134,569	\$ 1,134,569	\$ 1,157,261	\$ 1,157,261	\$21,206,194

Projected PILOT Amounts on Real Property

Estimated Assessed Value of Real Property	\$	590,400	\$	590,400	\$	602,208	\$	602,208	\$	614,252	\$	614,252	\$	626,537	\$	626,537	\$	639,068	\$	639,068
Estimated Assessed Value of Improvements	\$	16,841,536	\$	16,841,536	\$	17,178,367	\$	17,178,367	\$	17,521,934	\$	17,521,934	\$	17,872,373	\$	17,872,373	\$	18,229,820	\$	18,229,820
PILOT Payment		0%		0%		0%		0%		0%		0%		0%		0%		0%		0%

Taxing Jurisdiction	Tax Rate per \$100	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
County Revenue	0.2237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health	0.1000	-	-	-	-	-	-	-	-	-	-
J.G.C.	0.0100	-	-	-	-	-	-	-	-	-	-
New Madrid County Library	0.1448	-	-	-	-	-	-	-	-	-	-
R-1 School District	3.8400	-	-	-	-	-	-	-	-	-	-
Road & Bridge	0.1576	-	-	-	-	-	-	-	-	-	-
Sheltered Workshop	0.0200	-	-	-	-	-	-	-	-	-	-
City of Sikeston	0.7989	-	-	-	-	-	-	-	-	-	-
State	0.0300	-	-	-	-	-	-	-	-	-	-
Surtax	0.2300	-	-	-	-	-	-	-	-	-	-
	5.5550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated Assessed Value of Real Property	\$	651,849	\$	651,849	\$	664,886	\$	664,886	\$	678,184	\$	678,184	\$	691,748	\$	691,748	\$	705,583	\$	705,583
Estimated Assessed Value of Improvements	\$	18,594,417	\$	18,594,417	\$	18,966,305	\$	18,966,305	\$	19,345,631	\$	19,345,631	\$	19,732,544	\$	19,732,544	\$	20,127,195	\$	20,127,195
PILOT Payment		25%		25%		25%		25%		25%		50%		50%		50%		50%		50%

Taxing Jurisdiction	Tax Rate per \$100	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total
County Revenue	0.2237	\$ 10,763	\$ 10,763	\$ 10,979	\$ 10,979	\$ 11,198	\$ 22,397	\$ 22,845	\$ 22,845	\$ 23,301	\$ 23,301	\$ 169,371
Health	0.1000	4,812	4,812	4,908	4,908	5,006	10,012	10,212	10,212	10,416	10,416	75,714
J.G.C.	0.0100	481	481	491	491	501	1,001	1,021	1,021	1,042	1,042	7,571
New Madrid County Library	0.1448	6,967	6,967	7,106	7,106	7,249	14,497	14,787	14,787	15,083	15,083	109,633
R-1 School District	3.8400	184,764	184,764	188,459	188,459	192,229	384,457	392,146	392,146	399,989	399,989	2,907,404
Road & Bridge	0.1576	7,583	7,583	7,735	7,735	7,889	15,779	16,094	16,094	16,416	16,416	119,325
Sheltered Workshop	0.0200	962	962	982	982	1,001	2,002	2,042	2,042	2,083	2,083	15,143
City of Sikeston	0.7989	38,440	38,440	39,208	39,208	39,993	79,985	81,585	81,585	83,217	83,217	604,876
State	0.0300	1,443	1,443	1,472	1,472	1,502	3,004	3,064	3,064	3,125	3,125	22,714
Surtax	0.2300	11,067	11,067	11,288	11,288	11,514	23,027	23,488	23,488	23,958	23,958	174,141
	5.5550	\$ 267,283	\$ 267,283	\$ 272,628	\$ 272,628	\$ 278,081	\$ 556,161	\$ 567,285	\$ 567,285	\$ 578,630	\$ 578,630	\$ 4,205,894

Projected Tax Abatement on Real Property

Estimated Assessed Value of Real Property	\$	590,400	\$	590,400	\$	602,208	\$	602,208	\$	614,252	\$	614,252	\$	626,537	\$	626,537	\$	639,068	\$	639,068
Estimated Assessed Value of Improvements	\$	16,841,536	\$	16,841,536	\$	17,178,367	\$	17,178,367	\$	17,521,934	\$	17,521,934	\$	17,872,373	\$	17,872,373	\$	18,229,820	\$	18,229,820
Abatement Percentage		100%		100%		100%		100%		100%		100%		100%		100%		100%		100%

Taxing Jurisdiction	Tax Rate per \$100	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
County Revenue	0.2237	\$ 38,995	\$ 38,995	\$ 39,775	\$ 39,775	\$ 40,571	\$ 40,571	\$ 41,382	\$ 41,382	\$ 42,210	\$ 42,210
Health	0.1000	17,432	17,432	17,781	17,781	18,136	18,136	18,499	18,499	18,869	18,869
J.G.C.	0.0100	1,743	1,743	1,778	1,778	1,814	1,814	1,850	1,850	1,887	1,887
New Madrid County Library	0.1448	25,241	25,241	25,746	25,746	26,261	26,261	26,786	26,786	27,322	27,322
R-1 School District	3.8400	669,386	669,386	682,774	682,774	696,430	696,430	710,358	710,358	724,565	724,565
Road & Bridge	0.1576	27,473	27,473	28,022	28,022	28,583	28,583	29,154	29,154	29,737	29,737
Sheltered Workshop	0.0200	3,486	3,486	3,556	3,556	3,627	3,627	3,700	3,700	3,774	3,774
City of Sikeston	0.7989	139,264	139,264	142,049	142,049	144,890	144,890	147,788	147,788	150,744	150,744
State	0.0300	5,230	5,230	5,334	5,334	5,441	5,441	5,550	5,550	5,661	5,661
Surtax	0.2300	40,093	40,093	40,895	40,895	41,713	41,713	42,548	42,548	43,398	43,398
	5.5550	\$ 968,344	\$ 968,344	\$ 987,711	\$ 987,711	\$ 1,007,465	\$ 1,007,465	\$ 1,027,614	\$ 1,027,614	\$ 1,048,167	\$ 1,048,167

Estimated Assessed Value of Real Property	\$	651,849	\$	651,849	\$	664,886	\$	664,886	\$	678,184	\$	678,184	\$	691,748	\$	691,748	\$	705,583	\$	705,583
Estimated Assessed Value of Improvements	\$	18,594,417	\$	18,594,417	\$	18,966,305	\$	18,966,305	\$	19,345,631	\$	19,345,631	\$	19,732,544	\$	19,732,544	\$	20,127,195	\$	20,127,195
Abatement Percentage		75%		75%		75%		75%		75%		50%		50%		50%		50%		50%

Taxing Jurisdiction	Tax Rate per \$100	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total
County Revenue	0.2237	\$ 32,290	\$ 32,290	\$ 32,936	\$ 32,936	\$ 33,595	\$ 22,397	\$ 22,845	\$ 22,845	\$ 23,301	\$ 23,301	\$ 684,603
Health	0.1000	14,435	14,435	14,723	14,723	15,018	10,012	10,212	10,212	10,416	10,416	306,036
J.G.C.	0.0100	1,443	1,443	1,472	1,472	1,502	1,001	1,021	1,021	1,042	1,042	30,604
New Madrid County Library	0.1448	20,901	20,901	21,319	21,319	21,746	14,497	14,787	14,787	15,083	15,083	443,140
R-1 School District	3.8400	554,292	554,292	565,378	565,378	576,686	384,457	392,146	392,146	399,989	399,989	11,751,783
Road & Bridge	0.1576	22,749	22,749	23,204	23,204	23,668	15,779	16,094	16,094	16,416	16,416	482,313
Sheltered Workshop	0.0200	2,887	2,887	2,945	2,945	3,004	2,002	2,042	2,042	2,083	2,083	61,207
City of Sikeston	0.7989	115,319	115,319	117,625	117,625	119,978	79,985	81,585	81,585	83,217	83,217	2,444,922
State	0.0300	4,330	4,330	4,417	4,417	4,505	3,004	3,064	3,064	3,125	3,125	91,811
Surtax	0.2300	33,200	33,200	33,864	33,864	34,541	23,027	23,488	23,488	23,958	23,958	703,883
	5.5550	\$ 801,848	\$ 801,848	\$ 817,885	\$ 817,885	\$ 834,242	\$ 556,161	\$ 567,285	\$ 567,285	\$ 578,630	\$ 578,630	\$17,000,301

**Projected Tax Revenues Without Abatement
on Personal Property**

Estimated Assessed Value of Personal Property		\$ 9,013,450	\$ 6,961,791	\$ 5,385,987	\$ 4,066,722	\$ 2,775,080	\$ 1,731,381	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405
Taxing Jurisdiction	Tax Rate per \$100	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
County Revenue	0.2237	\$ 20,163	\$ 15,574	\$ 12,048	\$ 9,097	\$ 6,208	\$ 3,873	\$ 2,276	\$ 2,276	\$ 2,276	\$ 2,276
Health	0.1000	9,013	6,962	5,386	4,067	2,775	1,731	1,017	1,017	1,017	1,017
J.G.C.	0.0100	901	696	539	407	278	173	102	102	102	102
New Madrid County Library	0.1448	13,051	10,081	7,799	5,889	4,018	2,507	1,473	1,473	1,473	1,473
R-1 School District	3.8400	346,116	267,333	206,822	156,162	106,563	66,485	39,068	39,068	39,068	39,068
Road & Bridge	0.1576	14,205	10,972	8,488	6,409	4,374	2,729	1,603	1,603	1,603	1,603
Sheltered Workshop	0.0200	1,803	1,392	1,077	813	555	346	203	203	203	203
City of Sikeston	0.7989	72,008	55,618	43,029	32,489	22,170	13,832	8,128	8,128	8,128	8,128
State	0.0300	2,704	2,089	1,616	1,220	833	519	305	305	305	305
		5.3250	\$ 479,966	\$ 370,715	\$ 286,804	\$ 216,553	\$ 147,773	\$ 92,196	\$ 54,177	\$ 54,177	\$ 54,177

Estimated Assessed Value of Personal Property		\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405
Taxing Jurisdiction	Tax Rate per \$100	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total
County Revenue	0.2237	\$ 2,276	\$ 2,276	\$ 2,276	\$ 2,276	\$ 2,276	\$ 2,276	\$ 2,276	\$ 2,276	\$ 2,276	\$ 2,276	\$ 98,826
Health	0.1000	1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017	1,017	44,178
J.G.C.	0.0100	102	102	102	102	102	102	102	102	102	102	4,418
New Madrid County Library	0.1448	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	1,473	63,970
R-1 School District	3.8400	39,068	39,068	39,068	39,068	39,068	39,068	39,068	39,068	39,068	39,068	1,696,438
Road & Bridge	0.1576	1,603	1,603	1,603	1,603	1,603	1,603	1,603	1,603	1,603	1,603	69,625
Sheltered Workshop	0.0200	203	203	203	203	203	203	203	203	203	203	8,836
City of Sikeston	0.7989	8,128	8,128	8,128	8,128	8,128	8,128	8,128	8,128	8,128	8,128	352,939
State	0.0300	305	305	305	305	305	305	305	305	305	305	13,253
	5.3250	\$ 54,177	\$ 54,177	\$ 54,177	\$ 54,177	\$ 54,177	\$ 54,177	\$ 54,177	\$ 54,177	\$ 54,177	\$ 54,177	\$ 2,352,483

Personal Property Assessed Value (5-Year Depreciation)													
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
4,962,653	1,405,944	984,161	688,913	413,348	165,405	165,405	165,405	165,405	165,405	165,405	165,405	165,405	165,405
	2036	2037	2038	2039	2040	2041	2042						
	165,405	165,405	165,405	165,405	165,405	165,405	165,405						
Personal Property Assessed Value (7-Year Depreciation)													
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
25,562,547	7,607,505	5,977,630	4,697,074	3,653,375	2,609,675	1,565,975	852,000	852,000	852,000	852,000	852,000	852,000	852,000
	2036	2037	2038	2039	2040	2041	2042						
	852,000	852,000	852,000	852,000	852,000	852,000	852,000						

Projected PILOT Amounts on Personal Property

Estimated Assessed Value of Personal Property	\$ 9,013,450	\$ 6,961,791	\$ 5,385,987	\$ 4,066,722	\$ 2,775,080	\$ 1,731,381	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405
PILOT Payment	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Taxing Jurisdiction	Tax Rate per \$100	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
County Revenue	0.2237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health	0.1000	-	-	-	-	-	-	-	-	-	-
J.G.C.	0.0100	-	-	-	-	-	-	-	-	-	-
New Madrid County Library	0.1448	-	-	-	-	-	-	-	-	-	-
R-1 School District	3.8400	-	-	-	-	-	-	-	-	-	-
Road & Bridge	0.1576	-	-	-	-	-	-	-	-	-	-
Sheltered Workshop	0.0200	-	-	-	-	-	-	-	-	-	-
City of Sikeston	0.7989	-	-	-	-	-	-	-	-	-	-
State	0.0300	-	-	-	-	-	-	-	-	-	-
	5.3250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated Assessed Value of Personal Property	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405
PILOT Payment	25%	25%	25%	25%	25%	25%	50%	50%	50%	50%	50%

Taxing Jurisdiction	Tax Rate per \$100	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	Total
County Revenue	0.2237	\$ 569	\$ 569	\$ 569	\$ 569	\$ 569	\$ 1,138	\$ 1,138	\$ 1,138	\$ 1,138	\$ 1,138	\$ 8,535
Health	0.1000	254	254	254	254	254	509	509	509	509	509	3,815
J.G.C.	0.0100	25	25	25	25	25	51	51	51	51	51	382
New Madrid County Library	0.1448	368	368	368	368	368	737	737	737	737	737	5,525
R-1 School District	3.8400	9,767	9,767	9,767	9,767	9,767	19,534	19,534	19,534	19,534	19,534	146,506
Road & Bridge	0.1576	401	401	401	401	401	802	802	802	802	802	6,013
Sheltered Workshop	0.0200	51	51	51	51	51	102	102	102	102	102	763
City of Sikeston	0.7989	2,032	2,032	2,032	2,032	2,032	4,064	4,064	4,064	4,064	4,064	30,480
State	0.0300	76	76	76	76	76	153	153	153	153	153	1,145
	5.3250	\$ 13,544	\$ 13,544	\$ 13,544	\$ 13,544	\$ 13,544	\$ 27,088	\$ 27,088	\$ 27,088	\$ 27,088	\$ 27,088	\$ 203,163

Projected Tax Abatement on Personal Property

Estimated Assessed Value of Personal Property		\$ 9,013,450	\$ 6,961,791	\$ 5,385,987	\$ 4,066,722	\$ 2,775,080	\$ 1,731,381	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405
Abatement Percentage		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Taxing Jurisdiction	Tax Rate per \$100	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
County Revenue	0.2237	\$ 20,163	\$ 15,574	\$ 12,048	\$ 9,097	\$ 6,208	\$ 3,873	\$ 2,276	\$ 2,276	\$ 2,276	\$ 2,276
Health	0.1000	9,013	6,962	5,386	4,067	2,775	1,731	1,017	1,017	1,017	1,017
J.G.C.	0.0100	901	696	539	407	278	173	102	102	102	102
New Madrid County Library	0.1448	13,051	10,081	7,799	5,889	4,018	2,507	1,473	1,473	1,473	1,473
R-1 School District	3.8400	346,116	267,333	206,822	156,162	106,563	66,485	39,068	39,068	39,068	39,068
Road & Bridge	0.1576	14,205	10,972	8,488	6,409	4,374	2,729	1,603	1,603	1,603	1,603
Sheltered Workshop	0.0200	1,803	1,392	1,077	813	555	346	203	203	203	203
City of Sikeston	0.7989	72,008	55,618	43,029	32,489	22,170	13,832	8,128	8,128	8,128	8,128
State	0.0300	2,704	2,089	1,616	1,220	833	519	305	305	305	305
	5.3250	\$ 479,966	\$ 370,715	\$ 286,804	\$ 216,553	\$ 147,773	\$ 92,196	\$ 54,177	\$ 54,177	\$ 54,177	\$ 54,177

Estimated Assessed Value of Personal Property		\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405	\$ 1,017,405
Abatement Percentage		75%	75%	75%	75%	75%	50%	50%	50%	50%	50%
Taxing Jurisdiction	Tax Rate per \$100	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
County Revenue	0.2237	\$ 1,707	\$ 1,707	\$ 1,707	\$ 1,707	\$ 1,707	\$ 1,138	\$ 1,138	\$ 1,138	\$ 1,138	\$ 1,138
Health	0.1000	763	763	763	763	763	509	509	509	509	509
J.G.C.	0.0100	76	76	76	76	76	51	51	51	51	51
New Madrid County Library	0.1448	1,105	1,105	1,105	1,105	1,105	737	737	737	737	737
R-1 School District	3.8400	29,301	29,301	29,301	29,301	29,301	19,534	19,534	19,534	19,534	19,534
Road & Bridge	0.1576	1,203	1,203	1,203	1,203	1,203	802	802	802	802	802
Sheltered Workshop	0.0200	153	153	153	153	153	102	102	102	102	102
City of Sikeston	0.7989	6,096	6,096	6,096	6,096	6,096	4,064	4,064	4,064	4,064	4,064
State	0.0300	229	229	229	229	229	153	153	153	153	153
	5.3250	\$ 40,633	\$ 40,633	\$ 40,633	\$ 40,633	\$ 40,633	\$ 27,088	\$ 27,088	\$ 27,088	\$ 27,088	\$ 27,088

City of Sikeston, Missouri
(Carlisle Construction Materials, LLC Project)

Present Value of Tax Abatement

Yield	5.0000000%
Computation Date	6/12/2020

Date	Receipt	Days From 6/12/2020	Present Value Factor	Present Value to 6/12/2020 at 5.0000000%
1/1/2023	1,448,310.24	919	0.881553572	1,276,763.07
1/1/2024	1,339,059.41	1279	0.839075381	1,123,571.78
1/1/2025	1,274,514.76	1639	0.798644027	1,017,883.60
1/1/2026	1,204,263.89	1999	0.760160882	915,434.30
1/1/2027	1,155,238.18	2359	0.723532071	835,851.87
1/1/2028	1,099,661.18	2719	0.688668241	757,301.73
1/1/2029	1,081,791.26	3079	0.655484346	709,097.24
1/1/2030	1,081,791.26	3439	0.623899437	674,928.96
1/1/2031	1,102,343.54	3799	0.593836466	654,611.79
1/1/2032	1,102,343.54	4159	0.565222098	623,068.93
1/1/2033	842,480.14	4519	0.537986530	453,242.97
1/1/2034	842,480.14	4879	0.512063324	431,403.18
1/1/2035	858,517.11	5239	0.487389243	418,432.00
1/1/2036	858,517.11	5599	0.463904098	398,269.61
1/1/2037	874,874.80	5959	0.441550599	386,301.49
1/1/2038	583,249.87	6319	0.420274217	245,124.88
1/1/2039	594,373.08	6679	0.400023050	237,762.93
1/1/2040	594,373.08	7039	0.380747698	226,306.18
1/1/2041	605,718.79	7399	0.362401140	219,513.18
1/1/2042	605,718.79	7759	0.344938622	208,935.80
19,149,620.15		Present Value:		11,813,805.49

City of Sikeston, Missouri
(Carlisle Construction Materials, LLC Project)

Present Value of Tax Abatement

Yield	6.0000000%
Computation Date	6/12/2020

Date	Receipt	Days From 6/12/2020	Present Value Factor	Present Value to 6/12/2020 at 6.0000000%
1/1/2023	1,448,310.24	919	0.859921557	1,245,433.20
1/1/2024	1,339,059.41	1279	0.810558542	1,085,386.04
1/1/2025	1,274,514.76	1639	0.764029165	973,766.45
1/1/2026	1,204,263.89	1999	0.720170766	867,275.65
1/1/2027	1,155,238.18	2359	0.678830018	784,210.35
1/1/2028	1,099,661.18	2719	0.639862398	703,631.84
1/1/2029	1,081,791.26	3079	0.603131678	652,462.58
1/1/2030	1,081,791.26	3439	0.568509453	615,008.56
1/1/2031	1,102,343.54	3799	0.535874684	590,718.00
1/1/2032	1,102,343.54	4159	0.505113285	556,808.37
1/1/2033	842,480.14	4519	0.476117716	401,119.72
1/1/2034	842,480.14	4879	0.448786612	378,093.81
1/1/2035	858,517.11	5239	0.423024424	363,173.71
1/1/2036	858,517.11	5599	0.398741092	342,326.05
1/1/2037	874,874.80	5959	0.375851722	328,823.20
1/1/2038	583,249.87	6319	0.354276296	206,631.60
1/1/2039	594,373.08	6679	0.333939387	198,484.58
1/1/2040	594,373.08	7039	0.314769900	187,090.75
1/1/2041	605,718.79	7399	0.296700820	179,717.26
1/1/2042	605,718.79	7759	0.279668979	169,400.75
19,149,620.15		Present Value:		10,829,562.46

City of Sikeston, Missouri
(Carlisle Construction Materials, LLC Project)

Present Value of Tax Abatement

Yield	7.0000000%
Computation Date	6/12/2020

Date	Receipt	Days From 6/12/2020	Present Value Factor	Present Value to 6/12/2020 at 7.0000000%
1/1/2023	1,448,310.24	919	0.838921286	1,215,018.29
1/1/2024	1,339,059.41	1279	0.783141998	1,048,673.66
1/1/2025	1,274,514.76	1639	0.731071435	931,761.33
1/1/2026	1,204,263.89	1999	0.682463007	821,865.56
1/1/2027	1,155,238.18	2359	0.637086520	735,986.67
1/1/2028	1,099,661.18	2719	0.594727083	653,998.29
1/1/2029	1,081,791.26	3079	0.555184096	600,593.30
1/1/2030	1,081,791.26	3439	0.518270294	560,660.27
1/1/2031	1,102,343.54	3799	0.483810865	533,325.78
1/1/2032	1,102,343.54	4159	0.451642620	497,865.32
1/1/2033	842,480.14	4519	0.421613218	355,200.76
1/1/2034	842,480.14	4879	0.393580451	331,583.71
1/1/2035	858,517.11	5239	0.367411562	315,429.11
1/1/2036	858,517.11	5599	0.342982625	294,456.45
1/1/2037	874,874.80	5959	0.320177950	280,115.62
1/1/2038	583,249.87	6319	0.298889543	174,327.29
1/1/2039	594,373.08	6679	0.279016586	165,839.95
1/1/2040	594,373.08	7039	0.260464969	154,813.37
1/1/2041	605,718.79	7399	0.243146835	147,278.61
1/1/2042	605,718.79	7759	0.226980173	137,486.15
19,149,620.15		Present Value:		9,956,279.50

(The above space is reserved for Recorder's Certification.)

TITLE OF DOCUMENT:	SPECIAL WARRANTY DEED
DATE OF DOCUMENT:	July __, 2021
GRANTOR:	CITY OF SIKESTON, MISSOURI
GRANTOR'S MAILING ADDRESS:	105 East Center Street Sikeston, Missouri 63801
GRANTEE:	CARLISLE CONSTRUCTION MATERIALS, LLC
GRANTEE'S MAILING ADDRESS:	1285 Ritner Highway Carlisle, Pennsylvania 17013
RETURN DOCUMENTS TO:	Mark D. Grimm, Esq. Gilmore & Bell, P.C. 211 North Broadway, Suite 2000 St. Louis, Missouri 63102
LEGAL DESCRIPTION:	See Exhibit A
REFERENCE BOOK & PAGE:	N/A

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED is made as of July __, 2021, from the **CITY OF SIKESTON, MISSOURI**, a charter city organized and existing under the laws of the State of Missouri (the “Grantor”), to **CARLISLE CONSTRUCTION MATERIALS, LLC**, a Delaware limited liability company (the “Grantee”).

WITNESSETH, THAT THE GRANTOR, in consideration of the sum of Ten Dollars (\$10.00) and other valuable considerations to it paid by the Grantee (the receipt of which is hereby acknowledged) does by these presents, **SELL** and **CONVEY** unto the Grantee, its successors and assigns, the lots, tracts or parcels of land described in **EXHIBIT A** attached hereto (the “Property”).

TO HAVE AND TO HOLD, the premises aforesaid, with all and singular the rights, privileges, appurtenances and immunities thereto belonging or in any way appertaining unto the Grantee and unto its successors and assigns forever; the Grantor hereby covenanting that said premises are free and clear from any encumbrance done or suffered by it; and that it will warrant and defend the title to said premises unto the Grantee and unto the Grantee’s successors and assigns forever, against the lawful claims and demands of all persons claiming under it but none other, subject to 2021 taxes and general and special assessments (if any), any and all recorded easements, reservations, restrictions, encroachments and encumbrances, matters which would be shown by an accurate survey, underground and overhead cables, lines and utility services, and all existing zoning ordinances, laws, codes, statutes and subdivision regulations and other governmental laws, rules, codes, statutes and regulations limiting or restricting the use to which the Property may be put.

IN WITNESS WHEREOF, the Grantor and the Grantee have executed this Special Warranty Deed as of the day and year above written.

“GRANTOR”

CITY OF SIKESTON, MISSOURI

[SEAL]

By: _____
Greg Turnbow, Mayor

ATTEST:

Rhonda Council, City Clerk

“GRANTEE”

CARLISLE CONSTRUCTION MATERIALS, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENT

STATE OF MISSOURI)
) SS.
COUNTY OF SCOTT)

On this _____ day of _____, 2021, before me, the undersigned, a Notary Public in and for said State, personally appeared **GREG TURNBOW**, to me personally known, who, being by me duly sworn, did say that he is the Mayor of the **CITY OF SIKESTON, MISSOURI**, and that the seal affixed to the foregoing instrument is the corporate seal of said City, and that said instrument was signed and sealed by authority of its City Council, and said officer acknowledged said instrument to be executed for the purposes therein stated and as the free act and deed of said City.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid on the day and year first above written.

Name: _____

Notary Public in and for said State

My Commission Expires:

PLEASE AFFIX SEAL FIRMLY AND CLEARLY IN THIS BOX

ACKNOWLEDGMENT

STATE OF _____)
)
COUNTY OF _____) SS.

On this _____ day of _____, 2021, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is the _____ of **CARLISLE CONSTRUCTION MATERIALS, LLC**, a Delaware limited liability company, and that said instrument was signed on behalf of said company by authority of its governing body, and said officer acknowledged said instrument to be executed for the purposes therein stated and as the free act and deed of said company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid on the day and year first above written.

Name: _____

Notary Public in and for said State

My Commission Expires:

PLEASE AFFIX SEAL FIRMLY AND CLEARLY IN THIS BOX

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

GILMORE & BELL, P.C.
DRAFT 1 – MAY 7, 2021
FOR DISCUSSION PURPOSES ONLY

(The above space is reserved for Recorder's Certification.)

TITLE OF DOCUMENT:	SPECIAL WARRANTY DEED
DATE OF DOCUMENT:	[*Transfer Date*]
GRANTOR:	CARLISLE CONSTRUCTION MATERIALS, LLC
GRANTOR'S MAILING ADDRESS:	1285 Ritner Highway Carlisle, Pennsylvania 17013
GRANTEE:	CITY OF SIKESTON, MISSOURI
GRANTEE'S MAILING ADDRESS:	105 East Center Street Sikeston, Missouri 63801
RETURN DOCUMENTS TO:	Mark D. Grimm, Esq. Gilmore & Bell, P.C. 211 North Broadway, Suite 2000 St. Louis, Missouri 63102
LEGAL DESCRIPTION:	See Exhibit A
REFERENCE BOOK & PAGE:	N/A

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED is made as of July __, 2021, from **CARLISLE CONSTRUCTION MATERIALS, LLC**, a Delaware limited liability company (the “Grantor”), to the **CITY OF SIKESTON, MISSOURI**, a charter city organized and existing under the laws of the State of Missouri (the “Grantee”).

WITNESSETH, THAT THE GRANTOR, in consideration of the sum of One Dollar (\$1.00) and other valuable considerations to it paid by the Grantee (the receipt of which is hereby acknowledged) does by these presents, **SELL** and **CONVEY** unto the Grantee, its successors and assigns, the lots, tracts or parcels of land described in **EXHIBIT A** attached hereto.

TO HAVE AND TO HOLD, the premises aforesaid, with all and singular the rights, privileges, appurtenances and immunities thereto belonging or in any way appertaining unto the Grantee and unto its successors and assigns forever; the Grantor hereby covenanting that said premises are free and clear from any encumbrance done or suffered by it; and that it will warrant and defend the title to said premises unto the Grantee and unto the Grantee’s successors and assigns forever, against the lawful claims and demands of all persons claiming under it but none other, subject to the Permitted Encumbrances as defined in the Trust Indenture dated as of July 1, 2021 between the Grantee and Security Bank of Kansas City, as trustee.

IN WITNESS WHEREOF, the Grantor and the Grantee have executed this Special Warranty Deed as of the day and year above written.

“GRANTOR”

CARLISLE CONSTRUCTION MATERIALS, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

“GRANTEE”

CITY OF SIKESTON, MISSOURI

[SEAL]

By: _____
Greg Turnbow, Mayor

ATTEST:

Rhonda Council, City Clerk

ACKNOWLEDGMENT

STATE OF _____)
)
COUNTY OF _____) SS.

On this ____ day of _____, 20____, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is the _____ of **CARLISLE CONSTRUCTION MATERIALS, LLC**, a Delaware limited liability company, and that said instrument was signed on behalf of said company by authority of its governing body, and said officer acknowledged said instrument to be executed for the purposes therein stated and as the free act and deed of said company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid on the day and year first above written.

Name: _____

Notary Public in and for said State

My Commission Expires:

PLEASE AFFIX SEAL FIRMLY AND CLEARLY IN THIS BOX

ACKNOWLEDGMENT

STATE OF MISSOURI)
) SS.
COUNTY OF SCOTT)

On this _____ day of July, 2021, before me, the undersigned, a Notary Public in and for said State, personally appeared **GREG TURNBOW**, to me personally known, who, being by me duly sworn, did say that he is the Mayor of the **CITY OF SIKESTON, MISSOURI**, and that the seal affixed to the foregoing instrument is the corporate seal of said City, and that said instrument was signed and sealed by authority of its City Council, and said officer acknowledged said instrument to be executed for the purposes therein stated and as the free act and deed of said City.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid on the day and year first above written.

Name: _____

Notary Public in and for said State

My Commission Expires:

PLEASE AFFIX SEAL FIRMLY AND CLEARLY IN THIS BOX

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

**CITY OF SIKESTON, MISSOURI,
As Lessor**

AND

**CARLISLE CONSTRUCTION MATERIALS, LLC,
As Lessee**

LEASE AGREEMENT

Dated as of July 1, 2021

Relating to:

**\$85,000,000
(Aggregate Maximum Principal Amount)
City of Sikeston, Missouri
Taxable Industrial Revenue Bonds
(Carlisle Construction Materials, LLC Project)
Series 2021**

Certain rights of the City of Sikeston, Missouri (the “City”), in this Lease Agreement have been pledged and assigned to Security Bank of Kansas City, Kansas City, Kansas, as Trustee under the Trust Indenture dated as of July 1, 2021, between the City and the Trustee.

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
DEFINITIONS	
Section 1.1. Definitions of Words and Terms	2
Section 1.2. Rules of Interpretation.....	2
Section 1.3. Date of Lease.....	2
ARTICLE II	
REPRESENTATIONS	
Section 2.1. Representations by the City.....	3
Section 2.2. Representations by the Company	3
ARTICLE III	
GRANTING PROVISIONS	
Section 3.1. Granting of Leasehold Estate	4
Section 3.2. Lease Term.....	4
Section 3.3. Possession and Use of the Project.....	4
ARTICLE IV	
PURCHASE, CONSTRUCTION AND EQUIPPING OF THE PROJECT	
Section 4.1. Issuance of the Bonds.....	5
Section 4.2. Purchase, Construction and Equipping of the Project.....	5
Section 4.3. Project Costs.....	6
Section 4.4. Payment for Project Costs	7
Section 4.5. Establishment of Completion Date.....	7
Section 4.6. Surplus in Project Fund	7
Section 4.7. Project Property of City.....	8
Section 4.8. Non-Project Improvements, Machinery and Equipment Property of Company	8
Section 4.9. Construction Contracts	8
ARTICLE V	
RENT PROVISIONS	
Section 5.1. Basic Rent	8
Section 5.2. Additional Rent	9
Section 5.3. Obligations of Company Absolute and Unconditional	9
Section 5.4. Prepayment of Basic Rent.....	10

ARTICLE VI

MAINTENANCE, TAXES AND UTILITIES

Section 6.1.	Maintenance and Repairs	10
Section 6.2.	Taxes, Assessments and Other Governmental Charges	10
Section 6.3.	Utilities	11
Section 6.4.	Property Tax Exemption	11

ARTICLE VII

INSURANCE

Section 7.1.	Title Commitment or Report	11
Section 7.2.	Casualty Insurance	11
Section 7.3.	Public Liability Insurance	12
Section 7.4.	Blanket Insurance Policies	12
Section 7.5.	Worker's Compensation.....	12
Section 7.6.	Sovereign Immunity	13

ARTICLE VIII

ALTERATION OF THE PROJECT

Section 8.1.	Additions, Modifications and Improvements to the Project.....	13
Section 8.2.	Removal of Project Equipment	13
Section 8.3.	Additional Improvements on the Project Site	14
Section 8.4.	Permits and Authorizations	14
Section 8.5.	Liens on the Project.....	14
Section 8.6.	Notice of Improvements Subject to Bonding Requirements.....	14

ARTICLE IX

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 9.1.	Damage or Destruction.....	15
Section 9.2.	Condemnation	17
Section 9.3.	Bondowner Approval	18

ARTICLE X

SPECIAL COVENANTS

Section 10.1.	No Warranty of Condition or Suitability by the City; Exculpation and Indemnification	18
Section 10.2.	Surrender of Possession	18
Section 10.3.	Right of Access to the Project	19
Section 10.4.	Granting of Easements; Financing Arrangements.....	19
Section 10.5.	Indemnification of City and Trustee	21
Section 10.6.	Depreciation and Other Tax Benefits.....	22
Section 10.7.	Company to Maintain its Existence.....	22
Section 10.8.	Security Interests.....	22
Section 10.9.	Environmental Matters, Warranties, Covenants and Indemnities Regarding Environmental Matters	22

ARTICLE XI

OPTION AND OBLIGATION TO PURCHASE THE PROJECT

Section 11.1.	Option to Purchase the Project	24
Section 11.2.	Conveyance of the Project.....	25
Section 11.3.	Relative Position of Option and Indenture	25
Section 11.4.	Obligation to Purchase the Project	26
Section 11.5.	Right of Set-Off.....	26

ARTICLE XII

DEFAULTS AND REMEDIES

Section 12.1.	Events of Default.....	26
Section 12.2.	Remedies on Default	27
Section 12.3.	Survival of Obligations	27
Section 12.4.	Performance of the Company's Obligations by the City.....	28
Section 12.5.	Rights and Remedies Cumulative	28
Section 12.6.	Waiver of Breach	28
Section 12.7.	Trustee's Exercise of the City's Remedies.....	28

ARTICLE XIII

ASSIGNMENT AND SUBLEASE

Section 13.1.	Assignment; Sublease	28
Section 13.2.	Assignment of Revenues by City	29
Section 13.3.	Prohibition Against Fee Mortgage of Project.....	29
Section 13.4.	Restrictions on Sale or Encumbrance of Project by City	29

ARTICLE XIV

AMENDMENTS, CHANGES AND MODIFICATIONS

Section 14.1.	Amendments, Changes and Modifications.....	29
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ARTICLE XV

MISCELLANEOUS PROVISIONS

Section 15.1.	Notices.....	30
Section 15.2.	City Shall Not Unreasonably Withhold Consents and Approvals.....	31
Section 15.3.	Net Lease.....	31
Section 15.4.	Limitation on Liability of City	31
Section 15.5.	Governing Law.....	31
Section 15.6.	Binding Effect	31
Section 15.7.	Severability.....	31
Section 15.8.	Execution in Counterparts.....	31
Section 15.9.	Electronic Transaction.....	31
Section 15.10.	City Consent and Approvals	32
Section 15.11.	Anti-Discrimination Against Israel Act	32

Signatures and Seal.....	33
Exhibit A – Project Site	
Exhibit B – Form of Requisition Certificate	

LEASE AGREEMENT

THIS LEASE AGREEMENT, dated as of July 1, 2021 (this “Lease”), between the **CITY OF SKESTON, MISSOURI**, a charter city organized and existing under the laws of the State of Missouri (the “City”), as lessor, and **CARLISLE CONSTRUCTION MATERIALS, LLC**, a limited liability organized and existing under the laws of the State of Delaware (together with its affiliates, the “Company”);

RECITALS:

1. The City is authorized and empowered pursuant to the provisions of Article VI, Section 27(b) of the Missouri Constitution, Sections 100.010 through 100.200, inclusive, of the Revised Statutes of Missouri (collectively, the “Act”) and the City Charter to purchase, construct, extend, improve and equip certain projects (as defined in the Act), to issue industrial revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporations for manufacturing, commercial, office industry, warehousing and industrial development purposes upon such terms and conditions as the City deems advisable.

2. On April 16, 2021, the City Council adopted Ordinance No. 6224, approving a Development Agreement (the “Development Agreement”) with the Company concerning a proposed industrial development project within the City.

3. Pursuant to the Act and as contemplated by the Development Agreement, the City Council passed Ordinance No. _____ (the “Ordinance”) on June 28, 2021, authorizing the City to issue its Taxable Industrial Revenue Bonds (Carlisle Construction Materials, LLC Project), Series 2021, in the maximum principal amount of \$85,000,000 (the “Bonds”), for the purpose of constructing an approximately 455,000 square foot manufacturing facility (the “Project Improvements”) on an approximately 124-acre site located northwest of the intersection of Highway 62 and County Road 824 in the City (as legally described on **Exhibit A**, the “Project Site”) and acquiring and installing within the Project Improvements certain equipment and other personal property (the “Project Equipment”).

4. Pursuant to the Ordinance, the City is authorized to enter into a Trust Indenture of even date herewith (the “Indenture”) with Security Bank of Kansas City, Kansas City, Kansas, as trustee (the “Trustee”), for the purpose of issuing and securing the Bonds, as therein provided, and to enter into this Lease with the Company, under which the City will acquire an interest in the Project Site, cause the construction of the Project Improvements and the acquisition and installation of the Project Equipment, and will lease the Project Site, the Project Improvements and the Project Equipment (collectively, the “Project”) to the Company in consideration of rental payments by the Company that will be sufficient to pay the principal of and interest on the Bonds.

5. In consideration of the terms and conditions of this Lease, the Ordinance, issuance of the Bonds and certain other agreements, the City and the Company have concurrently herewith entered into a Performance Agreement of even date herewith (the “Performance Agreement”), pursuant to which the Company has agreed to make certain payments in lieu of taxes.

6. Pursuant to the foregoing, the City desires to lease the Project to the Company and the Company desires to lease the Project from the City, for the rentals and upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the receipt and sufficiency of which are hereby acknowledged, the City and the Company do hereby represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. In addition to any words and terms defined elsewhere in this Lease, capitalized words and terms used in this Lease shall have the meanings given to such words and terms in **Section 101** of the Indenture (which definitions are hereby incorporated by reference).

Section 1.2. Rules of Interpretation.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(b) Unless the context otherwise indicates, words importing the singular number shall include the plural and vice versa, and words importing Persons shall include firms, associations and corporations, including governmental entities, as well as natural Persons.

(c) Wherever in this Lease it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation.

(d) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are, unless otherwise specified, to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision.

(e) The Table of Contents and the Article and Section headings of this Lease shall not be treated as a part of this Lease or as affecting the true meaning of the provisions hereof.

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

Section 1.3. Date of Lease. The dating of this Lease as of July 1, 2021, is intended as and for the convenient identification of this Lease only and is not intended to indicate that this Lease was executed and delivered on said date, this Lease being executed and delivered and becoming effective simultaneously with the initial issuance of the Bonds.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations by the City. The City makes the following representations as the basis for the undertakings on its part herein contained:

(a) The City is a charter city duly organized and validly existing under the laws of the State of Missouri. Under the provisions of the Act, the City has lawful power and authority to enter into the transactions contemplated by this Lease and to carry out its obligations hereunder. By proper action of the City Council, the City has been duly authorized to execute and deliver this Lease, acting by and through its duly authorized officers.

(b) As of the date of delivery hereof, the City agrees to (1) acquire the Project Site, subject to Permitted Encumbrances, (2) acquire, purchase, construct, equip and improve, or cause to be acquired, purchased, constructed, equipped and improved, on the Project Site the Project Improvements and (3) acquire and install the Project Equipment within the Project Improvements. The City agrees to lease the Project to the Company and to sell the Project to the Company if the Company exercises its option to purchase the Project or upon termination of this Lease, all for the purpose of furthering the public purposes of the Act.

(c) To the City's knowledge, no member of the City Council or any other officer of the City has any significant or conflicting interest, financial, employment or otherwise, in the Company or in the transactions contemplated hereby.

(d) To finance the costs of the Project, the City proposes to issue the Bonds which will be scheduled to mature as set forth in **Article II** of the Indenture and will be subject to redemption prior to maturity in accordance with the provisions of **Article III** of the Indenture.

(e) The Bonds are to be issued under and secured by the Indenture, pursuant to which the Project and the net earnings therefrom, consisting of all rents, revenues and receipts to be derived by the City from the leasing or sale of the Project, will be pledged and assigned to the Trustee as security for payment of the principal of and interest on the Bonds and amounts owing pursuant to the Lease.

(f) The City will not knowingly take any affirmative action that would permit a lien to be placed on the Project or pledge the revenues derived therefrom for any bonds or other obligations, other than the Bonds, except with the written consent of the Authorized Company Representative and any Financing Party; provided, however, the City's execution of this Lease, the Indenture and the Performance Agreement shall not be deemed to violate this **Section 2.1(f)**.

(g) The City will not operate the Project as a business or in any other manner except as the lessor thereof; provided, subsequent to an Event of Default hereunder, the City may, but is not obligated to, operate the Project in such manner as the City deems best.

Section 2.2. Representations by the Company. The Company makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and authorized to transact business in the State of Missouri.

(b) The Company has lawful power and authority to enter into this Lease and to carry out its obligations hereunder, and the Company has been duly authorized to execute and deliver this Lease, acting by and through its duly authorized officers and representatives.

(c) The execution and delivery of this Lease, the consummation of the transactions contemplated hereby and the performance of or compliance with the terms and conditions of this Lease by the Company will not, to the best of the Company's knowledge, conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any mortgage, deed of trust, lease or any other restriction or any agreement or instrument to which the Company is a party or by which it or any of its property is bound, or the Company's organizational documents, or any order, rule or regulation applicable to the Company or any of its property of any court or governmental body, or constitute a default under any of the foregoing, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Company under the terms of any instrument or agreement to which the Company is a party.

(d) To the Company's knowledge, the estimated costs of the purchase, construction, equipping and improvement of the Project are in accordance with sound engineering and accounting principles.

(e) To the Company's knowledge, the Project will comply in all material respects with all applicable building and zoning, health, environmental and safety orders and laws and all other applicable laws, rules and regulations.

ARTICLE III

GRANTING PROVISIONS

Section 3.1. Granting of Leasehold Estate. The City hereby exclusively rents, leases and lets the Project to the Company, and the Company hereby rents, leases and hires the Project from the City, subject to Permitted Encumbrances existing as of the date of the execution and delivery hereof, for the rentals and upon and subject to the terms and conditions herein contained.

Section 3.2. Lease Term. This Lease shall become effective upon its execution and delivery. Subject to earlier termination pursuant to the provisions of this Lease, the lease of the Project shall terminate on December 31 in the year that is 20 years following the Completion Date.

Section 3.3. Possession and Use of the Project.

(a) The City covenants and agrees that as long as neither the City nor the Trustee has exercised any of the remedies set forth in **Section 12.2** following the occurrence and continuance of an Event of Default, as defined in **Section 12.1**, the Company shall have sole and exclusive possession of the Project (subject to Permitted Encumbrances and the City's and the Trustee's right of access pursuant to **Section 10.3**) and shall peaceably and quietly have, hold and enjoy the Project during the Lease Term. The City covenants and agrees that it will not take any action, other than expressly pursuant to

Article XII, the Indenture, and the Performance Agreement, to prevent the Company from having quiet and peaceable possession and enjoyment of the Project during the Lease Term and will, at the request and expense of the Company, cooperate with the Company to defend the Company's quiet and peaceable possession and enjoyment of the Project.

(b) Subject to the provisions of this Section, the Company shall have the exclusive right to use the Project for any lawful purpose contemplated by the Act and consistent with the terms of the Performance Agreement. The Company shall comply in all material respects with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Project, as to the manner of use or the condition of the Project, or that otherwise may be applicable by virtue of the City's ownership of the Project. The Company shall also comply with the mandatory requirements, rules and regulations of all insurers under the policies carried under the provisions of **Article VII**. The Company shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the Company to comply with the provisions of this Section. Notwithstanding any provision contained in this Section, however, the Company may, at its own cost and expense, contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer, and during such contest or review the Company may refrain from complying therewith.

ARTICLE IV

PURCHASE, CONSTRUCTION AND EQUIPPING OF THE PROJECT

Section 4.1. Issuance of the Bonds. To provide funds for the payment of Project Costs, the City agrees that, upon request of the Company, it will issue, sell and cause to be delivered the Bonds to the purchaser thereof in accordance with the provisions of the Indenture and the Bond Purchase Agreement. The proceeds of the sale of the Bonds, when received, shall be paid over to the Trustee for the account of the City. The Trustee shall promptly deposit such proceeds, when received, as provided in the Indenture to be used and applied as provided in this Lease and in the Indenture. Alternatively, the Trustee shall (pursuant to **Section 208(d)** of the Indenture) endorse the Bonds in an amount equal to the requisition certificates submitted pursuant to **Section 4.4**. In that event, so long as the sole Owner of the Bonds is the lessee under this Lease, the purchaser of the Bonds shall be deemed to have deposited funds with the Trustee in an amount equal to the amounts stated in the requisition certificates.

Section 4.2. Purchase, Construction and Equipping of the Project. The City and the Company agree that the Company, as the agent of the City, shall, but solely from the Project Fund, purchase, construct, equip and improve the Project as follows:

(a) The City will acquire the fee title to the Project.

(b) On behalf of the City, the Company will purchase, construct and improve the Project Improvements on the Project Site and otherwise improve the Project Site in accordance with the Plans and Specifications. The Company may revise the Plans and Specifications from time to time as it deems necessary to carry out the Project, but revisions that would alter the intended purpose of the Project may be made only with the prior written approval of the City. The Company agrees that the aforesaid construction and improvement will, with such changes

and additions as may be made hereunder, result in facilities suitable for use by the Company for its purposes, and that all real and personal property described in the Plans and Specifications, with such changes and additions as may be made hereunder, is desirable and appropriate in connection with the Project. The provisions of this paragraph are in addition to and do not supersede the provisions of **Article VIII**.

(c) The Company will purchase and install the Project Equipment within the Project Improvements. Title to the Project Equipment shall be evidenced by bills of sale in substantially the form attached to the form of the requisition certificate attached as **Exhibit B** or other instruments of transfer, including purchase orders or other instruments pursuant to which the City acquires title to personal property directly from the vendor thereof. Such bills of sale or other instruments of transfer, along with a requisition certificate pursuant to **Section 4.4**, must (1) be dated by no later than December 31 of each year to be treated as Project Equipment (and therefore to be exempt from property taxes) in the next succeeding year and (2) be submitted to the City by no later than January 31.

(d) On or before March 1 of each year or such other date required by law for reporting personal property declarations, the Company shall furnish to the City and the Trustee a list of items comprising the Project Equipment as of January 1 of such year as required by the personal property declarations provided by the New Madrid County Assessor. The Company shall provide such information to the City and the Trustee as may be requested to ensure that such list corresponds to the list of the Project Equipment maintained by the Trustee pursuant to **Section 10.8**. The Trustee may conclusively rely upon such information in compiling a list of the Project Equipment in accordance with **Section 10.8**.

(e) Each bill of sale or other instrument of transfer and each personal property declaration form shall be of sufficient specificity so as to enable the City's officials and the New Madrid County Assessor, to determine which personal property as reported on the annual personal property declaration constitutes Project Equipment (and therefore is owned by the City) and which personal property does not constitute Project Equipment (and therefore is owned by the Company).

(f) The City and the Company agree that, pursuant to **Section 4.8**, property purchased in whole or in part by the Company with its own funds, and not Bond proceeds, shall not constitute part of the Project Improvements or the Project Equipment and shall remain the property of the Company and shall, therefore, be subject to taxation.

(g) The Company will comply with the provisions of Section 107.170 of the Revised Statutes of Missouri to the extent applicable to the construction of the Project.

(h) The Company will cause the purchase, construction, equipping, installation and improvement of the Project to be completed on or before the Completion Date, except as otherwise provided in **Section 4.5**.

Section 4.3. Project Costs. The City hereby agrees to pay for, but solely from the Project Fund, and hereby authorizes and directs the Trustee to pay for, but solely from the Project Fund, all Project Costs upon receipt by the Trustee of a certificate pursuant to **Section 4.4**. The Company may not submit any requisition certificates for Project Costs incurred after the Completion Date. The Company must submit all requisitions for Project Costs incurred before the Completion Date within three months of

the Completion Date. The maximum amount of Project Costs for which requisitions may be submitted is expressly limited to \$85,000,000.

Section 4.4. Payment for Project Costs.

(a) The City hereby authorizes and directs the Trustee to make disbursements from the Project Fund and endorse the Bonds, if the Trustee is holding the Bonds, upon receipt by the Trustee of certificates in substantially the form attached as **Exhibit B**, signed by an Authorized Company Representative and approved by an Authorized City Representative. The Company agrees that the information in each certificate will be accurate in all respects when given and that the Company will notify the City if the Company becomes aware of any material inaccuracies in a certificate after the date on which it is given. Upon request by the City, the Company shall provide the City with copies of invoices, bills, lien waivers and other reasonable documentation to support each submitted requisition certificate.

(b) The Trustee may rely conclusively on any such certificate and shall not be required to make any independent inspection or investigation in connection therewith. The approval of any requisition certificate by an Authorized Company Representative and an Authorized City Representative shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

Section 4.5. Establishment of Completion Date. The Completion Date shall be evidenced to the City and the Trustee by a certificate signed by an Authorized Company Representative stating (a) that the purchase, construction and equipping of the Project has been completed in accordance with the Plans and Specifications, (b) the date of completion thereof, and (c) that all costs and expenses of the purchase, construction and equipping of the Project have been incurred. Notwithstanding the foregoing, such certificate shall be deemed given on December 31, 2022 if not actually filed with the City by December 31, 2022, subject to any delay to the extent caused by force majeure, including, without limitation, damage or destruction by fire or casualty, strike, lockout, civil disorder, war, restrictive government regulations, lack of issuance of any permits and/or legal authorization by the governmental entity necessary for the construction and occupation of the Project, shortage or delay in shipment of material or fuel, acts of God, unusually adverse weather or wet soil conditions, or other like causes beyond the Company's reasonable control, including without limitation any litigation, court order or judgment resulting from any litigation affecting the validity of this Lease, the Indenture, the Ordinance or the Project (each, a "Permitted Excuse"). No Permitted Excuse shall be deemed to exist unless the Company provides a written notice to the City, within 30 days after the Company has actual notice of the claimed event, specifying the Permitted Excuse. In no event shall a Permitted Excuse extend the Completion Date beyond December 31, 2023. The Company and the City agree to cooperate in causing such certificate to be furnished to the Trustee.

Section 4.6. Surplus in Project Fund. Upon receipt of the certificate described in **Section 4.5**, the Trustee shall, as provided in **Section 504** of the Indenture, transfer any remaining moneys then in the Project Fund to the Bond Fund to be applied as directed by the Company solely to (a) the payment of principal and premium, if any, of the Bonds through the payment (including regularly scheduled principal payments, if any) or redemption thereof at the earliest date permissible under the terms of the Indenture, or (b) at the option of the Company, to the purchase of Bonds at such earlier date or dates as the Company may elect. Any amount so deposited in the Bond Fund may be invested as permitted by **Section 702** of the Indenture.

Section 4.7. Project Property of City. The Project Site, the Project Improvements and the Project Equipment located thereon at the execution hereof and which the Company desires to convey to the City, all work and materials on the Project as such work progresses and all additions or enlargements thereto or thereof, the Project as fully completed, anything under this Lease which becomes, is deemed to be or constitutes a part of the Project and the Project as repaired, rebuilt, rearranged, restored or replaced by the Company under the provisions of this Lease, except as otherwise specifically provided herein, shall immediately when erected or installed become the absolute property of the City, subject only to this Lease, the Indenture and any other Permitted Encumbrances.

Section 4.8. Non-Project Improvements, Machinery and Equipment Property of Company. Any improvements or items of machinery or equipment which do not constitute part of the Project Improvements or the Project Equipment and the entire purchase price of which is paid for by the Company with the Company's own funds, and no part of the purchase price of which is paid for from funds deposited pursuant to the terms of this Lease in the Project Fund, shall be the property of the Company, shall not constitute a part of the Project for purposes of **Section 6.4** and shall, therefore, be subject to taxation, to the extent otherwise provided by law.

Section 4.9. Construction Contracts. The Company may enter into one or more construction contracts to complete the Project. All construction contracts entered into by or on behalf of the Company shall state that the contractor has no recourse against the City or the Trustee in connection with the contractor's construction of the applicable portion of the Project.

ARTICLE V

RENT PROVISIONS

Section 5.1. Basic Rent. The Company covenants and agrees to pay to the Trustee in same day funds for the account of the City during the Lease Term, on or before 11:00 a.m., Trustee's local time, on each Payment Date, as Basic Rent for the Project, an amount which, when added to any collected funds then on deposit in the Bond Fund and available for the payment of principal of the Bonds and interest thereon to such Payment Date, shall be equal to the amount payable on such Payment Date as principal of the Bonds and interest thereon as provided in the Indenture. Except as offset pursuant to the right of the Company set forth below, all payments of Basic Rent provided for in this Section shall be paid directly to the Trustee and shall be deposited in accordance with the provisions of the Indenture into the Bond Fund and shall be used and applied by the Trustee in the manner and for the purposes set forth in this Lease and the Indenture. In furtherance of the foregoing, and notwithstanding any other provision in this Lease, the Indenture, the Bond Purchase Agreement or the Performance Agreement to the contrary, and provided that the Company or a Financing Party is the sole holder of the Bonds, the Company may set-off the then-current Basic Rent payment against the City's obligation to the Company as bondholder under the Indenture in lieu of delivery of the Basic Rent on any Payment Date, without providing notice of such set-off to the Trustee. The Trustee may conclusively rely on the absence of any notice from the Company to the contrary as evidence that such set-off has occurred and that pursuant to the set-off, the City is deemed to have paid its obligation to the Company as bondholder to pay principal of and interest on the Bonds under the Indenture. On the final Payment Date, the Company will (a) if the Trustee holds the Bonds, notify the Trustee of the Bonds not previously paid that are to be canceled or (b) if an entity other than the Trustee holds the Bonds, deliver or cause to be delivered to the Trustee for cancellation Bonds not previously paid. The Company shall receive a credit against the Basic Rent payable by the Company in an amount equal to the principal amount of the Bonds so tendered for cancellation plus accrued interest thereon.

Section 5.2. Additional Rent. The Company shall pay or cause to be paid as Additional Rent, within 30 days after receiving an itemized invoice therefor, the following amounts:

(a) all fees, charges and expenses, including agent and counsel fees and expenses, of the City, the Trustee and the Paying Agent incurred under or arising from this Lease, the Indenture or the Performance Agreement, including but not limited to claims by contractors or subcontractors and legal costs associated with the transfer of title to the Project, as and when the same becomes due;

(b) all costs incident to the issuance of the Bonds (which are to be paid on the Closing Date) and the payment of the principal of and interest on the Bonds as the same becomes due and payable, including all costs and expenses in connection with the call, redemption and payment of all Outstanding Bonds;

(c) all fees, charges and expenses incurred in connection with the enforcement of any rights under this Lease, the Indenture or the Performance Agreement by the City, the Trustee or the Owners, including counsel fees and expenses; and

(d) all other payments of whatever nature (excluding PILOT Payments, as defined in the Performance Agreement) that the Company has agreed in writing to pay or assume under the provisions of this Lease, the Indenture or the Performance Agreement.

Section 5.3. Obligations of Company Absolute and Unconditional.

(a) The obligations of the Company under this Lease to make payments of Basic Rent and Additional Rent on or before the date the same becomes due, and to perform all of its other obligations, covenants and agreements hereunder shall be absolute and unconditional, without notice or demand, and without abatement, deduction, set-off (except as provided in **Section 5.1**), counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether the Project has been started or completed, or whether the City's title thereto or to any part thereof is defective or nonexistent, and notwithstanding any damage to, loss, theft or destruction of, the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of the Company's use thereof, the eviction or constructive eviction of the Company, any change in the tax or other laws of the United States of America, the State of Missouri or any political subdivision thereof, any change in the City's legal organization or status, or any default of the City hereunder, and regardless of the invalidity of any action of the City; provided, however, that nothing in this Section is intended or shall be deemed to affect or impair in any way the rights of the Company to tender Bonds for redemption in satisfaction of Basic Rent as provided in **Section 5.1** and **Section 5.4**, nor the right of the Company to terminate this Lease and purchase the Project as provided in **Article XI**.

(b) Nothing in this Lease shall be construed to release the City from the performance of any agreement on its part herein contained or as a waiver by the Company of any rights or claims the Company may have against the City under this Lease or otherwise, but any recovery upon such rights and claims shall be had from the City separately, it being the intent of this Lease that the Company shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Lease (including the obligation to pay Basic Rent and Additional Rent) for the benefit of the

Owners and the City. The Company may, however, at its own cost and expense and in its own name or in the name of the City, prosecute or defend any action or proceeding or take any other action involving third Persons which the Company deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder, and in such event the City hereby agrees, at the Company's expense, to cooperate fully with the Company and to take all action necessary to effect the substitution of the Company for the City in any such action or proceeding if the Company shall so request.

Section 5.4. Prepayment of Basic Rent.

(a) The Company may at any time and from time to time prepay all or any part of the Basic Rent provided for hereunder (subject to the limitations of **Section 301(a)** of the Indenture relating to the partial redemption of the Bonds). During such times as the amount held by the Trustee in the Bond Fund shall be sufficient to pay, at the time required, the principal of and interest on all the Bonds then remaining unpaid, the Company shall not be obligated to make payments of Basic Rent under the provisions of this Lease.

(b) At its option, the Company may deliver to the Trustee for cancellation Bonds owned by the Company and not previously paid, and the Company shall receive a credit against amounts payable by the Company for the redemption of Bonds in an amount equal to the principal amount of the Bonds so tendered for cancellation, plus accrued interest thereon.

ARTICLE VI

MAINTENANCE, TAXES AND UTILITIES

Section 6.1. Maintenance and Repairs. Throughout the Lease Term the Company shall, at its own expense, keep the Project in reasonably safe operating condition and keep the Project in good repair, reasonable wear, tear, depreciation and obsolescence excepted, making from time to time all repairs thereto and renewals and replacements thereof it determines to be necessary. Without limiting the generality of the foregoing, the Company shall at all times remain in compliance with all provisions of the City's code relating to maintenance and appearance. The Company shall also comply with **Section 8.6**.

Section 6.2. Taxes, Assessments and Other Governmental Charges.

(a) Subject to subsection (b) of this Section, the Company shall promptly pay and discharge, as the same becomes due, all taxes and assessments, general and special, and other governmental charges of any kind whatsoever that may be lawfully taxed, charged, levied, assessed or imposed upon or against or be payable for or in respect of the Project, or any part thereof or interest therein (including the leasehold estate of the Company therein) or any buildings, improvements, machinery and equipment at any time installed at the Project Site by the Company, or the income therefrom, including any new taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and further including all utility charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Bonds or encumber the City's title to the Project; provided that with respect to any special assessments or other governmental charges that are lawfully levied and assessed which may be paid in installments, the Company shall be obligated to pay only such installments thereof as become due and payable during the Lease Term.

(b) The Company may, in its own name or in the City's name, contest the validity or amount of any tax, assessment or other governmental charge which the Company is required to bear, pay and discharge pursuant to the terms of this Article by appropriate legal proceedings instituted at least 10 days before the tax, assessment or other governmental charge complained of becomes delinquent if and provided (1) the Company, before instituting any such contest, gives the City written notice of its intention to do so, (2) the Company diligently prosecutes any such contest, at all times effectively stays or prevents any official or judicial sale therefor, under execution or otherwise, and (3) the Company promptly pays any final judgment enforcing the tax, assessment or other governmental charge so contested and thereafter promptly procures record release or satisfaction thereof. The City agrees to cooperate fully with the Company in connection with any and all administrative or judicial proceedings related to any tax, assessment or other governmental charge. The Company shall save and hold harmless the City from any costs and expenses the City may incur related to any of the above.

(c) Nothing in this Lease shall be construed to require the Company to make duplicate tax payments. The Company shall receive a credit against the PILOT Payments to be made by the Company under the Performance Agreement to the extent of any ad valorem taxes imposed with respect to the Project paid pursuant to this Section, except as otherwise provided in the Performance Agreement.

Section 6.3. Utilities. All utilities and utility services used by the Company in, on or about the Project shall be paid by the Company and shall be contracted by the Company in the Company's own name, and the Company shall, at its sole cost and expense, procure any and all permits, licenses or authorizations necessary in connection therewith.

Section 6.4. Property Tax Exemption. The City and the Company expect that while the Project is owned by the City and is subject to this Lease, the Project will be exempt from all ad valorem property taxes by reason of such ownership, and the City agrees that it will (at the expense of the Company) cooperate with the Company to defend such exemption against all parties. The City and the Company further acknowledge and agree that the City's obligations hereunder are contingent upon the Company making the payments and otherwise complying with the terms of the Performance Agreement during the term of this Lease. The terms and conditions of the Performance Agreement are incorporated herein as if fully set forth herein.

ARTICLE VII

INSURANCE

Section 7.1. Reserved.

Section 7.2. Casualty Insurance.

(a) The Company shall at its sole cost and expense obtain and maintain throughout the Lease Term a policy or policies of insurance (including, if appropriate, builder's risk insurance) to keep the Project constantly insured against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State of Missouri in an amount equal to the Full Insurable Value thereof (subject to reasonable loss deductible provisions). The insurance required pursuant to this Section shall be maintained with a generally recognized responsible insurance company or companies authorized to do business in the State of Missouri or generally recognized international insurers or reinsurers with an A.M. Best rating of not less than "A-" or the equivalent thereof as may be selected by the Company. The Company shall deliver certificates of insurance for such policies to the

City and the Trustee on the date of execution of this Lease and promptly after renewal of each insurance policy. All such policies of insurance pursuant to this Section, and all renewals thereof, shall name the City and the Company as insureds, as their respective interests may appear, shall name the Trustee as loss payee and, to the extent such agreement is available from the insurer, shall contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for at least 10 days after written notice of cancellation to the City, the Company, the Trustee and each other insured or loss payee named therein. The Trustee's sole duty with respect to the Company's compliance with the insurance requirements hereunder shall be to receive certificates of insurance pursuant to this Section and to hold the same solely as repository for the benefit of the Owners. The Trustee makes no representation as to, and shall have no responsibility for, the sufficiency or adequacy of the insurance.

(b) In the event of loss or damage to the Project, the Net Proceeds of casualty insurance carried pursuant to this Section shall be, subject to the rights of any Financing Party, and unless otherwise provided by law, (1) paid over to the Trustee and applied as provided in **Article IX**, or (2) applied as directed in writing by, or on behalf of, the Owners of 100% in principal amount of the Bonds Outstanding, subject to the rights of any Financing Party under any Financing Document.

Section 7.3. Public Liability Insurance.

(a) The Company shall at its sole cost and expense maintain or cause to be maintained at all times during the Lease Term commercial general liability insurance (including but not limited to coverage for operations, contingent liability, operations of subcontractors, completed operations and contractual liability), under which the City, the Company and the Trustee shall be named as additional insureds, properly protecting and indemnifying the City and the Trustee, in an amount not less than the limits of liability set by Section 537.610 of the Revised Statutes of Missouri (subject to reasonable loss deductible clauses not to exceed the amounts normally or generally carried by the Company). The policies of said insurance shall contain an agreement by the insurer that, notwithstanding any right of cancellation reserved to such insurer, such policy or contract shall continue in force for at least 10 days after written notice of cancellation to the Company, the City, the Trustee and each other insured or loss payee named therein. Certificates of such policies shall be furnished to the City and the Trustee on the date of execution of this Lease and promptly after renewal of each insurance policy. The Trustee's sole duty with respect to the Company's compliance with the insurance requirements hereunder shall be to receive certificates of insurance pursuant to this Section and to hold the same solely as repository for the benefit of the Owners. The Trustee makes no representation as to, and shall have no responsibility for, the sufficiency or adequacy of the insurance.

(b) In the event of a general liability occurrence, the Net Proceeds of liability insurance carried pursuant to this Section shall be applied toward the extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Section 7.4. Blanket Insurance Policies. The Company may satisfy any of the insurance requirements set forth in this Article by using blanket policies of insurance, provided each and all of the requirements and specifications of this Article respecting insurance are complied with.

Section 7.5. Worker's Compensation. The Company agrees throughout the Lease Term to maintain or cause to be maintained the worker's compensation coverage required by the laws of the State of Missouri.

Section 7.6. Sovereign Immunity. Notwithstanding anything to the contrary contained herein, nothing in this Lease shall be construed to broaden the liability of the City beyond the provisions of Sections 537.600 to 537.610 of the Revised Statutes of Missouri or abolish or waive any defense at law that might otherwise be available to the City or its officers, agents and employees.

ARTICLE VIII

ALTERATION OF THE PROJECT

Section 8.1. Additions, Modifications and Improvements to the Project.

(a) The Company may make such additions, modifications and improvements in and to any part of the Project as the Company from time to time may deem necessary or desirable for its business purposes. All additions, modifications and improvements made by the Company pursuant to this Section shall (1) be made in a good and workmanlike manner and in strict compliance with all laws, orders and ordinances applicable thereto and (2) when commenced, be prosecuted to completion with due diligence. Any such additions, modifications and improvements shall be subject to ad valorem taxes, or if for any reason the New Madrid County Assessor determines that such additions, modifications and improvements are not subject to ad valorem taxes, the Company shall make payments in lieu of taxes in an amount equal to the taxes that would otherwise be due but for the City's ownership thereof, unless otherwise agreed to by the City.

(b) The Company shall, following the Completion Date, notify the City in writing of any improvements to the Project, other than the Project being financed with proceeds of the Bonds, that in the aggregate are reasonably expected to exceed \$1,000,000 during any calendar year. If such improvements constitute personal property, any such improvements shall remain the property of the Company, shall not become part of the Project, and shall be subject to ad valorem taxes.

Section 8.2. Removal of Project Equipment.

(a) The Company may, if no uncured Event of Default (as defined in **Section 12.1**) exists and is continuing, remove from the Project and sell, exchange, replace or otherwise dispose of, without responsibility or accountability to the City or the Trustee with respect thereto, any items of machinery and equipment, or parts thereof, which constitute a part of the Project Equipment and which have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary or which, in the sound discretion of the Company, are otherwise no longer useful to the Company in its operations. Upon request by the Company, the City will execute and deliver a bill of sale that transfers full and complete title to the Company of the Project Equipment removed. Notwithstanding anything contained herein to the contrary, title to any portion of the Project Equipment removed as provided herein shall automatically vest in the Company without further instrument or action, and such vesting of title shall be self-operative effective upon removal. Any Project Equipment removed shall no longer be entitled to the tax exemption afforded by virtue of the City's ownership thereof.

(b) In all cases, the Company shall pay all of the costs and expenses of any such removal and shall immediately repair at its expense all damage to the Project caused thereby. The Company's right under this Section to remove machinery and equipment constituting a part of the Project Equipment is intended only to permit the Company to maintain an efficient operation by the removal of machinery and equipment that is no longer suitable for any of the reasons set forth in this Section, and such right is not to

be construed to permit a removal under any other circumstances and specifically is not to be construed to permit the Company to make a wholesale removal of the Project Equipment.

Section 8.3. Additional Improvements on the Project Site. Subject to **Section 8.1(b)** and **Section 8.6**, the Company may, at its sole cost and expense, construct on portions of the Project Site not theretofore occupied by buildings or improvements such additional buildings and improvements as the Company from time to time may deem necessary or desirable for its business purposes. All additional buildings and improvements constructed on the Project Site by the Company, and not paid for with Bond proceeds, pursuant to the authority of this Section shall not be included as Project Improvements and, during the life of this Lease, shall remain the property of the Company and may be added to, altered or razed and removed by the Company at any time. All additional buildings and improvements shall be made in a good and workmanlike manner and in strict compliance with all material laws, orders and ordinances applicable thereto and when commenced shall be prosecuted to completion with due diligence. The Company covenants and agrees (a) to make any repairs and restorations required to be made to the Project because of the construction of, addition to, alteration or removal of said additional buildings or improvements, and (b) to promptly and with due diligence either raze and remove or repair, replace or restore any of said additional buildings and improvements as may from time to time be damaged by fire or other casualty. The Company shall pay all ad valorem taxes and assessments payable with respect to such additional buildings and improvements which remain the property of the Company. If for any reason the New Madrid County Assessor determines that such additional buildings and improvements are not subject to ad valorem taxes, the Company shall make payments in lieu of taxes in an amount equal to the taxes that would otherwise be due under this Section.

Section 8.4. Permits and Authorizations. The Company shall not do or permit others under its control to do any work on the Project related to any repair, rebuilding, restoration, replacement, modification or addition to the Project, or any part thereof, unless all requisite municipal and other governmental permits and authorizations shall have been first procured. The City agrees to act promptly on all requests for such municipal permits and authorizations. The City shall cooperate with the Company to obtain, amend or maintain any existing or future municipal or other governmental permit or authorization for the Project which requires the City's signature, certification or consent as the owner of any part of the Project, including executing any required applications, certifications or reports. All such work shall be done in a good and workmanlike manner and in strict compliance with all applicable material building and zoning laws and governmental regulations and requirements, and in accordance with the requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of **Article VII**.

Section 8.5. Liens on the Project.

(a) The Company will not directly or indirectly create, incur, assume or suffer to exist any lien on or with respect to the Project, except Permitted Encumbrances, and the Company shall promptly notify the City of the imposition of such lien of which the Company is aware and shall promptly, at its own expense, take such action as may be necessary to fully discharge or release any such lien. Whenever and as often as any lien is filed against the Project, or any part thereof, purporting to be for or on account of any labor done or materials or services furnished in connection with any work in or about the Project, the Company shall discharge the same of record. Notice is hereby given that the City shall not be liable for any labor, services or materials furnished to the Company or anyone claiming by, through or under the Company upon credit, and that no lien for any such labor, services or materials shall attach to or affect the reversionary or other estate of the City in and to the Project or any part thereof.

(b) Notwithstanding paragraph (a) above, and subject to the terms of any Financing Documents executed by the Company in favor and for the benefit of any Financing Party, the Company may contest any such lien if the Company (1) within 60 days after the Company becomes aware of any such lien notifies the City and the Trustee in writing of its intention so to do, (2) diligently prosecutes such contest, (3) at all times effectively stays or prevents any official or judicial sale of the Project, or any part thereof or interest therein, under execution or otherwise, (4) promptly pays or otherwise satisfies any final judgment adjudging or enforcing such contested lien claim and (5) thereafter promptly procures record release or satisfaction thereof. The Company may permit the lien so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Company is notified by the City that, in the opinion of counsel, by nonpayment of any such lien, the interest of the City in the Project will be subject to loss or forfeiture. In that event, the Company shall promptly, at its own expense, take such action as may be reasonably necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim if the same shall arise at any time. The Company shall defend, save and hold harmless the City from any loss, costs or expenses the City may incur related to any such contest. The Company shall reimburse the City for any expense incurred by it in connection with the imposition of any such lien or the discharge or removal of any such mortgage, pledge, lien, charge, encumbrance or claim. The City shall cooperate fully with the Company in any such contest.

Section 8.6. Notice of Improvements Subject to Bonding Requirements. The Company shall notify the City in writing of any portion of the Project and, following the Completion Date, any subsequent repair, renovation, modification or improvement of the Project that is subject to Section 107.170 of the Revised Statutes of Missouri or any other law requiring payment or performance bonds for such work prior to beginning construction of the applicable portion of the Project or subsequent repair, renovation, modification or improvement. The failure to provide the written notification required by this Section will not be deemed to be a material breach of this Lease. However, the Company agrees and acknowledges that (a) the City and its governing body members, officers, agents and employees shall be fully indemnified by the Company, as provided in **Section 10.5**, against any claims, demands, costs, liabilities, damages or expenses, including attorneys' fees, arising from the Company's failure to provide the written notice as required by this Section or to secure any payment or performance bonds required by Section 107.170 of the Revised Statutes of Missouri or other applicable law and (b) the Company's leasehold interest under this Lease may be subject to mechanic's or other similar liens, which the Company shall promptly resolve in accordance with **Section 8.5**.

ARTICLE IX

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 9.1. Damage or Destruction.

(a) If the Project is damaged or destroyed by fire or any other casualty, whether or not covered by insurance, the Company, as promptly as practicable, shall either (1) make the determination described in subsection (f) below, or (2) repair, restore, replace or rebuild the same so that upon completion of such repairs, restoration, replacement or rebuilding the Project is of a value not less than the value thereof immediately before the occurrence of such damage or destruction or, at the Company's option, construct upon the Project Site new buildings and improvements thereafter together with all new machinery, equipment and fixtures that are either to be attached to or are to be used in connection with the operation or maintenance thereof, provided that (A) the value thereof shall not be less than the value of such destroyed or damaged Project Improvements and/or Project Equipment immediately before the occurrence of such damage or destruction and (B) the nature of such new buildings, improvements,

machinery, equipment and fixtures will not impair the character of the Project as a “project” permitted by the Act.

If the Company elects to construct any such new buildings and improvements, for all purposes of this Lease, any reference to the words “Project Improvements” shall be deemed to also include any such new buildings and improvements and all additions thereto and all replacements and alterations thereof.

Unless the Company makes the determination described in subsection (f) below, the Net Proceeds of casualty insurance required by **Article VII** received with respect to such damage or loss of the Project shall be used to pay the cost of repairing, restoring, replacing or rebuilding the Project or any part thereof. Insurance monies in an amount less than \$1,000,000 may be paid to or retained by the Company to be held in trust and used as provided herein. Insurance monies in any amount of \$1,000,000 or more shall be (i) paid to the Trustee and deposited in the Project Fund and disbursed as provided in **Section 4.4** to pay the cost of repairing, restoring, replacing or rebuilding the Project or any part thereof, or (ii) applied as directed in writing by, or on behalf of, the Owners of 100% in principal amount of the Bonds Outstanding, subject to the rights of any Financing Party. If the Company makes the determination described in subsection (f) below, the Net Proceeds shall be deposited with the Trustee and used to redeem Bonds as provided in subsection (f).

(b) If any of the insurance monies paid by the insurance company as hereinabove provided remain after the completion of such repairs, restoration, replacement or rebuilding, and this Lease has not been terminated, the excess shall be deposited in the Bond Fund, subject to the rights of any Financing Party, except as otherwise provided by law. Completion of such repairs, restoration, replacement or rebuilding shall be evidenced by a certificate of completion delivered by the Company to the City in accordance with the provisions of **Section 4.5**. If the Net Proceeds are insufficient to pay the entire cost of such repairs, restoration, replacement or rebuilding, the Company shall pay the deficiency.

(c) Except as otherwise provided in this Lease, in the event of any such damage by fire or any other casualty, the provisions of this Lease shall be unaffected and the Company shall remain and continue to be liable for the payment of all Basic Rent and Additional Rent and all other charges required hereunder to be paid by the Company, as though no damage by fire or any other casualty has occurred.

(d) The City and the Company agree that they will cooperate with each other, to such extent as such other party may reasonably require, in connection with the prosecution or defense of any action or proceeding arising out of, or for the collection of any insurance monies that may be due in the event of, any loss or damage, and that they will execute and deliver to such other parties such instruments as may be required to facilitate the recovery of any insurance monies.

(e) The Company agrees to give prompt written notice to the City, any Financing Party and the Trustee of all fires and other casualties occurring in, on, at or about the Project Site causing (in the Company’s opinion) damage of more than \$1,000,000.

(f) If the Company determines that repairing, restoring, replacing or rebuilding the Project is not practicable or desirable, or if the Company does not have the right under any Financing Document to use any Net Proceeds for repair or restoration of the Project, any Net Proceeds of casualty insurance required by **Article VII** received with respect to such damage or loss shall, after payment of all Additional Rent then due and payable, be paid into the Bond Fund and used to redeem Bonds on the earliest practicable redemption date or to pay the principal of any Bonds as the same becomes due, all subject to the rights of any Financing Party. The Company agrees to be reasonable in exercising its judgment pursuant to this subsection (f). Alternatively, if the Company is the sole owner of the Bonds

and it has determined that repairing, restoring, replacing or rebuilding the Project is not practicable or desirable, it may tender Bonds to the Trustee for cancellation in a principal amount equal to the Net Proceeds of the casualty insurance and retain such proceeds for its own account.

(g) The Company shall not, by reason of its inability to use all or any part of the Project during any period in which the Project is damaged or destroyed or is being repaired, restored, replaced or rebuilt, nor by reason of the payment of the costs of such repairing, restoring, replacing or rebuilding, be entitled to any reimbursement from the City, the Trustee or the Owners or to any abatement or diminution of the rentals payable by the Company under this Lease or of any other obligations of the Company under this Lease except as expressly provided in this Section.

(h) The rights of the City and the Trustee in and to any Net Proceeds are and will at all times be subject to the rights of any Financing Party.

(i) Nothing herein shall be deemed to authorize the Company to allow an unsafe, dangerous, unhealthy or injurious condition to exist on the Project Site or any portion thereof, in violation of any applicable laws, codes and ordinances due to a fire or other casualty.

Section 9.2. Condemnation.

(a) If during the Lease Term, title to, or the temporary use of, all or any part of the Project is condemned by or sold under threat of condemnation to any authority possessing the power of eminent domain, to such extent that the claim or loss resulting from such condemnation is greater than \$1,000,000, the Company shall, within 90 days after the date of entry of a final order in any eminent domain proceedings granting condemnation or the date of sale under threat of condemnation, notify the City, the Trustee and any Financing Party under any Financing Document (if any) in writing as to the nature and extent of such condemnation or loss of title and whether it is practicable and desirable to acquire or construct substitute improvements.

(b) If the Company determines that such substitution is practicable and desirable, the Company shall proceed promptly with and complete with reasonable dispatch the acquisition or construction of such substitute improvements, so as to place the Project in substantially the same condition as existed before the exercise of the power of eminent domain, including the acquisition or construction of other improvements suitable for the Company's operations at the Project (which improvements will be deemed a part of the Project and available for use and occupancy by the Company without the payment of any rent other than herein provided, to the same extent as if such other improvements were specifically described herein and demised hereby); provided, that such improvements will be acquired by the City subject to no liens, security interests or encumbrances before the lien and/or security interest afforded by the Indenture and this Lease other than Permitted Encumbrances. In such case, any Net Proceeds received from any award or awards with respect to the Project or any part thereof made in such condemnation or eminent domain proceedings, or of the sale proceeds, shall be applied in the same manner as provided in **Section 9.1** (with respect to the receipt of casualty insurance proceeds).

(c) If the Company determines that it is not practicable or desirable to acquire or construct substitute improvements, any Net Proceeds of condemnation awards received by the Company shall, after payment of all Additional Rent then due and payable, be paid into the Bond Fund and shall be used to redeem Bonds on the earliest practicable redemption date or to pay the principal of any Bonds as the same becomes due and payable, all subject to the rights of any Financing Party under the Financing Documents (if any).

(d) The Company shall not, by reason of its inability to use all or any part of the Project during any such period of acquisition or restoration nor by reason of the payment of the costs of such acquisition or restoration, be entitled to any reimbursement from the City, the Trustee or the Owners or to any abatement or diminution of the rentals payable by the Company under this Lease or of any other obligations hereunder except as expressly provided in this Section.

(e) The City shall cooperate fully with the Company in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project or any part thereof, and shall, to the extent it may lawfully do so, permit the Company to litigate in any such proceedings in the name and on behalf of the City. In no event will the City voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the prior written consent of the Company or any Financing Party.

Section 9.3. Bondowner Approval. Notwithstanding anything to the contrary contained in this **Article IX**, the proceeds of any insurance received subsequent to a casualty or of any condemnation proceedings (or threats thereof) may before the application thereof by the City or the Trustee be applied as directed in writing by the Owners or pledgees of 100% of the principal amount of Bonds Outstanding, subject and subordinate to (a) the rights of the City and the Trustee to be paid all their expenses (including attorneys' fees, trustee's fees and any extraordinary expenses of the City and the Trustee) incurred in the collection of such gross proceeds and (b) the rights of the City to any amounts then due and payable under the Performance Agreement. For purposes of this paragraph, the Financing Parties, if any, shall be deemed a pledgee of the Bonds.

ARTICLE X

SPECIAL COVENANTS

Section 10.1. No Warranty of Condition or Suitability by the City; Exculpation and Indemnification. The City makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Company's purposes or needs. The Company releases the City and the Trustee from, agrees that the City and the Trustee shall not be liable for and agrees to hold the City and the Trustee harmless against, any loss or damage to property or any injury to or death of any Person that may be occasioned by any cause whatsoever pertaining to the Project or the Company's use thereof, unless such loss is the result of the City's or the Trustee's (or their respective employees, consultants and agents') negligence or willful misconduct. This provision shall survive termination of this Lease.

Section 10.2. Surrender of Possession. Upon accrual of the City's right of re-entry to the extent provided in **Section 12.2(a)(2)**, the Company shall peacefully surrender possession of the Project to the City in good condition and repair; provided, however, the Company may within 90 days (or such later date as the City may agree to) after the termination of this Lease remove from the Project Site any buildings, improvements, furniture, trade fixtures, machinery and equipment owned by the Company and not constituting part of the Project. All repairs to and restorations of the Project required to be made because of such removal shall be made by and at the sole cost and expense of the Company, and during said 90-day (or extended) period the Company shall bear the sole responsibility for and bear the sole risk of loss of said buildings, improvements, furniture, trade fixtures, machinery and equipment owned by the Company and not constituting part of the Project. All buildings, improvements, furniture, trade fixtures, machinery and equipment owned by the Company and which are not so removed from the Project Site

before the expiration of said period shall be the separate and absolute property of the City. Notwithstanding the foregoing, if the Company has paid all obligations due and owing under the Indenture (or such obligations have been canceled), this Lease and the Performance Agreement, the City shall convey the Project in accordance with **Section 11.2**.

Section 10.3. Right of Access to the Project. The City may conduct such periodic inspections of the Project as may be generally provided in the City's municipal code. In addition, the Company agrees that the City and the Trustee and their duly authorized agents may, at reasonable times during normal business hours and, except in the event of emergencies, upon not less than two Business Days' prior notice, subject to the Company's usual business, proprietary, safety, confidentiality and security requirements, enter upon the Project Site (a) to examine and inspect the Project without interference or prejudice to the Company's operations, (b) to monitor the acquisition, construction and installation provided for in **Section 4.2** as may be reasonably necessary, (c) to examine all files, records, books and other materials in the Company's possession pertaining to the acquisition, construction, installation or maintenance of the Project, or (d) upon either (1) the occurrence and continuance of an Event of Default or (2) the Company's failure to purchase the Project at the end of the Lease Term, to exhibit the Project to prospective purchasers, lessees or trustees.

Section 10.4. Granting of Easements; Financing Arrangements.

(a) Subject to **Sections 10.4(b)** and **(c)**, if no Event of Default under this Lease has happened and is continuing, the City agrees that it will execute and deliver and will cause and direct the Trustee in writing to execute and deliver any instrument necessary or appropriate to confirm and grant, release or terminate any sublease, easement, license, right-of-way or other right or privilege or any such agreement or other arrangement, upon receipt by the City and the Trustee of: (1) a copy of the instrument of grant, release or termination or of the agreement or other arrangement, (2) a written application signed by an Authorized Company Representative requesting such instrument, and (3) a certificate executed by an Authorized Company Representative stating that such grant or release is not detrimental to the proper conduct of the business of the Company, will not impair the effective use or interfere with the efficient and economical operation of the Project, will not materially adversely affect the security intended to be given by or under the Indenture and will be a Permitted Encumbrance, and that the Company will defend, indemnify and save and hold harmless the City from and against all claims, demands, costs, liabilities, damages or expenses, including attorneys' fees, arising from the execution and delivery of any instrument, agreement or other arrangement pursuant to this Section. If no Event of Default has happened and is continuing beyond any applicable grace period, any payments or other consideration received by the Company for any such grant or with respect to or under any such agreement or other arrangement shall be and remain the property of the Company; but, subject to **Sections 10.4(b)** and **(c)**, upon (A) termination of this Lease for any reason other than the redemption of the Bonds and/or the purchase of the Project by the Company or (B) the occurrence and continuance of an Event of Default by the Company, all rights then existing of the Company with respect to or under such grant, agreement or other arrangement shall inure to the benefit of and be exercisable by the City and the Trustee.

(b) The City acknowledges and agrees that the Company may further finance and refinance its rights and interests in the Project, this Lease and the leasehold estate created hereby and, in connection therewith, the Company may execute Financing Documents with one or more Financing Parties. Notwithstanding anything contained to the contrary in this Lease, the Company may, at any time and from time to time, with prior notice to but without the consent of the City, (1) execute one or more Financing Documents upon the terms contained in this **Section 10.4** and (2) sublease or assign this Lease, the leasehold estate or any sublease and rights in connection therewith, and/or grant liens or security

interests therein, to any Financing Party. Any further sublease or assignment by any Financing Party shall be subject to the provisions of **Section 13.1(c)**.

(c) Upon notice by the Company to the City in writing that the Company has executed one or more Financing Documents under which it has granted rights in this Lease to a Financing Party, which includes the name and address of such Financing Party, then the following provisions shall apply in respect of each such Financing Party and any Financing Party existing as of the date of the execution and delivery hereof:

(1) there shall be no merger of this Lease or of the leasehold estate created hereby with fee title to the Project, notwithstanding that this Lease or said leasehold estate and said fee title shall be owned by the same Person or Persons, without the prior written consent of each such Financing Party;

(2) the City shall serve upon each such Financing Party (at the address, if any, provided to the City) a copy of each notice of the occurrence of an Event of Default and each notice of termination given to the Company under this Lease, at the same time as such notice is served upon the Company. No such notice to the Company shall be effective unless a copy thereof is thus served upon each Financing Party;

(3) each such Financing Party shall have the same period of time which the Company has, after the service of any required notice upon it, within which to remedy or cause to be remedied any payment default under this Lease which is the basis of the notice plus 30 days, and the City shall accept performance by any Financing Party as timely performance by the Company;

(4) the City may exercise any of its rights or remedies with respect to any other Event of Default by the Company, subject to the rights of the Financing Parties under this **Section 10.4(c)** as to such other Events of Default;

(5) upon the occurrence and continuance of an Event of Default by the Company under this Lease, other than a default in the payment of money, the City shall take no action to effect a termination of this Lease by service of a notice or otherwise, without first giving notice thereof to each such Financing Party and permitting each such Financing Party (or its designee, nominee, assignee or transferee) a reasonable time within which to remedy such default in the case of an Event of Default which is susceptible of being cured (provided that the period to remedy such Event of Default shall continue beyond any period set forth in this Lease to effect said cure so long as the Financing Party (or its designee, nominee, assignee or transferee) is diligently prosecuting such cure); provided that the Financing Party (or its designee, nominee, assignee or transferee) shall pay or cause to be paid to the City and the Trustee all expenses, including reasonable counsel fees, court costs and disbursements incurred by the City or the Trustee in connection with any such default;

(6) the Financing Parties (and their designees, nominees, assignees or transferees) may enter, possess and use the Project at such reasonable times and manner as are necessary or desirable to effectuate the remedies and enforce their respective rights under the Financing Documents;

(7) this Lease may not be modified, amended, canceled or surrendered by agreement between the City and the Company, without prior written consent of each such Financing Party; and

(8) any Financing Party may, upon an event of default under any of the Financing Documents, on behalf of the Company and without the consent of the Company, but only having first caused the redemption of the Bonds, exercise the right to purchase the Project pursuant to **Section 11.1**, upon compliance with the provisions of that Section. The Company agrees that the City will have no liability for taking direction from any Financing Party in connection with a conveyance of the Project back to the Company pursuant to **Article XI**.

(d) In connection with the execution of one or more Financing Documents and upon the request of the Company, the City agrees to execute such documents as shall be reasonably requested by a Financing Party and which are usual and customary in connection with the closing of the financing or refinancing pursuant to the Financing Documents, including, without limitation, subordination of the City's fee interest in the Project to any deed of trust. Moreover, to facilitate the recordation of a deed of trust, the City agrees to transfer its fee interest in the Project to the Company, if the Company re-conveys the Project back to the City immediately following the recordation of such documents via a special warranty deed in a form reasonably acceptable to the City Attorney. This Lease, the Indenture or any related document shall not merge into any such deed or otherwise be affected by any such transfer. The Company agrees to reimburse the City for any and all costs and expenses incurred by the City pursuant to this Section, including reasonable attorneys' fees and expenses, in complying with such request.

(e) The Company's obligations under any mortgage or Financing Document relating to the Project entered into after the date of execution of this Lease, except for any construction loans or other Financing Documents related to the Project that the Company now or hereafter has in place with any Financing Party, shall be subordinate to the Company's obligations under this Lease.

Section 10.5. Indemnification of City and Trustee. The Company shall defend, indemnify and save and hold harmless the City and the Trustee and their governing body members, officers, agents and employees from and against all claims, demands, costs, liabilities, damages or expenses, including attorneys' fees, by or on behalf of any Person, firm or corporation arising from the issuance of the Bonds and the execution of the Performance Agreement, this Lease (or any instrument requested by the Company pursuant to **Section 10.4**) or the Indenture and from the conduct or management of, or from any work or thing done in or on the Project during the Lease Term, and against and from all claims, demands, costs, liabilities, damages or expenses, including attorneys' fees, arising during the Lease Term from (a) any condition of the Project, (b) any breach or default on the part of the Company in the performance of any of its obligations under the Performance Agreement, this Lease, or any related document, (c) any contract entered into in connection with the acquisition, purchase, construction, equipping, extension, installation or improvement of the Project, (d) any act of negligence of the Company or of any of its agents, contractors, servants, employees or licensees, (e) unless the Company has been released from liability pursuant to **Section 13.1(c)**, any act of negligence of any assignee or sublessee of the Company, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of the Company, (f) obtaining any applicable state and local sales and use tax exemptions for materials or goods that become part of the Project, and (g) any violation of Section 107.170 of the Revised Statutes of Missouri; provided, however, the indemnification contained in this **Section 10.5** shall not extend to the City or the Trustee to the extent that such claims, demands, costs, liabilities, damages or expenses, including attorneys' fees, are the result of malfeasance in office or willful or wanton neglect of duty by the City or any of its officers and employees, whether elective or appointive, or the Trustee. Upon written notice from the City or the Trustee of any such claim or demand, the Company shall defend them or either of them in any such action or proceeding; provided, that the City shall cooperate with the Company and provide reasonable assistance in such defense. All costs related to the defense of the City or the Trustee

shall be paid by the Company. This **Section 10.5** shall survive any termination of the Performance Agreement and this Lease or the satisfaction and discharge of the Indenture.

Section 10.6. Depreciation and Other Tax Benefits. The City and the Company hereby acknowledge and agree that:

- (a) this Lease is intended to be and shall be treated as a “financing lease” for federal income tax purposes;
- (b) solely for federal income tax purposes, the Company shall be treated as the owner of the Project and, as such, shall be entitled to claim all depreciation and amortization deductions and other tax benefits attributable to the ownership of the Project;
- (c) each party shall report and file all federal income tax returns consistent with the intended tax treatment; and
- (d) the City will fully cooperate with the Company in any effort by the Company to avail itself of any such depreciation, amortization deductions and other tax benefits.

Section 10.7. Company to Maintain its Existence. The Company agrees that until the Bonds are paid or payment is provided for in accordance with the terms of the Indenture, it will maintain its existence, and will not dissolve or otherwise dispose of all or substantially all of its assets; provided, however, that the Company may, without violating the agreement contained in this Section, consolidate with or merge into another Person or permit one or more other Persons to consolidate with or merge into it, or may sell or otherwise transfer to another Person all or substantially all of its assets as an entirety and thereafter dissolve or convert into a different type of legal entity, if the surviving, resulting or transferee Person (a) expressly assumes in writing all of the obligations of the Company contained in this Lease and (1) has a long-term debt rating or is controlled by or under common control with an entity with a long-term debt rating in any of the top three long-term debt rating categories of a nationally-recognized rating service or (2) is controlled by, under common control with or controls the Company, or (b) is otherwise approved by the City Council. This Section does not limit the Company’s transfer rights under **Section 13.1**.

Section 10.8. Security Interests. The City and the Company hereby authorize the Trustee to file all appropriate financing and continuation statements as may be required under the Uniform Commercial Code in order to fully preserve and protect the security of the Owners and the rights of the Trustee under the Indenture. Upon the written instructions of the Owners or pledgees of 100% of the Bonds then-Outstanding, the Trustee shall file all instruments the Owners deem necessary to be filed and shall continue or cause to be continued such instruments for so long as the Bonds are Outstanding. The City and the Company shall cooperate with the Trustee in this regard by providing such information as the Trustee may require to file or renew such statements. The Trustee shall maintain a file showing a description of all Project Equipment, said file to be compiled from information furnished to the Trustee pursuant to **Section 4.2(c)** and **Section 8.2**.

Section 10.9. Environmental Matters, Warranties, Covenants and Indemnities Regarding Environmental Matters.

- (a) As used in this Section, the following terms have the following meanings:

“Environmental Laws” means any now-existing or hereafter enacted or promulgated federal, state, local or other law, statute, ordinance, order, rule, regulation or court order pertaining to (1) environmental protection, regulation, contamination or clean-up, (2) toxic waste, (3) underground storage tanks, (4) asbestos or asbestos-containing materials, or (5) the handling, treatment, storage, use or disposal of Hazardous Substances, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act and the Resource Conservation and Recovery Act, all as amended from time to time.

“Hazardous Substances” means all (1) “hazardous substances” (as defined in 42 U.S.C. §9601(14)), (2) “chemicals” subject to regulation under Title III of the Superfund Amendments and Reauthorization Act of 1986, as amended from time to time, (3) natural gas liquids, liquefied natural gas or synthetic gas, (4) any petroleum, petroleum-based products or crude oil, or (5) any other hazardous or toxic substances, wastes or materials, pollutants, contaminants or any other substances or materials which are included under or regulated by any Environmental Law.

(b) The Company warrants and represents to the City and the Trustee that, during the term of this Lease, it will not introduce any conditions on the Project Site that violate any applicable Environmental Laws.

(c) The Company will provide the City and the Trustee with copies of any notifications of releases of Hazardous Substances or of any environmental hazards or potential hazards in violation of Environmental Laws which are given by or on behalf of the Company to any federal, state or local or other agencies or authorities or which are received by the Company from any federal, state or local or other agencies or authorities with respect to the Project Site. Such copies shall be sent to the City and the Trustee concurrently with their being mailed or delivered to the governmental agencies or authorities or within 10 days after they are made or received by the Company. The Company will provide to the City for review only, any environmental assessments (“Assessments”) and reports regarding the correction or remediation of material environmental issues required by Environmental Laws to be addressed in the Assessments (“Reports”) concerning the Project; upon completion of the City’s review of the Assessments and Reports, the City shall immediately return to the Company all originals and copies of the Assessments and Reports.

(d) The Company will provide the City and the Trustee with copies of all emergency and hazardous chemical inventory forms (hereinafter “Environmental Notices”) concerning Hazardous Substances on the Project Site it sends to any federal, state or local governmental authority or agency as required pursuant to the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C.A. §11001 *et seq.*, or any other applicable Environmental Laws. Such copies of Environmental Notices shall be sent to the City and the Trustee concurrently with their being mailed to any such governmental authority or agency.

(e) The Company will comply with and operate and at all times use, keep and maintain the Project and every part thereof (whether or not such property constitutes a facility, as defined in 42 U.S.C. § 9601 *et seq.*) in conformance with all applicable Environmental Laws. Without limiting the generality of the foregoing, the Company will not use, generate, treat, store, dispose of or otherwise introduce any Hazardous Substance into or on the Project or any part thereof nor cause, suffer, allow or permit anyone else to do so except in compliance with all applicable Environmental Laws.

(f) The Company agrees to defend, indemnify, protect and hold harmless the City and the Trustee and their directors, officers, shareholders, officials or employees from and against any and all claims, demands, costs, liabilities, damages or expenses, including reasonable attorneys’ fees, arising from (1) any release (as defined in 42 U.S.C. § 9601 (22)), actual or alleged, of any Hazardous

Substances, upon the Project Site or respecting any products or materials now or hereafter located upon the Project Site, regardless of whether such release or alleged release has occurred before the date hereof or hereafter occurs and regardless of whether such release or alleged release occurs as a result of any act, omission, negligence or misconduct of the Company or any third party or otherwise, (2) (A) any violation now existing or hereafter arising (actual or alleged) of, or any other liability under or in connection with, any applicable Environmental Laws relating to or affecting the Project, or (B) any violation now existing or hereafter arising of, or any other liability under or in connection with, any applicable Environmental Laws relating to any products or materials previously, now or hereafter located upon the Project Site, regardless of whether such violation or alleged violation or other liability is asserted or has occurred or arisen before the date hereof or hereafter is asserted or occurs or arises and regardless of whether such violation or alleged violation or other liability occurs or arises, as the result of any act, omission, negligence or misconduct of the Company or any third party or otherwise, (3) any assertion by any third party of any claims or demands for any loss or injury arising out of, relating to or in connection with any Hazardous Substances on or allegedly on the Project Site, or (4) any material breach, falsity or failure of any of the representations, warranties, covenants and agreements contained in this Section. The City shall cooperate with the Company in the defense of any matters included within the foregoing indemnity without any obligation to expend money. This subsection **10.9(f)** shall survive any termination of this Lease.

ARTICLE XI

OPTION AND OBLIGATION TO PURCHASE THE PROJECT

Section 11.1. Option to Purchase the Project. The Company shall have, and is hereby granted, the option to purchase all or any portion of the Project at any time, upon payment in full or redemption of the Outstanding Bonds to be redeemed or provision for their payment or redemption having been made pursuant to **Article XIII** of the Indenture. To exercise such option, the Company shall (a) give written notice to the City and to the Trustee, and shall specify therein the date of closing of such purchase, which date shall be not less than 15 nor more than 90 days from the date such notice is mailed, (b) provide evidence of payment of all real property and personal property taxes with respect to the Project, and (c) in case of a redemption of the Bonds in accordance with the provisions of the Indenture, the Company shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. Notwithstanding the foregoing, if the City or the Trustee provides notice of its intent to exercise its remedies hereunder upon an Event of Default (a "Remedies Notice"), the Company shall be deemed to have exercised its purchase option under this Section on the 29th day following the issuance of the Remedies Notice without any further action by the Company; provided said Remedies Notice has not been rescinded by such date (such option to take place on the 29th day following the issuance of the Remedies Notice). The Company may rescind such exercise by providing written notice to the City and the Trustee on or before the 29th day and by taking such action as may be required to cure the default that led to the giving of the Remedies Notice. The purchase price payable by the Company in the event of its exercise of the option granted in this Section shall be the sum of the following:

- (1) an amount of money which, when added to the amount then on deposit in the Bond Fund, will be sufficient to redeem all or a portion of the then-Outstanding Bonds on the earliest redemption date next succeeding the closing date, including, without limitation, principal and interest to accrue to said redemption date and redemption expense; plus

(2) an amount of money equal to the Trustee's and the Paying Agent's agreed to and reasonable fees, charges and expenses under the Indenture accrued and to accrue until such redemption of the Bonds; plus

(3) an amount of money equal to the City's reasonable charges and expenses incurred in connection with the Company exercising its option to purchase all or a portion of the Project (the City hereby agreeing to provide the Company with prior written notice if such charges and expenses are expected to exceed \$2,500); plus

(4) an amount of money equal to all payments due and payable pursuant to the Performance Agreement through the end of the calendar year in which the date of purchase occurs; plus

(5) the sum of \$10.00.

Section 11.2. Conveyance of the Project. At the closing of the purchase of the Project pursuant to this Article, the City will upon receipt of the purchase price deliver to the Company the following:

(a) a release from the Trustee of the Project from the lien and/or security interest of the Indenture and this Lease and appropriate termination of financing statements as required under the Uniform Commercial Code; and

(b) documents, including without limitation a special warranty deed as to the Project Site and a bill of sale as to the Project Equipment, conveying to the Company legal title to the Project, as it then exists, in recordable form, subject to the following: (1) those liens and encumbrances, if any, to which title to the Project was subject when conveyed to the City; (2) those liens and encumbrances created by the Company or to the creation or suffering of which the Company consented; (3) those liens and encumbrances resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Lease; (4) Permitted Encumbrances other than the Indenture and this Lease; and (5) if the Project or any part thereof is being condemned, the rights and title of any condemning authority.

Section 11.3. Relative Position of Option and Indenture. The option to purchase the Project granted to the Company in this Article shall be and remain prior and superior to the Indenture and may be exercised whether or not the Company is in default under this Lease, provided that such option will not result in nonfulfillment of any condition to the exercise of any such option (including the payment of all amounts specified in **Section 11.1**) and further provided that the option herein granted shall terminate upon the termination of this Lease.

Section 11.4. Obligation to Purchase the Project. The Company hereby agrees to purchase, and the City hereby agrees to sell, the Project upon the occurrence of (a) the expiration of the Lease Term following full payment of the Bonds or provision for payment thereof having been made in accordance with the provisions of the Indenture, (b) payment of the sum of the items set forth in **Sections 11.1(1)-(5)**, (c) payment of all real property and personal property taxes with respect to the Project, and (d) the final payment due under the Performance Agreement. The amount of the purchase price under this Section shall be an amount sufficient to redeem all of the then-Outstanding Bonds, plus all payments due and payable pursuant to the Performance Agreement through the end of the calendar year in which the date of purchase occurs, plus accrued interest and the reasonable fees and expenses of the City and the Trustee.

Section 11.5. Right of Set-Off. At its option, to be exercised at least five days before the date of closing of such purchase, the Company may deliver to the Trustee for cancellation Bonds not previously paid, and the Company shall receive a credit against the purchase price payable by the Company in an amount equal to 100% of the principal amount of the Bonds so delivered for cancellation, plus the accrued interest thereon. The Company may set-off any payment obligation under this Article by tendering a corresponding amount of the Bonds to the Trustee for cancellation.

ARTICLE XII

DEFAULTS AND REMEDIES

Section 12.1. Events of Default. If any one or more of the following events occurs and is continuing, it is hereby defined as and declared to be and to constitute an “Event of Default” under this Lease:

- (a) default in the due and punctual payment of Basic Rent or Additional Rent within 10 days after written notice thereof from the City to the Company and any Financing Party; or
- (b) default in the due observance or performance of any other covenant, agreement, obligation or provision of this Lease on the Company’s part to be observed or performed, and such default continues for 60 days after the City or the Trustee has given the Company and any Financing Party written notice specifying such default (or such longer period as is reasonably required to cure such default, provided that (1) the Company or any Financing Party, as applicable, has commenced such cure within said 60-day period, and (2) the Company or any Financing Party, as applicable, diligently prosecutes such cure to completion); or
- (c) the Company: (1) admits in writing its inability to pay its debts as they become due; or (2) files a petition in bankruptcy or for reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the United States Bankruptcy Code, as now or in the future amended, or any other similar present or future federal or state statute or regulation, or files a pleading asking for such relief; or (3) makes an assignment for the benefit of creditors; or (4) consents to the appointment of a trustee, receiver or liquidator for all or a substantial portion of its property or fails to have the appointment of any trustee, receiver or liquidator made without the Company’s consent or acquiescence, vacated or set aside; or (5) is finally adjudicated as bankrupt or insolvent under any federal or state law; or (6) is subject to any proceeding, or suffers the entry of a final and non-appealable court order, under any federal or state law appointing a trustee, receiver or liquidator for all or a substantial portion of its property or ordering the winding-up or liquidation of its affairs, or approving a petition filed against it under the United States Bankruptcy Code, as now or in the future amended, which order or proceeding, if not consented to by it, is not dismissed, vacated, denied, set aside or stayed within

90 days after the day of entry or commencement; or (7) suffers a writ or warrant of attachment or any similar process to be issued by any court against all or any substantial portion of its property, and such writ or warrant of attachment or any similar process is not contested, stayed or released within 60 days after the final entry or levy or after any contest is finally adjudicated or any stay is vacated or set aside; or

(d) an Event of Default under the Performance Agreement, as defined in **Section 6.1** thereof.

The Trustee shall give each Financing Party notice of the occurrence of any Event of Default of which the Trustee has notice pursuant to the terms of the Indenture. Any Financing Party may, at its election, but shall have no obligation to, cure such Event of Default.

Section 12.2. Remedies on Default.

(a) If any Event of Default referred to in **Section 12.1** has occurred and continues beyond the period provided to cure, then the City may at the City's election (subject, however, to any restrictions against acceleration of the maturity of the Bonds or termination of this Lease in the Indenture), then or at any time thereafter, and while such default continues, take any one or more of the following actions, in addition to the remedies provided in **Section 12.5**:

(1) cause all amounts payable with respect to the Bonds for the remainder of the term of this Lease to become due and payable, as provided in the Indenture; or

(2) give the Company written notice of intention to terminate this Lease on a date specified therein, which date shall not be earlier than 60 days after such notice is given, and if all defaults have not then been cured, on the date so specified, the Owners shall tender or be deemed to have tendered the Outstanding principal amount of the Bonds for cancellation with instruction that such tender is in lieu of payment in accordance with **Section 11.5**, the Company's rights to possession of the Project shall cease and this Lease shall thereupon be terminated, and the City may re-enter and take possession of the Project; provided, however, if the Company has paid all obligations due and owing under the Indenture, this Lease, and the Performance Agreement, the City shall convey the Project in accordance with **Section 11.2**. The Company's rights to cause the conveyance of the Project in accordance with **Section 11.2** shall survive the expiration or termination of this Lease.

(b) If the City defaults on any of its obligations under this Lease, the Company's sole remedy for such default shall be to sue for specific performance of this Lease.

Section 12.3. Survival of Obligations. The Company covenants and agrees with the City and the Owners that its obligations under this Lease shall survive the cancellation and termination of this Lease, for any cause, and that the Company shall continue to pay the Basic Rent and Additional Rent (to the extent the Bonds remain Outstanding) and perform all other obligations provided for in this Lease, all at the time or times provided in this Lease; provided, however, that upon (a) the payment of all Basic Rent and Additional Rent required under **Article V**, (b) the satisfaction and discharge of the Indenture under **Section 1301** thereof, and (c) the Company's exercise of the purchase option contained in **Section 11.01**, the Company's obligations under this Lease shall thereupon cease and terminate in full, except that the indemnification contained in **Article X** and the obligations with respect to compensation of the City and the Trustee shall not so terminate.

Section 12.4. Performance of the Company's Obligations by the City. Upon an Event of Default, the City, or the Trustee in the City's name, may (but shall not be obligated so to do) upon the continuance of such failure on the Company's part for 60 days after written notice of such failure is given to the Company by the City or the Trustee, and without waiving or releasing the Company from any obligation hereunder, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and all reasonable sums so paid by the City or the Trustee and all necessary incidental reasonable costs and expenses incurred by the City or the Trustee (including, without limitation, attorneys' fees and expenses) in performing such obligation shall be deemed Additional Rent and shall be paid to the City or the Trustee on demand, and if not so paid by the Company, the City or the Trustee shall have the same rights and remedies provided for in **Section 12.2** in the case of default by the Company in the payment of Basic Rent.

Section 12.5. Rights and Remedies Cumulative. The rights and remedies reserved by the City and the Company hereunder are in addition to those otherwise provided by law and shall be construed as cumulative and continuing rights. No one of them shall be exhausted by the exercise thereof on one or more occasions. The City and the Company shall each be entitled to specific performance and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Lease, notwithstanding the availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity. Notwithstanding anything in this **Section 12.5** or elsewhere in this Lease to the contrary, however, the Company's option to purchase the property as provided in **Article XI** above shall not be terminated upon an Event of Default unless and until this Lease is terminated to the extent permitted pursuant to **Section 12.2(a)(2)** above. The parties agree that no provision of this Lease shall be construed to allow the City to require the Company to acquire, construct or install the Project or to retain or create jobs.

Section 12.6. Waiver of Breach. No waiver of any breach of any covenant or agreement herein contained shall operate as a waiver of any subsequent breach of the same covenant or agreement or as a waiver of any breach of any other covenant or agreement, and in case of a breach of any covenant, agreement or undertaking by the Company, the City may nevertheless accept from the Company any payment or payments hereunder without in any way waiving the City's right to exercise any of its rights and remedies provided for herein with respect to any such default or defaults of the Company which were in existence at the time such payment or payments were accepted by the City.

Section 12.7. Trustee's Exercise of the City's Remedies. Whenever any Event of Default has occurred and is continuing, the Trustee may, but except as otherwise provided in the Indenture shall not be obliged to, exercise any or all of the rights of the City under this Article, upon notice as required of the City unless the City has already given the required notice. In addition, the Trustee shall have available to it all of the remedies prescribed by the Indenture.

ARTICLE XIII

ASSIGNMENT AND SUBLEASE

Section 13.1. Assignment; Sublease.

(a) The Company may sublease, assign, transfer, encumber or dispose of this Lease or any interest herein or part hereof for any lawful purpose under the Act upon providing written notice to the City. Except as otherwise provided in this Section, the Company must obtain the City's prior written

consent to any such disposition, unless such disposition is (1) to an entity controlled by or under common control with or controlling the Company or (2) an assignment to any Financing Party.

(b) With respect to any assignment, the Company shall comply with the following conditions:

- (1) the Company shall notify the City and the Trustee of the assignment in writing;
- (2) such assignment shall be duly executed and acknowledged by the assignor and in proper form for recording;
- (3) such assignment shall include the entire then unexpired term of this Lease; and
- (4) a duplicate original of such assignment shall be delivered to the City and the Trustee within 10 days after the execution thereof, together with an assumption agreement, duly executed and acknowledged by the assignee and in proper form for recording, by which the assignee shall assume all of the terms, covenants and conditions of this Lease on the part of the Company to be performed and observed.

(c) Any assignee of all the rights of the Company shall agree to be bound by the terms of this Lease, the Performance Agreement and any other documents related to the issuance of the Bonds. Upon such assignment of all the rights of the Company and agreement by the assignee to be bound by the terms of this Lease, the Performance Agreement and any other documents related to the issuance of the Bonds, the Company shall be released from and have no further obligations under this Lease, the Performance Agreement or any other documents related to the issuance of the Bonds.

Section 13.2. Assignment of Revenues by City. The City shall assign and pledge any rents, revenues and receipts receivable under this Lease to the Trustee pursuant to the Indenture as security for payment of the principal of, interest and premium, if any, on the Bonds, and the Company hereby consents to such pledge and assignment.

Section 13.3. Prohibition Against Fee Mortgage of Project. The City shall not mortgage its fee interest in the Project but may assign its interest in and pledge any moneys receivable under this Lease to the Trustee pursuant to the Indenture as security for payment of the principal of and interest on the Bonds.

Section 13.4. Restrictions on Sale or Encumbrance of Project by City. During the Lease Term, the City agrees that, except to secure the Bonds to be issued pursuant to the Indenture and except to enforce its rights under **Section 12.2(a)**, it will not sell, assign, encumber, mortgage, transfer or convey the Project or any interest therein.

ARTICLE XIV

AMENDMENTS, CHANGES AND MODIFICATIONS

Section 14.1. Amendments, Changes and Modifications. Except as otherwise provided in this Lease or in the Indenture, subsequent to the issuance of the Bonds and before the payment in full of the Bonds (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), this Lease may not be effectively amended, changed, modified, altered or terminated without the prior written consent of the Trustee, given in accordance with the provisions of the Indenture,

which consent, however, shall not be unreasonably withheld, and the written consent of all of the Owners and any Financing Party.

ARTICLE XV

MISCELLANEOUS PROVISIONS

Section 15.1. Notices. All notices, certificates or other communications required or desired to be given hereunder shall be in writing and shall be deemed duly given when (a) mailed by registered or certified mail, postage prepaid, or (b) sent by overnight delivery or other delivery service which requires written acknowledgment of receipt by the addressee, addressed as follows:

(1) To the City:

City of Sikeston, Missouri
105 East Center Street
Sikeston, Missouri 63801
ATTN: City Manager

with a copy to:

Gilmore & Bell, P.C.
211 North Broadway, Suite 2000
St. Louis, Missouri 63102
ATTN: Mark D. Grimm, Esq.

(2) To the Trustee:

Security Bank of Kansas City
701 Minnesota Avenue, Suite 206
Kansas City, Kansas 66101
ATTN: Corporate Trust Department

(3) To the Company:

Carlisle Construction Materials, LLC
1285 Ritner Highway
Carlisle, Pennsylvania 17013
ATTN: John Wacławski

with a copy to:

Polsinelli PC
900 West 48th Place, Suite 900
Kansas City, Missouri 64112
ATTN: Marcus G. Abbott, Esq.

All notices given by certified or registered mail as aforesaid shall be deemed fully given as of the date they are so mailed, provided, however, that notice to the Trustee shall be effective only upon receipt.

A duplicate copy of each notice, certificate or other communication given hereunder by either the City or the Company to the other shall also be given to the Trustee. The City, the Company and the Trustee may from time to time designate, by notice given hereunder to the others of such parties, such other addresses to which subsequent notices, certificates or other communications shall be sent.

Section 15.2. City Shall Not Unreasonably Withhold Consents and Approvals. Wherever in this Lease it is provided that the City shall, may or must give its approval or consent, or execute supplemental agreements or schedules, the City shall not unreasonably, arbitrarily or unnecessarily withhold or refuse to give such approvals or consents or refuse to execute such supplemental agreements or schedules; provided, however, that nothing in this Lease shall be interpreted to affect the City's rights to approve or deny any additional project or matter unrelated to the Project subject to zoning, building permit or other regulatory approvals by the City.

Section 15.3. Net Lease. The parties hereto agree (a) that this Lease shall be deemed and construed to be a net lease, (b) that the payments of Basic Rent are designed to provide the City and the Trustee funds adequate in amount to pay all principal of and interest accruing on the Bonds as the same becomes due and payable, (c) that to the extent that the payments of Basic Rent are not sufficient to provide the City and the Trustee with funds sufficient for the purposes aforesaid, the Company shall be obligated to pay, and it does hereby covenant and agree to pay, upon demand therefor, as Additional Rent, such further sums of money, in cash, as may from time to time be required for such purposes, and (d) that if after the principal of and interest on the Bonds and all costs incident to the payment of the Bonds (including the fees and expenses of the City and the Trustee) have been paid in full the Trustee or the City holds unexpended funds received in accordance with the terms hereof, such unexpended funds shall, after payment therefrom of all sums then due and owing by the Company under the terms of this Lease, and except as otherwise provided in this Lease and the Indenture, become the absolute property of and be paid over forthwith to the Company.

Section 15.4. Limitation on Liability of City. No provision, covenant or agreement contained in this Lease, the Indenture or the Bonds, or any obligation herein or therein imposed upon the City, or the breach thereof, shall constitute or give rise to or impose upon the City a pecuniary liability or a charge upon the general credit or taxing powers of the City or the State of Missouri.

Section 15.5. Governing Law. This Lease shall be construed in accordance with and governed by the laws of the State of Missouri.

Section 15.6. Binding Effect. This Lease shall be binding upon and shall inure to the benefit of the City and the Company and their respective successors and assigns.

Section 15.7. Severability. If for any reason any provision of this Lease shall be determined to be invalid or unenforceable, the validity and enforceability of the other provisions hereof shall not be affected thereby.

Section 15.8. Execution in Counterparts. This Lease may be executed in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

Section 15.9. Electronic Transaction. The parties agree that the transaction described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be

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

Section 15.10. City Consent and Approvals. Pursuant to the Ordinance, the Mayor and the City Manager are authorized to execute all documents on behalf of the City (including documents pertaining to the transfer of property or the financing or refinancing of the Project by the Company and such easements, licenses, rights-of-way, plats and similar documents as may be requested by the Company) as may be required to carry out and comply with the intent of the Ordinance, the Indenture and this Lease. The Mayor and the City Manager are also authorized, unless expressly prohibited herein, to grant on behalf of the City such consents, estoppels and waivers relating to the Bonds, the Indenture, this Lease, or the Performance Agreement as may be requested during the term hereof; provided, such consents, estoppels and/or waivers shall not increase the principal amount of the Bonds, increase the term of this Lease or the tax exemption as provided for herein, waive an Event of Default or materially change the nature of the transaction unless approved by the City Council.

Section 15.11. Anti-Discrimination Against Israel Act. Pursuant to Section 34.600 of the Revised Statutes of Missouri, the Company certifies it is not currently engaged in and shall not, for the duration of this Lease, engage in a boycott of goods or services from (a) the State of Israel, (b) companies doing business in or with the State of Israel or authorized by, licensed by or organized under the laws of the State of Israel or (c) persons or entities doing business in the State of Israel.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed in their respective names by their duly authorized signatories, all as of the date first above written.

CITY OF SIKESTON, MISSOURI

[SEAL]

By: _____
Greg Turnbow, Mayor

ATTEST:

Rhonda Council, City Clerk

[Lease Agreement]

CARLISLE CONSTRUCTION MATERIALS, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT A
PROJECT SITE

EXHIBIT B

FORM OF REQUISITION CERTIFICATE

Requisition No. _____
Date: _____

REQUISITION CERTIFICATE

TO: SECURITY BANK OF KANSAS CITY, AS TRUSTEE UNDER A TRUST INDENTURE DATED AS OF JULY 1, 2021, BETWEEN THE CITY OF SIKESTON, MISSOURI, AND THE TRUSTEE, AND THE LEASE AGREEMENT DATED AS OF JULY 1, 2021, BETWEEN THE CITY OF SIKESTON, MISSOURI, AND CARLISLE CONSTRUCTION MATERIALS, LLC

The undersigned Authorized Company Representative hereby states and certifies that:

1. A total of \$ _____ is requested to pay for Project Costs of the Project Improvements. The total amount of this requisition and all prior requisitions for Project Improvements is as follows:

PROJECT IMPROVEMENTS

<u>Date of Project Costs</u>	<u>Amount Submitted in this Requisition</u>	<u>Requisitions Submitted to Date (Including this Requisition)</u>

2. A total of \$ _____ is requested to pay for Project Costs of the Project Equipment. The total amount of this requisition and all prior requisitions for Project Equipment is as follows:

PROJECT EQUIPMENT

<u>Date of Project Costs</u>	<u>Amount Submitted in this Requisition</u>	<u>Requisitions Submitted to Date (Including this Requisition)</u>

3. A total of \$ _____ has been requested to pay for all Project Costs to date, which amount is less than \$85,000,000.

4. Said Project Costs shall be paid in whole from Bond proceeds in such amounts, to such payees and for such purposes as set forth on **Schedule 1** hereto.

5. Set forth on **Schedule 2** hereto is a description of the Project Equipment acquired, which is being paid for in whole from Bond proceeds pursuant to this Requisition Certificate. Attached hereto as **Exhibit A** is the Bill of Sale transferring said Project Equipment to the City.

6. Each of the items for which payment is requested are or were desirable and appropriate in connection with the purchase and construction of the Project, have been properly incurred and are a proper charge against the Project Fund, have been paid by the Company or are justly due to the Persons whose names and addresses are stated on **Schedule 1** and have not been the basis of any previous requisition from the Project Fund.

7. As of this date, except for the amounts referred to above, to the best of my knowledge there are no outstanding disputed statements for which payment is requested for labor, wages, materials, supplies or services in connection with the purchase and construction of the Project which, if unpaid, might become the basis of a vendor's, mechanic's, laborer's or materialman's statutory or similar lien upon the Project or any part thereof.

8. Capitalized words and terms used in this Requisition Certificate have the meanings given to such words and terms in **Section 101** of the Trust Indenture.

CARLISLE CONSTRUCTION MATERIALS, LLC

By: _____
Authorized Company Representative

Approved this ____ day of _____, 20__.

CITY OF SIKESTON, MISSOURI

By: _____
Authorized City Representative

SCHEDULE 1 TO REQUISITION CERTIFICATE

PROJECT COSTS

<u>Payee and Address</u>	<u>Description</u>	<u>Amount</u>
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SCHEDULE 2 TO REQUISITION CERTIFICATE

PROJECT EQUIPMENT

<u>Item (Description)</u>	Serial, Identification or <u>Account Number</u>
---------------------------	--

EXHIBIT A TO REQUISITION CERTIFICATE

BILL OF SALE

CARLISLE CONSTRUCTION MATERIALS, LLC, a Delaware limited liability company (“Seller”), in connection with that certain Lease Agreement dated as of July 1, 2021 (the “Lease Agreement”), between Seller and the **CITY OF SIKESTON, MISSOURI**, a constitutional home rule charter city organized and existing under the laws of the State of Missouri (“Buyer”), for and in consideration of the sum of ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, has **BARGAINED** and **SOLD**, and by these presents does now **GRANT** and **CONVEY**, unto Buyer and its successors and assigns, all of its right, title and interest in and to all machinery, equipment and other personal property shown on **Exhibit A** hereto, installed within the “Project Improvements” and constituting a portion of the “Project Equipment,” as such terms are defined in the Lease Agreement.

TO HAVE AND TO HOLD the same unto Buyer, its successors and assigns, subject however to the terms of the Lease Agreement and those security interests, liens and/or encumbrances as therein set forth.

The property is being conveyed “AS IS,” “WHERE IS” and “WITH ALL FAULTS” as of the date of this Bill of Sale, without any representation or warranty whatsoever as to its condition, fitness for any particular purpose, merchantability or any other warranty, express or implied.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed in its name by its duly authorized officer this ____ day of _____, 20__.

CARLISLE CONSTRUCTION MATERIALS, LLC

By: _____
Authorized Company Representative

EXHIBIT A TO BILL OF SALE

PROJECT EQUIPMENT

<u>Item (Description)</u>	Serial, Identification or <u>Account Number</u>
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PERFORMANCE AGREEMENT

THIS PERFORMANCE AGREEMENT, dated as of July 1, 2021, as from time to time amended and supplemented in accordance with the provisions hereof (this “Agreement”), between the **CITY OF SIKESTON, MISSOURI**, a charter city organized and existing under the laws of the State of Missouri (the “City”), and **CARLISLE CONSTRUCTION MATERIALS, LLC**, a Delaware limited liability company (together with its affiliates, the “Company”).

RECITALS:

1. The City is authorized and empowered pursuant to the provisions of Article VI, Section 27(b) of the Missouri Constitution, Sections 100.010 through 100.200, inclusive, of the Revised Statutes of Missouri (collectively, the “Act”) and the City Charter to purchase, construct, extend, improve and equip certain projects (as defined in the Act), to issue industrial revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporations for manufacturing, commercial, office industry, warehousing and industrial development purposes upon such terms and conditions as the City deems advisable.

2. On April 16, 2021, the City Council adopted Ordinance No. 6224, approving a Development Agreement (the “Development Agreement”) with the Company concerning a proposed industrial development project within the City.

3. Pursuant to the Act, the City Council passed Ordinance No. ____ (the “Ordinance”) on June 28, 2021, authorizing the City to issue its Taxable Industrial Revenue Bonds (Carlisle Construction Materials, LLC Project), Series 2021, in the maximum principal amount of \$85,000,000 (the “Bonds”), for the purpose of constructing an approximately 455,000 square foot manufacturing facility (the “Project Improvements”) on an approximately 124-acre site located northwest of the intersection of Highway 62 and County Road 824 in the City (as legally described on **Exhibit A**, the “Project Site”) and acquiring and installing within the Project Improvements certain equipment and other personal property (the “Project Equipment” and, together with the Project Site and the Project Improvements, the “Project”).

4. The Ordinance authorizes the City to lease the Project to the Company pursuant to a Lease Agreement dated as of July 1, 2021 (the “Lease”) between the City, as lessor, and the Company, as lessee.

5. Pursuant to the foregoing, the City desires to enter into this Agreement with the Company, in consideration of the Company’s desire to cause the acquisition, construction, equipping and improvement of the Project as more fully described in the Lease, upon the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the receipt and sufficiency of which are hereby acknowledged, the City and the Company hereby represent, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. In addition to the words and terms defined in the Recitals, the following words and terms as used herein shall have the following meanings:

“Additional PILOT Payment” means the additional payment in lieu of taxes provided for in **Section 3.3**.

“Anniversary Date” means the annual anniversary of the First Test Date so long as this Agreement is in effect.

“Annual Compliance Report” means the Annual Compliance Report to be submitted by the Company to the City pursuant to **Section 3.3**, in substantially the form attached as **Exhibit C**, or such other form of Annual Compliance Report required by the BUILD Program Agreement.

“Assessor” means the Assessor of New Madrid County, Missouri.

“BUILD Program Agreement” means the BUILD Missouri Program Agreement to be entered into between the Missouri Development Finance Board and the Company in connection with the Project.

“Collector” means the Collector of Revenue of New Madrid County, Missouri.

“Completion Date” means the date of execution of the certificate required by **Section 4.5** of the Lease and **Section 504** of the Indenture, which shall be deemed executed and filed on December 31, 2022 if not actually executed and filed by December 31, 2022, except as otherwise provided in **Section 4.5** of the Lease.

“Eligible Employee” means a person employed on a full-time basis in a New Job at the Project averaging at least 35 hours per week who was not employed by the Company or a Related Taxpayer in the State of Missouri at any time during the 12-month period immediately prior to being employed at the Project; provided, however, a person may have been employed by the Company or a Related Taxpayer during the 12-month period immediately prior to being employed at the Project if the Company or a Related Taxpayer does not eliminate the position which such employee held during such 12-month period and promptly replaces such employee within three months of the date such employee begins employment in the New Job at the Project.

“Event of Default” means any Event of Default as provided in **Section 6.1**.

“First Test Date” means December 31, 2023 or such other date as may be defined in the BUILD Program Agreement as the “First Test Date.”

“Minimum Number of New Jobs” means 100 New Jobs.

“New Job” means a full-time position (minimum 35 hours per week on average) created within a period commencing on April 20, 2021 and ending on the First Test Date. **“New Jobs”** does not include jobs of recalled workers or replacement jobs (jobs that formerly existed with the Company or a Related Taxpayer in the State of Missouri). To qualify as a New Job, such New Job must be filled by an Eligible Employee.

“Payroll Requirement” means the total annual payroll for all of the New Jobs, excluding benefits, which shall be at least \$4,400,000.

“PILOT Payments” means the payments in lieu of taxes provided for in **Article III**.

“Project Costs” means all costs of purchasing, constructing and installing the Project.

“Related Taxpayer” means (a) a corporation, partnership, limited liability company, trust or association controlled by the Company, (b) an individual, corporation, partnership, limited liability company, trust or association in control of the Company, or (c) a corporation, partnership, limited liability company, trust or association controlled by an individual, corporation, partnership, limited liability company, trust or association in control of the Company or Related Taxpayer. For the purposes of this definition, “control of a corporation” shall mean ownership, directly or indirectly, of stock possessing at least 50% of the total combined voting power of all classes of stock entitled to vote; “control of a partnership, limited liability company or association” shall mean ownership of at least 50% of the capital or profits interest in such partnership, limited liability company or association; and “control of a trust” shall mean ownership, directly or indirectly, of at least 50% of the beneficial interest in the principal or income of such trust; ownership shall be determined as provided in Section 318 of the U.S. Internal Revenue Code, as amended.

ARTICLE II

ISSUANCE OF BONDS

Section 2.1. Issuance of the Bonds. As described herein, the City intends to issue the Bonds (to be purchased by the Company) under the Act for the purpose of paying a portion of the Project Costs. In connection with the issuance of the Bonds, the City will acquire fee title to the Project.

ARTICLE III

PROPERTY TAX EXEMPTION; PILOT PAYMENTS

Section 3.1. Property Tax Exemption. So long as the City owns title to the Project, the City expects that the Project will be exempt from ad valorem taxes on real and personal property.

Section 3.2. Payments in Lieu of Taxes.

(a) The Company covenants and agrees that, during each year the Project is exempt from ad valorem real and personal property taxes by reason of the City’s ownership thereof, the Company will make PILOT Payments in such amounts and at such times as set forth in this **Article III**.

(b) The Assessor will, until this Agreement is terminated, annually determine an assessed valuation with respect to the Project in accordance with Article X, Section 4(b) of the Missouri Constitution and Section 137.115 of the Revised Statutes of Missouri, as if title to the Project were in the name of the Company and not the City. Such assessment shall be performed as of January 1 of each year. To facilitate the assessment, the Company agrees to provide to the Assessor each year, on or before March 1 of each year or such other date on which property declarations are required by law to be made, a report that includes the following information:

(1) a list of the Project Equipment and the cost thereof, in form and content consistent with the personal property declarations that the Company makes with respect to any personal property located on the Project Site;

(2) a list of all improvements made during the calendar year; and

(3) such other information as the Assessor may reasonably require to complete the assessment of the Project.

The itemization of the Project Equipment shall be consistent with the information provided to the City and the Trustee under **Section 4.2** of the Lease and shall be of sufficient specificity so as to enable the appropriate City and New Madrid County officials to determine which personal property as reported on the annual personal property declaration constitutes Project Equipment (and therefore is owned by the City) and which personal property does not constitute Project Equipment (and therefore is owned by the Company).

(c) The Assessor shall notify the City and the Company of the assessed valuation in writing.

(d) On or about the same date on which taxpayers are notified of taxes due under Missouri law, the Collector shall notify the Company and the City of the amount of PILOT Payments due hereunder. Except as otherwise provided in **Sections 3.2(e)**, the PILOT Payments shall be calculated as follows:

(1) in each year before the Completion Date and the year in which the Completion Date occurs (expected to be 2021 and 2022), 100% of the real and personal property taxes that would otherwise be due on the Project, but for the City's ownership thereof;

(2) in each of the first 10 years following the year in which the Completion Date occurs (expected to be 2023 through 2032, inclusive), 0% of the real and personal property taxes that would otherwise be due on the Project, but for the City's ownership thereof;

(3) in each of the next five years (expected to be 2033 through 2037, inclusive), 25% of the real and personal property taxes that would otherwise be due on the Project, but for the City's ownership thereof; and

(4) in each of the last five years (expected to be 2038 through 2042, inclusive), 50% of the real and personal property taxes that would otherwise be due on the Project, but for the City's ownership thereof.

(e) The Company shall make additional PILOT Payments as may be required to satisfy any obligations to an ambulance district, a fire protection district or any other emergency services provider pursuant to the Act with respect to the Project.

(f) Each PILOT Payment shall be payable to the Collector. The Company covenants and agrees to make each PILOT Payment on or before December 31 of each year. The Company's failure to receive notices under (c) or (d) of this Section does not relieve the Company of its obligation to make the applicable PILOT Payment by December 31 as provided herein.

(g) Within 30 days after receipt of each PILOT Payment, the Collector shall, after deducting its customary fee for collection thereof and, if applicable, making any other deductions generally provided by law as if the PILOT Payment were a “property tax collection,” divide each PILOT Payment among the taxing jurisdictions in proportion to the amount of the then-current ad valorem tax levy of each taxing jurisdiction; provided, any additional PILOT Payment paid pursuant to **Section 3.2(e)** shall be paid to the ambulance district, fire protection district or other emergency services provider, as applicable.

(h) No later than December 31 of the 20th calendar year following the Completion Date, the Company shall exercise its option to purchase the Project pursuant to **Section 11.1** of the Lease. If title to the Project has not been transferred by the City to the Company as described in the preceding sentence, then by no later than December 31 of such year and each year thereafter until title to the Project is transferred to the Company, the Company shall pay to the Collector a PILOT Payment equal to 100% of the real and personal property taxes that would otherwise be due on the Project, but for the City’s ownership thereof, plus any prior year’s PILOT Payment then remaining unpaid.

(i) If this Agreement is terminated due to any Event of Default under **Section 6.1**, the Company shall make a PILOT Payment for the year in which this Agreement is terminated equal to 100% of the real and personal property taxes that would otherwise be due on the Project, but for the City’s ownership thereof during such year.

(j) If the Assessor fails to perform an assessment of the value of the Project, the following procedures will apply:

(1) The Assessor shall promptly notify the City and the Company if the Assessor determines for any reason not to perform an assessment of the Project. Within 30 days of such notice, the Company and the City shall each appoint a real estate appraiser licensed by the State of Missouri (each of whom shall also be a member of the Appraisal Institute carrying the designation of “M.A.I.”).

(2) Within 45 days of such appointment, each appointed appraiser shall examine the Project and, using the same methodology and factors that would be used by the Assessor, render an opinion as to the assessed value thereof. The City and the Company will cooperate in all respects to enable the appointed appraisers to perform the duties specified herein within the applicable timeframe.

(3) If the opinions rendered by each appointed appraiser are within 10% of each other, the assessed value for purposes of this Section shall equal the average assessed value of the two appraisers’ opinions.

(4) If the opinions rendered by each appointed appraiser are not within 10% of each other, the two appraisers shall mutually appoint a third appraiser meeting the requirements of subparagraph (1). This appraiser shall perform an appraisal as provided by subparagraph (2), and the assessed value for purposes of this Section shall equal the average assessed value of the two closest appraisal opinions.

(5) The Company will pay the costs and expenses incurred by all appraisers appointed pursuant to this Section.

Section 3.3. Additional PILOT Payments for Failure to Maintain Minimum Number of New Jobs or Payroll Requirement.

(a) Under the BUILD Program Agreement, the Company will be required to file an Annual Compliance Report with the Missouri Development Finance Board (“MDFB”) in the manner and at the times specified therein. Concurrently with filing an Annual Compliance Report with MDFB, the Company shall file with the City (1) a copy of the completed Annual Compliance Report and (2) a written certification of the annual payroll of the New Jobs listed in the Annual Compliance Report (the “Payroll Certification”). Notwithstanding the foregoing, if no Annual Compliance Report is required to be filed with MDFB, the Company shall still file an Annual Compliance Report and the Payroll Certification with the City on or before each February 25 during the term of this Agreement, beginning with the February 25 immediately following the First Test Date.

(b) In any calendar year in which the Annual Compliance Report reveals that the Company has failed to maintain the Minimum Number of New Jobs, the Company shall make an Additional PILOT Payment (in addition to any payments required under **Section 3.2**) to the Collector (to be collected and distributed as provided in **Section 3.2**) based on the following formula:

$$VA * ((MJ - AJ) * 2\%) = \text{Additional PILOT Payment}$$

VA = The value of the tax exemption, net of any PILOT Payments, resulting from the City’s ownership of the Project for the year that the applicable Annual Compliance Report is filed (i.e., 2024, with respect to an Annual Compliance Report filed on or before February 25, 2024).

MJ = 100

AJ = Actual New Jobs as of the First Test Date or the Anniversary Date, as applicable and as shown in the Annual Compliance Report

(c) In any calendar year in which the Payroll Certification reveals that the Company has failed to maintain the Payroll Requirement, the Company shall make an Additional PILOT Payment (in addition to any payments required under **Section 3.2**) to the Collector (to be collected and distributed as provided in **Section 3.2**) based on the following formula:

$$VA * \left(\frac{(PR - AP)}{\$50,000} * 2\% \right) = \text{Additional PILOT Payment}$$

VA = The value of the tax exemption, net of any PILOT Payments, resulting from the City’s ownership of the Project for the year that the applicable Payroll Certification is filed (i.e., 2024, with respect to Payroll Certification filed on or before February 25, 2024).

PR = \$4,400,000

AP = Actual total annual payroll for all of the New Jobs, excluding benefits, as shown in the applicable Payroll Certification

(d) Notwithstanding any provision of this Agreement to the contrary, if for any reason the Annual Compliance Report reveals that the Company has failed to maintain at least 25 New Jobs or have an Annual Payroll of at least \$1,100,000 for two consecutive years, the Company must exercise its option to purchase the Project by December 31 of the latter consecutive year pursuant to **Section 11.1** of the Lease.

(e) Notwithstanding any provision of this Agreement to the contrary, under no circumstances shall the amount of PILOT Payments and Additional PILOT Payments exceed in any year 100% of the real and personal property taxes that would otherwise be due on the Project, but for the City's ownership thereof.

Section 3.4. Obligation to Effect Tax Abatement. The City shall, at the Company's request and at the Company's expense, take all actions, subject only to limitations imposed by applicable law, to obtain and/or maintain in effect the exemption referred to in **Section 3.1** above, including any filing required with any governmental authorities; provided, however, the City shall not be liable for any failure of any other governmental taxing authority to recognize the exemption provided herein, and the City shall not be required to file litigation to effect the exemption. Notwithstanding the foregoing, the City shall instigate litigation to effect the exemption if it is agreed by the Company that such litigation will be of no cost to the City and that the Company will pay all costs associated with such litigation on behalf of the City. The City covenants that it will not voluntarily take any action that may cause or induce the levy or assessment of ad valorem taxes on the Project. If such a levy or assessment should occur, the City shall, at the Company's request and at the Company's expense, cooperate with the Company in all reasonable ways to prevent and/or remove any levy or assessment against the Project. Nothing herein shall prevent the Company from paying any such levy or assessment under protest.

Section 3.5. Other Property Taxes in Connection with the Project; Credits. The property tax exemption provided by the City's ownership of the Project is expected to apply to all interests in the Project during the period it is owned by the City. If any ad valorem property taxes are levied by or on behalf of any taxing jurisdiction against any interest in the Project during the period the City owns the Project (including, without limitation, any ad valorem taxes levied against the Company's rights in the Lease), the amount of ad valorem tax payments related to such levy or levies that are paid by the Company and received by the Collector shall be credited against and reduce on a *pro rata* basis the amount of the PILOT Payments the Company is obligated to pay pursuant to this Agreement. The Company shall be responsible for any taxes related to any interest in the Project that the Company owns in its own name or granted to the Company other than pursuant to the Lease. Notwithstanding **Section 4.5**, there shall be no reduction in PILOT Payments for any sales taxes imposed by any governmental authority, including the Missouri Department of Revenue, in connection with the Company's acquisition of construction materials for real property improvements or equipment at the Project Site.

Section 3.6. Cessation or Reduction of Operations at the Project Site. If for any reason (unless the Project has been subject to a casualty and the Company is rebuilding or repairing the Project) the Company completely vacates, abandons and ceases operations and fails to occupy a portion of the Project Site during the term of this Agreement and does not exercise its option to purchase the Project within 90 days after such vacancy, abandonment, cessation of operations or failure to occupy, the Company shall make a PILOT Payment to the Collector (to be distributed as provided in **Section 3.2**) equal to 100% of the real and personal property taxes that would otherwise be due on the Project, but for the City's ownership thereof. Such payment shall be made on or before December 31 in the year in which the Company ceases operations and on each December 31 thereafter for each year in which the Project is, on January 1 of such year, still titled in the name of the City, and the Company has ceased operations or failed to occupy the Project Site.

Section 3.7. PILOT Payment if Company Purchases the Project.

(a) If the Company exercises its option to purchase the Project pursuant to **Section 11.1** of the Lease before the Collector notifies the Company of the PILOT Payment and Additional PILOT Payment, if any, due under this Agreement, the Company shall make a PILOT Payment to the Collector equal to 100% of the real and personal property taxes that would have otherwise been due on the Project, but for the City's ownership thereof, for the preceding calendar year. Once the Collector notifies the Company of the amount due under **Section 3.2** for the calendar year in which the Company purchases the Project, the Collector will refund to the Company the difference between the amount actually paid and the amount due under **Section 3.2**.

(b) If the Company exercises its option to purchase the Project pursuant to **Section 11.1** of the Lease after receiving notification of the PILOT Payment and Additional PILOT Payment, if any, due under this Agreement for the calendar year in which the Company purchases the Project, the Company shall pay that amount to the Collector (to be distributed as provided in **Section 3.2**) at or prior to closing on the purchase of the Project.

Section 3.8. No Abatement on Special Assessments, Licenses or Fees. The City and the Company hereby agree that the property tax exemptions described in this Agreement shall not apply to special assessments and shall not serve to reduce or eliminate any other licenses or fees owing to the City or any other taxing jurisdiction with respect to the Project. The Company hereby agrees to make payments with respect to all special assessments, licenses and fees which would otherwise be due with respect to the Project if the Project was not owned by the City, except as otherwise provided in the Development Agreement. Notwithstanding the foregoing, nothing herein shall waive the Company's right to any notice required under law or limit the ability of the Company from protesting such special assessments, licenses or fees.

Section 3.9. Company's Right to Protest Taxes. No provision of this Agreement shall be construed to limit or in any way restrict the availability of any provision of Missouri law which confers upon the Company the right to appeal, protest or otherwise contest in the name of the City and/or the Company, as appropriate, any property tax valuation, assessment or classification of the Project Site, the Project Improvements, the Project Equipment or any other personal property located on the Project Site.

Section 3.10. Additional Personal Property. The Company may acquire additional personal property on its own accord and not financed with proceeds of the Bonds. Such personal property shall not be subject to the terms of this Agreement and, therefore, shall be subject to ad valorem taxes.

ARTICLE IV

COVENANTS, REPRESENTATIONS AND AGREEMENTS

Section 4.1. Inspection. The City may conduct such periodic inspections of the Project as may be generally provided in the City's code. In addition, the Company agrees that the City and its duly authorized agents may at reasonable times not more than twice annually (during business hours but without disruption to the Company's business), subject to at least five business days' advance written notice and in observance of the Company's usual business, proprietary, safety, confidentiality and security requirements, enter upon the Project Site to examine and inspect the Project and the records of the Company that demonstrate compliance with this Agreement.

Section 4.2. Representations and Warranties.

(a) The City represents that as of the date of this Agreement and during the term of this Agreement, or such shorter period as may be expressly provided for below:

(1) The City is a charter city duly organized and validly existing under the laws of the State of Missouri.

(2) The execution, delivery and performance by the City of this Agreement have been duly authorized by all necessary City actions.

(3) The City has the right, power and authority to enter into, execute, deliver and perform its duties and obligations under this Agreement.

(4) There are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, or to the best of the City's knowledge, threatened or affecting the City that would impair its ability to enter into or perform its obligations under this Agreement.

(b) The Company represents that as of the date of this Agreement and during the term of this Agreement, or such shorter period as may be expressly provided for below:

(1) The Company is a limited liability company, validly existing and in good standing under the laws of the State of Delaware and qualified to transact business in the State of Missouri.

(2) The Company has the right, power and authority to enter into, execute and deliver this Agreement and perform its obligations hereunder.

(3) The execution, delivery and performance by the Company of this Agreement have been duly authorized by all necessary action, and do not violate the articles of organization or operating agreement of the Company, as the same may be amended and supplemented, or to the best of the Company's knowledge, any applicable provision of law, nor do they constitute a breach of or default under or require any consent under any agreement, instrument or document to which the Company is now a party or by which the Company is now or may become bound.

(4) There are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, or to the best of the Company's knowledge, threatened or affecting the Company that would impair its ability to enter into or perform its obligations under this Agreement.

(5) The Company has obtained (or prior to the applicable time required will obtain) and will maintain all government permits, certificates and consents (including without limitation appropriate environmental approvals) necessary to conduct its business and to purchase, construct, equip, complete and operate the Project.

(6) To the best of the Company's knowledge, the Project is and will be in material compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project, including environmental laws, subject to all applicable rights of the Company to contest the same.

(7) The Project will be operated by the Company in a manner that is consistent with the description of the Project herein and in the Lease.

Section 4.3. Survival of Covenants. All warranties, representations, covenants and agreements of the Company contained herein shall survive termination of this Agreement for any reason.

Section 4.4. Costs of Issuance of the Bonds. The Company agrees to pay or provide for payment from proceeds of the Bonds or other available funds, on the date of the initial issuance of the Bonds, all costs of issuance incurred in connection therewith, including reasonable legal, accounting and other costs incurred by the City.

Section 4.5. Sales Tax Exemptions. The City has provided a project exemption certificate to the Company in connection with the Company's acquisition of construction materials for the Project Improvements and will cooperate with the Company in connection with any replacements of or modifications to that exemption certificate. The City agrees to assist the Company in implementing the sales tax exemptions from the State of Missouri pursuant to Section 144.054 of the Revised Statutes of Missouri.

ARTICLE V

SALE AND ASSIGNMENT

Section 5.1. Sale and Assignment. The benefits granted by the City to the Company pursuant to this Agreement shall belong solely to the Company, and such benefits shall not be transferred, assigned, pledged or in any other manner hypothecated, except as provided in the Lease.

ARTICLE VI

DEFAULT AND REMEDIES

Section 6.1. Events of Default. If any one or more of the following events occurs and is continuing, it is hereby defined as and declared to be and to constitute an Event of Default hereunder:

(a) the Company fails to make any PILOT Payment required to be paid hereunder within 10 days after written notice and demand by the City to the Company;

(b) the Company fails to perform any of its material obligations hereunder for a period of 30 days (or such longer period as the City and the Company may agree in writing) after the City has given written notice to the Company specifying such failure, or if such failure is not subject to cure within such 30 days after such notice, the Company fails to initiate action to cure the default within such 30 days after such notice and fails to pursue such action diligently; or

(c) any representation of the Company contained herein proves to be materially false or erroneous and is not corrected or brought into compliance within 30 days (or such longer period as the City and the Company may agree in writing) after the City has given written notice to the Company specifying the false or erroneous representation and requiring it to be remedied, or if such matter is not subject to cure within such 30 days after such notice, the Company fails to initiate action to cure the default within such 30 days after such notice and fails to pursue such action diligently.

Any Event of Default under this Section shall also constitute an Event of Default under the Lease affording the City the remedies specified therein.

Section 6.2. Remedies on Default. If any Event of Default referred to in **Section 6.1** has occurred and continues beyond the period provided to cure, then the City may do any one or more of the following:

- (a) require the Company to exercise its option to purchase the Project pursuant to **Section 11.1** of the Lease;
- (b) utilize any available remedies under the Lease for an Event of Default under the Lease; or
- (c) utilize all other remedies available at law or in equity.

Section 6.3. Interest on Late Payments. Any amounts due hereunder which are not paid when due shall, at City's option and upon written notice and demand from City, bear interest at the interest rate of 18% per annum from the date such payment was first due.

Section 6.4. Enforcement. In addition to the remedies specified in **Section 6.2**, upon the occurrence of an Event of Default, the City or any taxing jurisdiction that would benefit from the PILOT Payments provided for in this Agreement may bring an action for specific performance to enforce such payments. In the event of litigation pertaining to the enforcement of this Agreement, the losing party shall pay all costs of litigation, including reasonable attorneys' fees.

ARTICLE VII

TERM OF AGREEMENT

Section 7.1. Term of Agreement. This Agreement shall become effective upon execution by the parties hereto and shall terminate upon the earliest to occur of the following:

- (a) the payment in full of the Bond (or any bonds issued to refund the Bonds) and the payment of all amounts due under this Agreement;
- (b) the occurrence and continuance of an Event of Default beyond the cure period and the subsequent termination of this Agreement pursuant to the provisions of the Lease and this Agreement; or
- (c) the expiration or termination of the Lease.

Section 7.2. Payments in Last Year. The foregoing provisions of **Section 7.1** shall not relieve the Company of its obligation to make any PILOT Payment owing during the year in which this Agreement terminates, to the extent the Company receives the ad valorem tax exemption contemplated for that year.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. Mutual Assistance. The City and the Company agree to take such actions as may be necessary or appropriate to carry out the terms, provisions and intent of this Agreement and to aid and assist each other in carrying out said terms, provisions and intent.

Section 8.2. Notices. All notices, certificates or other communications required or desired to be given hereunder shall be given in the manner specified in the Lease.

Section 8.3. Severability; Effect of Invalidity. If for any reason any provision of this Agreement shall be determined to be invalid or unenforceable, such invalid or unenforceable term will be deemed severed from this Agreement and the validity and enforceability of the other provisions hereof shall not be affected thereby. If this Agreement, or any portion hereof, or any agreement related hereto, is determined to be invalid, the City may not recover or recapture any taxes subject to abatement as provided herein or benefits accruing to the Company prior to such determination if the Company has paid taxes in an amount at least equal to the PILOT Payments due under this Agreement.

Section 8.4. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Missouri.

Section 8.5. Execution in Counterparts. This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument.

Section 8.6. Waiver. The City and the Company acknowledge and agree that the amounts payable hereunder shall constitute payments due the City under the Lease executed in connection with the Bonds. The Company shall not be entitled to any extension of payment of such amounts as a result of a filing by or against the Company in any bankruptcy court.

Section 8.7 Entire Agreement. This Agreement, together with the Development Agreement, the Lease, the Indenture and any other documents entered into of even date herewith in connection with the issuance of the Bonds, constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior agreements, representations, negotiations and understandings, both written and oral, between the City and the Company with respect to the subject matter hereof. This Agreement shall not be modified except by written agreement signed on behalf of the City and the Company by their duly authorized representatives.

Section 8.8. Electronic Transaction. The parties agree that the transaction described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 8.9. Employee Verification. The Company will comply with and satisfy the requirements of Section 285.530.2 of the Revised Statutes of Missouri, which requires (a) any business entity receiving tax abatement to, by sworn affidavit, annually affirm its enrollment and participation in a federal work authorization program with respect to the employees working in connection with the business entity receiving tax abatement, and (b) every such business entity to annually sign an affidavit affirming that it does not knowingly employ any person who is an unauthorized alien in connection with

the business entity receiving tax abatement. The Company shall provide such affidavit, in substantially the form attached as **Exhibit B**, on or before November 15 of each year during the term of this Agreement.

Section 8.10. Anti-Discrimination Against Israel Act. Pursuant to Section 34.600 of the Revised Statutes of Missouri, the Company certifies that it is not currently engaged in and will not, for the duration of this Agreement, engage in a boycott of goods or services from (a) the State of Israel, (b) companies doing business in or with the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel, or (c) persons or entities doing business in the State of Israel.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

CITY OF SIKESTON, MISSOURI

[SEAL]

By: _____
Greg Turnbow, Mayor

ATTEST:

Rhonda Council, City Clerk

CARLISLE CONSTRUCTION MATERIALS, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

JOINDER BY COUNTY ASSESSOR

The Office of the New Madrid County Assessor hereby joins in the foregoing Performance Agreement to the extent required to perform the obligations assigned to it pursuant to **Article III** thereof.

OFFICE OF THE NEW MADRID COUNTY ASSESSOR

By: _____
Jacob Johnson, County Assessor

EXHIBIT A
PROJECT SITE

EXHIBIT B

FORM OF COMPANY'S AFFIDAVIT

STATE OF _____)
) SS
COUNTY OF _____)

I, the undersigned, am over the age of 18 years and have personal knowledge of the matters stated herein.

I am a duly authorized officer of Carlisle Construction Materials, LLC, a Delaware limited liability company (the "*Company*"), and am authorized by the Company to attest to the matters set forth herein.

I hereby affirm the Company's enrollment and participation in a "federal work authorization program" as defined in Section 285.525 of the Revised Statutes of Missouri, as amended.

The Company does not knowingly employ any person who is an "unauthorized alien" as defined in Section 285.525 of the Revised Statutes of Missouri, as amended.

Further Affiant Sayeth Not.

CARLISLE CONSTRUCTION MATERIALS, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

Subscribed and sworn to before me this _____ day of _____, 20__.

Notary Public

My commission expires on: _____

EXHIBIT C

**ANNUAL COMPLIANCE REPORT
(pursuant to Section 135.805.3, RSMo, as amended)**

Name of Company: _____

Category of business, by size: _____

Address of Company's business headquarters:

Street Address: _____

City: _____ State: _____ Zip Code: _____

Addresses of all offices of the Company located within the State of Missouri:

Street Address: _____

City: _____ State: _____ Zip Code: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Total number of employees of the Company at the time of this annual update: _____

Updated estimate of number of employees projected to increase as a result of the completion of the
Project: _____

Estimated or actual total Project cost: \$ _____

Date: _____

Signature: _____

Name: _____

Title: _____



TAX CREDIT ACCOUNTABILITY ACT REPORTING FORM

BUSINESS/ORGANIZATION NAME:		
BUILD Bond Series Year:		
NUMBER OF JOBS CREATED AT PROJECT LOCATION EACH MONTH AS A RESULT OF THE ISSUED TAX CREDIT		
	FULL-TIME PERMANENT JOBS	PART-TIME PERMANENT JOBS
January 20__		
February 20__		
March 20__		
April 20__		
May 20__		
June 20__		
July 20__		
August 20__		
September 20__		
October 20__		
November 20__		
December 20__		
TOTALS:		

CITY OF SIKESTON, MISSOURI

AND

**SECURITY BANK OF KANSAS CITY,
as Trustee**

TRUST INDENTURE

Dated as of July 1, 2021

Relating to:

**\$85,000,000
(Aggregate Maximum Principal Amount)
City of Sikeston, Missouri
Taxable Industrial Revenue Bonds
(Carlisle Construction Materials, LLC Project)
Series 2021**

TRUST INDENTURE

TABLE OF CONTENTS

	<u>Page</u>
Parties	1
Recitals.....	1
Granting Clauses.....	2

ARTICLE I

DEFINITIONS

Section 101.	Definitions of Words and Terms	3
Section 102.	Rules of Interpretation	8
Section 103.	Date of Indenture	8

ARTICLE II

THE BONDS

Section 201.	Title and Amount of Bonds.....	8
Section 202.	Nature of Obligation.....	9
Section 203.	Denomination, Number and Dating of the Bonds	9
Section 204.	Method and Place of Payment of Bonds	9
Section 205.	Execution and Authentication of Bonds	10
Section 206.	Registration, Transfer and Exchange of Bonds	10
Section 207.	Persons Deemed Owners of Bonds	11
Section 208.	Authorization of the Bonds.....	11
Section 209.	Mutilated, Lost, Stolen or Destroyed Bonds	13
Section 210.	Cancellation and Destruction of Bonds Upon Payment	13

ARTICLE III

REDEMPTION OF BONDS

Section 301.	Redemption of Bonds	14
Section 302.	Effect of Call for Redemption	14
Section 303.	Notice of Redemption.....	14

ARTICLE IV

FORM OF BONDS

Section 401.	Form Generally.....	15
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ARTICLE V

CUSTODY AND APPLICATION OF BOND PROCEEDS

Section 501.	Creation of Funds	15
Section 502.	Deposits into the Project Fund.....	15
Section 503.	Disbursements from the Project Fund	15
Section 504.	Completion of the Project.....	16
Section 505.	Disposition Upon Acceleration.....	16

ARTICLE VI

REVENUES AND FUNDS

Section 601.	Deposits into the Bond Fund	16
Section 602.	Application of Moneys in the Bond Fund	17
Section 603.	Payments Due on Days Other than Business Days	17
Section 604.	Nonpresentment of Bonds	17

ARTICLE VII

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 701.	Moneys to be Held in Trust	18
Section 702.	Investment of Moneys in Project Fund and Bond Fund	18
Section 703.	Record Keeping	18

ARTICLE VIII

GENERAL COVENANTS AND PROVISIONS

Section 801.	Payment of Principal and Interest.....	19
Section 802.	Authority to Execute Indenture and Issue Bonds	19
Section 803.	Performance of Covenants.....	19
Section 804.	Instruments of Further Assurance.....	19
Section 805.	Recordings and Filings	19
Section 806.	Inspection of Project Books.....	20
Section 807.	Enforcement of Rights Under the Lease.....	20

ARTICLE IX

DEFAULT AND REMEDIES

Section 901.	Events of Default; Notice; Opportunity to Cure.....	20
Section 902.	Acceleration of Maturity in Event of Default.....	21
Section 903.	Surrender of Possession of Trust Estate; Rights and Duties of Trustee in Possession	21
Section 904.	Appointment of Receivers in Event of Default	21
Section 905.	Exercise of Remedies by the Trustee.....	22
Section 906.	Limitation on Exercise of Remedies by Owners	22
Section 907.	Right of Owners to Direct Proceedings	23
Section 908.	Application of Moneys in Event of Default	23

Section 909.	Remedies Cumulative.....	24
Section 910.	Waivers of Events of Default.....	24

ARTICLE X

THE TRUSTEE

Section 1001.	Acceptance of the Trusts.....	25
Section 1002.	Fees, Charges and Expenses of the Trustee.....	27
Section 1003.	Notice to Owners if Default Occurs	27
Section 1004.	Intervention by the Trustee	28
Section 1005.	Successor Trustee Upon Merger, Consolidation or Sale	28
Section 1006.	Resignation of Trustee	28
Section 1007.	Removal of Trustee.....	28
Section 1008.	Appointment of Successor Trustee	28
Section 1009.	Vesting of Trusts in Successor Trustee	29
Section 1010.	Right of Trustee to Pay Taxes and Other Charges	29
Section 1011.	Trust Estate May be Vested in Co-Trustee.....	29
Section 1012.	Accounting	30
Section 1013.	Performance of Duties Under the Lease.....	30

ARTICLE XI

SUPPLEMENTAL INDENTURES

Section 1101.	Supplemental Indentures Not Requiring Consent of Owners.....	30
Section 1102.	Supplemental Indentures Requiring Consent of Owners.....	31
Section 1103.	Company's Consent to Supplemental Indentures	31
Section 1104.	Opinion of Counsel.....	31

ARTICLE XII

SUPPLEMENTAL LEASES

Section 1201.	Supplemental Leases Not Requiring Consent of Owners.....	32
Section 1202.	Supplemental Leases Requiring Consent of Owners.....	32
Section 1203.	Opinion of Counsel.....	32

ARTICLE XIII

SATISFACTION AND DISCHARGE OF INDENTURE

Section 1301.	Satisfaction and Discharge of this Indenture	32
Section 1302.	Bonds Deemed to be Paid.....	33

ARTICLE XIV

MISCELLANEOUS PROVISIONS

Section 1401.	Consents and Other Instruments by Owners	33
Section 1402.	Limitation of Rights Under this Indenture	34

Section 1403.	Notices	34
Section 1404.	Severability	35
Section 1405.	Execution in Counterparts	36
Section 1406.	Governing Law	36
Section 1407.	Electronic Transaction	36
Section 1408.	City Consent and Approvals	36
Section 1409.	Anti-Discrimination Against Israel Act	36
	Signature and Seals	37
Exhibit A - Project Site		
Exhibit B - Form of Bonds		
Exhibit C - Form of Representation Letter		

TRUST INDENTURE

THIS TRUST INDENTURE, dated as of July 1, 2021 (this “Indenture”), between the **CITY OF SIKESTON, MISSOURI**, a charter city organized and existing under the laws of the State of Missouri (the “City”), and **SECURITY BANK OF KANSAS CITY**, a state banking corporation duly organized and existing and authorized to accept and execute trusts of the character herein set forth under the laws of the State of Kansas, with a corporate trust office located in Kansas City, Kansas, as Trustee (the “Trustee”);

RECITALS:

1. The City is authorized and empowered pursuant to the provisions of Article VI, Section 27(b) of the Missouri Constitution, Sections 100.010 through 100.200, inclusive, of the Revised Statutes of Missouri (collectively, the “Act”) and the City Charter to purchase, construct, extend, improve and equip certain projects (as defined in the Act), to issue industrial revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporations for manufacturing, commercial, office industry, warehousing and industrial development purposes upon such terms and conditions as the City deems advisable.

2. On April 16, 2021, the City Council adopted Ordinance No. 6224, approving a Development Agreement (the “Development Agreement”) with Carlisle Construction Materials, LLC, a Delaware limited liability company (the “Company”) concerning a proposed industrial development project within the City.

3. Pursuant to the Act and as contemplated by the Development Agreement, the City Council passed Ordinance No. _____ (the “Ordinance”) on June 28, 2021, authorizing the City to issue its Taxable Industrial Revenue Bonds (Carlisle Construction Materials, LLC Project), Series 2021, in the maximum principal amount of \$85,000,000 (the “Bonds”), for the purpose of constructing an approximately 455,000 square foot manufacturing facility (the “Project Improvements”) on an approximately 124-acre site located northwest of the intersection of Highway 62 and County Road 824 in the City (as legally described on **Exhibit A**, the “Project Site”) and acquiring and installing within the Project Improvements certain equipment and other personal property (the “Project Equipment”).

4. Pursuant to the Ordinance, the City is authorized to enter into (a) this Indenture with the Trustee for the purpose of issuing and securing the Bonds, as herein provided, (b) a Lease Agreement of even date herewith (the “Lease”) with the Company, under which the City will acquire an interest in the Project Site, cause the construction of the Project Improvements and the acquisition and installation of the Project Equipment, and will lease the Project Site, the Project Improvements and the Project Equipment (collectively, the “Project”) to the Company in consideration of rental payments by the Company that will be sufficient to pay the principal of and interest on the Bonds, (c) a Performance Agreement of even date herewith (the “Performance Agreement”) with the Company, pursuant to which the Company has agreed to make certain payments in lieu of taxes, and (d) such other documents relating to the Bonds as the City and the Company deem appropriate.

5. All things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture, the valid and legally binding obligations of the City, and to constitute this Indenture a valid and legally binding pledge and assignment of the Trust Estate (as defined herein) herein made for the security of the payment of the principal of 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 TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

That the City, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners (as defined herein) thereof, and of other good and valuable consideration, the receipt of which is hereby acknowledged, and to secure the payment of the principal of and interest on all of the Bonds issued and Outstanding (as defined herein) under this Indenture from time to time according to their tenor and effect, and to secure the performance and observance by the City of all the covenants, agreements and conditions herein and in the Bonds contained, does hereby pledge and assign to the Trustee and its successors and assigns forever, the property described in paragraphs (a), (b) and (c) below (said property being herein referred to as the "Trust Estate"), to-wit:

(a) All right, title and interest of the City in and to the Project, subject to the Company's rights under the Lease, together with the tenements, hereditaments, appurtenances, rights, easements, privileges and immunities thereunto belonging or appertaining and, to the extent permissible, all permits, certificates, approvals and authorizations;

(b) All right, title and interest of the City in, to and under the Lease (excluding the Unassigned Rights, as defined herein), and all rents, revenues and receipts derived by the City from the Project including, without limitation, all rentals and other amounts to be received by the City and paid by the Company under and pursuant to and subject to the provisions of the Lease; and

(c) All moneys and securities from time to time held by or now or hereafter required to be paid to the Trustee under the terms of this Indenture, and any and all other real or personal property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder by the City or by anyone in its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

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

IN TRUST NEVERTHELESS, upon the terms and subject to the conditions herein set forth, for the equal and proportionate benefit, protection and security of all Owners from time to time of the Bonds Outstanding under this Indenture, 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;

PROVIDED, HOWEVER, that if the City pays, or causes to be paid, the principal of and interest on the Bonds, at the time and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, or provides for the payment thereof (as provided in **Article XIII**), and pays or causes to be paid to the Trustee all other sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture shall be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH, and it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all of the Trust Estate is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the City does hereby agree and covenant with the Trustee and with the respective Owners from time to time, as follows:

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms defined in the Lease (which definitions are hereby incorporated by reference) and words and terms defined elsewhere in this Indenture, the following words and terms as used in this Indenture shall have the following meanings, unless some other meaning is plainly intended:

“Act” means, collectively, Article VI, Section 27(b) of the Missouri Constitution and Sections 100.010 through 100.200 of the Revised Statutes of Missouri.

“Additional Rent” means the additional rental described in **Section 5.2** of the Lease.

“Approved Investor” means (a) the Company, (b) an affiliate of the Company, or (c) any general business corporation or enterprise with total assets in excess of \$100,000,000.

“Authorized City Representative” means the Mayor, the City Manager or such other Person at the time designated to act on behalf of the City as evidenced by written certificate furnished to the Company and the Trustee containing the specimen signature of such Person and signed on behalf of the City by its Mayor. Such certificate may designate an alternate or alternates, each of whom may perform all duties of the Authorized City Representative.

“Authorized Company Representative” means the Person at the time designated to act on behalf of the Company as evidenced by written certificate furnished to the City and the Trustee containing the specimen signature of such Person and signed on behalf of the Company by an authorized officer of the Company. Such certificate may designate an alternate or alternates, each of whom may perform all duties of the Authorized Company Representative.

“Basic Rent” means the rental described in **Section 5.1** of the Lease.

“Bond” or **“Bonds”** means the Taxable Industrial Revenue Bonds (Carlisle Construction Materials, LLC Project), Series 2021, in the maximum aggregate principal amount of \$85,000,000, issued, authenticated and delivered under and pursuant to this Indenture.

“Bond Fund” means the “City of Sikeston, Missouri, Bond Fund -- Carlisle Construction Materials, LLC” created in **Section 501**.

“Bond Purchase Agreement” means the agreement by that name with respect to the Bonds by and between the City and the Purchaser.

“Business Day” means any day other than a Saturday or Sunday or legal holiday or a day on which banks located in the city in which the principal corporate trust office or the principal payment office of the Trustee are required or authorized by law to remain closed.

“City” means the City of Sikeston, Missouri, a charter city organized and existing under the laws of the State.

“Closing Date” means the date identified in the Bond Purchase Agreement for the initial issuance and delivery of the Bonds.

“Closing Price” means the amount specified in writing by the Purchaser and agreed to by the City as the amount required to pay for the initial issuance of the Bonds on the Closing Date, which amount shall be equal to any Project Costs spent by the Company from its own funds before the Closing Date, and, at the Company’s option, the costs of issuance of the Bonds if such costs are not paid from Bond proceeds.

“Company” means Carlisle Construction Materials, LLC, a Delaware limited liability company, and its successors and assigns.

“Completion Date” means the date of execution of the certificate required by **Section 4.5** of the Lease and **Section 504**, which shall be deemed executed and filed on December 31, 2022 if not actually executed and filed by December 31, 2022, except as otherwise provided in **Section 4.5** of the Lease.

“Cumulative Outstanding Principal Amount” means the aggregate principal amount of all Bonds Outstanding under the provisions of this Indenture, not to exceed \$85,000,000 as reflected in the records maintained by the Trustee as provided in the Bonds and this Indenture.

“Event of Default” means, with respect to this Indenture, any Event of Default as defined in **Section 901** and, with respect to the Lease, any Event of Default as described in **Section 12.1** of the Lease.

“Financing Document” means any loan agreement, credit agreement, security agreement, mortgage, participation agreement, lease agreement, sublease, ground lease, hedging agreement or other document executed by or on behalf of, or for the benefit of, a Financing Party.

“Financing Party” means any Person providing debt, lease or equity financing (including equity contributions or commitments) or hedging arrangements, or any renewal, extension or refinancing of any such financing or hedging arrangements, or any guarantee, insurance, letter of credit or credit support for or in connection with such financing or hedging arrangements, in connection with the development, construction, ownership, lease, operation or maintenance of the Project or interests or rights in the Lease, or any part thereof, including any trustee or agent acting on any such Person’s behalf.

“Full Insurable Value” means the reasonable replacement cost of the Project less physical depreciation and exclusive of land, excavations, footings, foundation and parking lots as determined at the expense of the Company from time to time.

“Government Securities” means direct obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Indenture” means this Trust Indenture, as from time to time amended and supplemented by Supplemental Indentures in accordance with the provisions of **Article XI**.

“Investment Securities” means any investment approved in writing by the Authorized City Representative and the Owners of all of the Outstanding Bonds.

“Lease” means the Lease Agreement dated as of July 1, 2021 between the City, as lessor, and the Company, as lessee, as from time to time amended and supplemented by Supplemental Leases in accordance with the provisions thereof and of **Article XII**.

“Lease Term” means the period from the effective date of the Lease until the expiration thereof pursuant to **Section 3.2** of the Lease.

“Net Proceeds” means, when used with respect to any insurance or condemnation award with respect to the Project, the gross proceeds from the insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees, Trustee’s fees and any extraordinary expenses of the City and the Trustee) incurred in the collection of such gross proceeds.

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

- (a) Bonds previously canceled by the Trustee or delivered to the Trustee for cancellation;
- (b) Bonds deemed to be paid in accordance with the provisions of **Section 1302**; and
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Indenture.

“Owner” means the registered owner of any Bond as recorded on the bond registration records maintained by the Trustee.

“Paying Agent” means the Trustee and any other bank or trust company designated by this Indenture as paying agent for the Bonds at which the principal of or interest on the Bonds shall be payable.

“Payment Date” means the date on which the principal of or interest on any Bond, whether at the stated maturity thereof or the redemption date thereof, is payable, which shall be December 1 of each year that the Bonds are Outstanding.

“Performance Agreement” means the Performance Agreement dated as of July 1, 2021 between the City and the Company.

“Permitted Encumbrances” means, as of any particular time, as the same may encumber the Project Site, (a) liens for ad valorem taxes and special assessments not then delinquent, (b) the Indenture, the Lease and the Performance Agreement, (c) utility, access and other easements and rights-of-way, mineral rights, restrictions, exceptions and encumbrances that will not materially interfere with or impair the operations being conducted on the Project Site or easements granted to the City, (d) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Site and as do not in the aggregate materially

impair the property affected thereby for the purpose for which it was acquired or is held by the City, (e) liens or security interests granted pursuant to any Financing Document, and (f) such exceptions to title set forth in the [*Title Commitment File No. NCS-1049857-KCTY dated _____, 20__ issued by First American Title Insurance Company*].

“Person” means an individual, partnership, corporation, business trust, joint stock company, limited liability company, bank, insurance company, unincorporated association, joint venture or other entity of whatever nature.

“Plans and Specifications” means the plans and specifications prepared for and showing the Project, as amended by the Company from time to time before the Completion Date, the same being on file at the principal office of the Company, and which shall be available for reasonable inspection during normal business hours and upon not less than one Business Day’s prior notice by the City, the Trustee or their duly appointed representatives.

“Principal Amount Advanced” means the amount set forth in each requisition certificate in accordance with **Section 4.4** of the Lease, as reflected in the records maintained by the Trustee as provided in the Bonds and this Indenture.

“Project” means, collectively, the Project Site, the Project Improvements and the Project Equipment as they may at any time exist.

“Project Costs” means all costs of purchasing and constructing the Project, including the following:

(a) all costs and expenses necessary or incident to the acquisition, construction and equipping of the Project Improvements on the Project Site and the acquisition and installation of the Project Equipment within the Project Improvements, which the Company conveys to the City;

(b) fees and expenses of architects, appraisers, surveyors and engineers for estimates, surveys, soil borings and soil tests and other preliminary investigations and items necessary to the commencement of construction, preparation of plans, drawings and specifications and supervision of construction, as well as for the performance of all other duties of professionals and consultants in relation to the purchase and construction of the Project or the issuance of the Bonds;

(c) all costs and expenses of every nature incurred in purchasing and constructing the Project Improvements and otherwise improving the Project Site and purchasing and installing the Project Equipment, including the actual cost of labor and materials, machinery, furnishings and equipment as payable to contractors, builders and materialmen in connection with the purchase and construction of the Project;

(d) interest accruing on the Bonds until the Completion Date;

(e) the cost of any insurance maintained in accordance with **Article VII** of the Lease;

(f) reasonable expenses of administration, supervision and inspection properly chargeable to the Project, legal fees and expenses, including fees of bond counsel, fees and expenses of accountants and other consultants, publication and printing expenses and initial fees

and expenses of the Trustee to the extent that said fees and expenses are necessary or incident to the issuance and sale of the Bonds or the purchase and construction of the Project;

(g) all other items of expense not elsewhere specified in this definition as may be necessary or incident to: (1) the authorization, issuance and sale of the Bonds, including costs of issuance of the Bonds; (2) the purchase and construction of the Project; and (3) the financing thereof; and

(h) reimbursement to the Company or those acting for it for any of the above enumerated costs and expenses incurred and paid by them before or after the execution of the Lease.

“Project Equipment” means all items of machinery, equipment and other personal property transferred to the City before the Completion Date for installation in the Project Improvements pursuant to **Article IV** of the Lease and paid for in whole from proceeds of the Bonds.

“Project Fund” means the “City of Sikeston, Missouri, Project Fund -- Carlisle Construction Materials, LLC” created in **Section 501**.

“Project Improvements” means the buildings, structures, improvements and fixtures to be purchased, constructed, installed and otherwise improved on the Project Site pursuant to **Article IV** of the Lease and paid for in whole from proceeds of the Bonds, and all additions, alterations, modifications and improvements thereof made pursuant to the Lease.

“Project Site” means all of the real estate described in **Exhibit A** and by this reference made a part hereof.

“Purchaser” means the entity identified in the Bond Purchase Agreement as the purchaser of the Bonds.

“Responsible Officer” means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such Person’s knowledge of and familiarity with the particular subject and who has direct responsibility for the administration of this Indenture.

“State” means the State of Missouri.

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

“Supplemental Lease” means any supplement or amendment to the Lease entered into pursuant to **Article XII**.

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

“Trustee” means Security Bank of Kansas City, Kansas City, Kansas, a state banking corporation duly organized and existing and authorized to accept and execute trusts of the character

herein set forth under the laws of the State of Kansas, and its successor or successors and any other corporation which at the time may be substituted in its place pursuant to and at the time serving as Trustee under this Indenture.

“Unassigned Rights” means the City’s rights under the Lease to receive moneys for its own account and the City’s rights to indemnification or to be protected from liabilities by insurance policies required by the Lease, as provided in the Lease.

Section 102. Rules of Interpretation.

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(b) Unless the context otherwise indicates, words importing the singular number shall include the plural and vice versa, and words importing Persons shall include firms, associations and corporations, including governmental entities, as well as natural Persons.

(c) Wherever in this Indenture it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant to make such payment or to perform, or not to perform, as the case may be, such act or obligation.

(d) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are, unless otherwise specified, to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(d) The Table of Contents and the Article and Section headings of this Indenture shall not be treated as a part of this Indenture or as affecting the true meaning of the provisions hereof.

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

Section 103. Date of Indenture. The dating of this Indenture as of July 1, 2021, is intended as and for the convenient identification of this Indenture only and is not intended to indicate that this Indenture was executed and delivered on said date, this Indenture being executed and delivered and becoming effective simultaneously with the initial issuance of the Bonds.

ARTICLE II

THE BONDS

Section 201. Title and Amount of Bonds. No Bonds may be issued under this Indenture except in accordance with the provisions of this Article. The Bonds authorized to be issued under this Indenture shall be designated as the “City of Sikeston, Missouri, Taxable Industrial Revenue Bonds (Carlisle Construction Materials, LLC Project), Series 2021.” The maximum total principal amount of Bonds that may be issued hereunder is hereby expressly limited to \$85,000,000.

Section 202. Nature of Obligation. The Bonds and the interest thereon shall be special obligations of the City payable solely out of the rents, revenues and receipts derived by the City from the Project and the Lease and not from any other fund or source of the City. The Bonds are secured by a pledge and assignment of the Trust Estate to the Trustee in favor of the Owners, as provided in this Indenture. The Bonds and the interest thereon shall not constitute general obligations of the City, the State or any political subdivision thereof, and none of the City, the State or any political subdivision thereof shall be liable thereon, and the Bonds shall not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction and are not payable in any manner by taxation.

Section 203. Denomination, Number and Dating of the Bonds.

(a) The Bonds shall be issuable in the form of one fully-registered Bond, in substantially the form set forth in **Exhibit B**, in the denomination of \$0.01 or any multiple thereof.

(b) The Bonds shall be dated by the Trustee as of the date of initial delivery thereof as provided herein. If the Bonds are at any time thereafter transferred, any replacement Bonds shall be dated as of the date of authentication thereof.

Section 204. Method and Place of Payment of Bonds.

(a) The principal of and interest 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 payment of public and private debts.

(b) Payment of the principal of the Bonds shall be made upon the presentation and surrender of such Bonds at the principal payment office of any Paying Agent named in the Bonds. The payment of principal of the Bonds shall be noted on the Bonds on **Schedule I** thereto and the registration books maintained by the Trustee pursuant to **Section 206**. Payment of the interest on the Bonds shall be made by the Trustee on each Payment Date to the Person appearing on the registration books of the Trustee hereinafter provided for as the Owner thereof on the 15th day (whether or not a Business Day) of the calendar month next preceding such Payment Date by check or draft mailed to such Owner at such Owner's address as it appears on such registration books.

(c) The Bonds and the original **Schedule I** thereto shall be held by the Trustee in trust, unless otherwise directed in writing by the Owner. If the Bonds are held by the Trustee, the Trustee shall, on each Payment Date, send a revised copy of **Schedule I** via facsimile or other electronic means to the Owner, the Company (if not the Owner) and the City. Absent manifest error, the amounts shown on **Schedule I** as noted by the Trustee shall be conclusive evidence of the principal amount paid on the Bonds.

(d) If there is one Owner of the Bonds, the Trustee is authorized to make the final or any interim payments of principal of such Bonds by internal bank transfer or by electronic transfer to an account at a commercial bank or savings institution designated in writing by such Owner and located in the United States. The Trustee is also authorized to make interest payments on such Bonds by internal bank transfer or by electronic transfer to an account at a commercial bank or savings institution designated by such Owner and located in the United States.

(e) If the Company or any Financing Party is the sole Owner of the Bonds and the lessee under the Lease, then the Owner may set-off its obligation to the City as lessee under the Lease against the City's obligation to the bondholder under this Indenture; provided that, at all times that the Owner is the only bondholder and the lessee under the Lease, such set-off shall be deemed to occur and payment under this Indenture shall be deemed to have been made. The Company shall provide the Trustee with a written statement confirming such ownership upon which the Trustee may conclusively rely. In connection with any such permitted set-off the Trustee may conclusively rely on the absence of any written notice from the Company to the contrary as evidence that such set-off has occurred. On the final Payment Date, the Owner may deliver the Bonds to the Trustee for cancellation, and the Owner, as lessee under the Lease, shall receive a credit against the Basic Rent payable by the lessee under **Section 5.1** of the Lease in an amount equal to the principal of the Bonds so tendered for cancellation plus accrued interest thereon.

Section 205. Execution and Authentication of Bonds.

(a) The Bonds shall be executed on behalf of the City by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk and shall have the corporate seal of the City affixed thereto or imprinted thereon. If any officer whose signature or facsimile thereof appears on the Bonds ceases 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 signed by such Persons as at the actual time of the execution of such Bond are the proper officers to sign such Bond although at the date of such Bond such Persons may not have been such officers.

(b) The Bonds shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in **Exhibit B**, 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 purposes until such Certificate of Authentication has been duly executed by the Trustee. The 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 signatory of the Trustee.

Section 206. Registration, Transfer and Exchange of Bonds.

(a) The Trustee shall keep books for the registration and transfer of Bonds as provided in this Indenture.

(b) The Bonds may be transferred to an Approved Investor only upon the books kept for the registration and transfer of Bonds upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or such Owner's attorney or legal representative in such form as shall be satisfactory to the Trustee. In connection with any such transfer of the Bonds, the City and the Trustee shall receive an executed representation letter signed by the proposed assignee in substantially the form of **Exhibit C**. The Trustee has no duty or obligation to confirm that any transferee that provides such representation letter is an Approved Investor. Upon any such transfer, the City shall execute and the Trustee shall authenticate and deliver in exchange for such Bond a new fully-registered Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this Indenture, in an aggregate principal amount equal to the Outstanding principal amount of such Bond, of the same maturity and bearing interest at the same rate.

(c) In all cases in which Bonds are exchanged or transferred hereunder the provisions of any legend restrictions on the Bonds shall be complied with and the City shall execute and the Trustee shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchange or transfer shall forthwith be canceled by the Trustee. The City or the Trustee may make a reasonable charge for every such exchange or transfer of Bonds sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and such charge shall be paid before any such new Bond shall be delivered. Neither the City nor the Trustee shall be required to make any such exchange or transfer of Bonds during the 15 days immediately preceding a Payment Date on the Bonds or, in the case of any proposed redemption of Bonds, during the 15 days immediately preceding the selection of Bonds for such redemption or after such Bonds or any portion thereof has been selected for redemption.

(d) If any Owner fails to provide a certified taxpayer identification number to the Trustee, the Trustee may make a charge against such Owner sufficient to pay any governmental charge required to be paid as a result of such failure, which amount may be deducted by the Trustee from amounts otherwise payable to such Owner under such Owner's Bond.

Section 207. Persons Deemed Owners of Bonds. As to any Bond, the Person in whose name the same is registered as shown on the bond registration books required by **Section 206** shall be deemed and regarded as the absolute owner thereof for all purposes. Payment of or on account of the principal of and interest on any such Bond shall be made only to or upon the order of the Owner thereof or a legal representative thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.

Section 208. Authorization of the Bonds.

(a) The Bonds are authorized in the aggregate maximum principal amount of \$85,000,000 for the purpose of providing funds to pay Project Costs, which Bonds shall be designated the "City of Sikeston, Missouri, Taxable Industrial Revenue Bonds (Carlisle Construction Materials, LLC Project), Series 2021." The Bonds shall be dated as provided in **Section 203(b)**, shall become due on December 1 of the 20th calendar year following the Completion Date (subject to prior redemption as provided in **Article III**) and shall bear interest as specified in **Section 208(f)**, payable on the dates specified in **Section 208(f)**.

(b) The Trustee is hereby designated as the Paying Agent. The Owners of a majority of Bonds then-Outstanding may designate a different Paying Agent upon written notice to the City and the Trustee.

(c) The Bonds shall be executed without material variance from the form and in the manner set forth in **Exhibit B** and delivered to the Trustee for authentication. Prior to or simultaneously with the authentication and delivery of the Bonds by the Trustee, there shall be filed with the Trustee the following:

- (1) a certified copy of the Ordinance;
- (2) executed counterparts or copies of this Indenture, the Lease, the Performance Agreement and the Bond Purchase Agreement;

(3) a representation letter from the Purchaser in substantially the form attached as **Exhibit C**;

(4) a request and authorization to the Trustee on behalf of the City, executed by the Authorized City Representative, to authenticate the Bonds and deliver the same to or at the written direction of the Purchaser upon payment to the Trustee, for the account of the City, of the purchase price thereof specified in the Bond Purchase Agreement. The Trustee shall be entitled to conclusively rely upon such request and authorization as to the name of the Purchaser and the amount of such purchase price; and

(5) such other certificates, statements, receipts and documents as the Trustee shall reasonably require for the delivery of the Bonds.

(d) When the documents specified in subsection (c) of this Section have been filed with the Trustee, and when the Bonds have been executed and authenticated as required by this Indenture, either:

(1) the Purchaser shall pay the Closing Price to the Trustee, and the Trustee shall endorse the Bonds in an amount equal to the Closing Price and then either hold the Bonds in trust or if so directed in writing deliver the Bonds to or upon the order of the Purchaser; or

(2) the Company shall submit a requisition certificate in accordance with **Section 4.4** of the Lease, in an amount equal to the Closing Price, and the Trustee shall authenticate and endorse the Bonds in an amount equal to the Closing Price and then either hold the Bonds in trust or if so directed in writing deliver the Bonds to the Company (or another purchaser designated by the Company).

In either case, the Purchaser shall be deemed to have paid over to the Trustee, and the Trustee shall be deemed to have deposited into the Project Fund, an amount equal to the Closing Price.

(e) Following the initial issuance and delivery of the Bonds, the Company may submit additional requisition certificates in accordance with **Section 4.4** of the Lease. If the Purchaser does not pay to the Trustee the amount set forth in the requisition certificate, the Purchaser will be deemed to have advanced an amount equal to the amount set forth in the requisition certificate and, if the Trustee is holding the Bonds, the Trustee shall endorse the Bonds in an amount equal to the amount set forth in each requisition certificate. The date of endorsement of each Principal Amount Advanced as set forth on **Schedule I** to the Bonds shall be the date of the City's approval of each requisition certificate. The Trustee shall keep a record of the total requisitions submitted to the Trustee for the Project, and shall notify the City if the requisitions submitted exceed the maximum principal amount of the Bonds.

(f) The Bonds shall bear interest at the rate of 5.0% per annum on the Cumulative Outstanding Principal Amount of the Bonds. Such interest shall be payable in arrears on each December 1, commencing on December 1, 2021, and continuing thereafter until the Cumulative Outstanding Principal Amount is paid in full, but not later than December 1 of the 20th calendar year following the Completion Date. Interest shall be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each.

(g) The Trustee shall keep and maintain a record of the amount deposited or deemed to be deposited into the Project Fund pursuant to the terms of this Indenture as the "Principal Amount Advanced" and shall enter the aggregate principal amount of the Bonds then-Outstanding on its records as the "Cumulative Outstanding Principal Amount." If the Trustee is holding the Bonds, such advanced

amounts shall be reflected on **Schedule I** to the Bonds. To the extent that advances are deemed to have been made pursuant to a requisition, the Trustee's records of such advances shall be based solely on the requisitions provided to it. On each date upon which a portion of the Cumulative Outstanding Principal Amount is paid to the Owners, pursuant to the redemption provisions of this Indenture, the Trustee shall enter on its records and **Schedule I** to the Bonds, if the Trustee is holding the Bonds, the principal amount paid on the Bonds as the "Principal Amount Redeemed" and shall enter the then-Outstanding principal amount of the Bonds as the "Cumulative Outstanding Principal Amount." The records maintained by the Trustee as to amounts deposited into the Project Fund or principal amounts paid on the Bonds shall be the official records of the Cumulative Outstanding Principal Amount for all purposes, absent manifest error, and shall be in substantially the form of the Table of Cumulative Outstanding Principal Amount as set out in the form of Bonds in **Exhibit B**. To the extent the Company sets-off its obligation to the City as lessee under the Lease against the City's obligation to the Company as permitted by **Section 204(e)** the Trustee shall not be required to confirm that such set-off has occurred. If any moneys are deposited by the Trustee into the Project Fund, then the Trustee shall provide a statement of receipts and disbursements with respect thereto to the City and the Company on a monthly basis. After the Project has been completed and the certificate of payment of all costs is filed as provided in **Section 504**, the Trustee, to the extent it has not already done so pursuant to this Section or **Section 1012**, shall file a final statement of receipts and disbursements with respect thereto with the City and the Company.

Section 209. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond becomes mutilated or is lost, stolen or destroyed, the City shall execute and the Trustee shall authenticate and deliver a new Bond of like series, 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 Trustee, together with indemnity satisfactory to the Trustee to save, defend and hold each of the City and the Trustee harmless. If any such Bond has matured, instead of delivering a substitute Bond, the Trustee may pay the same without surrender thereof. Upon the issuance of any substitute Bond, 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.

Section 210. Cancellation and Destruction of Bonds Upon Payment.

(a) All Bonds that have been paid or redeemed or that the Trustee has purchased or that have otherwise been surrendered to the Trustee under this Indenture, either at or before maturity shall be canceled by the Trustee immediately upon the payment, redemption or purchase of such Bonds and the surrender thereof to the Trustee.

(b) All Bonds canceled under any of the provisions of this Indenture shall be destroyed by the Trustee in accordance with applicable laws and regulations and the Trustee's policies and practices. The Trustee shall execute a certificate describing the Bonds so destroyed, and shall file executed counterparts of such certificate with the City and the Company.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Bonds.

(a) The Bonds are subject to redemption and payment at any time before the stated maturity thereof, at the option of the City, upon written instructions from the Company, (1) in whole, if the Company, in accordance with the terms of the Lease, exercises its option to purchase the Project and deposits an amount sufficient to effect such purchase pursuant to the Lease on the applicable redemption date, or (2) in part, if the Company prepays additional Basic Rent pursuant to the Lease. If only a portion of the Bonds are to be redeemed, (A) Bonds aggregating at least 10% of the maximum aggregate principal amount of Bonds authorized hereunder shall not be subject to redemption and payment before the stated maturity thereof, and (B) the Trustee shall keep a record of the amount of Bonds to remain Outstanding following such redemption. Any redemption of Bonds pursuant to this paragraph shall be at a redemption price equal to the par value thereof being redeemed, plus accrued interest thereon, without premium or penalty, to the redemption date.

(b) The Bonds are subject to mandatory redemption, in whole or in part, to the extent of amounts deposited in the Bond Fund pursuant to **Section 9.1(f)** or **9.2(c)** of the Lease, in the event of substantial damage to or destruction or condemnation of substantially all of the Project. Bonds to be redeemed pursuant to this paragraph shall be called for redemption by the Trustee on the earliest practicable date for which timely notice of redemption may be given as provided hereunder. Any redemption of Bonds pursuant to this paragraph shall be at a redemption price equal to the par value thereof being redeemed, plus accrued interest thereon, without premium or penalty, to the redemption date. Before giving notice of redemption to the Owners pursuant to this paragraph (b), money in an amount equal to the redemption price shall have been deposited in the Bond Fund.

(c) At its option, the Company may deliver to the Trustee for cancellation any Bonds owned by the Company and not previously paid, and the Company shall receive a credit against the amounts payable by the Company for the redemption of such Bonds in an amount equal to the principal amount of the Bonds so tendered for cancellation, plus accrued interest.

Section 302. Effect of Call for Redemption. Before or on the date fixed for redemption, funds, Government Securities or a combination thereof, shall be placed with the Trustee which are sufficient to pay the Bonds called for redemption and accrued interest thereon, if any, to the redemption date. Upon the happening of the above conditions and appropriate written notice having been given, the Bonds or the portions of the principal amount of Bonds thus called for redemption shall cease to bear interest on the specified redemption date, shall no longer be entitled to the protection, benefit or security of this Indenture and shall not be deemed to be Outstanding under the provisions of this Indenture. If the Bonds are fully redeemed before maturity and an amount of money equal to the Trustee's and the Paying Agent's agreed to fees and expenses hereunder accrued and to accrue in connection with such redemption is paid or provided for, the City shall, at the Company's direction, deliver to the Company the items described in **Section 11.2** of the Lease.

Section 303. Notice of Redemption. If the Bonds are to be called for redemption as provided in **Section 301(a)**, the Company shall deliver written notice to the City and the Trustee that it has elected

to redeem all or a portion of the Bonds at least 40 days (10 days if there is one Owner) before the scheduled redemption date. The Trustee shall then deliver written notice to the Owners at least 30 days (five days if there is one Owner) before the scheduled redemption date by first-class mail (or facsimile, if there is one Owner) stating the date upon which the Bonds will be redeemed and paid, unless such notice period is waived by the Owners in writing.

ARTICLE IV

FORM OF BONDS

Section 401. Form Generally. The Bonds and the Trustee's Certificate of Authentication to be endorsed thereon shall be issued in substantially the forms set forth in **Exhibit B**. 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 requirements of law with respect thereto.

ARTICLE V

CUSTODY AND APPLICATION OF BOND PROCEEDS

Section 501. Creation of Funds. There are hereby created and ordered to be established in the custody of the Trustee the following special trust funds in the name of the City:

- (a) "City of Sikeston, Missouri, Project Fund -- Carlisle Construction Materials, LLC" (herein called the "Project Fund").
- (b) "City of Sikeston, Missouri, Bond Fund -- Carlisle Construction Materials, LLC" (herein called the "Bond Fund").

Section 502. Deposits into the Project Fund. The proceeds of the sale of the Bonds (whether actually paid or deemed paid under **Section 208(d)**), including Additional Payments as defined in the Bond Purchase Agreement, when received, excluding such amounts required to be paid into the Bond Fund pursuant to **Section 601**, shall be deposited by the Trustee into the Project Fund. Any money received by the Trustee from any other source for the purpose of purchasing, constructing and installing the Project shall pursuant to any written directions from the Person depositing such moneys also be deposited into the Project Fund.

Section 503. Disbursements from the Project Fund.

(a) The moneys in the Project Fund shall be disbursed by the Trustee for the payment of, or reimbursement to the Company (or any other party that has made payment on behalf of the Company) for payment of, Project Costs upon receipt of requisition certificates signed by the Company in accordance with the provisions of **Article IV** of the Lease. The Trustee hereby covenants and agrees to disburse such moneys in accordance with such provisions.

(b) If, pursuant to **Section 208(d)** or **(e)**, the Trustee is deemed to have deposited into the Project Fund the amount specified in a requisition certificate submitted by the Company to the Trustee in accordance with the provisions of **Article IV** of the Lease, the Trustee shall upon endorsement of the

Bonds in an equal amount be deemed to have disbursed such funds from the Project Fund to the Company (or such other purchaser designated by the Company) in satisfaction of such requisition certificate. If the Trustee is holding the Bonds such deemed disbursement will be deemed to have been made on the date the Trustee endorses the Bonds with respect to such additional amount.

(c) In paying any requisition under this Section, the Trustee may rely as to the completeness and accuracy of all statements in such requisition certificate if such requisition certificate is signed by the Authorized Company Representative. If the City so requests in writing, a copy of each requisition certificate submitted to the Trustee for payment under this Section shall be promptly provided by the Trustee to the City. The City hereby authorizes and directs the Trustee to make disbursements in the manner and as provided for by the aforesaid provisions of the Lease.

Section 504. Completion of the Project. The completion of the purchase, construction and installation of the Project and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of the certificate required by the provisions of **Section 4.5** of the Lease. As soon as practicable after the Completion Date any balance remaining in the Project Fund shall without further authorization be transferred by the Trustee to the Bond Fund and applied as provided in **Section 4.6** of the Lease.

Section 505. Disposition Upon Acceleration. If the principal of the Bonds has become due and payable pursuant to **Section 902**, upon the date of payment by the Trustee of any moneys due as hereinafter provided in **Article IX**, any balance remaining in the Project Fund shall without further authorization be deposited in the Bond Fund by the Trustee, with advice to the City and the Company of such action.

ARTICLE VI

REVENUES AND FUNDS

Section 601. Deposits into the Bond Fund.

(a) The Trustee shall deposit into the Bond Fund, as and when received, (1) all accrued interest on the Bonds, if any, paid by the Purchaser; (2) all Basic Rent payable by the Company to the City specified in **Section 5.1** of the Lease; (3) any Additional Rent payable by the Company specified in **Section 5.2** of the Lease; (4) any amount in the Project Fund to be transferred to the Bond Fund pursuant to **Section 504** upon completion of the Project or pursuant to **Section 505** upon acceleration of the Bonds; (5) subject to the terms and conditions of any Financing Document with respect to the use thereof, the balance of any Net Proceeds of condemnation awards or insurance received by the Trustee pursuant to **Article IX** of the Lease; (6) the amounts to be deposited in the Bond Fund pursuant to **Sections 9.1(f)** and **9.2(c)** of the Lease; (7) all interest and other income derived from investments of Bond Fund moneys as provided in **Section 702**; and (8) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease when accompanied by directions from the Person depositing such moneys that such moneys are to be paid into the Bond Fund.

(b) Whether or not deposits are being made to the Trustee, the Trustee shall notify the Company in writing, at least 15 days before each date on which a payment is due under **Section 5.1** of the Lease, of the amount that is payable by the Company pursuant to such Section.

Section 602. Application of Moneys in the Bond Fund.

(a) Except as provided in **Section 604** and **Section 908** hereof and **Section 4.6** of the Lease, moneys in the Bond Fund shall be expended solely for the payment of the principal of and interest on the Bonds as the same matures and becomes due or upon the redemption thereof before maturity; provided, however, that any amounts received by the Trustee as Additional Rent under **Section 5.2** of the Lease and deposited to the Bond Fund as provided in **Section 601** above, shall be expended by the Trustee for such items of Additional Rent as they are received or due without further authorization from the City.

(b) The City hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay the principal of and interest on the Bonds as the same becomes due and payable and to make said funds so withdrawn available to the Paying Agent for the purpose of paying said principal and interest.

(c) Whenever the amount in the Bond Fund from any source whatsoever is sufficient to redeem all of the Bonds Outstanding and to pay interest to accrue thereon before and until such redemption, the City covenants and agrees, upon request of the Company, to 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 as may be specified by the Company. The Trustee may use any moneys in the Bond Fund to redeem a part of the Bonds Outstanding in accordance with and to the extent permitted by **Article III** so long as the Company is not in default with respect to any payments under the Lease and to the extent said moneys are in excess of the amount required for payment of Bonds theretofore matured or called for redemption and past due interest, if any, in all cases when such Bonds have not been presented for payment.

(d) After payment in full of the principal of and interest, if any, on the Bonds (or provision has been made for the payment thereof as provided in this Indenture) and the fees, charges and expenses of the Trustee, the City and any Paying Agent and any other amounts required to be paid under this Indenture, the Lease and the Performance Agreement, all amounts remaining in the Bond Fund shall be paid to the Company upon the expiration or sooner termination of the Lease.

Section 603. Payments Due on Days Other than Business Days. In any case where the date of maturity of principal of or interest, if any, on the Bonds or the date fixed for redemption of any Bonds is not a Business Day, then payment of principal or interest, if any, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest, if any, shall continue to accrue for the period after such date.

Section 604. Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the City to the Owner 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 Owner 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 is not presented for payment within one year following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall without liability for interest thereon repay to the Company 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 Company, and the Owner thereof may look only to the Company for payment, and then only to the extent of the amount so repaid, and the Company shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

ARTICLE VII

SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 701. Moneys to be Held in Trust. All moneys deposited with or paid to the Trustee for account of the Bond Fund or the Project Fund under any provision of this Indenture, and all moneys deposited with or paid to any Paying Agent under any provision of this Indenture, shall be held by the Trustee or Paying Agent in trust and shall be applied only in accordance with the provisions of this Indenture and the Lease, and, until used or applied as 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.

Section 702. Investment of Moneys in Project Fund and Bond Fund. Moneys held in the Project Fund and the Bond Fund shall, pursuant to written direction of the Company, signed by the Authorized Company Representative, be separately invested and reinvested by the Trustee in Investment Securities which mature or are subject to redemption by the Owner before the date such funds will be needed. If the Company fails to provide written directions concerning investment of moneys held in the Project Fund and the Bond Fund, the Trustee shall hold such amounts uninvested in cash. The Trustee may conclusively rely upon the Authorized Company Representative's written instructions as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Investment Securities. The Trustee is specifically authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees and cash sweep account fees, which may be deducted from income earned on investments; provided that any such fees shall not exceed the interest income on the investment. Any such Investment Securities shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Investment Securities shall be credited to such fund, and any loss resulting from such Investment Securities shall be charged to such fund. After the Trustee has notice pursuant to **Section 1001(h)** of the existence of an Event of Default, the Trustee shall direct the investment of moneys in the Bond Fund and the Project Fund. The Trustee shall sell and reduce to cash a sufficient amount of such Investment Securities whenever the cash balance in any fund is insufficient for the purposes of such fund. In determining the balance in any fund, investments in such fund shall be valued at the lower of their original cost or their fair market value as of the most recent Payment Date. The Trustee may make any and all investments permitted by the provisions of this Section through its own bond department or any affiliate or short-term investment department.

Section 703. Record Keeping. The Trustee shall maintain records designed to show compliance with the provisions of this Article and with the provisions of **Article VI** while any of the Bonds are Outstanding.

ARTICLE VIII

GENERAL COVENANTS AND PROVISIONS

Section 801. Payment of Principal and Interest. The City covenants and agrees that it will, but solely from the rents, revenues and receipts derived from the Project and the Lease as described herein, deposit or cause to be deposited in the Bond Fund sufficient sums payable under the Lease promptly to meet and pay the principal of and interest on the Bonds as they become due and payable at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof. Nothing herein shall be construed as requiring the City to operate the Project as a business other than as lessor or to use any funds or revenues from any source other than funds and revenues derived from the Project.

Section 802. Authority to Execute Indenture and Issue Bonds. The City covenants that it is duly authorized under the Constitution and laws of the State to execute this Indenture, to issue the Bonds and to pledge and assign the Trust Estate in the manner and to the extent herein set forth; that all action on its part for the execution and delivery of this Indenture and the issuance of the Bonds has been duly and effectively taken; that the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the City according to the import thereof.

Section 803. Performance of Covenants. The City covenants that it will faithfully perform or cause to be performed at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in the Bonds and in all proceedings of its City Council pertaining thereto. The Trustee may take such action as it deems appropriate to enforce all such covenants, undertakings, stipulations and provisions of the City hereunder.

Section 804. Instruments of Further Assurance. The City covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Indentures and such further acts, instruments, financing statements and other documents as the Trustee may reasonably require for the better pledging and assigning unto the Trustee the property and revenues herein described to the payment of the principal of and interest, if any, on the Bonds, upon being first indemnified by the Company for the cost thereof. The City covenants and agrees that, except as herein and in the Lease provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project or the rents, revenues and receipts derived therefrom or from the Lease, or of its rights under the Lease.

Section 805. Recordings and Filings. The City shall file or cause to be kept and filed all financing statements and hereby authorizes and directs the Trustee to file or cause to be kept and filed continuation statements with respect to such originally filed financing statements related to this Indenture and all supplements hereto and such other documents as may be required under the Uniform Commercial Code to fully preserve and protect the security of the Owners and the rights of the Trustee hereunder. The City will cooperate in causing this Indenture and all Supplemental Indentures, the Lease and all Supplemental Leases and all other security instruments to be recorded and filed in such manner and in such places as may be required by law to fully preserve and protect the security of the Owners and the rights of the Trustee hereunder. The Trustee shall file continuation statements with respect to each Uniform Commercial Code financing statement relating to the Trust Estate filed by the City at the time of the issuance of the Bonds; provided that a copy of the filed initial financing statement is timely delivered to the Trustee. In addition, unless the Trustee has been notified in writing by the City that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in

(a) relying on such initial filing and description of collateral in filing any financing or continuation statements or modifications thereto pursuant to this Section, and (b) filing any continuation statements in the same filing office as the initial filing was made. The Company shall be responsible for the customary fees charged by the Trustee for the preparation and filing of continuation statements and for the reasonable costs incurred by the Trustee in the preparation and filing of all continuation statements hereunder, including attorneys' fees and expenses. These fees shall be considered "extraordinary services" fees.

Section 806. Inspection of Project Books. The City covenants and agrees that all books and documents in its possession relating to the Project and the rents, revenues and receipts derived from the Project shall at all times be open to inspection by such accountants or other agencies as the Trustee may from time to time designate.

Section 807. Enforcement of Rights Under the Lease. The Trustee, as assignee, transferee, pledgee and owner of a security interest under this Indenture, in its name or in the name of the City, may enforce all assigned rights of the City and the Trustee and all obligations of the Company under and pursuant to the Lease for and on behalf of the Owners, whether or not the City is in default hereunder.

ARTICLE IX

DEFAULT AND REMEDIES

Section 901. Events of Default; Notice; Opportunity to Cure. If any of the following events occur, it is hereby defined as and declared to be and to constitute an "Event of Default":

- (a) Default in the due and punctual payment of the principal of any Bond, whether at the stated maturity or accelerated maturity thereof, or at any date fixed for the redemption thereof;
- (b) Default in the due and punctual payment of the interest on any Bond, whether at the stated maturity or accelerated maturity thereof, or at any date fixed for the redemption thereof;
- (c) Default as specified in **Section 12.1** of the Lease has occurred; or
- (d) Default in the performance or breach of any other covenant or agreement under this Indenture.

No default specified above shall constitute an Event of Default until the City, the Trustee or the Owners of 25% in aggregate principal amount of all Bonds Outstanding has given actual notice of such default by registered or certified mail or a recognized overnight delivery service to the Company and each Financing Party, and the Company and each Financing Party have had 30 days after receipt of such notice to correct said default or cause said default to be corrected and has not corrected said default or caused said default to be corrected within such period; provided, however, if any such default (other than a default in the payment of any money) is such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Company, any Financing Party or the City, as the case may be, within such period and diligently pursued until the default is corrected; provided, further that the Trustee is provided with a certification from the defaulting party to the effect that such default cannot be corrected within such period and the Company, any Financing Party or the City, as the case may be, has commenced or will promptly commence corrective action within such

period and will diligently pursue such action until the default is corrected. Nothing herein shall constitute an obligation of any Financing Party to cure any defaults hereunder.

Section 902. Acceleration of Maturity in Event of Default.

(a) If an Event of Default has occurred and is continuing after the notice and cure period described in **Section 901** elapses, the Trustee may, and upon the written request of the City or the Owners of not less than 25% in aggregate principal amount of Bonds then-Outstanding, shall, by notice in writing delivered to the City, each Financing Party and the Company, declare the principal of all Bonds then-Outstanding and the interest accrued thereon immediately due and payable, and such principal and interest and all other amounts due hereunder shall thereupon become and be immediately due and payable.

(b) If, at any time after such declaration, but before the Bonds have matured by their terms, all overdue installments of principal and interest upon the Bonds, together with the reasonable and proper expenses of the Trustee, and all other sums then payable by the City under this Indenture are either paid or provisions satisfactory to the Trustee are made for such payment, then and in every such case the Trustee shall, but only with the approval of a majority of the Owners of the Bonds then-Outstanding, rescind such declaration and annul such default in its entirety. In such event, the Trustee shall rescind any declaration of acceleration of installments of rent payments on the Bonds as provided in **Section 11.1** of the Lease.

(c) In case of any rescission, then and in every such case the City, the Trustee, the Company and the Owners shall be restored to their former positions and rights hereunder respectively, but no such rescission shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

Section 903. Surrender of Possession of Trust Estate; Rights and Duties of Trustee in Possession. If an Event of Default has occurred and is continuing after the notice and cure period described in **Section 901** elapses, the City, upon demand of the Trustee, shall forthwith surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Trust Estate, together with the books, papers and accounts of the City pertaining thereto, and including the rights and the position of the City under the Lease, and to hold, operate and manage the same, and from time to time make all needful repairs and improvements. The Trustee may lease the Project or any part thereof, in the name and for account of the City, and collect, receive and sequester the rents, revenues and receipts therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and set up proper reserves for the payment of all proper costs and expenses of so taking, holding and managing the same, including without limitation (a) reasonable compensation to the Trustee, its agents and counsel, (b) any reasonable charges of the Trustee hereunder, (c) any taxes and assessments and other charges before the lien of this Indenture, (d) all expenses of such repairs and improvements and (e) any amounts payable under the Performance Agreement. The Trustee shall apply the remainder of the moneys so received in accordance with the provisions of **Section 908**. Whenever all that is due upon the Bonds has been paid and all defaults cured, the Trustee shall surrender possession of the Trust Estate to the City, its successors or assigns, the same right of entry, however, to exist upon any subsequent Event of Default. While in possession of such property, the Trustee shall render annually to the City and the Company a summarized statement of receipts and expenditures in connection therewith.

Section 904. Appointment of Receivers in Event of Default. If an Event of Default has occurred and is continuing after the notice and cure period described in **Section 901** elapses, and upon the

filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate or any part thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Section 905. Exercise of Remedies by the Trustee.

(a) Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest on the Bonds then-Outstanding and all other amounts due hereunder, and to enforce and compel the performance of the duties and obligations of the City or the Company as herein set forth or as set forth in the Lease, respectively.

(b) If an Event of Default has occurred and is continuing after the notice and cure period described in **Section 901** elapses, and if requested in writing to do so by (1) the City (in the case of an Event of Default pursuant to **Section 12.1(a)** (but only as it relates to Additional Rent), **(b)** (but only as it relates to Unassigned Rights), **(c)** or **(d)** of the Lease), or (2) the Owners of 25% in aggregate principal amount of Bonds then-Outstanding and indemnified as provided in **Section 1001(l)**, 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 and in the interests of the City or the Owners, as the case may be.

(c) 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 necessity of joining as plaintiffs or defendants any Owners, and any recovery of judgment shall, subject to the provisions of **Section 908**, be for the equal benefit of all the Owners of the Outstanding Bonds.

Section 906. Limitation on Exercise of Remedies by Owners. No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred of which the Trustee has been notified as provided in **Section 1001(h)** or of which by said subsection the Trustee is deemed to have notice, (b) such default has become an Event of Default, (c) the Owners of 25% in aggregate principal amount of Bonds then-Outstanding have made written request to the Trustee, have offered it reasonable opportunity either to proceed for such reasonable period not to exceed 60 days following such notice and to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and have offered to the Trustee indemnity as provided in **Section 1001(l)**, and (d) the Trustee thereafter fails or refuses to exercise the powers herein granted or to institute such action, suit or proceeding in its own name; such notification, request and offer 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 Owners shall have any right in any manner whatsoever to affect, disturb or prejudice this Indenture by 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 Owners of all Bonds then-Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Owner to payment of the principal of and interest on any Bond at and after the

maturity thereof or the obligation of the City to pay the principal of and interest on each of the Bonds issued hereunder to the respective Owners thereof at the time, place, from the source and in the manner herein and in the Bonds expressed.

Section 907. Right of Owners to Direct Proceedings.

(a) The Owners of a majority in aggregate principal amount of Bonds then-Outstanding may, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture, including **Section 1001(l)**.

(b) Notwithstanding any provision in this Indenture to the contrary, including paragraph (a) of this Section, the Owners shall not have the right to control or direct any remedies hereunder upon an Event of Default under **Section 12.1(a)** (but only as it relates to Additional Rent), **(b)** (but only as it relates to Unassigned Rights), **(c)** or **(d)** of the Lease.

Section 908. Application of Moneys in Event of Default.

(a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall first be applied to the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee (including any attorneys' fees and expenses) or amounts to be paid pursuant to **Section 903** and second be applied to the obligations outstanding under the Lease and the Performance Agreement. Any remaining moneys shall be deposited in the Bond Fund and applied as follows:

(1) Unless the principal of all the Bonds has become or has been declared due and payable, all such moneys shall be applied:

FIRST -- To the payment to the Persons entitled thereto of all installments of interest, if any, then due and payable on the Bonds, in the order in which such installments of interest became due and payable, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege;

SECOND -- To the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due and payable (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment, ratably, according to the amount of principal due on such date, to the Persons entitled thereto, without any discrimination or privilege.

(2) If the principal of all the Bonds has become due or has been declared due and payable, all such moneys shall be applied to the payment of the principal and interest, if any, then due and unpaid on all of 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 or privilege.

(3) If the principal of all the Bonds has been declared due and payable, and if such declaration thereafter has been rescinded and annulled under the provisions of **Section 910**, then, subject to the provisions of subsection (2) of this Section if the principal of all the Bonds later becomes due or is declared due and payable, the moneys shall be applied in accordance with the provisions of subsection (1) of this Section.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available and which may become available for such application in the future. Whenever the Trustee shall apply such moneys, it shall fix the date (which shall be a Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue.

(c) Whenever all of the Bonds and interest thereon, if any, have been paid under the provisions of this Section, and all fees, expenses and charges of the City and the Trustee and any other amounts required to be paid under this Indenture and the Lease have been paid (including any amounts payable under the Performance Agreement), any balance remaining in the Bond Fund shall be paid to the Company as provided in **Section 602**.

Section 909. Remedies Cumulative. No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, power or remedy accruing upon any Event of Default 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; every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient. If the Trustee has proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry, or otherwise, and such proceedings have been discontinued or abandoned for any reason, or have been determined adversely, then and in every such case the City, the Company, the Trustee and the Owners 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 910. Waivers of Events of Default. The Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest, if any, on the Bonds, but only upon the written request of the Owners of at least 50% in aggregate principal amount of all the Bonds then-Outstanding; provided, however, that (a) there shall not be waived without the consent of the City an Event of Default hereunder arising from an Event of Default under **Section 12.1(a)** (but only as it relates to Additional Rent), **(b)** (but only as it relates to Unassigned Rights), **(c)** or **(d)** of the Lease, and (b) there shall not be waived without the consent of the Owners of all the Bonds Outstanding (1) any Event of Default in the payment of the principal of any Outstanding Bonds when due (whether at the date of maturity or redemption specified therein), or (2) any Event of Default in the payment when due of the interest on any such Bonds, unless before such waiver or rescission, all arrears of interest, or all arrears of payments of principal when due, as the case may be, and all reasonable expenses of the Trustee and the City (including reasonable attorneys' fees and expenses), in connection with such default, 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 has been discontinued or abandoned or

determined adversely, then and in every such case the City, the Company, the Trustee and the Owners shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

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 all ministerial duties and obligations of the City hereunder (except as otherwise provided in **Section 805**) 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, before the occurrence of an Event of Default and after the curing or waiver of all Events of Default that 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 has occurred and is continuing, subject to **Section 1001(I)** below, 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 Person would exercise or use under the circumstances in the conduct of its own affairs.

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

(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 endorsed on the Bonds), or except as provided in the Lease and particularly **Section 10.8** thereof, for the recording or rerecording, filing or refiling of this Indenture or any security agreement in connection therewith (excluding the continuation of Uniform Commercial Code financing statements), or for insuring the Project or collecting any insurance moneys, or for the validity of the execution by the City of this Indenture or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency of the security of the Bonds. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with **Article VII**.

(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 that it would have if it were not the Trustee. The Trustee shall not be accountable for the use or application by the City or the Company of the proceeds of any of the Bonds or of any money paid to or upon the order of the City or the Company under any provision of this Indenture.

(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. 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 an Owner, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or upon transfer or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, or whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Trustee may rely upon a certificate signed by an Authorized City Representative or an Authorized Company Representative as sufficient evidence of the facts therein contained, and before the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section or of which by said subsection 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 in **Article VI**, unless a Responsible Officer of the Trustee is specifically notified in writing of such default by the City or by the Owners of at least 25% in aggregate principal amount of all Bonds then-Outstanding.

(i) At any and all reasonable times and subject to the Company's reasonable and standard security procedures, the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives may, but shall not be required to, inspect any and all of the Project, and all books, papers and records of the City pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired. The Trustee shall treat all proprietary information of the Company as confidential.

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

(k) The Trustee may, 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 desirable for the purpose of establishing the right of the City to the authentication of any Bonds, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee.

(l) Notwithstanding anything in this Indenture or the Lease to the contrary, before taking any action under this Indenture other than the payments from moneys on deposit in the Project Fund or the Bond Fund, as provided herein, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses to which it may be put and to protect it against all liability which it may incur in or by reason of such action, except liability which is adjudicated to have resulted from its negligence or willful misconduct by reason of any action so taken.

(m) Notwithstanding any other provision of this Indenture to the contrary, any provision relating to the conduct of or intended to provide authority to act, right to payment of fees and expenses, protection, immunity and indemnification to the Trustee, shall be interpreted to include any action of the Trustee, whether it is deemed to be in its capacity as Trustee, bond registrar or Paying Agent.

(n) No provision of this Indenture or any other agreement executed in connection herewith shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

Section 1002. Fees, Charges and Expenses of the Trustee. The Trustee shall be entitled to payment of and/or reimbursement for reasonable fees for its ordinary services rendered hereunder and all advances, agent and counsel fees and other ordinary expenses reasonably made or incurred by the Trustee in connection with such ordinary services. If it becomes necessary for the Trustee to perform extraordinary services, it shall be entitled to reasonable extra compensation therefor and to reimbursement for reasonable extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are caused by the neglect or willful misconduct of the Trustee, it shall not be entitled to compensation or reimbursement therefor. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent for the Bonds. Pursuant to the provisions of **Section 5.2** of the Lease, the Company has agreed to pay to the Trustee all reasonable fees, charges and expenses of the Trustee under this Indenture. The Trustee agrees that the City shall have no liability for any reasonable fees, charges and expenses of the Trustee, and the Trustee agrees to look only to the Company for the payment of all reasonable fees, charges and expenses of the Trustee and any Paying Agent as provided in the Lease. Upon the occurrence of an Event of Default and during its continuance, the Trustee shall have a lien with right of payment before payment on account of principal of or interest on any Bond, upon all moneys in its possession under any provisions hereof for the foregoing reasonable advances, fees, costs and expenses incurred. The Trustee's right to compensation and indemnification shall survive the satisfaction and discharge of this Indenture or its resignation or removal hereunder and payment in full of the Bonds.

Section 1003. Notice to Owners if Default Occurs. If a default occurs of which the Trustee is by **Section 1001(h)** required to take notice or if notice of default is given as in said subsection (h) provided, then the Trustee shall give written notice thereof to the last known Owners of all Bonds then-Outstanding as shown by the bond registration books required by **Section 206** to be kept at the corporate trust office of the Trustee.

Section 1004. Intervention by the Trustee. In any judicial proceeding to which the City is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners, the Trustee may intervene on behalf of Owners and, subject to the provisions of **Section 1001(I)**, shall do so if requested in writing by the Owners of at least 25% of the aggregate principal amount of Bonds then-Outstanding.

Section 1005. Successor Trustee Upon Merger, Consolidation or Sale. With the prior written consent of the Company, any corporation or association into which the Trustee may be merged or converted or with or into which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any merger, conversion, sale, consolidation or transfer to which it is a party, shall be and become successor Trustee hereunder and shall be vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereunder as was its predecessor, without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

Section 1006. Resignation of Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days' written notice to the City, the Company and the Owners, and such resignation shall take effect at the end of such 30 days, or upon the earlier appointment of a successor Trustee by the Owners or by the City; provided, however, that in no event shall the resignation of the Trustee or any successor trustee become effective until such time as a successor Trustee has been appointed and has accepted the appointment. If no successor has been appointed and accepted the appointment within 30 days after the giving of such notice of resignation, the Trustee may, at the Company's expense, petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 1007. Removal of Trustee. The Trustee may be removed at any time, with or without cause, by an instrument or concurrent instruments in writing (a) delivered to the Trustee, the City and the Company and signed by the Owners of a majority in aggregate principal amount of Bonds then-Outstanding, or (b) so long as no Event of Default under this Indenture or the Lease shall have occurred and be continuing, delivered to the Trustee, the City and the Owners and signed by the Company.

Section 1008. Appointment of Successor Trustee. If the Trustee hereunder resigns or is removed, or otherwise becomes incapable of acting hereunder, or if it is taken under the control of any public officer or officers or of a receiver appointed by a court, a successor Trustee (a) reasonably acceptable to the City may be appointed by the Company (so long as no Event of Default has occurred and is continuing), or (b) reasonably acceptable to the City and the Company may be appointed by the Owners of a majority in aggregate principal amount of Bonds then-Outstanding, by an instrument or concurrent instruments in writing; provided, nevertheless, that in case of such vacancy, the City, by an instrument executed and signed by its Mayor and attested by its City Clerk under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed in the manner above provided. Any such temporary Trustee so appointed by the City shall immediately and without further acts be superseded by the successor Trustee so appointed as provided above. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank in good standing and qualified to accept such trust with a corporate trust office in the State, and having, or whose obligations are guaranteed by a financial institution having, a reported capital, surplus and undivided profits of not less than \$50,000,000. If no successor Trustee has been so appointed and accepted appointment in the manner herein provided, the Trustee, at the Company's expense, or any Owner may petition any court of competent jurisdiction for the appointment of a successor Trustee, until a successor has been appointed as above provided.

Section 1009. Vesting of Trusts in Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the City and the Company an instrument in writing accepting such appointment hereunder, and thereupon such successor shall, without any further act, deed or conveyance, become fully vested with all the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of its predecessor and the duties and obligations of such predecessor hereunder shall thereafter cease and terminate; but such predecessor shall, nevertheless, on the written request of the City, 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 predecessor or successor Trustee for more fully and certainly vesting in such successor the trusts, powers, rights, obligations, duties, remedies, immunities and privileges hereby vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

Section 1010. Right of Trustee to Pay Taxes and Other Charges. If any tax, assessment or governmental or other charge upon, or insurance premium with respect to, any part of the Project is not paid as required herein or in the Lease, the Trustee may pay such tax, assessment or governmental charge or insurance premium, without prejudice, however, to any rights of the Trustee or the Owners hereunder arising in consequence of such failure; any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate of 10% per annum, shall become an additional obligation secured by this Indenture, and the same shall be given a preference in payment over any payment of principal of or interest on the Bonds, and shall be paid out of the proceeds of rents, revenues and receipts collected from the Project, if not otherwise caused to be paid; but the Trustee shall be under no obligation to make any such payment unless it has been requested to do so by the Owners of at least 25% of the aggregate principal amount of Bonds then-Outstanding and has been provided adequate funds for the purpose of such payment.

Section 1011. Trust Estate May be Vested in Co-Trustee.

(a) It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the State) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Lease, and in particular in case of the enforcement of either this Indenture or the Lease upon the occurrence of an Event of Default or if the Trustee deems that by reason of any present or future law of any jurisdiction it cannot exercise any of the powers, rights or remedies herein granted to the Trustee, or take any other action which may be desirable or necessary in connection therewith, it may be necessary or desirable that the Trustee appoint an additional individual or institution as a co-trustee or separate trustee, and the Trustee is hereby authorized to appoint such co-trustee or separate trustee.

(b) If the Trustee appoints an additional individual or institution as a co-trustee or separate trustee (which appointment shall be subject to the approval of the Company), each and every remedy, power, right, claim, demand, cause of action, immunity, title, interest and lien expressed or intended by this Indenture to be exercised by the Trustee with respect thereto shall be exercisable by such co-trustee or separate trustee but only to the extent necessary to enable such co-trustee or separate trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such co-trustee or separate trustee shall run to and be enforceable by either of them.

(c) Should any deed, conveyance or instrument in writing from the City be required by the co-trustee or separate trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to such co-trustee such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request, be executed, acknowledged and delivered by the City.

(d) If any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, all the properties, rights, powers, trusts, duties and obligations of such co-trustee or separate trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a successor to such co-trustee or separate trustee.

Section 1012. Accounting. The Trustee shall render an annual accounting for the period ending December 31 of each year to the City, the Company and to any Owner requesting the same and, upon the request of the City, the Company or any Owner, at such Owner's expense, a monthly accounting to any such party, showing in reasonable detail all financial transactions relating to the Trust Estate during the accounting period and the balance in any funds or accounts created by this Indenture as of the beginning and close of such accounting period.

Section 1013. Performance of Duties Under the Lease. The Trustee hereby accepts and agrees to perform all duties and obligations assigned to it under the Lease.

ARTICLE XI

SUPPLEMENTAL INDENTURES

Section 1101. Supplemental Indentures Not Requiring Consent of Owners. The City and the Trustee may from time to time, without the consent of or notice to any of the Owners, enter into such Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this Indenture, or to make any other change which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Owners (provided the Trustee shall be entitled to receive and may rely upon an opinion of counsel in exercising such judgment);

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

(c) To more precisely identify any portion of the Project or to add additional property thereto;

(d) To conform the Indenture to amendments to the Lease made by the City and the Company; or

(e) To subject to this Indenture additional revenues, properties or collateral.

Section 1102. Supplemental Indentures Requiring Consent of Owners.

(a) Exclusive of Supplemental Indentures covered by **Section 1101** and subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds then-Outstanding may, from time to time, anything contained in this Indenture to the contrary notwithstanding, consent to and approve the execution by the City and the Trustee of such other Supplemental Indenture or Supplemental Indentures as shall be deemed necessary and desirable by the City for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that without the consent of the Owners of 100% of the principal amount of the Bonds then-Outstanding, nothing in this Section contained shall permit or be construed as permitting (1) an extension of the maturity or a shortening of the redemption date of the principal of or interest, if any, on any Bond issued hereunder, or (2) a reduction in the principal amount of any Bond or the rate of interest thereon, if any, or (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (4) a reduction in the aggregate principal amount of Bonds the Owners of which are required for consent to any such Supplemental Indenture.

(b) If the City requests the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section, the Trustee shall cause notice of the proposed execution of such Supplemental Indenture to be mailed to each Owner as shown on the bond registration books required by **Section 206**. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the corporate trust office of the Trustee for inspection by all Owners. If within 60 days or such longer period as may be prescribed by the City following the mailing of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

Section 1103. Company's Consent to Supplemental Indentures. Anything herein to the contrary notwithstanding, a Supplemental Indenture under this Article shall not become effective unless and until the Company and any Financing Party have consented in writing to the execution and delivery of such Supplemental Indenture. The Trustee shall cause notice of the proposed execution and delivery of any Supplemental Indenture (regardless of whether it affects the Company's rights) together with a copy of the proposed Supplemental Indenture to be mailed to the Company and any Financing Party of which the Trustee has received written notice thereof at least 15 days before the proposed date of execution and delivery of the Supplemental Indenture.

Section 1104. Opinion of Counsel. In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee and the City shall receive, and, shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture and will, upon the execution and delivery thereof, be a valid and binding obligation of the City. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's rights, duties or immunities under this Indenture or otherwise.

ARTICLE XII

SUPPLEMENTAL LEASES

Section 1201. Supplemental Leases Not Requiring Consent of Owners. The City and the Trustee shall, without the consent of or notice to the Owners, consent to the execution of any Supplemental Lease or Supplemental Leases by the City and the Company as may be required (a) by the provisions of the Lease and this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission in the Lease, (c) so as to more precisely identify the Project or add additional property thereto or (d) in connection with any other change therein which, in the judgment of the Trustee, does not materially and adversely affect the Trustee or security for the Owners (provided the Trustee is entitled to receive and rely upon an opinion of counsel in exercising such judgment).

Section 1202. Supplemental Leases Requiring Consent of Owners. Except for Supplemental Leases as provided for in **Section 1201**, neither the City nor the Trustee shall consent to the execution of any Supplemental Lease or Supplemental Leases by the City or the Company without the mailing of notice and the obtaining of the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding given and obtained as provided in **Section 1102**. If at any time the City and the Company shall request the consent of the Trustee to any such proposed Supplemental Lease, the Trustee shall cause notice of such proposed Supplemental Lease to be mailed in the same manner as provided in **Section 1102** with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed Supplemental Lease and shall state that copies of the same are on file in the corporate trust office of the Trustee for inspection by all Owners. If within 60 days or such longer period as may be prescribed by the City following the mailing of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Lease shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the City from executing the same or from taking any action pursuant to the provisions thereof.

Section 1203. Opinion of Counsel. In executing or consenting to any Supplemental Lease permitted by this Article, the City and the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed to the Trustee and the City stating that the execution of such Supplemental Lease is authorized or permitted by the Lease and this Indenture and the applicable law and will upon the execution and delivery thereof be valid and binding obligations of the parties thereto.

ARTICLE XIII

SATISFACTION AND DISCHARGE OF INDENTURE

Section 1301. Satisfaction and Discharge of this Indenture.

(a) When the principal of and interest on all the Bonds have been paid in accordance with their terms or provision has been made for such payment, as provided in **Section 1302**, and provision also made for paying all other sums payable hereunder and under the Lease and the Performance Agreement, including the reasonable fees and expenses of the Trustee, the City and the Paying Agent to the date of retirement of the Bonds, then the right, title and interest of the Trustee in respect hereof shall thereupon

cease, determine and be void. Thereupon, the Trustee shall cancel, discharge and release this Indenture and shall upon the written request of the City or the Company execute, acknowledge and deliver to the City such instruments of satisfaction and discharge or release as shall be required to evidence such release and the satisfaction and discharge of this Indenture, and shall assign and deliver to the City (subject to the City's obligations under **Section 11.2** of the Lease) any property at the time subject to this Indenture which may then be in its possession, except amounts in the Bond Fund required to be paid to the Company under **Section 602** and except funds or securities in which such funds are invested held by the Trustee for the payment of the principal of and interest on the Bonds.

(b) The City is hereby authorized to accept a certificate by the Trustee that the whole amount of the principal and interest, if any, so due and payable upon all of the Bonds then-Outstanding has been paid or such payment provided for in accordance with **Section 1302** as evidence of satisfaction of this Indenture, and upon receipt thereof shall cancel and erase the inscription of this Indenture from its records.

Section 1302. Bonds Deemed to be Paid.

(a) Bonds shall be deemed to be paid within the meaning of this Article when payment of the principal of and interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in this Indenture, or otherwise), either (1) have been made or caused to be made in accordance with the terms thereof, or (2) have been provided for by depositing with the Trustee or other commercial bank or trust company having full trust powers and authorized to accept trusts in the State in trust and irrevocably set aside exclusively for such payment (A) moneys sufficient to make such payment or (B) Government Securities maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment, or (3) have been provided for by surrendering the Bonds to the Trustee for cancellation. At such time as Bonds are deemed to be paid hereunder, as aforesaid, they shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes of such payment from such moneys or Government Securities.

(b) Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed before the stated maturities thereof, no deposit under clause (2) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until, as to all such Bonds which are to be redeemed before their respective stated maturities, proper notice of such redemption has been given in accordance with **Article III** or irrevocable instructions have been given to the Trustee to give such notice.

(c) Notwithstanding any provision of any other section of this Indenture which may be contrary to the provisions of this Section, all moneys or Government Securities set aside and held in trust pursuant to the provisions of this Section for the payment of Bonds shall be applied to and used solely for the payment of the particular Bonds, with respect to which such moneys or Government Securities have been so set aside in trust.

ARTICLE XIV

MISCELLANEOUS PROVISIONS

Section 1401. Consents and Other Instruments by Owners.

(a) Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Owners may be in any number of concurrent writings of

similar tenor and may be signed or executed by such Owners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds (other than the assignment of ownership of a Bond) if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted under any such instrument, namely:

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

(2) 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 registration books of the City maintained by the Trustee pursuant to **Section 206**.

(b) In determining whether the Owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Bonds owned by the Company shall be disregarded and deemed not to be Outstanding under this Indenture, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded; provided, the foregoing provisions shall not be applicable if the Company is the only Owner of the Bonds. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Company or any affiliate thereof.

Section 1402. Limitation of Rights Under this Indenture. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give any Person other than the parties hereto, and the Owners, if any, any right, remedy or claim under or in respect to this Indenture, this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Financing Parties, if any, and the Owners, as herein provided.

Section 1403. 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 or the Company if the same is duly mailed by registered or certified mail, postage prepaid, or sent by overnight delivery or other delivery service which requires written acknowledgment of receipt by the addressee, addressed as follows:

(a) To the City:

City of Sikeston, Missouri
105 East Center Street
Sikeston, Missouri 63801
ATTN: City Manager

with a copy to:

Gilmore & Bell, P.C.
211 North Broadway, Suite 2000
St. Louis, Missouri 63102
ATTN: Mark D. Grimm, Esq.

(b) To the Trustee:

Security Bank of Kansas City
701 Minnesota Avenue, Suite 206
Kansas City, Kansas 66101
ATTN: Corporate Trust Department

(c) To the Company:

Carlisle Construction Materials, LLC
1285 Ritner Highway
Carlisle, Pennsylvania 17013
ATTN: John Waclawski

with a copy to:

Polsinelli PC
900 W. 48th Place, Ste. 900
Kansas City, Missouri 64112
ATTN: Marcus G. Abbott, Esq.

(d) To the Owners if the same is duly mailed by first-class, registered or certified mail addressed to each of the Owners of Bonds at the time Outstanding as shown by the bond registration books required by **Section 206** to be kept at the corporate trust office of the Trustee.

All notices given by certified or registered mail as aforesaid shall be deemed fully given as of the date they are so mailed, provided that any of the foregoing given to the Trustee shall be effective only upon receipt. All notices given by overnight delivery or other delivery service shall be deemed fully given as of the date when received. A duplicate copy of each notice, certificate or other communication given hereunder by either the City or the Trustee to the other shall also be given to the Company. The City, the Company and the Trustee may from time to time designate, by notice given hereunder to the others of such parties, such other addresses to which subsequent notices, certificates or other communications shall be sent.

Section 1404. Severability. If any provision of this Indenture is held or deemed to be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatsoever.

Section 1405. Execution in Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1406. Governing Law. This Indenture shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 1407. Electronic Transaction. The parties agree that the transaction described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 1408. City Consent and Approvals. Pursuant to the Ordinance, the Mayor and the City Manager are authorized to execute all documents on behalf of the City (including documents pertaining to the transfer of property or the financing or refinancing of the Project by the Company and such easements, licenses, rights-of-way, plats and similar documents as may be requested by the Company) as may be required to carry out and comply with the intent of the Ordinance, this Indenture and the Lease. The Mayor and the City Manager are also authorized, unless expressly prohibited herein, to grant on behalf of the City such consents, estoppels and waivers relating to the Bonds, this Indenture, the Lease, or the Performance Agreement as may be requested during the term thereof; provided, such consents, estoppels and/or waivers shall not increase the principal amount of the Bonds, increase the term of the Lease or the tax exemption as provided for therein, waive an Event of Default or materially change the nature of the transaction unless approved by the City Council.

Section 1409. Anti-Discrimination Against Israel Act. Pursuant to Section 34.600 of the Revised Statutes of Missouri, the Trustee certifies it is not currently engaged in and shall not, for the duration of this Indenture, engage in a boycott of goods or services from (a) the State of Israel, (b) companies doing business in or with the State of Israel or authorized by, licensed by or organized under the laws of the State of Israel or (c) persons or entities doing business in the State of Israel.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the City of Sikeston, Missouri, has caused this Indenture to be signed in its name and behalf by its Mayor and the seal of the City to be hereunto affixed and attested by its City Clerk, and to evidence its acceptance of the trusts hereby created, Security Bank of Kansas City has caused this Indenture to be signed in its name and behalf by a duly authorized officer, all as of the date first above written.

CITY OF SIKESTON, MISSOURI

[SEAL]

By: _____
Greg Turnbow, Mayor

ATTEST:

Rhonda Council, City Clerk

[Trust Indenture]

SECURITY BANK OF KANSAS CITY, as Trustee

By: _____
Name: _____
Title: _____

EXHIBIT A
PROJECT SITE

EXHIBIT B
FORM OF BONDS

***THIS BOND OR ANY PORTION HEREOF MAY BE TRANSFERRED,
ASSIGNED OR NEGOTIATED ONLY TO AN APPROVED INVESTOR
AS DEFINED IN THE HEREIN DESCRIBED INDENTURE.***

No. 1

**Not to Exceed
\$85,000,000**

**UNITED STATES OF AMERICA
STATE OF MISSOURI

CITY OF SIKESTON, MISSOURI
TAXABLE INDUSTRIAL REVENUE BOND
(CARLISLE CONSTRUCTION MATERIALS, LLC PROJECT)
SERIES 2021**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>
5.0%	December 1 of the 20th Year After the Completion Date	_____, 2021

OWNER: _____

MAXIMUM PRINCIPAL AMOUNT: EIGHTY-FIVE MILLION DOLLARS

THE CITY OF SIKESTON, MISSOURI, a charter city organized and existing under the laws of the State of Missouri (the "City"), for value received, promises to pay, but solely from the source hereinafter referred to, to the Owner named above, or registered assigns thereof, on the Maturity Date shown above, the principal amount shown above, or such lesser amount as may be outstanding hereunder as reflected on **Schedule I** hereto held by the Trustee as provided in the hereinafter referred to Indenture. The City agrees to pay such principal amount to the Owner in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and in like manner to pay to the Owner hereof, either by check or draft mailed to the Owner at a stated address as it appears on the bond registration books of the City kept by the Trustee under the within mentioned Indenture or, in certain situations authorized in the Indenture, by internal bank transfer or by wire transfer to an account in a commercial bank or savings institution located in the United States. Interest on the Cumulative Outstanding Principal Amount (as hereinafter defined) at the per annum Interest Rate stated above, payable in arrears on each December 1, commencing on December 1, 2021, and continuing thereafter until the earlier of the date on which said Cumulative Outstanding Principal Amount is paid in full or the Maturity Date. Interest on each advancement of the principal amount of this Bond shall accrue from the date that such advancement is made, computed on the basis of a year of 360 days consisting of 12 months of 30 days each.

As used herein, the term “Cumulative Outstanding Principal Amount” means all Bonds outstanding under the terms of the hereinafter defined Indenture, as reflected on **Schedule I** hereto maintained by the Trustee.

THIS BOND is one of a duly authorized series of Bonds of the City designated the “City of Sikeston, Missouri, Taxable Industrial Revenue Bonds (Carlisle Construction Materials, LLC Project), Series 2021” (the “Bonds”), issued for the purpose of constructing an approximately 455,000 square foot manufacturing facility (the “Project Improvements”) on an approximately 124-acre site located northwest of the intersection of Highway 62 and County Road 824 in the City (the “Project Site”) and acquiring and installing within the Project Improvements certain equipment and other personal property (the “Project Equipment” and, together with the Project Site and the Project Improvements, the “Project”). The City will lease the Project to Carlisle Construction Materials, LLC, a Delaware limited liability company (together with its affiliates, the “Company”), under the terms of a Lease Agreement dated as of July 1, 2021 (said Lease Agreement, as amended and supplemented from time to time in accordance with the provisions thereof, being herein called the “Lease”), between the City and the Company, all pursuant to the authority of and in full compliance with the provisions, restrictions and limitations of the Constitution and statutes of the State of Missouri, including particularly the Act, and the City Charter and pursuant to proceedings duly had by the City Council.

THE BONDS are issued under and are equally and ratably secured and entitled to the protection given by a Trust Indenture dated as of July 1, 2021 (said Trust Indenture, as amended and supplemented from time to time in accordance with the provisions thereof, being herein called the “Indenture”), between the City and Security Bank of Kansas City, Kansas City, Kansas, as trustee (the “Trustee”). *Capitalized terms not defined herein shall have the meanings set forth in the Indenture.*

Reference is hereby made to the Indenture for a description of the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the City, the Trustee and the Owners, and the terms upon which the Bonds are issued and secured.

THE BONDS are subject to redemption and payment at any time before the stated maturity thereof, at the option of the City, upon written instructions from the Company, (1) in whole, if the Company exercises its option to purchase the Project and deposits an amount sufficient to effect such purchase pursuant to the Lease on the applicable redemption date, or (2) in part, if the Company prepays additional Basic Rent pursuant to the Lease; provided, however, if only a portion of the Bonds are to be redeemed, Bonds aggregating at least 10% of the maximum principal amount of Bonds authorized under the Indenture shall not be subject to redemption and payment before the stated maturity thereof. Any redemption of Bonds pursuant to this paragraph shall be at a redemption price equal to the par value thereof being redeemed, plus accrued interest thereon, without premium or penalty, to the redemption date.

THE BONDS are subject to mandatory redemption, in whole or in part, to the extent of amounts deposited in the Bond Fund pursuant to **Section 9.1(f)** or **9.2(c)** of the Lease, in the event of substantial damage to or destruction or condemnation of substantially all of the Project. Bonds to be redeemed pursuant to this paragraph shall be called for redemption by the Trustee on the earliest practicable date for which timely notice of redemption may be given as provided under the Indenture. Any redemption of Bonds pursuant to this paragraph shall be at a redemption price equal to the par value thereof being redeemed, plus accrued interest thereon, without premium or penalty, to the redemption date. Before giving notice of redemption to the Owners pursuant to this paragraph, money in an amount equal to the redemption price shall have been deposited in the Bond Fund.

If the Bonds are to be called for optional redemption, the Company shall deliver written notice to the City and the Trustee that it has elected to redeem all or a portion of the Bonds at least 40 days (10 days if there is one Owner) before the scheduled redemption date. The Trustee shall then deliver written notice to the Owner of this Bond at least 30 days (five days if there is one Owner) before the scheduled redemption date by first-class mail (or facsimile, if there is one Owner) stating the date upon which the Bonds will be redeemed and paid.

THE BONDS, including interest thereon, are special obligations of the City and are payable solely out of the rents, revenues and receipts derived by the City from the Project and the Lease and not from any other fund or source of the City, and are secured by a pledge and assignment of the Project and of such rents, revenues and receipts, including all rentals and other amounts to be received by the City under and pursuant to the Lease, all as provided in the Indenture. The Bonds do not constitute a general obligation of the City or the State of Missouri, and neither the City nor the State of Missouri shall be liable thereon, and the Bonds shall not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction and are not payable in any manner by taxation. Pursuant to the provisions of the Lease, rental payments sufficient for the prompt payment when due of the principal of and interest on the Bonds are to be paid by the Company directly to the Trustee for the account of the City and deposited in a special fund created by the City and designated the "City of Sikeston, Missouri, Bond Fund -- Carlisle Construction Materials, LLC."

THE OWNER of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then-Outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. Modifications or alterations of this Bond or the Indenture may be made only to the extent and in the circumstances permitted by the Indenture.

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 such Person's duly authorized attorney, upon surrender of this Bond together with a written instrument of transfer reasonably satisfactory to the Trustee duly executed by the Owner or such Person's duly authorized attorney, and thereupon a new fully-registered Bond or Bonds, in the same aggregate principal amount of this Bond, 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 are issuable in the form of one fully-registered Bond in the maximum principal amount of \$85,000,000.

THIS BOND shall not be valid or become obligatory for any purposes or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon has been executed by the Trustee.

IT IS HEREBY CERTIFIED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and laws of the State of Missouri.

IN WITNESS WHEREOF, the City of Sikeston, Missouri, has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor, attested by the manual or facsimile signature of its City Clerk and its corporate seal to be affixed hereto or imprinted hereon.

CITY OF SIKESTON, MISSOURI

[SEAL]

By: _____
Greg Turnbow, Mayor

ATTEST:

Rhonda Council, City Clerk

=====

CERTIFICATE OF AUTHENTICATION

This Bond is the Taxable Industrial Revenue Bond (Carlisle Construction Materials, LLC Project), Series 2021, described in the Trust Indenture. The effective date of registration of this Bond is set forth below.

SECURITY BANK OF KANSAS CITY,
as Trustee

_____ Date	By: _____ Authorized Signatory
---------------	-----------------------------------

SCHEDULE I

TABLE OF CUMULATIVE OUTSTANDING PRINCIPAL AMOUNT

**CITY OF SIKESTON, MISSOURI
TAXABLE INDUSTRIAL REVENUE BOND
(CARLISLE CONSTRUCTION MATERIALS, LLC PROJECT)
SERIES 2021**

Bond No. 1

Date	Principal Amount Advanced	Principal Amount Redeemed	Cumulative Outstanding Principal Amount	Notation Made By

FORM OF ASSIGNMENT

(NOTE RESTRICTIONS ON TRANSFERS)

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

Print or Typewrite Name, Address and Social Security or
other Taxpayer Identification Number of Transferee

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept by the Trustee for the registration and transfer of Bonds, with full power of substitution in the premises.

Dated: _____.

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

Medallion Signature Guarantee:

EXHIBIT C

FORM OF REPRESENTATION LETTER

City of Sikeston, Missouri
105 East Center Street
Sikeston, Missouri 63801
ATTN: City Manager

Security Bank of Kansas City
701 Minnesota Avenue, Suite 206
Kansas City, Kansas 66101
ATTN: Corporate Trust Department

Re: \$85,000,000 Maximum Principal Amount of Taxable Industrial Revenue Bonds (Carlisle Construction Materials, LLC Project), Series 2021 of the City of Sikeston, Missouri

Ladies and Gentlemen:

In connection with the purchase of the above-referenced bonds (the “Bonds”), the undersigned purchaser of the Bonds hereby represents, warrants and agrees as follows:

1. The undersigned understands that (a) the Bonds have been issued under and pursuant to a Trust Indenture dated as of July 1, 2021 (the “Indenture”), between the City of Sikeston, Missouri (the “City”), and Security Bank of Kansas City, as trustee (the “Trustee”), (b) the Bonds are payable solely out of certain rents, revenues and receipts to be derived from the leasing or sale of the Project (as defined in the Indenture) to Carlisle Construction Materials, LLC, a Delaware limited liability company (together with its affiliates, the “Company”), under a Lease Agreement dated as of July 1, 2021 (the “Lease”), between the City and the Company, with certain of such rents, revenues and receipts being pledged and assigned by the City to the Trustee under the Indenture to secure the payment of the principal of and interest on the Bonds, (c) the Bonds and the interest thereon shall not constitute general obligations of the City, the State of Missouri or any political subdivision thereof, and none of the City, the State of Missouri or any political subdivision thereof shall be liable thereon, and (d) the Bonds do not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction and are not payable in any manner by taxation.

2. The undersigned understands that the Bonds are transferable only in the manner provided for in the Indenture and discussed below and warrants that it is acquiring the Bonds for its own account with the intent of holding the Bonds as an investment, and the acquisition of the Bonds is not made with a view toward their distribution or for the purpose of offering, selling or otherwise participating in a distribution of the Bonds.

3. The undersigned is an Approved Investor, as defined in the Indenture.

4. The undersigned agrees not to attempt to offer, sell, hypothecate or otherwise distribute the Bonds to others unless authorized by the terms of the Indenture and, if requested by the City, upon receipt of an opinion of counsel reasonably acceptable to the City, the Company and the purchaser that all registration and disclosure requirements of the Securities and Exchange Commission and all other

appropriate federal and State of Missouri securities laws and the securities law of any other applicable state are complied with.

5. The undersigned believes that the Bonds which it is acquiring is a security of the kind that it wishes to purchase and hold for investment and that the nature and amount thereof are consistent with its investment program.

6. The undersigned is fully aware of and satisfied with (a) the current status of the title to the Project and any issues related thereto and (b) the terms, amounts and providers of the insurance maintained pursuant to **Article VII** of the Lease, and the undersigned is purchasing the Bonds with full knowledge of such matters.

7. The undersigned understands and agrees that the interest on the Bonds *is* subject to federal and state income taxation.

8. The undersigned hereby directs the Trustee to hold the Bonds in trust pursuant to **Section 204(c)** of the Indenture.

Dated: _____, 20__

[PURCHASER OF BONDS]

By: _____
Name: _____
Title: _____

\$85,000,000
(AGGREGATE MAXIMUM PRINCIPAL AMOUNT)
CITY OF SIKESTON, MISSOURI
TAXABLE INDUSTRIAL REVENUE BONDS
(CARLISLE CONSTRUCTION MATERIALS, LLC PROJECT)
SERIES 2021

Dated as of July 1, 2021

BOND PURCHASE AGREEMENT

Mayor and City Council
Sikeston, Missouri

On the basis of the representations and covenants and upon the terms and conditions contained in this Bond Purchase Agreement, Carlisle Construction Materials, LLC, a Delaware limited liability company (the “Purchaser”), offers to purchase from the City of Sikeston, Missouri (the “City”), the above-referenced bonds (the “Bonds”), to be issued by the City under and pursuant to an Ordinance adopted by the City Council on June 28, 2021 (the “Ordinance”) and a Trust Indenture dated as of July 1, 2021 (the “Indenture”) by and between the City and Security Bank of Kansas City, as trustee (the “Trustee”). *Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture.*

SECTION 1. REPRESENTATIONS AND AGREEMENTS

(a) By the City’s acceptance hereof, the City hereby represents to the Purchaser that:

(1) The City is a charter city duly organized and validly existing under the laws of the State of Missouri. The City is authorized pursuant to the Constitution, the laws of the State of Missouri, the City Charter and the ordinances and resolutions of the City, and all necessary action has been taken to authorize, issue and deliver the Bonds and to consummate all transactions contemplated by the Ordinance, this Bond Purchase Agreement, the Indenture, the Lease Agreement dated as of July 1, 2021 (the “Lease”) by and between the City and the Purchaser, the Performance Agreement dated as of July 1, 2021 (the “Performance Agreement”) by and between the City and the Purchaser, and any and all other agreements relating thereto. The proceeds of the Bonds shall be used for the purpose of purchasing, constructing, equipping, improving and installing the Project and paying the costs incurred in connection with the issuance of the Bonds.

(2) There is no controversy, suit or other proceeding of any kind pending or, to the City’s knowledge, threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act leading up to the issuance of the Bonds or the constitutionality or validity of the obligations represented by the Bonds or the validity of the Bonds, the Ordinance, the Lease, the Indenture, the Performance Agreement or this Bond Purchase Agreement.

(b) The Purchaser represents as follows:

(1) *Organization.* The Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and authorized to transact business in the State of Missouri.

(2) *No Conflict or Breach.* The execution, delivery and performance of this Bond Purchase Agreement by the Purchaser has been duly authorized by all necessary action of the Purchaser and does not and will not conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, its organizational documents, any law, court or administrative regulation, decree or order applicable to or binding upon the Purchaser, or, to the best of its knowledge, any agreement, indenture, mortgage, lease or instrument to which the Purchaser is a party or by which it is bound.

(3) *Document Legal, Valid and Binding.* When executed and delivered by the Purchaser, this Bond Purchase Agreement will be, and is, a legal, valid and binding obligation, enforceable in accordance with its terms, subject, as to enforcement, to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally and further subject to the availability of equitable remedies.

(4) *Purchaser's Certificates.* Any certificate signed by an authorized officer or agent of the Purchaser and delivered to the City shall be deemed a representation and warranty by the Purchaser to the City as to the statements made therein.

SECTION 2. PURCHASE, SALE AND DELIVERY OF THE BONDS

On the basis of the representations and covenants contained herein and in the other agreements referred to herein, and subject to the terms and conditions set forth herein and in the Indenture, the Purchaser agrees to purchase from the City and the City agrees to sell to the Purchaser the Bonds on the terms and conditions set forth herein.

The Bonds shall be sold to the Purchaser by the City on the Closing Date (hereinafter defined) upon payment of an amount equal to the Closing Price (hereinafter defined), which amount shall be applied as provided in the Indenture and the Lease. From time to time after the Closing Date, the Purchaser shall make additional payments with respect to the Bonds ("Additional Payments") to the Trustee under the Indenture, which Additional Payments shall be applied to the payment or reimbursement of Project Costs or as provided in the Indenture and the Lease; provided that the sum of the Closing Price and all such Additional Payments shall not, in the aggregate, exceed \$85,000,000 plus the costs of issuance of the Bonds (if such costs of issuance are not paid with Bond proceeds).

As used herein, the term "Closing Date" shall mean July __, 2021, or such other date as shall be mutually agreed upon by the City and the Purchaser; the term "Closing Price" shall mean the amount specified in writing by the Purchaser and agreed to by the City as the amount required to pay for the initial issuance of the Bonds on the Closing Date, which amount shall be equal to (a) any Project Costs spent by the Purchaser from its own funds (including costs of issuance of the Bonds) on or before the Closing Date, or (b) the aggregate principal amount of the Bonds, if all of the proceeds of the Bonds are being transferred to the Trustee on the Closing Date.

The Bonds shall be issued under and secured as provided in the Ordinance, the Indenture and the Lease authorized thereby and the Bonds shall have the maturity, interest rate and shall be subject to

redemption as set forth therein. The delivery of the Bonds shall be made in definitive form as a fully-registered bond in the maximum aggregate principal denomination of \$85,000,000; provided, that the principal amount of the Bonds outstanding at any time shall be that amount recorded in the records of the Trustee, absent manifest error, and further provided that interest shall be payable on the Bonds only on the outstanding principal amount of the Bonds, as more fully provided in the Indenture.

SECTION 3. CONDITIONS TO THE OBLIGATIONS

The obligations hereunder shall be subject to the due performance by the parties of the obligations and agreements to be performed hereunder on or prior to the Closing Date and to the accuracy of and compliance with the representations contained herein, as of the date hereof and as of the Closing Date, and are also subject to the following conditions:

(a) There shall be delivered to the Purchaser on or prior to the Closing Date a duly certified copy of the Ordinance, the Indenture, the Lease, the Performance Agreement, this Bond Purchase Agreement and any other instrument contemplated thereby, and such documents shall be in full force and effect and shall not have been modified or changed except as may have been agreed to in writing by the Purchaser.

(b) The City shall confirm on the Closing Date by a certificate that at and as of the Closing Date the City has taken all action necessary to issue the Bonds and that there is no controversy, suit or other proceeding of any kind pending or, to its knowledge, threatened against the City wherein any question is raised affecting in any way the legal organization of the City or the legality of any official act shown to have been done in the transcript of proceedings leading up to the issuance of the Bonds, or the constitutionality or validity of the obligations represented by the Bonds or the validity of the Bonds or any proceedings in relation to the issuance or sale thereof.

(c) The Purchaser shall execute a certificate, dated the Closing Date, to the effect that (1) no litigation, proceeding or investigation is pending against the Purchaser or its affiliates or, to the knowledge of the Purchaser, threatened which would (A) contest, affect, restrain or enjoin the issuance, validity, execution, delivery or performance of the Bonds, or (B) in any way contest the corporate existence or powers of the Purchaser, (2) no litigation, proceeding or investigation is pending or, to the knowledge of the Purchaser, threatened against the Purchaser that could reasonably be expected to adversely affect its ability to perform its obligations hereunder or under the Lease or the Performance Agreement, (3) the representations and warranties of the Purchaser herein were and are true and correct in all material respects and not misleading as of the date made and as of the Closing Date, and (4) such other matters as are reasonably requested by the other parties in connection with the issuance of the Bonds.

SECTION 4. THE PURCHASER'S RIGHT TO CANCEL

The Purchaser may cancel its obligation hereunder to purchase the Bonds by notifying the City in writing at or before the Closing Date.

SECTION 5. CONDITIONS OF OBLIGATIONS

The obligations of the parties hereto are subject to the receipt of the approving opinion of Gilmore & Bell, P.C., Bond Counsel (if one is requested), with respect to the validity of the authorization and issuance of the Bonds.

SECTION 6. REPRESENTATIONS AND AGREEMENTS TO SURVIVE DELIVERY

All of the representations and agreements by either party shall remain operative and in full force and effect, and shall survive delivery of the Bonds to the Purchaser.

SECTION 7. NOTICE

Any notice or other communication to be given under this Bond Purchase Agreement may be given in writing by mailing or delivering the same as follows:

(a) To the City:

City of Sikeston, Missouri
105 East Center Street
Sikeston, Missouri 63801
ATTN: City Manager

with a copy to:

Gilmore & Bell, P.C.
211 North Broadway, Suite 2000
St. Louis, Missouri 63102
ATTN: Mark D. Grimm, Esq.

(b) To the Trustee:

Security Bank of Kansas City
701 Minnesota Avenue, Suite 206
Kansas City, Kansas 66101
ATTN: Corporate Trust Department

(c) To the Purchaser:

Carlisle Construction Materials, LLC
1285 Ritner Highway
Carlisle, Pennsylvania 17013
ATTN: John Wacławski

with a copy to:

Polsinelli PC
900 West 48th Place, Suite 900
Kansas City, Missouri 64112
ATTN: Marcus G. Abbott, Esq.

SECTION 8. APPLICABLE LAW; ASSIGNABILITY

This Bond Purchase Agreement shall be governed by the laws of the State of Missouri. This Bond Purchase Agreement may be assigned by the Purchaser, in whole as to all or any part of the Bonds to any Person that expressly assumes in writing all of the obligations of the Company contained in the

Lease; provided that the consent of the City for the assignment of this Bond Purchase Agreement shall not be required if the consent of the City is not required for such Person's assumption of the Lease under the provisions of **Article XIII** thereof. Any such assignee shall agree to be bound by the terms of this Bond Purchase Agreement. This Bond Purchase Agreement may be assigned, without approval of, but with notice to the City, by the Purchaser to any lender of the Purchaser or the Company as collateral for a loan secured by a deed of trust or mortgage of the Project and the Bonds may be pledged, without approval of the City, by the Purchaser to any lender of the Purchaser as collateral for a loan secured by a deed of trust or mortgage of the Project.

SECTION 9. EXECUTION IN COUNTERPARTS

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

SECTION 10. ANTI-DISCRIMINATION AGAINST ISRAEL ACT

Pursuant to Section 34.600 of the Revised Statutes of Missouri, the Purchaser certifies that it is not currently engaged in and will not, for the duration of this Bond Purchase Agreement, engage in a boycott of goods or services from (a) the State of Israel, (b) companies doing business in or with the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel, or (c) persons or entities doing business in the State of Israel.

[Remainder of Page Intentionally Left Blank]

Very truly yours,

CARLISLE CONSTRUCTION MATERIALS, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

DATE OF EXECUTION: July ____, 2021

[Bond

Purchase

Agreement]

Accepted and Agreed to this _____ day of July, 2021.

CITY OF SIKESTON, MISSOURI

[SEAL]

By: _____
Greg Turnbow, Mayor

ATTEST:

Rhonda Council, City Clerk

[Bond Purchase Agreement]

Council Letter

Date of Meeting: 21-06-07

Originating Department: Finance Department

To the Mayor and City Council:

Subject: Special Obligation Refunding and Improvement Bonds

Attachment(s):

1. Bill Number/Ordinance Number 6229
2. Exhibit A: Form of Bonds (included in Ordinance)
3. Exhibit B: Preliminary Official Statement
4. Exhibit C: Continuing Disclosure Undertaking
5. Exhibit D: Bond Purchase Agreement
6. Exhibit E: Parameters of Bond Sale (included in Ordinance)
7. Exhibit F: Final Terms Certificate (included in Ordinance)

Action Options:

1. Second Reading of Bill Number 6229
2. Passage of Bill Number 6229
3. Other action Council may deem appropriate

Background:

Bill Number 6229 authorizes and direct the issuance, sale and delivery of Special Obligation Refunding and Improvement Bonds, Series 2021, of the City of Sikeston, and approves certain documents and authorizing certain other actions in connection therewith. The attached documents were prepared by Gilmore and Bell, bond counsel for the City of Sikeston.

Approximately \$13,560,000 would be used for an Ingram overpass and outer road connecting to U.S. Highway 61, south industrial park infrastructure and refinancing of the DPS facility. Some of these expenditures will be reimbursed to the City through grants. The City is required to pay expenses and then request reimbursement. We do not have sufficient funds on hand to meet that need. The City anticipates a 1–1 ½% savings on the refinancing of DPS headquarters.

The city will repay a large part of the bonds off when grant reimbursement is provided. We are currently setting aside \$313,000 per year for the DPS building. It is expected our annual payment would then be around \$475,000 per year.

Mark Grimm of Gilmore and Bell, bond counsel for the city, will be present to answer any questions you may have.

ORDINANCE NO. 6229

OF THE

CITY OF SIKESTON, MISSOURI

PASSED

JUNE 28, 2021

AUTHORIZING

**NOT TO EXCEED \$15,000,000
SPECIAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2021**

TABLE OF CONTENTS

Title.....	Error! Bookmark not defined.
Recitals	Error! Bookmark not defined.

ARTICLE I

DEFINITIONS

Section 101.	Definitions of Words and Terms	1
--------------	--------------------------------------	---

ARTICLE II

AUTHORIZATION OF BONDS

Section 201.	Authorization of Bonds.	5
Section 202.	Description of Bonds	5
Section 203.	Designation of Paying Agent.....	5
Section 204.	Method and Place of Payment of Bonds.....	6
Section 205.	Registration, Transfer and Exchange of Bonds	6
Section 206.	Execution, Registration, Authentication and Delivery of Bonds.....	7
Section 207.	Mutilated, Destroyed, Lost and Stolen Bonds	8
Section 208.	Cancellation and Destruction of Bonds Upon Payment	8
Section 209.	Preliminary and Final Official Statement	8
Section 210.	Sale of Bonds.....	9
Section 211.	Securities Depository.....	9

ARTICLE III

REDEMPTION OF BONDS

Section 301.	Redemption of Bonds	11
Section 302.	Selection of Bonds to be Redeemed	11
Section 303.	Notice and Effect of Call for Redemption	12

ARTICLE IV

SECURITY FOR AND PAYMENT OF BONDS

Section 401.	Security for the Bonds	14
Section 402.	Covenant to Request Appropriations.....	14

ARTICLE V

ESTABLISHMENT OF FUNDS; DEPOSIT AND APPLICATION OF MONEYS

Section 501.	Establishment of Funds	14
Section 502.	Deposit of Bond Proceeds	15
Section 503.	Application of Moneys in the Project Fund.....	15
Section 504.	Application of Moneys in Debt Service Fund	15
Section 505.	Application of Moneys in the Rebate Fund	15
Section 506.	Deposits and Investment of Moneys.....	16

Section 507.	Nonpresentment of Bonds	16
Section 508.	Payments Due on Saturdays, Sundays and Holidays.....	16
Section 509.	Prepayment	of
Obligations.....		Loan
		17

ARTICLE VI

REMEDIES

Section 601.	Remedies	17
Section 602.	Limitation on Rights of Bondowners	17
Section 603.	Remedies Cumulative.....	17
Section 604.	No Acceleration.....	18
Section 605.	No Obligation to Levy Taxes	18
Section 606.	Exception for Continuing Disclosure	18

ARTICLE VII

DEFEASANCE

Section 701.	Defeasance.....	18
--------------	-----------------	----

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 801.	Tax Covenant.....	19
Section 802.	Annual Audit	19
Section 803.	Insurance.....	19
Section 804.	Amendments.....	19
Section 805.	Notices, Consents and Other Instruments by Bondowners.....	20
Section 806.	Continuing Disclosure	21
Section 807.	Electronic Transactions.....	21
Section 808.	Further Authority	21
Section 809.	Parties Interested Herein.....	21
Section 810.	Severability	21
Section 811.	Governing Law	22
Section 812.	Effective Date	Error! Bookmark not defined.

Passage	Error! Bookmark not defined.
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Exhibit A – Form of Bonds
Exhibit B – Preliminary Official Statement
Exhibit C – Continuing Disclosure Undertaking
Exhibit D – Bond Purchase Agreement
Exhibit E – Parameters of Bond Sale
Exhibit F – Final Terms Certificate

AN EMERGENCY ORDINANCE AUTHORIZING AND DIRECTING THE ISSUANCE, SALE AND DELIVERY OF SPECIAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2021, OF THE CITY OF SIKESTON, MISSOURI; AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the City of Sikeston, Missouri (the “City”), is a constitutional charter city and political subdivision of the State of Missouri, duly created, organized and existing under and by virtue of its Charter and the Constitution and laws of the State of Missouri; and

WHEREAS, the City desires to and is authorized under the provisions of the Constitution of the State of Missouri and its Charter to issue and sell not to exceed \$15,000,000 aggregate principal amount of Special Obligation Refunding and Improvement Bonds, Series 2021 (the “Bonds”) for the purpose of providing funds to (a) pay the costs of certain capital improvements within the City, including industrial park, highway, and road and bridge improvements (collectively, the “Project”), (b) refund certain outstanding loans of the City and (c) pay the costs of issuing the Bonds; and

WHEREAS, the principal of and interest on the Bonds will be payable solely from the revenues derived from annual appropriations by the City Council; and

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

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

ARTICLE I

DEFINITIONS

Section 101. Definitions of Words and Terms. In addition to words and terms defined elsewhere herein, the following words and terms as used in this Ordinance shall have the following meanings:

“2011 Loan” means the loan dated as of June 13, 2011 in the aggregate principal amount of \$4,186,200, between the Sikeston Economic Development Corporation, as borrower, and the United Stated Department of Agriculture Rural Housing Service (Rural Development), as grantee.

“2013 Loan” means the loan dated as of March 27, 2013 in the aggregate principal amount of \$277,000, between the Sikeston Economic Development Corporation, as borrower, and the United Stated Department of Agriculture Rural Housing Service (Rural Utilities Service), as grantee.

“Bond Counsel” means Gilmore & Bell, P.C., St. Louis, Missouri, or other attorneys or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

“Bond Payment Date” means any date on which principal or Redemption Price of or interest on any Bond is payable.

“Bond Purchase Agreement” means the Bond Purchase Agreement between the City and the Underwriter, in substantially the form attached hereto as **Exhibit D**.

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

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

“Bonds” means the Special Obligation Refunding and Improvement Bonds, Series 2021, authorized and issued by the City pursuant to this Ordinance.

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

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

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

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking in substantially the form attached hereto as **Exhibit C**.

“Debt Service Fund” means the fund by that name referred to in **Section 501** hereof.

“Defaulted Interest” means interest on any Bond that is payable but not paid on any Interest Payment Date.

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

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations serving as security for the obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations serving as security for the obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) the obligations are rated in a rating category by Moody's Investors Service, Inc. or Standard & Poor's that is no lower than the rating category then assigned to United States Government Obligations.

"Federal Tax Certificate" means the Federal Tax Certificate executed by the City, as the same may be amended or supplemented in accordance with the provisions thereof.

"Final Terms Certificate" means the Final Terms Certificate, in substantially the form attached hereto as **Exhibit F**, executed and delivered pursuant to **Section 210** hereof and attached to this Ordinance as of the date of issuance of the Bonds.

"Financial Advisor" means Piper Sandler & Co., St. Louis, Missouri, and any successors or assigns.

"Fiscal Year" means the fiscal year of the City, currently the period beginning July 1 and ending June 30.

"Interest Payment Date" means the Stated Maturity of an installment of interest on any Bond.

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

"Ordinance" means this Ordinance adopted by the City Council of the City, authorizing the issuance of the Bonds, as amended from time to time, and as supplemented by the Final Terms Certificate.

"Outstanding" means, when used with reference to Bonds, as of any particular date of determination, all Bonds theretofore authenticated and delivered hereunder, except the following Bonds:

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

(b) Bonds deemed to be paid in accordance with the provisions of **Section 701** hereof; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered hereunder.

“Paying Agent” means BOKF, N.A., St. Louis, Missouri, and any successors or assigns.

“Permitted Investments” means any legally permissible investment of the City’s funds.

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

“Preliminary Official Statement” means the Preliminary Official Statement, in substantially the form attached hereto as **Exhibit B**.

“Project” means the construction of certain capital improvements within the City, including industrial park, highway, and road and bridge improvements within the City.

“Project Fund” means the fund by that name referred to in **Section 501** hereof.

“Rebate Fund” means the fund by that name referred to in **Section 501** hereof.

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

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

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

“Special Record Date” means the date fixed by the Paying Agent pursuant to **Section 204** hereof for the payment of Defaulted Interest.

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

“Underwriter” means, collectively, Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin, and Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri, the original purchasers of the Bonds.

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities that represent an undivided interest in such obligations, which obligations are rated in the same rating category or higher as the United States of America by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the City.

ARTICLE II

AUTHORIZATION OF BONDS

Section 201. Authorization of Bonds. There shall be issued and hereby are authorized and directed to be issued the Special Obligation Refunding and Improvement Bonds, Series 2021, in the principal amount of not to exceed \$15,000,000 (the “Bonds”), for the purpose of providing funds to (a) pay the costs of the Project, (b) refund certain outstanding loans of the City, and (c) pay the costs of issuing the Bonds.

Section 202. Description of Bonds.

(a) The Bonds shall consist of fully-registered bonds, numbered from 1 upward in order of issuance, in denominations of \$5,000 or any integral multiple thereof. The Bonds, as originally issued or issued upon transfer, exchange or substitution, shall be substantially in the form set forth in **Exhibit A** attached hereto, and shall be subject to registration, transfer and exchange as provided in **Section 205** hereof.

(b) The Bonds shall be dated as of the date of original delivery and payment therefor and shall become due in the amounts on the Stated Maturities as set forth in the Final Terms Certificate. The Bonds shall bear interest at the rates per annum (not exceeding 5.0% coupon) (computed on the basis of a 360-day year of twelve 30-day months) from the date thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable semiannually on June 1 and December 1 in each year, beginning no later than December 1, 2021, as set forth in the Final Terms Certificate and subject to the limitations set forth in **Exhibit E**. The Bonds shall be sold at a purchase price of not less than 100% or more than 115% of the principal amount of the Bonds, plus accrued interest thereon, if any.

Section 203. Designation of Paying Agent.

(a) BOKF, N.A., a national banking association with a corporate trust office located in St. Louis, Missouri, is hereby designated as the City’s paying agent for the payment of principal of and interest on the Bonds and bond registrar with respect to the registration, transfer and exchange of Bonds (the “Paying Agent”).

(b) The City will at all times maintain a Paying Agent meeting the qualifications herein described for the performance of the duties hereunder. The City reserves the right to appoint a successor Paying Agent by (1) filing with the Paying Agent then performing such function a certified copy of the proceedings giving notice of the termination of such Paying Agent and appointing a successor, and (2) causing notice of the appointment of the successor Paying Agent to be given by first class mail to each Registered Owner. The Paying Agent may at any time resign and be discharged from its duties and responsibilities hereunder by giving written notice by first class mail to the City and the Bondowners not less than 60 days prior to the date such resignation is to take effect. No resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of Paying Agent.

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

(d) The Paying Agent shall be paid its fees and expenses for its services in connection with the Bonds.

Section 204. Method and Place of Payment of Bonds.

(a) The principal or Redemption Price of and interest on the Bonds shall be payable in any coin or currency of the United States of America that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

(b) Payment of the principal of or interest on any Bond shall be made (1) by check or draft of the Paying Agent mailed to each Registered Owner as of the commencement of business of the Paying Agent on the Record Date for such Bond Payment Date or (2) by electronic transfer to such Registered Owner upon written notice delivered to the Paying Agent not less than five days before the Record Date from and signed by such Registered Owner containing electronic transfer instructions including the name of the bank, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed, together with an acknowledgement that an electronic transfer fee may be applicable.

(c) Notwithstanding the foregoing provisions of this Section, any Defaulted Interest with respect to any Bond shall cease to be payable to the Registered Owner of such Bond on the relevant Record Date and shall be payable to the Registered Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified in this paragraph. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent unless the City and the Paying Agent agree to a shorter time) and shall deposit with the Paying Agent at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment, unless the City and the Paying Agent agree to a shorter time. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name and at the expense of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Registered Owner of a Bond entitled to such notice at the address of such Registered Owner as it appears on the Bond Register not less than 10 days before the Special Record Date.

(d) The Paying Agent shall keep a record of the payment of principal and Redemption Price of and interest on all Bonds and, upon the City's written request, shall forward a copy or summary of such records to the City.

Section 205. Registration, Transfer and Exchange of Bonds.

(a) The City covenants that, as long as any of the Bonds remain Outstanding, it will cause the Bond Register to be kept at the office of the Paying Agent as herein provided. Each Bond when issued shall be registered in the name of the Registered Owner thereof on the Bond Register.

(b) Bonds may be transferred and exchanged only on the Bond Register as provided in this Section. Upon surrender of any Bond at the principal payment office of the Paying Agent, or at such other office designated by the Paying Agent, the Paying Agent shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same

aggregate principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent.

(c) In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. The City shall pay the reasonable fees and expenses of the Paying Agent for the registration, transfer and exchange of Bonds provided for by this Ordinance and the reasonable cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Paying Agent, are the responsibility of the Registered Owners of the Bonds. If any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Paying Agent from amounts otherwise payable to such Registered Owner hereunder or under the Bonds.

(d) The City and the Paying Agent shall not be required (i) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent pursuant to **Section 303** and during the period of 15 days next preceding the date of mailing of such notice of redemption, or (ii) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the City of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to **Section 204**.

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

(f) At reasonable times and under reasonable regulations established by the Paying Agent, the Bond Register may be inspected and copied by the Registered Owners of 10% or more in principal amount of the Bonds then Outstanding or any designated representative of such Registered Owners whose authority is evidenced to the satisfaction of the Paying Agent.

Section 206. Execution, Registration, Authentication and Delivery of Bonds.

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

(b) The Mayor and City Clerk are hereby authorized and directed to prepare and execute the Bonds in the manner herein specified, and, when duly executed and registered, to deliver the Bonds to the Paying Agent for authentication.

(c) The Bonds shall have endorsed thereon a certificate of authentication substantially in the form set forth in **Exhibit A** attached hereto, which shall be manually executed by an authorized signatory of the Paying Agent, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time. No Bond shall be entitled to any security or benefit under this Ordinance or be valid or obligatory for any purpose unless and until such certificate of authentication has been duly executed by the Paying Agent. Such executed certificate of authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Ordinance. Upon authentication, the Paying Agent shall deliver the Bonds to or upon the order of the Underwriter or shall hold the Bonds as FAST Agent for the benefit of the Beneficial Owners (as defined herein), upon payment to the City of the purchase price of the Bonds plus accrued interest, if any, to the date of their delivery.

Section 207. Mutilated, Destroyed, Lost and Stolen Bonds.

(a) If (i) any mutilated Bond is surrendered to the Paying Agent or the Paying Agent receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (ii) there is delivered to the Paying Agent such security or indemnity as may be required by the Paying Agent, then, in the absence of notice to the Paying Agent that such Bond has been acquired by a bona fide purchaser, the City shall execute and, upon the City's request, the Paying Agent shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount.

(b) If any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the Paying Agent may pay such Bond instead of delivering a new Bond.

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

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

Section 208. Cancellation and Destruction of Bonds Upon Payment. All Bonds that have been paid or redeemed or that otherwise have been surrendered to the Paying Agent, either at or before Maturity, shall be canceled by the Paying Agent immediately upon the payment, redemption and surrender thereof to the Paying Agent and subsequently destroyed in accordance with the customary retention practices of the Paying Agent. The Paying Agent shall execute a certificate in duplicate describing the Bonds so canceled and shall file an executed counterpart of such certificate with the City.

Section 209. Preliminary and Final Official Statement.

(a) The Preliminary Official Statement, in substantially the form attached hereto as **Exhibit B**, is hereby ratified and approved, and the final Official Statement is hereby authorized and approved by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor is

hereby authorized to execute the final Official Statement as so supplemented, amended and completed, and the use and public distribution of the final Official Statement by the Underwriter in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to the Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

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

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

Section 210. Sale of Bonds.

(a) The City agrees to sell the Bonds to the Underwriter at the purchase price set forth in the Final Terms Certificate, upon the terms and conditions set forth therein and with such changes therein as shall be approved by the Mayor.

(b) The Mayor is hereby authorized to, without any further authorization or direction from the City Council, (1) approve the purchase price for the Bonds, the principal amounts by maturity, the interest rates, the optional redemption provisions, and the other final terms of the Bonds, (2) execute a Final Terms Certificate in substantially the form attached to this Ordinance and marked **Exhibit F** (provided the final terms of the Bonds set forth therein shall meet all of the requirements of this Ordinance), and (3) enter into the Bond Purchase Agreement between the City and the Underwriter in substantially the form attached hereto as **Exhibit D**, with such changes therein as are required to conform to the Final Terms Certificate. Upon execution, the Final Terms Certificate will be attached and made part of this Ordinance.

Section 211. Securities Depository.

(a) For purposes of this Section, the following terms shall have the following meanings:

“Beneficial Owner” means, whenever used with respect to a Bond, the Person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such Person’s subrogee.

“Cede & Co.” means Cede & Co., the nominee of the Securities Depository, and any successor nominee of the Securities Depository with respect to the Bonds.

“Participant” means any broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as securities depository.

“Representation Letter” means, collectively, the Representation Letter from the City to the Securities Depository and the Representation Letter from the Paying Agent to the Securities Depository.

“Securities Depository” means The Depository Trust Company, New York, New York.

(b) The Bonds shall be initially issued as one single authenticated fully-registered bond for each Stated Maturity. Upon initial issuance, the ownership of such Bonds shall be registered in the Bond Register kept by the Paying Agent in the name of Cede & Co., as nominee of the Securities Depository. The Paying Agent and the City may treat the Securities Depository (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal or Redemption Price of and interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Registered Owners of Bonds under this Ordinance, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Paying Agent nor the City shall be affected by any notice to the contrary. Neither the Paying Agent nor the City shall have any responsibility or obligation to any Participant, any Person claiming a beneficial ownership interest in the Bonds under or through the Securities Depository or any Participant, or any other Person which is not shown on the Bond Register kept by the Paying Agent as being a Registered Owner of any Bonds, with respect to the accuracy of any records maintained by the Securities Depository or any Participant, with respect to the payment by the Securities Depository or any Participant of any amount with respect to the principal or Redemption Price of and interest on the Bonds, with respect to any notice which is permitted or required to be given to the Registered Owners of Bonds under this Ordinance, with respect to the selection by the Securities Depository or any Participant of any Person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by the Securities Depository as Registered Owner of the Bonds. The Paying Agent shall pay all principal or Redemption Price of and interest on the Bonds only to Cede & Co. in accordance with the Representation Letter, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to the principal or Redemption Price of and interest on the Bonds to the extent of the sum or sums so paid. No Person other than the Securities Depository (or the Paying Agent as “FAST Agent” of the Securities Depository) shall receive an authenticated Bond for each separate stated maturity of the Bonds evidencing the City’s obligation to make payments of principal and interest. Upon delivery by the Securities Depository to the Paying Agent of written notice to the effect that the Securities Depository has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) If the Participants holding a majority position in the Bonds determine that it is in the best interest of the Beneficial Owners that they be able to obtain certificated Bonds, the Participants may notify the Securities Depository and the Paying Agent, whereupon the Securities Depository shall notify the Participants of the availability through the Securities Depository of Bond certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. The Securities Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Paying Agent and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of the Securities Depository, all payments with respect to the principal or Redemption Price of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to the Securities Depository as provided in the Representation Letter.

(e) If any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Paying Agent from the Registered Owners thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this Ordinance. If Bonds are issued to holders

other than Cede & Co., its successor as nominee for the Securities Depository as holder of all the Bonds, or other securities depository as holder of all the Bonds, the provisions of this Ordinance shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds and the method of payment of the principal or Redemption Price of and interest on such Bonds. In the event that Bonds are issued to holders other than the Securities Depository, the Paying Agent may rely on information provided by the Securities Depository or any Participant as to the names, addresses of and principal amounts held by the Beneficial Owners of the Bonds.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Bonds.

(a) The optional redemption provisions of the Bonds, if any, shall be set forth in the Final Terms Certificate.

(b) Any Term Bonds designated in the Final Terms Certificate shall be subject to the following mandatory redemption requirements. At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the City may: (1) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory redemption on said mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds subject to mandatory redemption on said mandatory Redemption Date from any Registered Owner thereof whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the City under this Section for any Term Bonds subject to mandatory redemption on said mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this subsection (b)) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection (b). Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the City to redeem Term Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same Stated Maturity in chronological order, and the principal amount of Term Bonds of the same Stated Maturity to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the City will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with respect to such mandatory redemption.

Section 302. Selection of Bonds to be Redeemed.

(a) The Paying Agent shall call Bonds for optional redemption and payment and shall give notice of such redemption as herein provided upon receipt by the Paying Agent at least 45 days prior to the Redemption Date of the City's written instructions specifying the principal amount, Stated Maturities, Redemption Date and Redemption Prices of the Bonds to be called for redemption. If the Bonds are refunded more than 90 days in advance of the Redemption Date, any escrow agreement entered into by the City in connection with the refunding shall provide that the written instructions to the Paying Agent shall be given by the escrow agent on the City's behalf not less than 45 days prior to the Redemption Date. The Paying Agent may in its discretion waive such notice period so long as the notice requirements

set forth in **Section 303** hereof are met. The foregoing provisions of this paragraph shall not apply to the mandatory redemption of Term Bonds designated in the Final Terms Certificate, and such Term Bonds shall be called by the Paying Agent for redemption pursuant to such mandatory redemption requirements without the necessity of any action by the City and whether or not the Paying Agent shall hold in the Debt Service Fund moneys available and sufficient to effect the required redemption.

(b) Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Bonds are to be redeemed, such Bonds shall be redeemed in such order of their Stated Maturities as determined by the City, and Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in \$5,000 units of principal amount in such equitable manner as the Paying Agent may determine.

(c) In the case of a partial redemption of Bonds when Bonds of denominations greater than \$5,000 are then Outstanding, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all, of the \$5,000 units of face value represented by any Bond are selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Registered Owner of such Bond or the Registered Owner's duly authorized agent shall present and surrender such Bond to the Paying Agent (i) for payment of the Redemption Price and interest to the Redemption Date of such \$5,000 unit or units of face value called for redemption, and (ii) for exchange, without charge to the Registered Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Registered Owner of any such Bond fails 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 \$5,000 unit or units of face value called for redemption (and to that extent only).

Section 303. Notice and Effect of Call for Redemption.

(a) Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any redemption shall be given by the Paying Agent on the City's behalf by mailing a copy of an official redemption notice by first class mail at least 30 days but not more than 60 days prior to the Redemption Date to each Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register.

(b) All official notices of redemption shall be dated and shall contain the following information:

(i) the Redemption Date;

(ii) the Redemption Price;

(iii) if less than all Outstanding Bonds are to be redeemed, the identification number, Stated Maturity and, in the case of partial redemption of any Bonds, the respective principal amounts of the Bonds to be redeemed;

(iv) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and

(v) the place where such Bonds are to be surrendered for payment of the Redemption Price.

(c) Prior to any Redemption Date, the City shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Bonds that are to be redeemed on such Redemption Date.

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

(e) Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, the Paying Agent shall prepare for the Registered Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal as provided herein. All Bonds that have been surrendered for redemption shall be canceled and destroyed by the Paying Agent as provided herein and shall not be reissued.

(f) The failure of any Registered Owner to receive the foregoing notice or any defect therein shall not invalidate the effectiveness of the call for redemption.

(g) In addition to the foregoing notice, further notice shall be given by the Paying Agent on the City's behalf as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if official notice thereof is given as above prescribed.

(i) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; and (C) any other descriptive information needed to identify accurately the Bonds being redeemed.

(ii) Each further notice of redemption shall be filed on the Electronic Municipal Market Access system for municipal securities disclosures ("EMMA") established and maintained by the MSRB (or any successor to EMMA established by the MSRB), at least one day before the mailing of notice to Registered Owners. If EMMA ceases to exist, then each further notice of redemption shall be sent by first class, registered or certified mail or overnight delivery, as determined by the Paying Agent, to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(h) Each check or other transfer of funds issued for the payment of the Redemption Price of Bonds being redeemed shall bear or have enclosed therewith the CUSIP number of the Bonds being redeemed with the proceeds of such check or other transfer.

(i) The Paying Agent is also directed to comply with any mandatory standards then in effect for processing redemptions of municipal securities established by the SEC. Failure to comply with such standards shall not affect or invalidate the redemption of any Bond.

ARTICLE IV

SECURITY FOR AND PAYMENT OF BONDS

Section 401. Security for the Bonds.

(a) The Bonds are special obligations of the City payable as to both principal or Redemption Price and interest solely from annual appropriations of funds by the City for such purpose. The obligation of the City to make payments into the Debt Service Fund and any other obligations of the City to make payments under this Ordinance do not constitute a general obligation or indebtedness of the City for which the City is obligated to levy or pledge any form of taxation, or for which the City has levied or pledged any form of taxation and shall not be construed to be a debt of the City in contravention of any applicable constitutional, statutory or charter limitation or requirement but in each Fiscal Year shall be payable solely from the amounts pledged or appropriated therefor from (i) the income and revenues provided for such year and (ii) any unencumbered balances for previous years. Subject to the preceding sentence, the obligations of the City to make payments hereunder and to perform and observe any other covenant and agreement contained herein shall be absolute and unconditional.

(b) The covenants and agreements of the City contained herein and in the Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds to the payment of the principal or Redemption Price of and the interest on the Bonds, or otherwise, except as to the rate of interest and Stated Maturity as provided in this Ordinance.

Section 402. Covenant to Request Appropriations. The City Council hereby directs the Finance Director or any other officer of the City at any time charged with the responsibility of formulating budget proposals to (a) include in each annual budget an appropriation of the amount necessary (after taking into account any moneys legally available for such purpose) to pay debt service on the Bonds in the next succeeding Fiscal Year, and (b) take such further action (or cause the same to be taken) as may be necessary or desirable to assure the availability of moneys appropriated to pay such debt service on the Bonds in the next succeeding Fiscal Year. This does not obligate the City Council to appropriate such funds.

ARTICLE V

ESTABLISHMENT OF FUNDS; DEPOSIT AND APPLICATION OF MONEYS

Section 501. Establishment of Funds. There have been or shall be established in the treasury of the City and shall be held and administered by the Finance Director of the City the following separate funds:

- (a) Debt Service Fund.
- (b) Project Fund.

- (c) Rebate Fund.

Section 502. Deposit of Bond Proceeds. The net proceeds received from the sale of the Bonds shall be deposited simultaneously with the delivery of the Bonds as set forth in the Final Terms Certificate.

Section 503. Application of Money in the Project Fund.

(a) Money in the Project Fund shall be used by the City solely for the purpose of (i) paying the costs of the Project in accordance with the plans and specifications therefor prepared by the City's engineers and (ii) paying the costs and expenses of issuing the Bonds.

(b) The Finance Director shall make withdrawals from the Project Fund upon satisfaction that such payment is being made for a purpose within the scope of this Ordinance and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Nothing hereinbefore contained shall prevent the payment out of the Project Fund of all costs and expenses incident to the issuance of the Bonds.

(c) Upon completion of the Project, any surplus remaining in the Project Fund shall be transferred to and deposited in the Debt Service Fund.

Section 504. Application of Moneys in Debt Service Fund.

(a) All amounts paid and credited to the Debt Service Fund shall be expended and used by the City for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Paying Agent. The Finance Director is authorized and directed to withdraw from the Debt Service Fund sums sufficient to pay principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before 11:00 a.m. of the Business Day when such principal or Redemption Price, interest and fees of the Paying Agent will become due. If, through the lapse of time or otherwise, the Registered Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the City. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in this Ordinance and shall be held in trust by the Paying Agent for the benefit of the Registered Owners of the Bonds entitled to payment from such moneys.

(b) Any moneys or investments remaining in the Debt Service Fund after the retirement of the Bonds shall be transferred and paid into the general fund of the City.

Section 505. Application of Money in the Rebate Fund.

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

(b) The City shall periodically determine the amount of arbitrage rebate due under Section 148(f) of the Code in accordance with the Federal Tax Certificate, and the City shall make payments to the United States of America at the times and in the amounts determined under the Federal Tax Certificate. Any money remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any arbitrage rebate required pursuant to the Federal Tax Certificate, or provision made therefor, shall be released to the City.

Section 506. Deposits and Investment of Moneys.

(a) Moneys in each of the funds created by and referred to in this Ordinance shall be deposited in a bank or banks or other legally permitted financial institutions located in the State of Missouri that are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the financial institutions holding such deposits as provided by the laws of the State of Missouri. All moneys held in the funds created by this Ordinance shall be kept separate and apart from all other funds of the City so that there shall be no commingling of such funds with any other funds of the City.

(b) Moneys held in any fund referred to in this Ordinance may be invested by the City's Finance Director in accordance with the investment policy of the City, as such policy may be amended from time to time, in accordance with this Ordinance and the Federal Tax Certificate, in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any fund shall accrue to and become a part of such fund.

Section 507. Nonpresentment of Bonds. If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Ordinance or on, or with respect to, said Bond. If any Bond is not presented for payment within one year following the date when such Bond becomes due at Maturity, the Paying Agent shall repay without liability for interest thereon, 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 Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Section 508. Payments Due on Saturdays, Sundays and Holidays. In any case where a Bond Payment Date is not a Business Day, then payment of the principal or Redemption Price of and interest on the Bonds need not be made on such Bond Payment Date but may be made on the next succeeding

Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Section 509. Prepayment of Loan Obligations. The 2011 Loan and the 2013 Loan shall be prepaid by the payment of the principal thereof, together with any prepayment premium and accrued interest thereon to the applicable prepayment date. If funds are not received on or before the prepayment date, the City shall not prepay those obligations, and the Mayor shall give notice to the owners of those obligations that those obligations will not be prepaid. All actions heretofore taken by the officers, agents and employees of the City in connection with the prepayment of the 2011 Loan and the 2013 Loan are hereby ratified and confirmed. The officers of the City, including the Mayor, Finance Director and City Clerk, are hereby authorized and directed to take such action as may be necessary to effect the prepayment of the 2011 Loan and 2013 Loan as herein provided (including execution of all documents necessary to terminate those obligations and release the property encumbered thereunder from the lien and effect of those obligations).

ARTICLE VI

REMEDIES

Section 601. Remedies. The provisions of this Ordinance, including the covenants and agreements herein contained, shall constitute a contract between the City and the Registered Owners of the Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of the Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Registered Owners of Bonds similarly situated:

- (a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Registered Owner or Owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of this Ordinance or by the Constitution and laws of the State of Missouri;
- (b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and
- (c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Bonds.

Section 602. Limitation on Rights of Bondowners. The covenants and agreements of the City contained herein and in the Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Bonds. All of the Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds herein pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, or date of Maturity or right of prior redemption as provided in this Ordinance. No one or more Bondowners secured hereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for herein, or to enforce any right hereunder, except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Bonds.

Section 603. Remedies Cumulative. No remedy conferred herein upon the Bondowners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy

conferred herein. No waiver of any default or breach of duty or contract by the Registered Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies consequent thereon. No delay or omission of any Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Registered Owners of the Bonds by this Ordinance may be enforced and exercised from time to time and as often as may be deemed expedient. If any suit, action or proceedings taken by any Bondowner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or has been determined adversely to such Bondowner, then, and in every such case, the City and the Registered Owners of the Bonds shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Bondowners shall continue as if no such suit, action or other proceedings had been brought or taken.

Section 604. No Acceleration. Notwithstanding anything herein to the contrary, the Bonds are not subject to acceleration upon the occurrence of an event of default hereunder.

Section 605. No Obligation to Levy Taxes. Nothing contained in this Ordinance shall be construed as imposing on the City any duty or obligation to levy any taxes either to meet any obligation incurred hereunder or to pay the principal of or interest on the Bonds.

Section 606. Exception for Continuing Disclosure. This **Article VI** shall not apply to **Section 806** hereof regarding the City's continuing disclosure obligations, and Registered Owners or Beneficial Owners (as defined in the Continuing Disclosure Undertaking) of the Bonds shall have no remedies for enforcement of said obligations other than the remedies provided for in **Section 806** hereof and the Continuing Disclosure Undertaking.

ARTICLE VII

DEFEASANCE

Section 701. Defeasance.

(a) When any or all of the Bonds or scheduled interest payments thereon have been paid and discharged, then the requirements contained in this Ordinance and all other rights granted hereby shall terminate with respect to the Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of this Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, money and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of and redemption premium, if any, on said Bonds and interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their Stated Maturity, (i) the City has elected to redeem such Bonds, and (ii) either notice of such redemption has been given, or the City has given irrevocable instructions, or has provided for an escrow agent to give irrevocable instructions, to the Paying Agent to give such notice of redemption in compliance with **Section 302(a)**.

(b) Any money and Defeasance Obligations that at any time are deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the City, for the purpose of paying

and discharging any of the Bonds, or the interest payments thereon, shall be and are hereby assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Registered Owners of the Bonds, and such money shall be and is hereby irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or other bank or trust company shall be deemed to be deposited in accordance with and subject to the provisions of this Ordinance.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 801. Tax Covenant. The City covenants and agrees to comply with all provisions and requirements of the Federal Tax Certificate, which is hereby approved, with such changes therein as shall be approved by the Mayor and the Finance Director, which officers are hereby authorized to execute the Federal Tax Certificate for and on behalf of the City, such officers' signatures thereon being conclusive evidence of their approval thereof.

Section 802. Annual Audit.

(a) Annually, promptly after the end of the Fiscal Year, the City will cause an audit to be made of its funds and accounts for the preceding Fiscal Year by an independent certified public accountant or firm of independent certified public accountants.

(b) Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the City Clerk. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Registered Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer or Registered Owner.

Section 803. Insurance. The City will carry and maintain fire and extended coverage insurance, either commercial or self-insured, upon all of the properties that constitute a part of the Project, insofar as the same are of an insurable nature. Such insurance will be in an amount at least equal to the lesser of (a) the amount of the Bonds then Outstanding or (b) the replacement cost thereof. In the event of loss or damage, the City, with reasonable dispatch, will use the proceeds of such insurance to reconstruct and replace the property damaged or destroyed. If reconstruction or replacement is unnecessary, the City will deposit the proceeds of such insurance into the Debt Service Fund.

Section 804. Amendments.

(a) Notwithstanding the City's obligations under the Continuing Disclosure Undertaking, which may be modified as provided therein, the rights and duties of the City and the Bondowners, and the terms and provisions of the Bonds or of this Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Registered Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

- (i) extend the maturity of any payment of principal or interest due upon any Bond;
- (ii) alter the optional Redemption Date of any Bond;

(iii) effect a reduction in the amount which the City is required to pay as principal of or interest on any Bond;

(iv) permit preference or priority of any Bond over any other Bond; or

(v) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of this Ordinance.

(b) Any provision of the Bonds or of this Ordinance may, however, be amended or modified by ordinance duly adopted by the City Council at any time in any legal respect with the written consent of the Registered Owners of all of the Bonds at the time Outstanding.

(c) Without notice to or the consent of any Bondowners, the City may amend or supplement this Ordinance for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the interests of the Bondowners.

(d) Every amendment or modification of the provisions of the Bonds or of this Ordinance, to which the written consent of the Bondowners is given, as above provided, shall be expressed in an ordinance adopted by the City Council amending or supplementing the provisions of this Ordinance and shall be deemed to be a part of this Ordinance. A certified copy of every such amendatory or supplemental ordinance, if any, and a certified copy of this Ordinance shall always be kept on file in the office of the City Clerk, shall be made available for inspection by the Registered Owner of any Bond or a prospective purchaser or owner of any Bond authorized by this Ordinance, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental ordinance or of this Ordinance will be sent by the City Clerk to any such Bondowner or prospective Bondowner.

(e) Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the City Clerk a copy of the ordinance of the City hereinabove provided for, duly certified, as well as proof of any required consent to such modification by the Registered Owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

(f) The City shall furnish to the Paying Agent a copy of any amendment to the Bonds or this Ordinance which affects the duties or obligations of the Paying Agent under this Ordinance.

Section 805. Notices, Consents and Other Instruments by Bondowners.

(a) Any notice, consent, request, direction, approval or other instrument to be signed and executed by the Bondowners may be in any number of concurrent writings of similar tenor and may be signed or executed by such Bondowners in person or by agent appointed in writing. Proof of the execution of any such instrument or of the writing appointing any such agent and of the ownership of Bonds (other than the assignment of the ownership of a Bond as provided for in the form of Bond set forth in **Exhibit A** attached hereto), if made in the following manner, shall be sufficient for any of the purposes of this Ordinance, and shall be conclusive in favor of the City and the Paying Agent with regard to any action taken, suffered or omitted under any such instrument, namely:

(i) The fact and date of the execution by any person of any such instrument may be proved by a certificate of any officer in any jurisdiction who by law has power to take

acknowledgments within such jurisdiction that the person signing such instrument acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

(ii) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of Bonds, and the date of holding the same shall be proved by the Bond Register.

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

Section 806. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Undertaking, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The Mayor is hereby authorized to execute the Continuing Disclosure Undertaking, in substantially the form attached hereto as **Exhibit C**, to make the Bonds subject to the Continuing Disclosure Undertaking. Upon the City's failure to comply with the Continuing Disclosure Undertaking, any Registered Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Section.

Section 807. Electronic Transactions. The transaction described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 808. Further Authority. The officers of the City, including the Mayor, City Manager, Finance Director and City Clerk, are hereby authorized and directed to execute all documents and take such actions as they may deem necessary or advisable in order to carry out and perform the purposes of this Ordinance and to make ministerial alterations, changes or additions in the foregoing agreements, statements, instruments and other documents herein approved, authorized and confirmed which they may approve, and the execution or taking of such action shall be conclusive evidence of such necessity or advisability.

Section 809. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City, the Paying Agent and the Bondowners, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Paying Agent and the Bondowners.

Section 810. Severability. If any section or other part of this Ordinance, whether large or small, is for any reason held invalid, the invalidity thereof shall not affect the validity of the other provisions of this Ordinance.

Section 811. Governing Law. This Ordinance shall be governed exclusively by and construed in accordance with the applicable laws of the State of Missouri.

Section 812. Emergency Ordinance. This Ordinance is adopted as an emergency measure so that the effective date corresponds to the issuance of the Bonds.

Record of Passage:

- A. Bill Number 6229 was introduced and read the first time on the 7th day of June, 2021.
- B. Bill Number 6229 was discussed on this 28th day of June, 2021, and was voted as follows:
- Teachout _____, Merideth _____, Self _____, Baker _____,
- Sparks _____, Williams _____, and Turnbow _____,
- hereby being _____.
- C. Upon passage by a two-thirds majority of the Council, this Bill shall become Ordinance No. 6229 and shall be in full force and effect from and after June 28, 2021.

Greg Turnbow, Mayor

Approved as to form
Tabatha Thurman, City Counselor

SEAL / ATTEST:

Rhonda Council, City Clerk

**EXHIBIT A
TO ORDINANCE**

(FORM OF BONDS)

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

**UNITED STATES OF AMERICA
STATE OF MISSOURI**

**Registered
No. _____**

**Registered
\$ _____**

CITY OF SIKESTON, MISSOURI

**SPECIAL OBLIGATION REFUNDING AND IMPROVEMENT BOND
SERIES 2021**

Interest Rate

Maturity Date

Dated Date

CUSIP Number

_____ %

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THE CITY OF SIKESTON, MISSOURI, a constitutional charter city and political subdivision of the State of Missouri (the "City"), for value received, hereby acknowledges itself to be indebted and promises to pay to the registered owner shown above, or registered assigns, the principal amount shown above on the maturity date shown above unless called for redemption prior to said maturity date and to pay interest thereon at the interest rate per annum shown above (computed on the basis of a 360-day year of twelve 30-day months) from the Dated Date shown above or from the most recent interest payment date to which interest has been paid or duly provided for. Interest is payable semiannually on June 1 and December 1 in each year, beginning on December 1, 2021, until said principal amount has been paid.

The principal or Redemption Price of this Bond shall be paid at maturity or upon earlier redemption by check, electronic transfer or draft to the person in whose name this Bond is registered at the maturity date or Redemption Date thereof, upon presentation and surrender of this Bond at the principal payment office of BOKF, N.A., St. Louis, Missouri (the "Paying Agent"), or such other office designated by the Paying Agent. The interest payable on this Bond on any interest payment date shall be

paid to the person in whose name this Bond is registered on the registration books maintained by the Paying Agent at the close of business on the Record Date for such interest, which shall be the 15th day (whether or not a Business Day) of the calendar month next preceding the interest payment date. Such interest shall be payable (a) by check or draft mailed by the Paying Agent to the address of such Registered Owner shown on the Bond Register or (b) by electronic transfer to such Registered Owner upon written notice given to the Paying Agent by such Registered Owner not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank, the bank's ABA routing number and the account number to which such Registered Owner wishes to have such transfer directed and an acknowledgment that an electronic transfer fee may be applicable. The principal or Redemption Price of and interest on the Bonds shall be payable by check or draft in any coin or currency that, on the respective dates of payment thereof, is legal tender for the payment of public and private debts.

This Bond is one of an authorized series of bonds of the City designated "Special Obligation Refunding and Improvement Bonds, Series 2021," aggregating the principal amount of \$_____ (the "Bonds"), issued by the City for the purpose of providing funds to (a) pay the costs of the Project, (b) refund certain outstanding loans of the City, and (c) pay the costs of issuing the Bonds. The Bonds are issued under the authority of and in full compliance with the City's Charter and the Constitution and laws of the State of Missouri, and pursuant to an ordinance duly passed (the "Ordinance") and proceedings duly and legally had by the governing body of the City. *Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Ordinance.*

At the option of the City, the Bonds or portions thereof maturing on June 1, 20__ and thereafter may be called for redemption and payment prior to their Stated Maturity on June 1, 20__ and thereafter as a whole or in part at any time in such order of maturity as shall be determined by the City (Bonds of less than a full maturity to be selected in multiples of \$5,000 in such equitable manner as the Paying Agent shall designate), at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.

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

Notice of redemption, unless waived, is to be given by the Paying Agent by mailing an official redemption notice by first class mail at least 30 days but not more than 60 days prior to the Redemption Date to each Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register maintained by the Paying Agent. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the City defaults in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest.

The Bonds are special obligations of the City payable as to both principal and interest solely from annual appropriations of funds by the City for such purpose. The obligation of the City to make payments into the Debt Service Fund and any other obligations of the City to make payments under the Ordinance do not constitute a general obligation or indebtedness of the City for which the City is obligated to levy or pledge any form of taxation, or for which the City has levied or pledged any form of taxation and shall not be construed to be a debt of the City in contravention of any applicable constitutional, statutory or charter limitation or requirement but in each Fiscal Year shall be payable solely from the amounts pledged or appropriated therefor from (i) the income and revenues provided for such year and (ii) any unencumbered balances for previous years.

The Bonds are issuable in the form of fully-registered Bonds in the denominations of \$5,000 or any integral multiple thereof.

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

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

This Bond may be transferred or exchanged, as provided in the Ordinance, only on the Bond Register kept for that purpose at the principal payment office of the Paying Agent, or such other office designated by the Paying Agent, upon surrender of this Bond together with a written instrument of transfer or authorization for exchange satisfactory to the Paying Agent duly executed by the Registered Owner or the Registered Owner's duly authorized agent, and thereupon a new Bond or Bonds in any authorized denomination of the same maturity and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Ordinance and upon payment of the charges therein prescribed. The City and the Paying Agent may deem and treat the Person in whose name this Bond is registered on the Bond Register 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 and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication hereon has been executed by the Paying Agent.

IT IS HEREBY DECLARED AND CERTIFIED that all acts, conditions and things required to be done and to exist precedent to and in the issuance of the Bonds have been done and performed and do exist in due and regular form and manner as required by the Constitution and laws of the State of Missouri.

IN WITNESS WHEREOF, the **CITY OF SIKESTON, MISSOURI**, has caused this Bond to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk and its official seal to be affixed or imprinted hereon.

CERTIFICATE OF AUTHENTICATION

CITY OF SIKESTON, MISSOURI

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

By: _____
Mayor

Registration Date: _____

BOKF, N.A.,
as Paying Agent

(Seal)

ATTEST:

By _____
Authorized Signatory

City Clerk

ASSIGNMENT

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

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Bond on the books kept by the Paying Agent for the registration thereof, with full power of substitution in the premises.

Dated: _____

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

Medallion Signature Guarantee:

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 17, 2021

**NEW ISSUE
BOOK ENTRY ONLY**

**S&P RATING: "A+"
See "RATING" herein**

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



\$13,620,000*
CITY OF SIKESTON, MISSOURI
SPECIAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2021

Dated: Date of Issuance

Due: June 1, as shown on inside cover page

The Special Obligation Refunding and Improvement Bonds, Series 2021 (the "Bonds") of the City of Sikeston, Missouri (the "City") will be issued as fully-registered bonds in denominations of \$5,000 or any integral multiple thereof under the book-entry system maintained by The Depository Trust Company, New York, New York ("DTC"). Principal on the Bonds will be payable annually on June 1 as set forth on the inside cover page of this Official Statement. The Bonds will bear interest from their dated date at the rates per annum as shown on the inside cover page. Interest on the Bonds (computed on the basis of a 360-day year consisting of twelve 30-day months) will be payable semi-annually on each June 1 and December 1, beginning on December 1, 2021.

The Bonds and the interest thereon will constitute special obligations of the City payable solely from amounts appropriated in each fiscal year from (1) the income and revenues of the City provided for such fiscal year and (2) any unencumbered balances from previous years. The City is not obligated to make any such annual appropriation. The Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional, statutory or charter limitation or provision, and the City does not pledge its full faith and credit and is not obligated to levy taxes or resort to any other moneys or property of the City to pay the principal of and interest on the Bonds. The fiscal year of the City begins on each July 1 and ends on June 30.

The Bonds are being issued for the purpose of (1) paying the costs of certain capital improvements within the City, including industrial park, highway, and road and bridge improvements (collectively, the "Project"), (2) refunding certain outstanding loans of the City and (3) paying costs of issuing the Bonds.

The Bonds are subject to redemption prior to maturity as further described herein.

The Bonds are offered when, as and if issued by the City, subject to the approval of legality by Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel. Gilmore & Bell, P.C. will also pass upon certain matters relating to this Official Statement. Piper Sandler & Co., St. Louis, Missouri, has acted as financial advisor to the City in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in book-entry form through DTC, New York, New York on or about July 14, 2021.

Robert W. Baird & Co. Incorporated

Stifel, Nicolaus & Company, Incorporated

The date of this Official Statement is _____, 2021.

* Preliminary; subject to change.

CITY OF SIKESTON, MISSOURI

\$13,620,000*

**SPECIAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
SERIES 2021**

MATURITY SCHEDULE*

Base CUSIP: _____

SERIAL BONDS

<u>Maturity*</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u>
2022	\$ 155,000			
2023	3,130,000			
2024	2,230,000			
2025	2,235,000			
2026	345,000			
2027	350,000			
2028	360,000			
2029	365,000			
2030	380,000			
2031	395,000			
2032	400,000			
2033	415,000			
2034	420,000			
2035	430,000			
2036	435,000			
2037	445,000			

TERM BONDS

\$595,000 _____% Term Bonds due June 1, 2039, Price _____%, CUSIP _____

\$535,000 _____% Term Bonds due June 1, 2041, Price _____%, CUSIP _____

* Preliminary; subject to change.

CITY OF SIKESTON, MISSOURI

105 E. Center Street
Sikeston, Missouri 63801
(573) 471-2512

ELECTED OFFICIALS

Greg Turnbow, *Mayor*
Ryan Merideth, *Councilmember At-Large*
Brian Self, *Councilmember At-Large*
Brandon Sparks, *Councilmember and Mayor Pro Term*
Vest Baker, *Councilmember*
David Teachout, *Councilmember*
Onethia Williams, *Councilmember*

ADMINISTRATIVE OFFICIALS

Jonathan Douglass, *City Manager*
Rhonda Council, *City Clerk*
Karen Bailey, *Finance Director/City Treasurer*
Tabatha Thurman, *City Counselor*

FINANCIAL ADVISOR

Piper Sandler & Co.
St. Louis, Missouri

BOND COUNSEL AND DISCLOSURE COUNSEL

Gilmore & Bell, P.C.
St. Louis, Missouri

PAYING AGENT

BOKF, N.A.
St. Louis, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

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

The Bonds have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, or under any state securities or “blue sky” laws. The Bonds are offered pursuant to an exemption from registration with the Securities and Exchange Commission.

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

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

This Preliminary Official Statement is in a form deemed final by the City for purposes of Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended, except for certain information to be omitted pursuant to Rule 15c2-12(B)(1).

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

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

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

TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
INTRODUCTION	1
Purpose of the Official Statement	1
The City	1
The Bonds	1
Security and Sources of Payment	1
Financial Statements	2
Summary of the Bond Ordinances	2
Continuing Disclosure Information	2
 THE BONDS	 2
General Description	2
Redemption Provisions	3
Registration, Transfer and Exchange of Bonds	4
Book-Entry Only System	5
 SECURITY AND SOURCES OF PAYMENT FOR THE BONDS	 5
Nature of Obligation	5
Covenant to Request Appropriation	5
 PLAN OF FINANCING	 6
Authorization of the Bonds	6
The Project	6
Payment of Loan Obligations	6
Sources and Uses of Funds	7
 RISK FACTORS	 7
Limited Obligations	7
Potential Risks Related to COVID-19	8
No Credit Enhancement or Reserve Fund	9
Enforcement of Remedies	9
Amendment of the Bond Ordinance	9
Risk of Audit	9
Taxability	9
Other Factors Affecting the City	10
Credit Rating and Secondary Market	10
 Loss of Premium from Redemption	 10
Defeasance Risks	10
Cybersecurity Risks	11
 LEGAL MATTERS	 11
Absence of Litigation	11
Approval of Legality	11
 TAX MATTERS	 12
Opinion of Bond Counsel	12
 RATING	 14
CONTINUING DISCLOSURE	14
General	14
Prior Compliance	14
 FINANCIAL STATEMENTS	 14
FINANCIAL ADVISOR	14
UNDERWRITING	15
MISCELLANEOUS	15
 APPENDIX A - Information Regarding the City	
 APPENDIX B - Comprehensive Annual Financial Report with Independent Auditor's Report for the Year Ended June 30, 2020	
 APPENDIX C - Summary of the Bond Ordinance and Form of the Continuing Disclosure Undertaking	
 APPENDIX D - Book-Entry Only System	
 APPENDIX E - Form of Approving Opinion of Bond Counsel	

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OFFICIAL STATEMENT

CITY OF SIKESTON, MISSOURI

\$13,620,000*

SPECIAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS SERIES 2021

INTRODUCTION

This introduction is only a brief description and summary of certain information contained in this Official Statement and is qualified in its entirety by reference to more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement.

Purpose of the Official Statement

The purpose of this Official Statement is to furnish information relating to (1) the City of Sikeston, Missouri (the “City”), and (2) the City’s Special Obligation Refunding and Improvement Bonds, Series 2021 (the “Bonds”), to be issued in the principal amount of \$13,620,000*.

The City

The City is a constitutional charter city and political subdivision of the State of Missouri (the “State”), organized, existing and operating under the constitution and laws of the State and the City Charter. For more information about the City, see *Appendix A* and *Appendix B*.

The Bonds

The Bonds are being issued pursuant to an ordinance expected to be adopted by the City Council on June 28, 2021 (the “Bond Ordinance”). The Bonds are being issued for the purpose of (1) paying the costs of certain capital improvements within the City, including industrial park, highway, and road and bridge improvements (collectively, the “Project”), (2) refunding certain outstanding loans of the City and (3) paying costs of issuing the Bonds. The Project is being undertaken to accommodate an approximately \$62 million production and manufacturing facility recently announced by Carlisle Construction Materials LLC. See the captions “**THE BONDS**” and “**PLAN OF FINANCING.**”

Security and Source of Payment

The payment of the principal of and interest on the Bonds is subject to annual appropriation by the City. The City is not required or obligated to make any such appropriation. No property of the City is pledged or encumbered, and no reserve fund has been established, to secure payment of the Bonds.

Although payment of the principal of and interest on the Bonds may be made, subject to annual appropriation, from any funds of the City legally available for such purpose, the City intends to pay for a portion of the Bonds through various State and Federal grants. **Those grant revenues are not pledged to the payment of the Bonds.** See the caption “**PLAN OF FINANCING – The Project.**”

* Preliminary; subject to change.

The Bonds and the interest thereon will constitute special obligations of the City payable solely from amounts appropriated in each Fiscal Year (defined below) out of (1) the income and revenues of the City provided for such Fiscal Year, plus (2) any unencumbered balances from previous years. The City's Finance Director or any other officer of the City at any time charged with the responsibility of formulating budget proposals is obligated under the Bond Ordinance to request an appropriation, but the City Council is not obligated to make any such annual appropriation.

The Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional, statutory or charter limitation or provision, and the City does not pledge its full faith and credit and is not obligated to levy taxes or resort to any other moneys or property of the City to pay the principal of and interest on the Bonds. The fiscal year of the City begins on each July 1 and ends on June 30 (each a "Fiscal Year"). See **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS"** and **"RISK FACTORS"** herein.

Financial Statements

Audited financial statements of the City as of and for the Fiscal Year ended June 30, 2020 are included in the City's Comprehensive Annual Financial Report in **Appendix B** to this Official Statement. These financial statements have been audited by Beussink, Hey, Roe & Stroder, L.L.C., Cape Girardeau, Missouri, independent certified public accountants, to the extent and for the periods indicated in their report, which is also included in **Appendix B** hereto.

Summary of the Bond Ordinance

A summary of the Bond Ordinance, including definitions of certain words and terms used herein and in the Bond Ordinance, is included in **Appendix C** to this Official Statement. Such summary and definitions do not purport to be comprehensive or definitive. All references herein to the Bond Ordinance are qualified in their entirety by reference to the Bond Ordinance.

Continuing Disclosure Information

The City has agreed to provide certain annual financial information and notices of certain events to the Municipal Securities Rulemaking Board via the Electronic Municipal Market Access system, in accordance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See **"CONTINUING DISCLOSURE"** herein and **"Form of the Continuing Disclosure Undertaking"** in **Appendix C**.

THE BONDS

The following is a summary of certain terms and provisions of the Bonds. Reference is hereby made to the Bonds and the provisions with respect thereto in the Bond Ordinance for the detailed terms and provisions thereof.

General Description

The Bonds will be issued in the aggregate principal amount of \$13,620,000*. The Bonds will be dated the date of issuance thereof, and will consist of fully-registered bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds will mature, subject to redemption as described below, on June 1 in the years and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable semiannually on June 1 and December 1 in each year, beginning on December 1, 2021. Principal of or interest on any Bond will be payable (1) by check or draft mailed to each Registered Owner as of the commencement of business of the Paying Agent on the Record Date for such Bond Payment Date or (2) by

* Preliminary; subject to change.

electronic transfer to such Registered Owner upon written notice delivered to the Paying Agent not less than five days before the Record Date containing electronic transfer instructions including the name of the bank, ABA routing number and account number to which such Registered Owner wishes to have such transfer directed and an acknowledgement that an electronic transfer fee may be applicable.

Redemption Provisions

Optional Redemption. At the option of the City, the Bonds or portions thereof maturing on and after June 21, 20__ may be called for redemption and payment prior to their Stated Maturity on and after June 1, 20__, in whole or in part, at any time, in such amounts for each Stated Maturity as shall be determined by the City, at the Redemption Price of 100% of the principal amount thereof, plus accrued interest thereon to the Redemption Date.

Mandatory Redemption. The Bonds maturing in the year 2039* and 2041* (collectively, the “Term Bond”) are subject to mandatory redemption and payment prior to their Stated Maturities pursuant to the mandatory redemption requirements of the applicable Bond Ordinance at a Redemption Price equal to 100% of the principal amount thereof plus accrued interest to the Redemption Date. The City shall redeem, on June 1 in each year, the following principal amounts of such Term Bonds:

<u>Year</u>	<u>Principal Amount*</u>
2038	\$335,000
2039 [†]	260,000

[†]Final Maturity

<u>Year</u>	<u>Principal Amount*</u>
2040	\$265,000
2041 [†]	270,000

[†]Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory Redemption Date, the City may: (1) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory redemption on said mandatory Redemption Date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds subject to mandatory redemption on said mandatory Redemption Date from any Registered Owner thereof whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the City under this Section for any Term Bonds subject to mandatory redemption on said mandatory Redemption Date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of the Bond Ordinance) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection (b). Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the City to redeem Term Bonds of the same Stated Maturity on such mandatory Redemption Date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same Stated Maturity in chronological order, and the principal

* Preliminary; subject to change.

amount of Term Bonds of the same Stated Maturity to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the City will, on or before the 45th day next preceding each mandatory Redemption Date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with in respect of such mandatory redemption payment.

Selection of Bonds for Redemption. Bonds shall be redeemed only in the principal amount of \$5,000 or any integral multiple thereof. When less than all of the Outstanding Bonds are to be redeemed, such Bonds shall be redeemed in the order of their Stated Maturities as determined by the City, and Bonds of less than a full Stated Maturity shall be selected by the Paying Agent in \$5,000 units of principal amount in such equitable manner as the Paying Agent may determine.

Notice and Effect of Call for Redemption. Unless waived by any Registered Owner of Bonds to be redeemed, official notice of any redemption shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first-class mail at least 30 days prior to the Redemption Date to each Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register.

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

Official notice of redemption having been given as provided in the applicable Bond Ordinance, the Bonds or portions of Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the City defaults in the payment of the Redemption Price) such Bonds or portion of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with such notice, the Redemption Price of such Bonds shall be paid by the Paying Agent. Installments of interest due on or prior to the Redemption Date shall be payable as provided in the applicable Bond Ordinance for payment of interest. Upon surrender for any partial redemption of any Bond, the Paying Agent shall prepare for the Registered Owner a new Bond or Bonds of the same Stated Maturity in the amount of the unpaid principal. All Bonds that have been surrendered for redemption shall be cancelled and destroyed by the Paying Agent and shall not be reissued.

So long as a Book-Entry Only System (as described in ***Appendix D***) is used for the series of Bonds to be redeemed, the Paying Agent will send notices of redemption only to the Securities Depository (as defined herein), as the Registered Owner of such Bonds. It is expected that the Securities Depository will notify the DTC Participants (as defined herein) and request the DTC Participants to notify the Beneficial Owners (as defined herein) of such Bonds of such redemption. Any failure of the Securities Depository to advise any of the DTC Participants, or of any DTC Participant or any nominee to notify any Beneficial Owner of such Bonds, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption.

The failure of any Registered Owner to receive the foregoing notice or an immaterial defect therein shall not invalidate any redemption.

Registration, Transfer and Exchange of Bonds

Each Bond when issued shall be registered by the Paying Agent in the name of the owner thereof on the Bond Register. If the Book-Entry Only System (as described in ***Appendix D***) is discontinued the following provisions will apply: Any Bond may be transferred upon the Bond Register by the person in whose name it is

registered and shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent. The Owner requesting such transfer or exchange will be required to pay any additional costs or fees that might be incurred in the secondary market with respect to such exchange. In the event any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure.

Book-Entry Only System

The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the "Book-Entry Only System") maintained by The Depository Trust Company ("DTC"), New York, New York, as described in *Appendix D*.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Nature of Obligation

The Bonds are special obligations of the City payable solely from amounts pledged or appropriated therefor in each Fiscal Year from (1) the income and revenues provided for such Fiscal Year and (2) any unencumbered balances for previous years. **The City is not obligated to make any such annual appropriation. The Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional, statutory or charter limitation or provision. The City does not pledge its full faith and credit and is not obligated to levy taxes or resort to any other moneys or property of the City to pay the principal of and interest on the Bonds.**

The City intends to pay for a portion of the Bonds through various State and Federal grants, as described under "**PLAN OF FINANCING – The Project.**" Purchasers of the Bonds should be aware, however, that those grant funds are not pledged to the payment of the Bonds. The payment of the principal of and interest on the Bonds is subject to an annual appropriation by the City.

Covenant to Request Appropriation

In the Bond Ordinance, the City Council has directed the Finance Director or any other officer of the City at any time charged with the responsibility of formulating budget proposals under the Bond Ordinance to (1) include in each annual budget an appropriation of the amount necessary (after taking into account any moneys legally available for such purpose, including State and Federal grants) to pay debt service on the Bonds in the next succeeding Fiscal Year and (2) take such further action (or cause the same to be taken) as may be necessary or desirable to assure the availability of moneys appropriated to pay such debt service on the Bonds in the next succeeding Fiscal Year.

The City is not required or obligated to make any such annual appropriation, and the decision whether or not to appropriate such funds will be solely within the discretion of the then-current City Council. No property of the City is pledged or encumbered, and no reserve fund has been established, as security for payment of the Bonds.

THERE CAN BE NO ASSURANCE THAT THE CITY WILL APPROPRIATE FUNDS FOR PAYMENT OF THE BONDS.

PLAN OF FINANCING

Authorization of Bonds

The Bonds are authorized pursuant to and in full compliance with the Constitution and statutes of the State, the City's Charter and the Bond Ordinance. The Bonds are being issued to provide funds to (1) pay the costs of certain capital improvements within the City, including industrial park, highway, and road and bridge improvements (collectively, the "Project"), (2) refund certain outstanding loans of the City and (3) pay costs of issuing the Bonds.

The Project

On April 20, 2021, Carlisle Construction Materials LLC ("CCM") announced it is investing \$62 million and creating 100 new jobs at a new production and manufacturing facility in the City. The 455,000 square foot facility will be located on approximately 124 acres in the Sikeston South Industrial Park. The City and CCM have entered into a Development Agreement, whereby the City agreed, among other things to undertake a variety of infrastructure improvements, including the Project, to accommodate CCM's facility. The Project consists of the following:

- *Street and Utility Improvements within Industrial Park.* The improvements consist of a new access road for CCM facility, sanitary sewer and water mains. The estimated cost is \$3,371,000. The U.S. Economic Development Administration ("EDA"), which is part of the U.S. Department of Commerce, has committed \$2,357,000 toward the improvements. The Delta Regional Authority ("DRA"), a federally-funded economic development agency, has committed \$1,014,000 toward the improvements. The Bonds are being issued for these improvements because the EDA and DRA payments are not provided until completion of the improvements.
- *Highway 61 Widening & Signal.* The Sikeston South Industrial Park is located adjacent to Highway 61. These improvements, which have an estimated cost of \$2,024,000, are necessary to accommodate CCM's truck volume. The Missouri Department of Transportation ("MoDOT") has committed to fund these improvements. The Bonds are being issued for these improvements because the MoDOT payment will not be provided until completion of the improvements.
- *Outer Road, Overpass and Related Improvements.* The City believes the area to the east of the industrial park is prime for residential development but first needs road and utility improvements. The estimated cost of those improvements is \$7,491,640. The expected sources of revenue are (1) \$2,050,000 from the State of Missouri through the Governor's Transportation Cost Share Program, (2) \$550,000 from MoDOT, (3) \$3,901,520 from the City and (4) \$989,800 from in-kind construction services of New Madrid County. The City intends to pay for its share through general fund revenues. The Bonds are being issued for the portions to be paid through the Governor's Transportation Cost Share Program and the City funds.

Payment of Loan Obligations

Approximately \$3,113,287.51 of the Bond proceeds will be used to (1) pay the 2011 USDA Loan dated as of June 13, 2011 (the "2011 Loan"), between the Sikeston Economic Development Corporation, as borrower, and United States Department of Agriculture Rural Housing Service (Rural Development), as grantee, and (2) pay the 2013 USDA Loan dated as of March 27, 2013 (the "2013 Loan"), between the Sikeston Economic Development Corporation, as borrower, and United States Department of Agriculture Rural Housing Service (Rural Utilities Service), as grantee.

The 2011 Loan financed the construction of a new facility for the Sikeston Department of Public Safety. The 2013 Loan financed the relocation of two businesses to obtain land for a parking lot for the new Department of Public Safety facility.

Sources and Uses of Funds

The following table summarizes the estimated sources of funds, including the proceeds from the sale of the Bonds and other funds of the City, and the expected uses of such funds, in connection with the plan of financing:

Sources of Funds:

Par Amount of Bonds	\$
Net Original Issue Premium	
Total	<u>\$</u>

Uses of Funds:

Deposit to Project Fund	\$
Payment of Loan Obligations	
Costs of Issuance (including Underwriters' Discount)....	
Total	<u>\$</u>

RISK FACTORS

The following section describes certain risk factors affecting the payment of and security for the Bonds. The following discussion of risks is not meant to be an exhaustive list of the risks associated with the purchase of Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following factors along with all other information in this Official Statement in evaluating the Bonds. There can be no assurance that other risk factors will not become material in the future.

Limited Obligations

The Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional, statutory or charter limitation or provision.

The Bonds are special obligations of the City payable solely from the funds appropriated annually by the City for that purpose. In each Fiscal Year, payments of principal of and interest on the Bonds shall be made solely from the amounts appropriated therefor out of (1) the income and revenues of the City provided for such year plus (2) any unencumbered balances for previous years, and the decision whether to make such appropriation each year shall be within the sole discretion of the then-current City Council. Subject to the preceding sentence, the obligations of the City to make payments hereunder and to perform and observe any other covenant and agreement contained in the Bond Ordinance shall be absolute and unconditional.

If the City fails to appropriate amounts sufficient to pay the principal and interest on the Bonds in any Fiscal Year, no other funds or property will be available to pay such principal and interest. No property of the City is pledged or encumbered, nor has any reserve fund been established, to secure payment of the Bonds.

The City expects to receive funds from State and Federal entities to pay intends to pay a significant portion of the principal of and interest on the Bonds. The City has received awards and entered into grant agreements with DRA and MoDOT but the City has not yet received a final award from the EDA. Even if the

City receives all of the expected awards, there are contingencies for receipt of the grant funds, including some matters that are outside the City's control (such as CCM creating and maintaining at least 100 jobs in the City). Failure to receive one or more grants could impact the City's decision to appropriate funds for the Bonds.

The City has declared its current intention and expectation to appropriate funds to pay the Bonds. However, such a declaration cannot be construed as contractually obligating or otherwise binding the City. Accordingly, the likelihood that the City will appropriate funds to timely pay the Bonds is dependent upon certain factors that are beyond the control of the Owners, including the demographic conditions within the City and the City's ability to generate sufficient taxes, user fees and charges, and other revenues to pay the Bonds and the City's operating expenses and other obligations.

Potential Risks Related to COVID-19

A novel strain of coronavirus (which leads to the disease known as "COVID-19") has spread throughout the world and has been characterized by the World Health Organization as a pandemic. The impact of COVID-19 on the U.S. economy has been broad-based and has negatively impacted national, state and local economies.

On March 13, 2020, President Trump declared a "national emergency," which, among other effects, allows the executive branch to disburse disaster relief funds to address COVID-19 and related economic dislocation.

On March 13, 2020, the Governor of the State (the "Governor") signed an Executive Order declaring a state of emergency in the State in response to COVID-19. The Governor subsequently signed Executive Orders extending the state of emergency through August 31, 2021. The stated purpose of the Executive Orders was to allow more flexibility in utilizing resources and deploying them around the State where they are most appropriate, including allowing the Governor to waive certain State laws and regulations where necessary. The Governor and the Missouri Department of Health and Senior Services ("DHS") issued a series of orders in 2020 that initially restricted activities and subsequently provided for reopening of businesses in the State.

The City imposed restrictions on non-essential activities from April 4, 2020 to May 4, 2020. The City closed its offices and asked all employees to work from home for approximately two weeks. A few non-essential account clerks were put on paid leave for four weeks. All businesses were allowed to reopen thereafter.

The City's finances were not materially impacted by COVID-19; no significant capital projects were delayed or otherwise impacted. Although the City's franchise revenues decreased slightly during the pandemic, the sales tax revenues were level and use taxes increased significantly over the budgeted amount. The City received \$418,787 from New Madrid County and Scott County under The Coronavirus Aid, Relief and Economic Security ("CARES") Act for reimbursement of expenses. The City expects to receive approximately \$2.9 million from the American Rescue Plan Act of 2021. See the caption "**FINANCIAL INFORMATION CONCERNING THE CITY – Projected 2021 Operating Results**" in *Appendix A*.

Developments regarding COVID-19 continue to occur on a daily basis, and the extent to which COVID-19 will impact the City in the future is highly uncertain and cannot be predicted. The City finances its operations primarily through taxes, including local property taxes and sales taxes. The proliferation of COVID-19 and the impact of executive orders and social distancing guidelines on businesses and other organizations in the City could result in a reduction in assessed valuation of property in the City in the future. Declining property values in the City, whether caused by COVID-19 or other national or global financial crises, or other reasons, may require higher levy rates, which may increase the burden on local taxpayers and affect certain taxpayers' willingness or ability to continue timely paying sales and property taxes. In addition, if "stay at home orders" are reissued in the future, sales tax revenue generation may be depressed and the timely collection and distribution of property tax revenues by the County could be impacted.

The dynamic nature of the COVID-19 outbreak leads to uncertainties, including (1) the geographic spread of the virus; (2) the severity of the disease; (3) the duration of the outbreak; (4) actions that may be taken by governmental authorities to contain or mitigate the outbreak or recurrences thereof; (5) the development of medical therapeutics or vaccinations; and (6) the impact of the outbreak and actions taken in response to the outbreak on the City's revenues, expenses and financial condition.

No Credit Enhancement or Reserve Fund

No bond insurance policy, letter of credit, reserve fund or other credit enhancement will be issued to insure payment of the principal of or interest on the Bonds. Accordingly, any potential purchaser of the Bonds should consider the financial ability of the City to make the payments of principal of and interest on the Bonds.

Enforcement of Remedies

The enforcement of the remedies under the Bond Ordinance may be limited or restricted by federal or state laws or by the application of judicial discretion, and may be delayed in the event of litigation to enforce the remedies. State laws concerning the use of assets of political subdivisions and federal and state laws relating to bankruptcy, fraudulent conveyances, and rights of creditors may affect the enforcement of remedies. Similarly, the application of general principles of equity and the exercise of judicial discretion may preclude or delay the enforcement of certain remedies. The legal opinions to be delivered with the issuance of the Bonds will be qualified as they relate to the enforceability of the various legal instruments by reference to the limitations on enforceability of those instruments under (1) applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights, (2) general principles of equity, and (3) the exercise of judicial discretion in appropriate cases.

Amendment of the Bond Ordinance

Certain amendments to the Bond Ordinance may be made without the consent of or notice to the owners of the Bonds, other amendments may be made with the consent of the owners of not less than a majority in principal amount of the applicable series of Bonds then outstanding, and other amendments may be made with the consent of the owners of all the Bonds then outstanding of the applicable series. Such amendments may adversely affect the owners of the Bonds.

Risk of Audit

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

Taxability

The Bonds are not subject to redemption, nor are the interest rates on the Bonds subject to adjustment, in the event of a determination by the Internal Revenue Service or a court of competent jurisdiction that the interest paid or to be paid on any Bond is or was includible in the gross income of the Owner of a Bond for federal income tax purposes. Such determination may, however, result in a breach of the City's tax covenants set forth in the Bond Ordinance authorizing the issuance of the Bonds, which may constitute a default under such Bond Ordinance. Likewise, the Bond Ordinance authorizing the issuance of the Bonds does not require the redemption of the Bonds or the adjustment of interest rates on the Bonds if the interest thereon loses its exemption from income taxes imposed by the State. *It may be that Owners would continue to hold their Bonds, receiving principal and interest*

as and when due, but would be required to include such interest payments in gross income for federal income tax purposes.

Other Factors Affecting the City

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

1. *Future Economic Conditions.* Adverse economic conditions or changes in demographics in the City, including increased unemployment and expenses in periods of inflation, could adversely impact the City's financial condition.
2. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance could adversely impact the City's financial condition.
3. *Natural Disasters.* The occurrence of natural disasters, such as floods, droughts, tornadoes or earthquakes, could damage the facilities of the City, interrupt services or otherwise impair operations and the ability of the City to produce revenues.

Credit Rating and Secondary Market

S&P Global Ratings, a division of S&P Global Inc. ("S&P") has assigned the Bonds the rating set forth on the cover page of this Official Statement. The rating reflects only the views of the rating agency, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, by said rating agency if, in its judgment, circumstances warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. There is no assurance that a secondary market will develop for the purchase and sale of the Bonds. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and changes in operating performance of the entities operating the facilities subject to the municipal securities. From time to time the secondary market trading in selected issues of municipal securities will fluctuate as a result of the financial condition or market position of the underwriter, prevailing market conditions, or a material adverse change in the operations of that entity, whether or not the subject securities are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices. Municipal securities are generally viewed as long-term investments, subject to material unforeseen changes in the investor's circumstances, and may require commitment of the investor's funds for an indefinite period of time, perhaps until maturity.

Loss of Premium from Redemption

Any person who purchases a Bond at a price in excess of its principal amount or who holds such Bond trading at a price in excess of par should consider the fact that the Bonds are subject to redemption prior to maturity at the redemption prices described herein in the event such Bonds are redeemed prior to maturity. See the section herein captioned **"THE BONDS – Redemption Provisions."**

Defeasance Risks

When all of the Bonds of a series are deemed paid as provided in the Bond Ordinance, the requirements contained in the Bond Ordinance and all other rights granted to bond owners thereby shall terminate. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company and having full trust powers, at or prior to the stated maturity or redemption date of said Bonds or the

interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of said Bonds and interest accrued to the stated maturity or redemption date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their stated maturity, (1) the City has elected to redeem such Bonds, and (2) either notice of such redemption shall have been given, or the City shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent to give such notice of redemption in compliance with the Bond Ordinance. Defeasance Obligations include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. There is no legal requirement in the Bond Ordinance that Defeasance Obligations consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include the rating of Bonds defeased with Defeasance Obligations to the extent the Defeasance Obligations have a change or downgrade in rating.

Cybersecurity Risks

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

LEGAL MATTERS

Absence of Litigation

As of the date hereof, there is no controversy, suit or other proceeding of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the City or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act in connection with the authorization, issuance and sale of the Bonds, or the constitutionality or validity of the Bonds or any of the proceedings had in relation to the authorization, issuance or sale thereof, or the levy and collection of a tax to pay the principal and interest thereof, or which might affect the City's ability to meet its obligations to pay the Bonds.

Approval of Legality

All legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel to the City. The expected form of such opinion for the Bonds is attached as *Appendix E* hereto. Certain legal matters related to this Official Statement will be passed upon by Gilmore & Bell, P.C., St. Louis, Missouri.

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

TAX MATTERS

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

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under the law existing as of the issue date of the Bonds:

Federal and State of Missouri Tax Exemption. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and State of Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds, but has reviewed the discussion under the heading “**TAX MATTERS.**”

Other Tax Consequences.

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Bond over its issue price. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than “qualified stated interest” (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 1288 of the Code,

original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than "qualified stated interest" (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

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

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

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

RATING

S&P Global Ratings, a division of S&P Global Inc. (“S&P”), has assigned the Bonds the rating of “A+.” A rating reflects only the view of the rating agency at the time the rating is given, and the City and the Underwriters make no representation as to the appropriateness of the rating or that such rating will not be changed, suspended or withdrawn. S&P has relied on the City and others for the accuracy and completeness of the information submitted in connection with the rating. The rating is not a “market” rating nor a recommendation to buy, hold or sell the Bonds. The rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. Any downward revision, suspension or withdrawal of a rating could have an adverse effect on the market price and marketability of the Bonds.

CONTINUING DISCLOSURE

General

The City will enter into the Continuing Disclosure Undertaking to assist the Underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). The proposed form of the Continuing Disclosure Undertaking is included in this Official Statement as *Appendix C*. The City is the only “obligated person” with responsibility for continuing disclosure.

Prior Compliance

The City’s only prior continuing disclosure undertaking pursuant to the Rule was in connection with the issuance of \$73,620,000 principal amount of Electric System Revenue Refunding Bonds, 2012 Series (the “2012 Bonds”). In the last five years, the City has been in material compliance with its prior continuing disclosure undertaking executed pursuant to the Rule, except that the City failed to report rating changes with respect to the 2012 Bonds on April 14, 2017, August 9, 2017 and October 23, 2018.

FINANCIAL STATEMENTS

Audited financial statements of the City as of and for the Fiscal Year ended June 30, 2020, are included in *Appendix B*. These financial statements have been audited by Beussink, Hey, Roe & Stroder, L.L.C., Cape Girardeau, Missouri, independent certified public accountants, to the extent and for the periods indicated in their report which is also included in *Appendix B*.

The City currently uses the modified accrual basis of accounting but intends to convert to the modified cash basis of accounting in the fiscal year beginning July 1, 2022. See “**FINANCIAL INFORMATION CONCERNING THE CITY – Accounting, Budgeting and Auditing Procedures**” in *Appendix A*.

FINANCIAL ADVISOR

Piper Sandler & Co., St. Louis, Missouri (the “Financial Advisor”), is employed as financial advisor to the City to render certain professional services, including advising the City on a plan of financing and assisting in the preparation of this Official Statement for the sale of the Bonds. In its capacity as Financial Advisor, the Financial Advisor has read and participated in the drafting of certain portions of this Official Statement and has supervised the compilation and editing thereof. The Financial Advisor has not, however, independently verified the factual information contained in this Official Statement.

UNDERWRITING

Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin, and Stifel, Nicolaus & Company, Incorporated, St. Louis, Missouri (the "Underwriters"), have agreed to purchase the Bonds at a price of \$ _____ (which is equal to the aggregate original principal amount of the Bonds, plus original issue premium of \$ _____, and less an underwriting discount of \$ _____). The Underwriters are purchasing the Bonds for resale in the normal course of the Underwriters' business activities. The Underwriters reserve the right to offer any of the Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriters, in their discretion, determine.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights of the Owners thereof. During the period of the offering, copies of drafts of such documents may be examined at the office of the Financial Advisor; following delivery of the Bonds, copies of such documents may be examined at the corporate trust office of the Paying Agent. The information contained in this Official Statement has been compiled from official and other sources that are deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statement made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the information presented herein since the date hereof. This Official Statement is not to be construed as a contract or agreement between the City, the Paying Agent or the Underwriters and the purchasers or Owners of any Bonds.

The City has duly authorized the delivery of this Official Statement.

CITY OF SIKESTON, MISSOURI

By: _____
Mayor

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APPENDIX A

INFORMATION REGARDING THE CITY

APPENDIX A

TABLE OF CONTENTS

	<u>Page</u>
INFORMATION REGARDING THE CITY	A-1
General.....	A-1
General Demographic Statistics.....	A-2
Pension and Employee Retirement Plans.....	A-3
Risk Management	A-5
Employment.....	A-5
Other Services in the City	A-5
FINANCIAL INFORMATION CONCERNING THE CITY	A-7
Accounting, Budgeting and Auditing Procedures.....	A-7
The General Fund	A-8
Projected 2021 Operating Results.....	A-9
Sources of Revenue	A-10
Sales Tax Collections.....	A-10
DEBT STRUCTURE OF THE CITY	A-11
General Obligation Indebtedness	A-11
Overlapping General Obligation Indebtedness	A-12
Debt Ratios and Related Information	A-12
Annual Appropriation Obligations	A-12
Debt Service Requirements.....	A-13
Other Obligations.....	A-14
Tax Abatement and Tax Increment Financing.....	A-14
History of Debt Payment	A-14
Future Debt Plans.....	A-14
PROPERTY TAX INFORMATION OF THE CITY	A-15
Property Valuations.....	A-15
Property Tax Levies and Collections	A-16
Tax Rates	A-17
Major Property Taxpayers	A-18

INFORMATION REGARDING THE CITY

Much of the economic and financial information in this Appendix is historic in nature and generally predates the COVID-19 pandemic. It is not possible to predict whether any of the trends shown herein will continue in the future. See **“RISK FACTORS – Potential Risks Relating to COVID-19,”** in the Official Statement.

General

The City is located primarily within Scott County with a small portion within New Madrid County in the Bootheel Region of southeastern Missouri, approximately 155 miles south of St. Louis, Missouri and 145 miles north of Memphis, Tennessee. Sikeston, one of the largest cities in the Bootheel Region, covers an area of approximately 17.5 square miles.

The City was first incorporated as the Town of Sikeston in 1875 and, in April 2002, became a home rule charter city. Once thought of as a strictly agricultural community, Sikeston has expanded its economic focus to include manufacturing and distribution. In the late 1990’s, the City developed an 800-acre Business, Education and Technology Park. The new Sikeston South Industrial Park, a Missouri Certified Site and an Opportunity Zone, is a 265.32-acre park that features flat, cleared land that is ready for development. The Project financed with the Bond proceeds is located in and adjacent to the Sikeston South Industrial Park. See the caption **“PLAN OF FINANCING – The Project”** in the Official Statement. Refresco Beverages US Inc., Unilever, Orgill, Fed Ex and Do-It-Best all have facilities located in the City.

The City has a Mayor/City Council form of government, consisting of a mayor elected at large, two councilmen elected at large and four wards that each elect one councilman. The mayor serves a three-year term. Councilmen serve staggered three-year terms.

The current elected officials of the City are:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Greg Turnbow	Mayor	2024
Ryan Merideth	Council Member At-Large	2022
Brian Self	Council Member At-Large	2025
Brandon Sparks	Mayor Pro Tem/Council Member - Ward 1	2022
Vest Baker	Council Member - Ward 2	2024
David Teachout	Council Member - Ward 3	2024
Onethia T. Williams	Council Member - Ward 4	2022

In addition to the above-listed elected officials, the City also appoints a City Manager, City Clerk and Finance Director/City Treasurer. The City Manager appoints the City Counselor, Collector, Public Safety Director and Government Services Director.

General Demographic Statistics

Population. Recent population patterns for the City, Scott County and the State of Missouri have been as follows:

<u>Year</u>	<u>City</u>		<u>Scott County</u>		<u>State of Missouri</u>	
	<u>Population</u>	<u>Percentage Change</u>	<u>Population</u>	<u>Percentage Change</u>	<u>Population</u>	<u>Percentage Change</u>
1990	17,641	N/A	39,376	N/A	5,116,901	N/A
2000	16,992	-3.68%	40,422	2.66%	5,595,211	9.35%
2010	16,318	-3.97	39,191	-3.05	5,988,927	7.04
2019	16,200	-0.72	38,633	-1.42	6,104,910	1.94

Source: United States Census Bureau.

The following table shows the United States Census Bureau population estimates for 2019 by age categories for the City, Scott County and the State of Missouri:

<u>Age</u>	<u>City</u>	<u>Scott County</u>	<u>State of Missouri</u>
Under 5 years	1,078	2,486	371,570
5-19 years	3,125	7,418	1,168,897
20-24 years	896	2,424	414,394
25-44 years	3,894	9,143	1,551,590
45-64 years	4,003	10,277	1,591,734
65 and over	<u>3,204</u>	<u>6,885</u>	<u>1,006,725</u>
Total	16,200	38,633	6,104,910
Median Age	39.9	40.0	38.6

Source: United States Census Bureau.

Housing. The median values of owner-occupied housing units in the City, Scott County and the State of Missouri are as follows:

City	\$121,400
Scott County	109,200
State of Missouri	157,200

Source: United States Census Bureau, 2015-2019 American Community Survey 5-year Estimates.

Income. The following table presents certain income statistics for the City, Scott County, the State of Missouri and the United States:

	<u>Per Capita Income</u>	<u>Median Family Income</u>
City	\$24,289	\$49,964
Scott County	24,921	53,789
State of Missouri	30,810	70,398

Source: United States Census Bureau, 2015-2019 American Community Survey 5-year Estimates.

The following table presents per capita personal income⁽¹⁾ for Scott County and the State of Missouri for the years 2015 through 2019, the latest date for which such information is available:

<u>Year</u>	<u>Scott County</u>	<u>State of Missouri</u>
2015	\$37,460	\$43,153
2016	38,036	44,318
2017	39,199	45,342
2018	40,193	47,109
2019	41,626	48,656

(1) **“Per Capita Personal Income”** is the annual total personal income of residents divided by the estimated population as of March 2019. **“Personal Income”** is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and transfer payments. **“Net Earnings”** is earnings by place of work – the sum of wage and salary disbursements (payrolls), other labor income, and proprietors’ income – less personal contributions for social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal Income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Pension and Employee Retirement Plans

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

LAGERS issues a publicly-available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2020 (the “2020 LAGERS Annual Report”) is available at <https://www.molagers.org/financial-reports/>. The link to the 2020 LAGERS Annual Report is provided for general background information only, and the information in the 2020 LAGERS Annual Report is not incorporated by reference herein. The 2020 LAGERS Annual Report provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

All full-time employees of the City are eligible to participate in LAGERS. As permitted by LAGERS, the City has elected the non-contributory plan, meaning its participating employees do not contribute to the pension plan. The City is required by statute to contribute at an actuarially determined rate for each category of participating employees. For the 2020 Fiscal Year, the City contributed \$421,917 to LAGERS on behalf of participating employees. The City’s actuarially determined contribution rate for the period ending June 30, 2020 was 6.3% for general employees, 8.9% for police, and 5.8% for fire of covered payroll. In the Fiscal Year ended June 30, 2020, the City’s contribution to LAGERS on behalf of its employees represented approximately 2.45% of the City’s total governmental expenses.

The following provides a historical comparison of the City’s actual contributions to LAGERS relative to the actuarially determined contributions for the last five Fiscal Years of the City:

Schedule of City Contributions

<u>Fiscal Year Ended June 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency)</u>
2016	\$420,537	\$420,537	\$ 0
2017	390,544	390,544	0
2018	379,637	379,637	0
2019	372,695	372,695	0
2020	457,375	421,917	35,458

Source: Comprehensive Annual Financial Reports for Fiscal Year ended June 30, 2020.

The City has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. This Statement requires the City to record net pension liability and pension expense on its financial statements. The net pension liability is the difference between the total pension liability and the plan's fiduciary net position. The pension expense recognized each Fiscal Year is equal to the change in the net pension liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability and investment experience.

As of June 30, 2020, the City had 339 participants (active members, retirees, beneficiaries and inactive, nonretired members) in LAGERS. The City has exclusive financial responsibility for the LAGERS liabilities relating to current and former City employees. The City's accrued pension expense for the Fiscal Year ended June 30, 2020 was \$422,539 and the net pension liability (asset) attributable to the City's participation in LAGERS as of June 30, 2020, to be recorded on the City's financial statements for the Fiscal Year ended June 30, 2020, was as set forth below.

Net Pension Liability

Total Pension Liability	\$27,454,676
Less: Plan Fiduciary Net Position	<u>29,216,683</u>
Net Pension Liability/(Asset)	<u>\$ (1,762,007)</u>

The City's net pension liability is based on a 7.25% discount rate, which is also the current assumed investment rate of return of LAGERS. LAGERS advised the City that its proportionate share of the net pension liability using a 1% higher or lower discount rate at June 30, 2020 would be as follows:

Net Pension Liability/(Asset) Sensitivity

	<u>1.0% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1.0% Increase (8.25%)</u>
City's Net Pension Liability/(Asset)	\$2,328,324	\$ (1,762,007)	(\$5,100,616)

For additional information regarding the City's participation in LAGERS relating to the Fiscal Year ended June 30, 2020 see Note 6 in **Appendix B**, and for additional information regarding LAGERS, see the 2020 LAGERS Annual Report.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City handles these risks of loss through the purchase of commercial insurance policies. No significant reduction in insurance coverage occurred during the year. In addition, settled claims resulting from these risks have not exceeded coverage in any of the past three years.

Employment

The following table sets forth information concerning the total labor force of the City, and unemployment rates for the City, Scott County, the State of Missouri and the United States from 2016 through 2020:

<u>City Labor Force</u>				<u>Unemployment Rates</u>			
<u>Year</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Total</u>	<u>City</u>	<u>Scott County</u>	<u>State of Missouri</u>	<u>United States</u>
2016	7,447	636	8,083	7.9%	5.7%	4.5%	4.9%
2017	7,614	500	8,114	6.2	4.4	3.8	4.4
2018	7,664	384	8,048	4.8	3.4	3.2	3.9
2019	7,582	391	7,973	4.9	3.5	3.3	3.7
2020	7,448	590	8,038	7.3	5.3	6.1	8.1

Source: Missouri Economic Research and Information Center.

The top ten employers located within the City are as follows:

<u>Employer</u>	<u>Type of Business/Products</u>	<u>Number of Employees</u>
Missouri Delta Medical Center	Health Care Services	839
Unilever	Ice Cream Packaging	800
Sikeston Public School System	Public Education	533
Walmart	Retail Sales	485
Orgill, Inc.	Distribution Warehouse	420
Alan Wire Company	Electrical Wire/Cable	350
Food Giant, Inc.	Retail Food Services	255
Burch Food Service	Food Service	180
Ferguson Medical Clinic	Health Care Services	180
Do It Best Corp.	Retail Distribution	180

Source: Sikeston Regional Chamber and Sikeston Area Economic Development Corporation

Other Services in the City

Transportation. The City is located at the intersection of Interstates 55 and 57 and U.S. Highways 60, 61 and 62. Centrally located between St. Louis and Memphis, the City is just 22 miles from the confluence of the Mississippi and Ohio Rivers. The City's municipal airport provides a 5,500-foot runway with a new terminal completed in 2016. The Cape Girardeau Regional Airport is located 22 miles north of the City. Seven motor freights are located within the Sikeston region. Rail service is provided by Burlington Northern Santa Fe.

Education. The Sikeston R-6 Public School District (the “**District**”) serves more than 3,400 students in grades pre-K through 12. The District also operates a Career and Technology Center and provides on-going adult and community education programs. Southeast Missouri State University and Three Rivers Community College have campuses in the City, offering coursework for Associate and Bachelors’ degrees in various fields, as well as specialized technical training. Several private elementary schools also serve the Sikeston community.

Communications and Media. Telecommunication services are provided to City residents by AT&T, Spectrum and Viasat. Wireless telephone service is offered by numerous providers. In addition to City radio stations and television channels, a variety of radio stations and television channels from surrounding cities are available to City residents. There is one major newspaper circulated in the City, the *Standard Democrat*. Spectrum and AT&T provide cable television.

Police and Fire Protection. Police and fire protection are provided by the Sikeston Department of Public Safety.

Utilities. The Board of Municipal Utilities of the City of Sikeston, Missouri (the “Board of Municipal Utilities”), a separate operating unit of the City, was created by the City’s charter to operate, control and manage the City’s Electric System, Water System and Sewer System.

City residents experience some of the lowest electric rates in the State of Missouri due to the municipal-owned coal-fired electric generating plant operated by the Board of Municipal Utilities. The Sikeston Wholesale Electric System is comprised of a 235-megawatt coal-fired plant, a 34-megawatt purchased power agreement with the Southwestern Power Administration for hydroelectric power, purchase power and enabling agreements with a majority of utilities in the region, and an energy trading department with capabilities to manage the City’s electric needs and obligations around the clock. The retail electric system has two separate interconnections to the Sikeston Wholesale Electric System that feed a 69-kilovolt transmission loop around the City.

In 1999, the Board of Municipal Utilities constructed a 33-mile fiber optic communications backbone throughout the City. This fiber backbone gives the Board of Municipal Utilities the ability to connect, monitor and communicate with all components of the Electric, Water and Sewer Systems, which improves service reliability and reduces operational and maintenance costs. The fiber system also provides local government, public school, and industrial customers with a high-speed, wide-area communications network.

Natural gas service is provided by Liberty Utilities.

Medical. The Missouri Delta Medical Center, founded in 1948, has more than 125 beds and over 84 physicians on staff specializing in 25 different areas of healthcare. In 2019, Missouri Delta Medical Center was one of only 51 hospitals to receive the Gold Award, the highest possible award from the TMF Health Quality Institute. Located just 22 miles from the City, Southeast HEALTH, a 263-bed regional medical complex, and Saint Francis Medical Center, a 284-bed regional medical center, provide services for general health care and acute illnesses. The City is also served by more than 30 additional independent medical providers. A variety of nursing and retirement facilities provide the City’s elderly with care and medical assistance.

Recreation, Culture and Entertainment. The City maintains 281-acres of parks, providing a variety of recreational opportunities. These include two fishing lakes (with handicapped access), seven trails for walking, biking or running, a community building, and lighted tennis and basketball courts, soccer, football, softball and baseball fields. The YMCA of Southeast Missouri is located in the City and offers members a 5,000 square foot fitness center, elevated walking track, aquatic center with 6-lane pool and an additional pool with zero-depth entry, a 15-foot water slide, and a bubbler. The YMCA operates several youth league athletic programs, as well as other recreational and fitness activities.

Sikeston's Public Library houses more than 45,000 books, audio-books, videos and magazines. Its programming includes book discussion groups, weekly pre-school story hour and "Family Night" events and an outstanding summer reading program for pre-school through high school youth.

The Albritton-Mayer Cultural Center is home to the Sikeston Little Theatre Group which provides musical, drama and comedy performances throughout the year. The Sikeston Depot Museum & Gallery, a restored train depot on the National Register of Historic Places, is filled with local history and memorabilia. It hosts local, as well as traveling art and cultural exhibits from the Smithsonian and other institutions. Historic Downtown Sikeston, with its cobblestone streets and period lighting, has a variety of specialty shops and boutiques. The City's historic homes, many constructed in the early to mid-1900's, are located adjacent to the City's downtown shopping district.

FINANCIAL INFORMATION CONCERNING THE CITY

Accounting, Budgeting and Auditing Procedures

The accounting policies of the City currently conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the City's current significant accounting policies.

Basis of Accounting. All governmental funds are accounted for using the modified accrual basis of accounting. Under this method of accounting, revenues are recognized in the period in which they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues which are considered susceptible to accrual include sales taxes, utility gross receipts taxes and certain intergovernmental revenues. Expenditures are recognized in the period in which the funds liability is incurred, if measurable, except principal and interest on general long-term debt which is recognized when due. On the advice of its independent accountants, the City intends to convert to the modified cash basis of accounting in the fiscal year beginning July 1, 2022.

Fund Accounting. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the general purpose financial statements. The fund types used by the City are discussed below.

Governmental Funds. Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position. The following are the City's major Governmental Funds:

General Fund - The General Fund is the general operating fund of the City used to account for all financial resources except those required to be accounted for in another fund.

Sales Tax Trust Fund - The Sales Tax Trust Fund is a special revenue fund used to account for the accumulation of resources from the City's two-cent general sales tax.

Transportation Sales Tax Fund - The Transportation Sales Tax Fund is used to account for revenues restricted for transportation purposes. The major source of revenues is from the City's quarter cent transportation sales tax.

Capital Improvement Sales Tax Fund - The Capital Improvement Sales Tax Fund is used to account for revenues restricted for capital improvement purposes. The major source of revenues is from the City's one-half cent capital improvement sales tax.

Internal Service Fund. This fund is a proprietary fund used to account for the financing of goods or services provided by one department or agency to other departments. This fund was established to account for employee health insurance.

Budget Policies. Each year the Mayor submits to the City Council a proposed operating budget for the Fiscal Year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted by ordinance after public hearings are held to obtain taxpayer comments. The City cannot legally budget expenditures, at the fund level, in excess of the total revenue of the preceding year plus any unreserved fund balance at the end of such year. The original budget adopted by the City Council may be amended anytime during the year provided the limit is not exceeded.

The General Fund

In accordance with established accounting procedures of governmental units, the City records its financial transactions under various funds. The largest is the General Fund, from which all general operating expenses are paid and to which taxes and all other revenues not specifically allocated by law or contractual agreement to other funds are deposited. The following table sets forth the revenues, expenditures and fund balances for the City's General Fund for the Fiscal Years ending June 30, 2018 through 2020.

The table should be read in conjunction with the other financial statements and notes appertaining thereto set forth in ***Appendix B*** of this Official Statement and the financial statements on file at the City.

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**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GENERAL FUND**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
REVENUES			
Taxes	\$ 4,837,329	\$ 4,988,864	\$ 5,302,205
Licenses and Permits	224,264	251,574	240,345
Intergovernmental	867,100	987,863	856,732
Charges for Services	1,566,605	1,741,575	1,752,410
Rents and Leases	84,853	93,810	86,520
Investment Income ⁽¹⁾	--	--	79,203
Other	<u>145,363</u>	<u>853,104</u>	<u>261,123</u>
Total Revenues	<u>\$ 7,725,514</u>	<u>\$ 8,916,790</u>	<u>\$ 8,578,538</u>
EXPENDITURES			
General Government	\$ 2,411,283	\$ 2,739,884	\$ 2,768,293
Administrative Services	857,391	910,731	937,132
Public Safety	5,722,078	5,903,245	5,909,978
Public Works	<u>848,562</u>	<u>980,813</u>	<u>1,059,856</u>
Total Expenditures	<u>\$ 9,839,314</u>	<u>\$10,534,673</u>	<u>\$10,675,259</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (2,113,800)</u>	<u>\$ (1,617,884)</u>	<u>\$ (2,096,721)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In ⁽²⁾	\$ 3,429,519	\$ 3,333,728	\$ 3,224,246
Transfers Out ⁽³⁾	<u>(2,241,050)</u>	<u>(801,183)</u>	<u>(1,527,947)</u>
Total Other Financing Sources (Uses)	<u>\$ 1,188,469</u>	<u>\$ 2,532,545</u>	<u>\$ 1,696,299</u>
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (925,330)	\$ 914,661	\$ (400,422)
ADJUSTMENTS TO PRIOR PERIOD⁽²⁾	--	--	\$ 45,303
FUND BALANCE -- JULY 1	<u>\$ 4,082,319</u>	<u>\$ 3,156,989</u>	<u>\$ 4,071,650</u>
FUND BALANCE -- JUNE 30	<u>\$ 3,156,989</u>	<u>\$ 4,071,650</u>	<u>\$ 3,716,531</u>

(1) Investment Revenue is included with Miscellaneous Revenue in the fiscal years ended June 30, 2018 and June 30, 2019.

(2) Represents transfers of a one percent sales tax that is allocated for public safety, which is paid from the General Fund.

(3) Deferred revenues for property taxes were inadvertently reported in prior years resulting in an understated fund balance.

Source: Comprehensive Annual Financial Reports for Fiscal Years ended June 30, 2018 – 2020.

Projected 2021 Operating Results

The adopted budget for Fiscal Year 2021 shows a year-end balance of approximately \$4.4 million. The significant increase is primarily due to revenues from the use tax that was passed by the voters in 2019. The adopted budget does not take into account receipts from the American Rescue Plan Act of 2021 (currently estimated at \$2.9 million), half of which are expected to be received in the current Fiscal Year.

Sources of Revenue

The City finances its general operations through taxes and other sources. The sources of revenue for the Fiscal Year ended June 30, 2020 for the General Fund are shown below:

<u>Source</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 5,302,205	61.81%
Licenses and Permits	240,345	2.80
Intergovernmental	856,732	9.99
Charges for Services	1,752,410	20.43
Rents and Leases	86,520	1.01
Investment Income	79,203	0.92
Other	<u>261,123</u>	<u>3.04</u>
Total	<u>\$8,578,538</u>	<u>100.00%</u>

Source: City's Audited Financial Statements for Fiscal Year ended June 30, 2020.

Sales Tax Collections

Payment of the principal of and interest on the Bonds may be made, subject to annual appropriation, from any funds of the City legally available for such purpose. The City intends to annually budget and appropriate its share of the debt service on the Bonds (beyond the portion being paid from State and Federal grants) from the General Fund, which is funded in part by the general sales tax. **Purchasers of the Bonds should be aware that such revenues are not pledged to the payment of the Bonds. The Bonds and the interest thereon will constitute special obligations of the City payable solely from amounts appropriated in each Fiscal Year from (1) the income and revenues of the City provided for such Fiscal Year and (2) any unencumbered balances from previous years. The City is not obligated to make any such annual appropriation. The Bonds do not constitute general obligations or indebtedness of the City within the meaning of any constitutional, statutory or charter limitation or provision, and the City does not pledge its full faith and credit and is not obligated to levy taxes or resort to any other moneys or property of the City to pay the principal of and interest on the Bonds.**

General Sales Taxes. One of the City's largest sources of revenue is its one percent general sales tax on retail sales that was authorized in 2015. The sales tax will expire on September 30, 2024 unless renewed by the voters. The following table presents the collection history of the general sales taxes for the past five Fiscal Years:

<u>Year</u>	<u>Total Amount Collected</u>	<u>Percent Changed</u>
2016	\$3,120,093	N/A
2017	3,116,172	-0.13%
2018	3,093,083	-0.74
2019	3,118,373	+0.82
2020	3,296,591	+5.72

Source: City's Audited Financial Statements for Fiscal Years ended June 30, 2016-2020.

Transportation Sales Tax. The following table presents the collection history of the City's one-half cent transportation sales tax for the past five Fiscal Years:

<u>Year</u>	<u>Total Amount Collected</u>	<u>Percent Changed</u>
2016	\$1,559,246	N/A
2017	1,557,936	-0.08%
2018	1,546,542	-0.73%
2019	1,559,037	+0.81
2020	1,647,423	+5.67

Source: City's Audited Financial Statements for Fiscal Years ended June 30, 2016-2020.

Capital Improvement Sales Tax. In November 2015, the voters of the City approved the imposition of a one-half cent capital improvement sales tax. The capital improvement sales tax went into effect on April 1, 2016. The sales tax will expire on March 30, 2026 unless renewed by the voters. The following table presents the collection history of the City's one-half cent capital improvement sales tax for the past five Fiscal Years:

<u>Year</u>	<u>Total Amount Collected⁽¹⁾</u>	<u>Percent Changed</u>
2016 ⁽¹⁾	\$ 261,763	N/A
2017	1,544,781	N/A
2018	1,545,714	+0.06%
2019	1,558,599	+0.83
2020	1,646,874	+5.66

⁽¹⁾ The City's one-half cent capital improvement sales tax became effective on April 1, 2016.

Source: City's Audited Financial Statements for Fiscal Years ended June 30, 2016-2020.

Use Tax. On November 5, 2019, the voters of the City approved the imposition of a local use tax at the same rate as the City's local sales tax rate (currently 3.0%). The use tax went into effect on January 1, 2020. If any portion of the City's local sales tax is repealed, reduced or raised by voter approval, the local use tax shall also be repealed, reduced or raised. A use tax return is not required to be filed by persons whose purchases from out-of-state vendors do not in total exceed \$2,000 in any calendar year. The Missouri General Assembly is considering legislation that would require another vote within the City regarding the imposition and levying of the use tax on internet purchases. The City does not know whether that legislation is likely to pass.

DEBT STRUCTURE OF THE CITY

General Obligation Indebtedness

General Obligation Bonds Payable. The City does not have any general obligation bonds outstanding.

Computation of Legal Debt Capacity. Article VI, Sections 26(b) and 26(c) of the Constitution of Missouri, limit the net outstanding amount of authorized general obligation bonds for a city to ten percent of the assessed valuation of the city, with the required voter approval. Article VI, Sections 26(d) and 26(e), however, provide that a city may, with the required voter approval, issue general obligation bonds in an amount not to exceed an additional ten percent of assessed valuation for the purpose of acquiring rights-of-way; constructing, extending and improving streets and avenues; constructing, extending and improving sanitary or storm sewer systems; or purchasing or constructing waterworks or electric light plants; provided that the total general obligation indebtedness of a city does not exceed twenty percent of the assessed valuation.

The following table sets forth the City's debt margin and constitutional debt limit:

2020 Assessed Valuation ⁽¹⁾	\$242,635,965
Debt Limit - 20% of Assessed Valuation	\$48,527,193
Less: General Obligation Indebtedness Outstanding	(0)
Debt Margin	\$48,527,193
Less: General Obligation Indebtedness Authorized but Unissued ⁽¹⁾	(0)
Constitutional Debt Limit	\$48,527,193

⁽¹⁾ Includes assessed valuation attributable to tax increment financing districts located within the City.

⁽²⁾ The constitutional debt limit includes all voted bonds.

Overlapping General Obligation Indebtedness

The following table sets forth the general obligation indebtedness of political subdivisions with boundaries overlapping the City as of the date of this official statement, and the percent attributable (on the basis of assessed valuation) to the City. The table was compiled from information furnished by the jurisdictions responsible for the debt, and the City has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of additional bonds, the amounts of which cannot be determined at this time.

<u>Taxing Jurisdiction</u>	<u>Outstanding General Obligation Indebtedness</u>	<u>Percent Applicable to City</u>	<u>Amount Applicable to City</u>
Sikeston R-6 School District	\$22,730,000	86.23%	\$19,600,079

Source: Records of the above-referenced jurisdictions.

Debt Ratios and Related Information

2019 City Population	16,200
2020 Assessed Valuation ⁽¹⁾	\$242,635,965
2020 Estimated Actual Valuation ⁽¹⁾	\$961,280,550
Outstanding General Obligation Bonds ("Direct Debt")	\$0.00
Per Capita Direct Debt	\$0.00
Ratio of Direct Debt to Assessed Valuation ⁽¹⁾	0.00%
Ratio of Direct Debt to Estimated Actual Valuation ⁽¹⁾	0.00%
Overlapping General Obligation Debt ("Overlapping Debt")	\$19,600,079
Total Direct and Overlapping Debt	\$19,600,079
Per Capita Direct and Overlapping Debt	\$1,209.88
Ratio of Direct and Overlapping Debt to Assessed Valuation ⁽¹⁾	8.08%
Ratio of Direct and Overlapping Debt to Estimated Valuation ⁽¹⁾	2.04%

⁽¹⁾ Includes assessed valuation attributable to tax increment financing districts located within the City.

Annual Appropriation Obligations

Special obligation bonds, lease or other obligations secured by annually appropriated funds do not constitute an indebtedness for the purposes of any Missouri statutory or constitutional debt limit. Such obligations are payable solely from annually appropriated funds of a governmental body available therefor and neither taxes nor a specific source of revenue can be pledged to make payments on such obligations. Any

increase in taxes required to generate sufficient funds with which to make payments on such obligations are subject to voter approval.

On November 14, 2014, the City entered into a lease purchase agreement with US Bancorp to purchase three dump trucks. On August 25, 2015, the City entered into a lease purchase agreement with Regions Equipment Finance Corporation to purchase a pumper and ladder truck. The following schedules show the yearly rental payments that are payable by the City under these lease purchase agreements, subject to annual appropriation:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$125,784.82	\$ 20,968.93	\$146,753.75
2022	127,306.12	17,918.81	145,224.93
2023	128,845.84	14,831.77	143,677.61
2024	130,404.20	11,707.34	142,111.54
2025	131,981.48	8,545.05	140,526.53
2026	83,774.55	5,975.78	89,750.33
2027	84,758.90	4,007.08	88,765.98
2028	<u>85,754.85</u>	<u>20,15.24</u>	<u>87,770.09</u>
Total	<u>\$898,610.76</u>	<u>\$85,970.00</u>	<u>\$984,580.76</u>

See Note 5 of the City's Audited Financial Statements for Fiscal Year ended June 30, 2020 attached as **Appendix B** to this Official Statement for more information at the City's Annual Appropriation Obligations.

Debt Service Requirements

The following schedule shows the yearly principal and interest requirements for the Bonds:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
Total			

Other Obligations

The City has previously issued revenue bonds for utility improvements. The Board of Municipal Utilities is responsible for repayment of those bonds; accordingly, those bonds are not shown on the City's financial statements. The Board of Municipal Utilities has also entered into numerous lease financings for improvements to the utility systems.

Tax Abatement and Tax Increment Financing

Under Missouri law, tax abatement is available for redevelopers of areas determined by the governing body of a city to be "blighted." The Land Clearance for Redevelopment Authority Law authorizes 10-year tax abatement pursuant to Sections 99.700 to 99.715, Revised Statutes of Missouri, as amended. In lieu of 10-year tax abatement, a redeveloper which is an urban redevelopment corporation formed pursuant to Chapter 353, Revised Statutes of Missouri, as amended, may seek real property tax abatement for a total period of 25 years. In addition, the Industrial Development Law, Chapter 100, RSMo, authorizes real and personal property tax abatement for corporations for projects for industrial development. Currently, there are tax abatement projects located within the City.

In addition, the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865, Revised Statutes of Missouri, as amended, makes available tax increment financing for redevelopment projects in certain areas determined by the governing body of a city to be a "blighted area," "conservation area," or "economic development area," each as defined in such Act. Currently, certain portions of the City are located in tax increment financing districts.

Neither tax abatement nor tax increment financing diminishes the amount of property tax revenues currently collected by the City in an affected area, but instead acts to freeze such revenues at current levels and deprives the City and other taxing districts of future increases (in whole or in part, depending on the terms of the transaction) in ad valorem property tax revenues that otherwise would have resulted from increases in assessed valuation in such areas until the tax increment financing obligations issued are repaid or the tax abatement period terminates.

According to the County Clerks of New Madrid and Scott Counties, the TIF Increment attributable to property within the City is \$5,957,030 for the 2020 tax year.

See Notes 12 and 14 of the City's Audited Financial Statements for Fiscal Year ended June 30, 2020 attached as **Appendix B** to this Official Statement for a summary of tax abatement in the City and the City's outstanding tax increment financing obligations. In addition, the City has offered partial property tax abatement to Carlisle Construction Materials, LLC in connection with its proposed construction of an approximately 445,000 square foot production facility in the City. The company will receive 100% abatement of the property taxes otherwise due during the first 10 years following completion of the facility, 75% abatement during the next 5 years, and 50% abatement during the next 5 years.

History of Debt Payment

The City has never defaulted on any indebtedness of the City and has never failed to appropriate funds for the payment of annually appropriated obligations.

Future Debt Plans

The City does not have plans to issue additional obligations in the foreseeable future. However, the City continuously evaluates the needs of its community, infrastructure and facilities, including the possible expansion, improvement or maintenance of the City's existing systems and facilities.

PROPERTY TAX INFORMATION OF THE CITY

Property Valuations

Assessment Procedure. All taxable real and personal property within the City is assessed by the County Assessors of New Madrid and Scott Counties. Missouri law requires that personal property be assessed at 33-1/3% of true value (except for a few subclasses of minimal value that are assessed at a lower percentage) and that real property be assessed at the following percentages of true value:

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

On January 1 in every odd-numbered year, each County Assessor must adjust the assessed valuation of all real property located within the county in accordance with a two-year assessment and equalization maintenance plan approved by the State Tax Commission.

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

Current Assessed Valuation. The following table shows the total assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the City (including assessed valuation amounts attributable to locally and state assessed railroad and utility property and tax increment financing districts located within the City) for calendar year 2020, according to the assessment for property owned as of January 1, 2020, as finally adjusted and equalized by the Board of Equalization:

<u>Type of Property</u>	<u>Total Assessed Valuation⁽¹⁾</u>	<u>Assessment Rate</u>	<u>Total Estimated Actual Valuation⁽³⁾</u>
Real Estate:			
Residential	\$ 98,875,950	19%	\$520,399,737
Agricultural	342,620	12%	2,855,167
Commercial ⁽²⁾	61,103,580	32%	190,948,688
State Assessed Railroad and Utility	<u>888,676</u>	32%	<u>2,777,113</u>
Total Real Estate	\$161,210,826		\$716,980,705
Personal Property			
Regular ⁽²⁾	\$ 80,921,770	33 1/3%	\$242,789,589
State Assessed Railroad and Utility	<u>503,369</u>	33 1/3%	<u>1,510,258</u>
Total Personal Property	\$ 81,425,139		\$244,299,847
Total Real and Personal	<u>\$242,635,965</u>		<u>\$961,280,550</u>

⁽¹⁾ Includes assessed valuation attributable to tax increment financing districts located within the City. The total assessed valuation of all taxable tangible property attributable to tax increment financing districts situated in the City for 2020 was \$5,957,030.

⁽²⁾ Includes locally assessed railroad and utility property.

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

Source: New Madrid County and Scott County.

History of Property Valuations. The total assessed valuation of all taxable tangible property situated in the City (including assessed valuation amounts attributable to locally and state assessed railroad and utility property and tax increment financing districts located within the City) according to the assessments of January 1, as finally adjusted and equalized by the Board of Equalization, has been as follows:

<u>Tax Year</u>	<u>Assessed Valuation⁽¹⁾</u>	<u>Percent Change</u>
2015	\$209,454,171	N/A
2016	216,218,257	+3.23%
2017	216,460,752	+0.11
2018	234,553,295	+8.36
2019	234,725,381	+0.07

⁽¹⁾ Includes state and locally assessed railroad and utility property and assessed valuation attributable to tax increment financing districts located within the City.

Source: City's Budget for the Fiscal Year ending June 30, 2021.

Property Tax Levies and Collections

Not later than September 30 of each year, the City Council sets the rate of tax for the City and files the tax rate with the County by October 1. Taxes are levied at the City's tax rate per \$100 of assessed valuation. The County is responsible for reviewing the rate of tax to ensure that it does not exceed constitutional limits. Article X, Section 22 of the Missouri Constitution (the "**Hancock Amendment**") requires the City to adjust its operating levy if the equalized assessed value of property within the City, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year. In such an event, the City would be required to reduce its operating levy to a rate that would yield the same gross revenue, adjusted for changes in the general price level, as could have been collected at the existing operating levy applied to the prior assessed value. The Hancock Amendment does not apply to taxes imposed for the payment of principal and interest on general obligation bonds.

Taxes are levied on all taxable real property owned as of January 1 in each year. Certain properties, such as those used for charitable, education and religious purposes, are excluded from ad valorem taxes.

Real property within the City is assessed by the County Assessor. The County Assessor is responsible for preparing the tax rolls each year and for submitting tax rolls to the County Board of Equalization. The Board of Equalization has the authority to question and determine the proper value of property and then adjust and equalize individual properties appearing on the tax rolls. After local appeal procedures have been completed, the books are finalized and sent to the County Collector who prepares and mails the tax statements.

By statute, tax bills are to be mailed in October; however, the volume of assessment complaints required to be reviewed by the Board of Equalization can affect the date on which bills are actually mailed.

Taxes for real property are due by December 31 after which date they become delinquent and accrue a penalty of 1% per month. The County Collector deducts a commission equal to 1.5% of the taxes collected for his services. After such collections and deductions of commission, taxes are distributed according to the taxing body's pro-rata share.

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

Tax Rates

History of Tax Levies. The following table shows the City's tax levies (per \$100 of assessed valuation) for the tax years 2016 through 2020:

<u>Tax Year</u>	<u>General</u>	<u>Parks and Recreation</u>	<u>Library</u>	<u>Total</u>
2016	\$0.4121	\$0.1796	\$0.1796	\$0.7713
2017	0.4121	0.1796	0.1796	0.7713
2018	0.4135	0.1802	0.2000	0.7937
2019	0.4171	0.1818	0.2000	0.7989
2020	0.4171	0.1818	0.2000	0.7989

Source: Missouri State Auditor's Office.

Taxes Levied and Collected. The following table sets forth tax collection information for the City for the tax years 2016 through 2020:

<u>Year</u>	<u>Total Taxes Levied</u>	<u>Current Taxes Collected</u>		<u>Total Current and Delinquent Taxes Collected⁽¹⁾</u>	
		<u>Collected</u>	<u>Percent Collected</u>	<u>Collected</u>	<u>Percent Collected⁽²⁾</u>
2016	\$1,572,057.81	\$1,507,805.53	95.91%	\$1,541,683.43	98.07%
2017	1,602,416.48	1,536,657.46	95.90	1,570,370.38	98.00
2018	1,710,317.80	1,630,695.00	95.34	1,692,132.21	98.94
2019	1,735,693.74	1,660,293.52	95.66	1,683,052.45	96.97
2020	1,838,305.56	1,705,990.56	92.80	1,751,344.93	95.27

⁽¹⁾ Excludes collection fee payable to the County.

⁽²⁾ Delinquent taxes are shown in the year payment is actually received, which may cause the percentage of current and delinquent taxes collected to exceed 100%.

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Major Property Taxpayers

The following table sets forth the ten largest property taxpayers in the City for 2020:

	<u>Firm</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Value</u>
1.	Unilever	Food Manufacturing	\$21,631,720	8.92%
2.	Alan Wire Company	Electrical Wire/Cable	3,318,520	1.37
3.	B-Air-LC	Corporate Aviation	1,766,230	0.73
4.	Lowe's Home Centers, Inc.	Retail Sales	1,697,580	0.70
5.	Art Mortgage Borrower Prop co 2010-5 LLC	Commercial Real Estate	1,476,330	0.61
6.	JNS Holdings	Warehousing Facility	1,373,490	0.57
7.	Orgill Inc	Distribution	1,295,950	0.53
8.	Do It Best Corp	Warehousing Distribution	1,289,530	0.53
9.	Midas Sikeston	Hospitality	974,930	0.40
10.	Dewitt Co	Landscaping Materials	936,484	0.39
	Total		<u>\$35,760,764</u>	<u>14.75%</u>

Source: New Madrid County and Scott County.

* * *

APPENDIX B

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2020**

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CITY OF SIKESTON, MISSOURI
Sikeston, Missouri

For the Year Ended June 30, 2020

ANNUAL FINANCIAL REPORT

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Certified Public Accountants

FINANCIAL SECTION

Independent Auditors' Report	1-3
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5

REQUIRED SUPPLEMENTARY INFORMATION

Management Discussion and Analysis	6-15
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BASIC FINANCIAL STATEMENTS

Statement 1	Statement of Net Position	16
Statement 2	Statement of Activities	17
Statement 3	Balance Sheet – Governmental Funds	18
Statement 3-A	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement 4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Statement 4-A	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement 5	Statement of Net Position – Proprietary Funds	22
Statement 6	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	23
Statement 7	Statement of Cash Flows – Proprietary Funds	24
Notes to Basic Financial Statements		25-46

REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1	Budgetary Comparison Schedule – General Fund	47
Schedule 2	Budgetary Comparison Schedule – Sales Tax Trust Fund	48
Schedule 3	Budgetary Comparison Schedule – Capital Improvement Sales Tax Fund	49

Notes to Budgetary Comparison Schedules		50
Schedule 4	Schedule of Changes in the Net Pension Liability and Related Ratios – General Division	51
Schedule 5	Schedule of Changes in the Net Pension Liability and Related Ratios – Police Division	52
Schedule 6	Schedule of Changes in the Net Pension Liability and Related Ratios – Fire Division	53
Schedule 7	Schedule of Employer Contributions	54

SUPPLEMENTARY INFORMATION

Exhibit 1	Combining Balance Sheet – Nonmajor Governmental Funds	55
Exhibit 2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	56
Exhibit 3	Schedule of Findings and Reponses	57-58

BEUSSINK, HEY, ROE & STRODER, L.L.C.

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Aldermen
City of Sikeston, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sikeston, Missouri, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sikeston, Missouri as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other post-employment benefit information on pages 6 through 15 and 47 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sikeston, Missouri's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sikeston, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sikeston, Missouri's internal control over financial reporting and compliance.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Beussink, Hey, Roe & Stroder, L.L.C.

Cape Girardeau, Missouri
February 13, 2021

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Board of Aldermen
City of Sikeston, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Sikeston, Missouri as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Sikeston, Missouri's basic financial statements, and have issued our report thereon dated February 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Sikeston, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sikeston, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sikeston, Missouri's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to

be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Sikeston, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Responses as item 2020-002.

City of Sikeston, Missouri's Response to Findings

City of Sikeston, Missouri's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. City of Sikeston, Missouri's responses were not subjected to the auditing procedures applied in the audit or the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Beussink, Hey, Roe & Stroder, L.L.C.

Cape Girardeau, Missouri
February 13, 2021

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SKESTON
SKESTON, MISSOURI
MANAGEMENT’S DISCUSSION AND ANALYSIS**

As financial management of the City of Skeston’s government, we offer readers of this financial statement an overview and analysis of the financial activities of the City of Skeston. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the government’s financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns.

The Management’s Discussion and Analysis (MD&A) is designed to focus on the current year’s activities, resulting changes and currently known facts. It should be read in conjunction with the financial statements that begin with Statement 1.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflows of resources of the City of Skeston exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$34.3 million (net assets). Of this amount, \$9.9 million (unrestricted net assets) may be used to meet the government’s ongoing obligation to citizens and creditors.
- As of the close of the current fiscal year, the City of Skeston reported combined ending fund balances of \$9.58 million, an increase of \$1.46 million in comparison with the prior year. Approximately 38.6% of this total amount, \$3.7 million, is available for spending at the City of Skeston’s discretion (unassigned fund balance).
- At June 30, 2020, unassigned fund balance for the general fund was \$3.7 million, or 34.64% of total 2020 general fund expenditures. Unassigned fund balance for the general fund was 43.10% of total general fund revenues for the fiscal year ended June 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management’s Discussion and Analysis introduces the City’s basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements (see Statement 1 and 2) are designed to be similar to private-sector business in that all governmental activities are consolidated into columns which add to a total for the primary government. These statements combine governmental fund's current financial resources with capital assets and long-term obligations.

The Statement of Net Position (Statement 1) presents information on all the government's assets, and liabilities and deferred inflows of resources and deferred outflows of resources, with the difference reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the City of Sikeston is improving or deteriorating.

The Statement of Activities (Statement 2) presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. For example, uncollected taxes and earned but unused vacation leave result in cash flows for future periods. The focus of the Statement of Activities is on both the gross and net cost of various activities which are provided by the government's general tax and other revenues. This is intended to summarize information and simplify the user's analysis of the cost of various governmental services.

The governmental activities reflect the City of Sikeston's basic services including public safety (fire, law enforcement, communications), general administrative services, (executive, legislative, judicial), public works (street and road maintenance), library services, park services and airport services. These services are financed primarily with taxes.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds, rather than generic fund types.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Governmental Major Funds (See Statements 3 and 4) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed excluding certain timing differences between the budget basis and the generally accepted accounting principle (GAAP) basis. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal

year. Such information may be useful in evaluating a government's current financing requirements. The City of Sikeston has presented the general fund, sales tax trust fund, transportation sales tax fund, and capital improvement sales tax fund as major funds. All nonmajor governmental funds are presented in one column, titled Nonmajor Governmental Funds. Combining financial statements of the nonmajor funds can be found in the Combining and Individual Fund Statements and Schedules that follow the basic financial statements.

Internal Services Funds report activities that provide supplies and services for the City's other programs and activities. The city uses an internal service fund to account for employee health insurance. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Infrastructure Assets

General capital assets including land, improvements to land, easements, buildings, equipment, infrastructure, and all other tangible assets that are used in operations and that have initial lives greater than one year and exceed the government's capitalization threshold have been capitalized (see Note 1.D). The City of Sikeston has capitalized all purchased general capital assets. Infrastructure assets have not been capitalized in this financial presentation for years prior to July 1, 2003. Donated governmental activities infrastructure accepted into the City of Sikeston maintenance during fiscal year 2004 and after have been capitalized.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The combining statements referred to earlier in connection with the nonmajor governmental funds are included in Exhibit 1 and Exhibit 2 of the report.

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Position for 2020 and 2019:

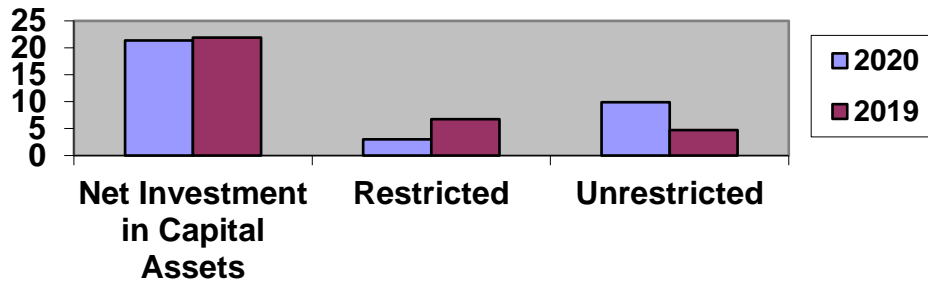
CITY OF SIKESTON
STATEMENT OF NET POSITION
June 30, 2020 and 2019
(in millions)

	<u>2020</u>	<u>2019</u>
Assets:		
Current Assets	\$ 13.91	\$ 13.64
Capital Assets	<u>25.87</u>	<u>26.78</u>
Total Assets	\$ <u>39.78</u>	\$ <u>40.42</u>
Deferred Outflows of Resources:	\$ <u>1.12</u>	\$ <u>.58</u>
Total	\$ <u>40.90</u>	\$ <u>41.00</u>
Liabilities:		
Current Liabilities	\$ 1.55	\$ 1.14
Long-Term Liabilities	<u>4.82</u>	<u>5.53</u>
Total Liabilities	\$ <u>6.37</u>	\$ <u>6.67</u>
Deferred Inflows of Resources:	\$ <u>.24</u>	\$ <u>1.01</u>
Net Position:		
Net Investment in Capital Assets	\$ 21.37	\$ 21.89
Restricted	3.00	6.73
Unrestricted	<u>9.92</u>	<u>4.70</u>
Total Net Position	\$ <u><u>34.29</u></u>	\$ <u><u>33.32</u></u>

For more detailed information see Statement 1, the Statement of Net Position.

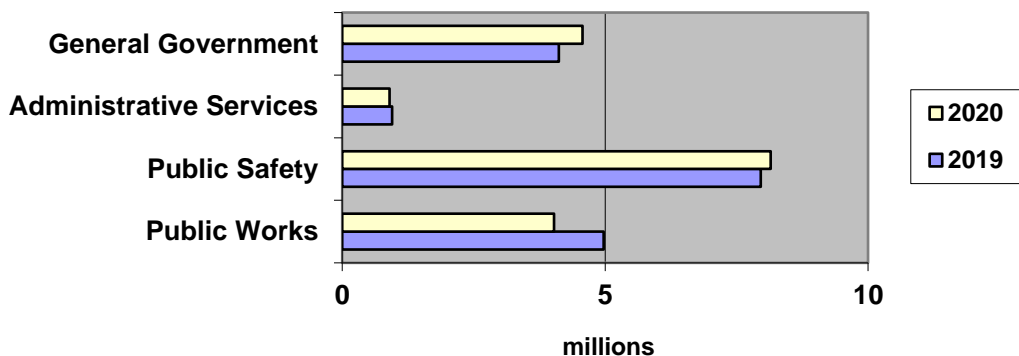
2020 and 2019

Net Position



Approximately 62.32% and 65.69% of the City's net position as of June 30, 2020 and 2019, respectively, reflects the government's investment in capital assets (land, buildings, equipment and infrastructure) less any related outstanding debt used to acquire those assets, which are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Another 8.76% for 2020 and 20.22% for 2019 of the City's net assets are subject to external restrictions on how they may be used such as sales tax approved by the electorate for specific purposes. The remaining 28.92% for 2020 and 14.09% for 2019 of net position, referred to as unrestricted, may be used to meet the ongoing obligations of the government to citizens and creditors.

Governmental Functional Expenses



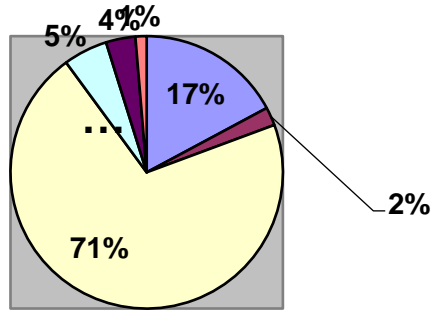
The table below provides a summary of the changes in net position for the year ended June 30, 2020 and 2019:

CITY OF SIKESTON
CONDENSED STATEMENT OF CHANGES IN NET POSITION
For the Year Ended June 30, 2020 and 2019
(in millions)

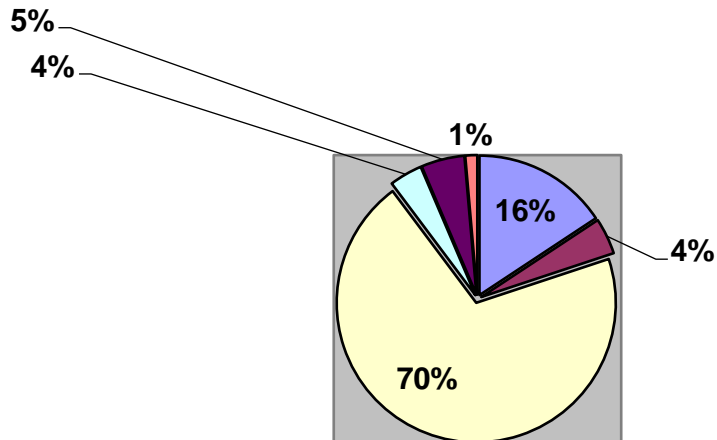
	<u>2020</u>	<u>2019</u>
Revenues:		
Program Revenue:		
Charges for Services	\$ 3.24	\$ 2.84
Grants and Contributions	.41	.76
General Revenue:		
Taxes	13.32	12.63
Intergovernmental	.99	.69
Miscellaneous Revenues	.66	.91
Transfers	<u>.00</u>	<u>.25</u>
Total Revenues	<u>\$ 18.62</u>	<u>\$ 18.08</u>
Expenses:		
General Government	\$ 4.57	\$ 4.12
Administrative Services	.90	.95
Public Safety	8.15	7.96
Public Works	<u>4.03</u>	<u>4.97</u>
Total Expenses	<u>\$ 17.65</u>	<u>\$ 18.00</u>
(Decrease)Increase in Net Position	\$.97	\$.08
Net Position - July 1	<u>33.32</u>	<u>33.24</u>
Net Position - June 30	<u><u>\$ 34.29</u></u>	<u><u>\$ 33.32</u></u>

The City's net position increased \$970 thousand during the current fiscal year compared to a \$76 thousand increase during the prior year.

Revenues by Source - Governmental Activities 2020



Revenues by Source - Governmental Activities 2019



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the primary government's governmental funds reported combined ending fund balances of \$9.58 million, an increase of \$1.46 million in comparison with the prior year. Approximately 38.6% of this total amount (\$3.7 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed and/or is a restricted revenue required to be used for a specific purpose.

The general fund is the chief operating fund of the City of Sikeston. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3.7 million, while total fund balance reached \$3.72 million. Compared with total fund balance of \$4.07 million at the end of 2019, fund balance decreased approximately \$355 thousand during 2019.

General Fund Budgetary Highlights

The original adopted appropriations for the general fund budget for fiscal year 2020 was approximately \$10.3 million. There were budget amendments that increased the appropriations budgeted to \$10.59 million. This was an decrease of approximately \$58 thousand over the previous year's budget.

Material differences between the actual results and budgeted amounts in the general fund are as follows:

- Total revenues exceeded budget by approximately \$628 thousand.
- Total expenditures were over appropriations by approximately \$82 thousand, mainly due to public safety administration/detention being over budget by approximately \$153 thousand.

Capital Asset and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental activities as of June 30, 2020 amounts to \$25.87 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, and equipment. The total decrease in the City's investment in capital assets for the current fiscal year was \$910 thousand (net of accumulated depreciation).

Major capital asset events during the current fiscal year included the following:

- Construction of Rail to Trail Walking Trail extension of \$112 thousand
- Improvements to Stallcup Building of \$110 thousand

CITY OF SIKESTON
Capital Assets
(Net of Depreciation)
June 30, 2020 and 2019
(in millions)

	<u>2020</u>	<u>2019</u>
Land	\$ 6.56	\$ 6.55
Buildings	12.43	13.00
Equipment	1.57	1.85
Infrastructure	<u>5.31</u>	<u>5.38</u>
Total Assets	<u>\$ 25.87</u>	<u>\$ 26.78</u>

Additional information on the City's capital assets can be found in Note 4.

Long-Term Debt: On September 1, 2004, the City entered into an agreement with Sikeston Acquisitions, Inc. for the redevelopment of the North Main Street and Malone Avenue Redevelopment Area. On January 7, 2005, \$925,000 of tax increment financing notes were issued to Sikeston Acquisitions, Inc. On November 8, 2005, an additional \$689,000 of tax increment financing notes were issued. These notes were all reissued on May 11, 2006. As of June 30, 2020, there are \$325 thousand in tax increment financing notes outstanding. All notes are secured solely by specified revenue sources from certain payments in lieu of taxes and economic activity taxes generated in the redevelopment area. The obligations of the City with respect to this note terminate on August 31, 2027, whether or not the principal amount or interest has been paid in full.

The City uses capital leases for large capital acquisitions. As of June 30, 2020, the City had the following capital leases; on November 14, 2014, the City entered into a lease-purchase agreement with US Bancorp for the acquisition of 3 dump trucks. The remaining

principal balance as of June 30, 2020 was \$239,819. On August 25, 2015, the City entered into a lease-purchase agreement with Regions Equipment Finance Corporation to finance the acquisition of a pumper and ladder truck. The remaining principal balance on the contract as of June 30, 2020 was \$658,791. On October 19, 2016, the City entered into a lease-purchase agreement with US Bancorp for the acquisition of an Elgin Street Sweeper. The remaining principal balance as of June 30, 2020 was \$50,635.

The City and the Board of Regents of Southeast Missouri State University have entered into an agreement to construct and equip an addition to the Sikeston Area Higher Education Center. On October 27, 2005, the City executed a tax anticipation note of \$1,500,000 to finance its portion of the project. This note was refinanced on May 11, 2010. This note was paid in full as of June 30, 2020.

On June 13, 2012, Sikeston Economic Development Corporation, a blended component unit of the City of Sikeston, entered into an agreement to construct a building to be used by the Sikeston Department of Public Safety. As part of the financing, the Corporation received a loan from the United States Department of Agriculture. The loan is for \$4,186,200. On March 27, 2013, an additional loan for \$277,000 was received from the United States Department of Agriculture. The balance of these loans at June 30, 2020 was \$3,230,575.

During the year ended June 30, 2020, the City decreased its long-term debt \$395,578. Lease-purchase debts of \$174,491 were paid. Tax anticipation debt of \$56,247 for the Sikeston Area Higher Education Center was paid in the fiscal year just completed. Principal payments of \$122,510 were paid on the notes due to the Department of Agriculture in the year ended June 30, 2020. The liability for compensated absences was decreased \$42,330.

Contacting the City's Financial Management

The financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the City Treasurer at 105 E. Center, Sikeston, Missouri 63801.

BASIC FINANCIAL STATEMENTS

CITY OF SIKESTON, MISSOURISTATEMENT OF NET POSITION

June 30, 2020

<u>ASSETS</u>	<u>Governmental Activities</u>
<u>Current Assets:</u>	
Cash on Hand	\$ 5,771
Cash and Cash Equivalents	9,493,370
Investments	960,339
Receivables	300,226
Inventory	41,235
Deposits	96,170
Due From Other Governmental Units	1,249,380
Net Pension Asset	1,762,007
Total Current Assets	<u>\$ 13,908,498</u>
<u>Capital Assets:</u>	
Land	\$ 6,565,546
Buildings and Improvements, Net	12,427,300
Furniture, Machinery and Equipment, Net	1,567,686
Infrastructure and Improvements, Net	5,312,723
Total Capital Assets, Net	<u>\$ 25,873,255</u>
TOTAL ASSETS	<u>\$ 39,781,753</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Amounts Related to Pensions	<u>\$ 1,120,438</u>
<u>LIABILITIES</u>	
<u>Current Liabilities:</u>	
Accounts Payable	\$ 497,198
Health Insurance Claims Payable	108,552
Municipal Court	6,962
Accrued Salaries and Wages	162,127
Accrued Payroll Liabilities	63,444
Accrued Interest	215,363
Evidence Money	182,328
Damage Deposits	5,600
Due to Other Governmental Units	1,726
Tax Anticipation Notes	129,322
Lease-Purchase Agreements Payable	176,420
Total Current Liabilities	<u>\$ 1,549,042</u>
<u>Long-Term Liabilities:</u>	
Compensated Absences	\$ 627,718
Tax Increment Financing Notes	325,000
Tax Anticipation Notes	3,101,252
Lease-Purchase Agreements Payable	772,826
Total Long-Term Liabilities	<u>\$ 4,826,796</u>
TOTAL LIABILITIES	<u>\$ 6,375,838</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unearned Rent	\$ 118,739
Deferred Amounts Related to Pensions	120,587
Total Deferred Inflows of Resources	<u>\$ 239,326</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 21,368,435
Restricted for Specific Purposes	3,001,918
Unrestricted	9,916,674
TOTAL NET POSITION	<u>\$ 34,287,027</u>

See Accompanying Notes to the Basic Financial Statements.

STATEMENT 2

CITY OF SIKESTON, MISSOURISTATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 4,569,387	\$ 2,290,684	\$ 94,821	\$ 33,547	\$ (2,150,335)
Administrative Services	903,340	-	-	-	(903,340)
Public Safety	8,155,043	540,407	146,670	36,238	(7,431,728)
Public Works	4,026,370	405,256	64,163	37,827	(3,519,124)
Total Governmental Activities	<u>\$ 17,654,140</u>	<u>\$ 3,236,347</u>	<u>\$ 305,654</u>	<u>\$ 107,612</u>	<u>\$ (14,004,527)</u>
General Revenue:					
Taxes					\$ 13,316,740
Interest Income					158,546
Other					485,778
Intergovernmental					988,862
Gain on Disposal of Capital Assets					21,281
Total General Revenues					<u>\$ 14,971,207</u>
Change in Net Position					<u>\$ 966,680</u>
Net Position - July 1, 2019					<u>33,320,347</u>
Net Position - June 30, 2020					<u><u>\$ 34,287,027</u></u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURIBALANCE SHEET -
GOVERNMENTAL FUNDS

June 30, 2020

	General Fund	Sales Tax Trust Fund	Capital Improvements Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
<u>CURRENT ASSETS:</u>					
Cash on Hand	\$ 5,190	\$ -	\$ -	\$ 581	\$ 5,771
Cash and Cash Equivalents	3,505,691	680,685	493,800	3,211,105	7,891,281
Investments	-	-	660,339	300,000	960,339
Receivables	223,353	-	-	76,873	300,226
Inventory	14,433	-	-	26,802	41,235
Deposits	48,442	-	-	-	48,442
Due from Other Governmental Units	533,986	331,402	165,660	218,332	1,249,380
Due from Other Funds	838	-	-	9,150	9,988
Total Current Assets	<u>\$ 4,331,933</u>	<u>\$ 1,012,087</u>	<u>\$ 1,319,799</u>	<u>\$ 3,842,843</u>	<u>\$ 10,506,662</u>
TOTAL ASSETS	<u>\$ 4,331,933</u>	<u>\$ 1,012,087</u>	<u>\$ 1,319,799</u>	<u>\$ 3,842,843</u>	<u>\$ 10,506,662</u>
<u>LIABILITIES AND FUND BALANCE</u>					
<u>LIABILITIES:</u>					
Accounts Payable	\$ 249,803	\$ -	\$ 93,413	\$ 153,982	\$ 497,198
Municipal Court	-	-	-	6,962	6,962
Accrued Salaries and Wages	122,420	-	-	39,707	162,127
Accrued Payroll Liabilities	53,701	-	-	9,743	63,444
Evidence Money	182,328	-	-	-	182,328
Damage Deposits	-	-	-	5,600	5,600
Due to Other Funds	7,150	-	2,000	838	9,988
TOTAL LIABILITIES	<u>\$ 615,402</u>	<u>\$ -</u>	<u>\$ 95,413</u>	<u>\$ 216,832</u>	<u>\$ 927,647</u>
<u>FUND BALANCE:</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ 26,802	\$ 26,802
Restricted	19,019	-	-	2,982,899	3,001,918
Committed	-	-	-	235,444	235,444
Assigned	-	1,012,087	1,224,386	380,866	2,617,339
Unassigned	3,697,512	-	-	-	3,697,512
TOTAL FUND BALANCE	<u>\$ 3,716,531</u>	<u>\$ 1,012,087</u>	<u>\$ 1,224,386</u>	<u>\$ 3,626,011</u>	<u>\$ 9,579,015</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,331,933</u>	<u>\$ 1,012,087</u>	<u>\$ 1,319,799</u>	<u>\$ 3,842,843</u>	<u>\$ 10,506,662</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURIRECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2020

Total fund balance - total governmental funds (Statement 3)	\$	9,579,015
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet, net of accumulated depreciation of \$24,999,414.		25,873,255
Assets, liabilities, and deferred inflows and outflows related to the City's employee retirement plan are reported on a net basis in government activities of the statement of net position but are not included in the governmental funds because they do not require the use of or provide current financial resources.		2,761,858
Unearned rent in governmental activities are not financial resources and therefore not reported in the governmental funds.		(118,739)
Interest payable used in the governmental activities is not payable from current resources and therefore is not reported in the governmental funds.		(215,363)
Compensated absences are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		(627,718)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Tax Increment Financing Notes	\$ (325,000)	
Tax Anticipation Notes	(3,230,574)	
Lease-Purchase Agreements Payable	<u>(949,246)</u>	(4,504,820)
Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		<u>1,539,539</u>
Net position of governmental activities (Statement 1)	\$	<u>34,287,027</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURISTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2020

	General Fund	Sales Tax Trust Fund	Capital Improvements Sales Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>					
Taxes	\$ 5,302,205	\$ 3,296,591	\$ 1,646,874	\$ 3,074,141	\$ 13,319,811
Licenses and Permits	240,345	-	-	-	240,345
Intergovernmental	856,732	-	57,911	335,206	1,249,849
Charges for Services	1,752,410	-	-	587,422	2,339,832
Fines	-	-	-	149,362	149,362
Rents and Leases	86,520	-	-	420,287	506,807
Interest Income	79,203	14,008	18,160	47,175	158,546
Other	261,123	-	267,210	109,724	638,057
TOTAL REVENUES	\$ 8,578,538	\$ 3,310,599	\$ 1,990,155	\$ 4,723,317	\$ 18,602,609
<u>EXPENDITURES:</u>					
General Government	\$ 2,768,293	\$ 37,524	\$ 257,728	\$ 1,504,535	\$ 4,568,080
Administrative Services	937,132	-	220	-	937,352
Public Safety	5,909,978	-	1,171,203	910,036	7,991,217
Public Works	1,059,856	-	397,947	2,300,468	3,758,271
TOTAL EXPENDITURES	\$ 10,675,259	\$ 37,524	\$ 1,827,098	\$ 4,715,039	\$ 17,254,920
REVENUES OVER (UNDER) EXPENDITURES	\$ (2,096,721)	\$ 3,273,075	\$ 163,057	\$ 8,278	\$ 1,347,689
<u>OTHER FINANCING SOURCES (USES):</u>					
Transfers In	\$ 3,224,246	\$ -	\$ 670,000	\$ 857,947	\$ 4,752,193
Transfers Out	(1,527,947)	(3,099,968)	-	(124,278)	(4,752,193)
Sale of Capital Assets	-	-	21,281	-	21,281
TOTAL OTHER FINANCING SOURCES (USES)	\$ 1,696,299	\$ (3,099,968)	\$ 691,281	\$ 733,669	\$ 21,281
NET CHANGE IN FUND BALANCES	\$ (400,422)	\$ 173,107	\$ 854,338	\$ 741,947	\$ 1,368,970
FUND BALANCE, July 1, 2019	4,071,650	838,980	370,048	2,840,024	8,120,702
PRIOR PERIOD ADJUSTMENT	45,303	-	-	44,040	89,343
FUND BALANCE, June 30, 2020	\$ 3,716,531	\$ 1,012,087	\$ 1,224,386	\$ 3,626,011	\$ 9,579,015

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

RECONCILIATION OF THE STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Net Change in fund balances - total governmental funds (Statement 4)	\$	1,368,970
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets expended in the current period.		814,159
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(1,724,431)
Changes in unearned rent does not require the use of current financial resources and is therefore not reported as expenditures in governmental funds.		2,761
Changes in accrued interest does not require the use of current financial resources and is therefore not reported as expenditures in governmental funds.		120,402
Changes in compensated absences does not require the use of current financial resources and is therefore not reported as expenditures in governmental funds.		42,330
Changes in deferred revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the governmental funds.		(3,070)
Changes in the assets, liabilities, and deferred inflows and outflows related to the city's employee retirement plan that occurred during the current year that do not require current financial resources are reported on the statement of activities but not in the governmental funds.		(297,072)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premium, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Tax Anticipation Notes	\$178,757	
Lease-Purchase Agreements Payable	<u>174,491</u>	353,248
Internal service funds are used by management to charge the costs of certain activities, such as health insurance, to individual funds. The net revenue (expense) if the internal service funds is reported with governmental activities.		<u>289,383</u>
Change in net position of governmental activities (Statement 2)	\$	<u>966,680</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURISTATEMENT OF NET POSITIONPROPRIETARY FUND

June 30, 2020

	<u>Internal Service Fund</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS:</u>	
Cash and Cash Equivalents	\$ 1,602,089
Deposits	<u>47,728</u>
Total Current Assets	<u>\$ 1,649,817</u>
 TOTAL ASSETS	 <u>\$ 1,649,817</u>
<u>LIABILITIES</u>	
<u>LIABILITIES:</u>	
Health Insurance Claims Payable	\$ 108,552
Due to Other Governmental Units	<u>1,726</u>
 TOTAL LIABILITIES	 <u>\$ 110,278</u>
<u>NET POSITION</u>	
Restricted	<u>\$ 1,539,539</u>
TOTAL NET POSITION	<u>\$ 1,539,539</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURISTATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUND

Year Ended June 30, 2020

	<u>Internal Service Fund</u>
<u>OPERATING REVENUES:</u>	
Health Insurance Premium	\$ 1,778,304
Rebates	8,352
Miscellaneous	<u>69,080</u>
TOTAL OPERATING REVENUES	<u>\$ 1,855,736</u>
<u>OPERATING EXPENDITURES:</u>	
Stop Loss Insurance	\$ 388,205
Administrative Fees	165,400
Health Insurance Claims	1,037,638
Wellness	<u>4,357</u>
TOTAL OPERATING EXPENDITURES	<u>\$ 1,595,600</u>
TOTAL OPERATING INCOME (LOSS)	<u>\$ 260,136</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	<u>\$ 29,247</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ 29,247</u>
NET CHANGE IN FUND BALANCES	\$ 289,383
NET POSITION, July 1, 2019	<u>1,250,156</u>
NET POSITION, June 30, 2020	<u><u>\$ 1,539,539</u></u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURISTATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended June 30, 2020

	Internal Service Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Health Insurance Premiums	\$ 1,778,304
Rebates	17,740
Refunds from Administrator	69,080
Payments to Administrator	<u>(1,600,127)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 264,997</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Interest on Cash	<u>\$ 29,247</u>
NET CHANGE IN CASH	\$ 294,244
CASH, July 1, 2019	<u>1,307,845</u>
CASH, June 30, 2020	<u>\$ 1,602,089</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u>	
<u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>	
Operating Income (Loss)	\$ 260,136
Changes in Assets and Liabilities:	
Receivables	9,388
Deposits	(4,427)
Health Insurance Claims Payable	<u>(100)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 264,997</u></u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sikeston, Missouri (the “City”) was incorporated in 1875 under the provisions of the State of Missouri.

The City operates under a Mayor – Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services. The City complies with generally accepted accounting principles (GAAP).

Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Financial Reporting Entity:

The City’s reporting entity includes the City’s governing board and the operations of all related organizations for which the City exercises financial oversight. Oversight responsibility is derived from the governmental unit’s authority and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. Generally, component units are legally separate organizations for which the elected officials of the City are financially accountable.

The statement of net position, statement of activities, the combined financial statements, the combining and individual fund financial statements include the Sikeston Economic Development Corporation as a blended component unit. The Sikeston Economic Development Corporation is so closely related to the City of Sikeston that it is, in effect, the same as the City.

The Sikeston Economic Development Corporation financed a building to be used by the Sikeston Department of Public Safety. This is the sole activity of the Corporation. The City of Sikeston has considerable representation on the governing board of the Corporation with the Corporation’s board consisting of the current Mayor, Vice-Mayor, City Manager, City Clerk and the CEO of the Sikeston Regional Chamber & Area Economic Development Corp.

B. Basis of Presentation:

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the financial reporting entity are described below:

General Fund –The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Sales Tax Trust Fund –The Sales Tax Trust Fund was established by City ordinance to account for the general sales tax.

Transportation Sales Tax Fund – The Transportation Sales Tax Fund was established by City ordinance to account for the quarter cent sales tax designated for transportation purposes as defined in Sections 94.700 to 94.755 of the Missouri Revised Statutes.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The government-wide statements report using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash

flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The fund financial statements report using the “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The fund financial statements are presented on a modified accrual basis of accounting, which recognizes expenditures when liabilities for goods and services are incurred and revenues when they become available and measurable. Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

D. Assets, Liabilities, and Equity

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value.

Inventories and Prepaids

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported in inventory at cost and they are recorded as an expenditure at the time the individual inventory items are used.

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaids are similarly reported in government-wide and fund financial statements.

Capital Assets

The City's property and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Infrastructure assets acquired prior to July 1, 2003 have not been capitalized in this financial presentation.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	5-40
Improvements, other than buildings	5-50
Equipment and Machinery	5-7
Infrastructure	5-50

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for in the same way as the government-wide statements.

Restricted Assets

Restricted assets include cash and investments that are restricted as to their use.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements. All long-term debts are reported as liabilities in the government-wide statements. The long-term debt consists primarily of capital leases payable, tax increment financing notes, and tax anticipation notes. Long-term debts for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Equity Classification

Government-Wide Statements – Equity is classified as net position and displayed in three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. Restricted net position – Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net resources that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted as needed. The City’s policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance in that order.

Fund Financial Statements – The City uses clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

1. Non-spendable fund balance-amounts that are not in a spendable form (such as prepaids) or are required to be maintained intact;
2. Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
3. Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
4. Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
5. Unassigned fund balance-amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City Board of Alderman establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council or the City Manager through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Fund Balance

In July 2001, the City established a minimum fund balance policy with the passage of Resolution 01-07-01. The policy states that a minimum ending fund balance for restricted funds shall be not less than 15% of the annual estimated revenues. The restricted funds are deemed to be the Transportation Sales Tax Fund, the Capital Improvement Sales Tax Fund, and the Tourism Tax Trust Fund.

The policy states that a minimum ending fund balance for unrestricted funds shall not be less than 25% of the annual estimated revenues. The unrestricted funds are deemed to be the General Fund, the Sales Tax Trust Fund, the Park Fund, the Municipal Court Fund, and the E-911 Fund.

Special purpose funds are not subject to the minimum ending fund balance guidelines. The special purpose funds are deemed to be the SAHEC Sales Tax Fund, the Economic Development Fund, the Library Fund, the Airport Fund, the 60/61 T.I.F. District Fund, the HWY 60 West T.I.F. District Fund, and the Main/Malone T.I.F. District Fund.

E. Revenues, Expenditures, and Expenses:

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General Government	Licenses, Building Permits, and Fees
Public Safety	Court Cost, Fines, and Rental Receipts
Public Works	Fuel, Rental Receipts, Admission Fees, and Concessions

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and

expenses not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities:

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans – Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services – Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements – Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers – Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities, except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

G. Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

H. Restricted Net Position:

A portion of net position has been reserved to represent the value of assets restricted for specific purposes as listed below.

General Fund:	
Drug Seizure Fund	\$ 19,019
Transportation Sales Tax Fund	949,517
Park Fund	173,810
Library Fund	755,356
Tourism Fund	14,708
E911 Fund	468,026
60/61 TIF District Fund	23,564
Hwy 60 West TIF District Fund	24,492
Main & Malone TIF District Fund	121,214
Sikeston Economic Development Fund	<u>452,212</u>
Total Restricted Net Position	<u>\$ 3,001,918</u>

I. Accumulated Compensated Absences

Vacation banking is limited to 2 times the employees' annual accrual. Vacation in excess of this amount is lost without compensation on the employee's anniversary date of employment. The Manager may authorize the payment (cashing in) of vacation, if it is warranted. An employee may request the cashing in of no more than two weeks of vacation within a fiscal year. Vacation in excess of the limits shall be forfeited on the appropriate anniversary date without recourse or grievance to or by the employee so affected. Accrued banked vacation shall be bought back at the employee's regular rate of pay when the employee leaves the service of the City. Employees shall not accrue any vacation until the end of their initial employment qualifying period and employees leaving the service of the City prior to their first anniversary shall forfeit any and all claims to any vacation time. Vacation shall be earned and accrued monthly after the first anniversary date in accordance with City Ordinance number 5989.

Sick leave banking is limited to 1,040 hours for general and supervisory personnel, 1,079 hours for patrol and communication hourly employees, and 1,404 hours for fire division personnel assigned to 24-hour shifts. Sick leave in excess of this amount is lost without compensation on the employee's anniversary date of employment. The Manager may authorize carry over, not to exceed one additional year of sick leave accrual when, in his sole opinion, such action is warranted, upon receipt of an appropriate request at least thirty days prior to the anniversary date the employee would otherwise forfeit sick leave time

accrued. Sick leave shall be accrued monthly beginning after the first 6 months of employment. Unused sick leave banked at the time the employee leaves the service of the City will be forfeited unless the employee has at least 10 continuous years of service and leaves employment with the city in good standing. Then they will be paid 25% of their accrued sick leave banked at their regular hourly rate.

When an employee is required to work or when a scheduled City holiday shall fall on an eligible employee's regularly scheduled day off, then that holiday time shall be credited to that employee's holiday bank. Banked holiday time shall accrue until the employee's anniversary date, at which time all banked time shall be bought back at the employee's regular hourly rate except for one day or one shift as appropriate, which shall be retained in the employee's holiday time bank. Banked holiday time shall be bought back at the employee's regular rate of pay when the employee leaves the service of the City.

The City's liability for accumulated vacation, sick and holiday pay (\$627,718 at June 30, 2020) for governmental funds, which represents normal accumulations, has been recorded in the Statement of Net Assets. The current portion of accrued vacation pay, which would be liquidated with expendable available resources, is not material.

J. Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on or about October 1 and payable by December 31. The City bills and collects its own property taxes. City property tax revenues are recognized when levied to the extent that they result in current receivables. Any amount not collected during the current fiscal year or within 60 days of the year-end are treated as deferred revenues. Any adjustments of tax levies or charge-offs for other purposes are written off against current year's revenues.

K. Post – Employment Health Care Benefits

COBRA Benefits – Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus an administration fee is paid to the City's health care provider by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 19 months after the termination date. There is no associated cost to the City under this program, and there was one participant in the program for the year ended June 30, 2020.

L. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Deferred Compensation Plan:

In addition to the pension benefits described in Note 6, it is the City's policy to allow employees to participate in a Code 457 Deferred Compensation Plan with ICMA Retirement Corporation. This is a defined contributions plan. The City has 12 employees participating in the plan. The City contributes \$5,000 for the City Manager each year. The City does not contribute to the plan for any other employees.

N. Subsequent Events:

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through February 13, 2021, the date the financial statements were available to be issued.

2. DEPOSITS

At June 30, 2020, the carrying amount of the City's deposits was \$10,453,709 and the bank balance was \$10,499,943. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires that deposits be 100% secured by collateral valued at market, less the amount of Federal Deposit Insurance Corporation (FDIC) Insurance. The City's deposits at June 30, 2020 are not exposed to custodial credit risk.

Funds of the Sikeston Economic Development Corporation in excess of the FDIC insurance \$26,881 at June 30, 2020, was not collateralized since it is not a governmental entity and they are not considered public funds.

3. PROPERTY TAXES

Property taxes attach as an enforceable lien on property. Taxes are levied on October 1, 2019, for collection during this year. The tax rates assessed at the time were as follows:

General Revenue	\$.4171/100.00 assessed valuation
Parks & Recreation	\$.1818/100.00 assessed valuation
Library	\$.2000/100.00 assessed valuation

Real Estate and personal property taxes outstanding at June 30, 2020, Totaled \$84,254. The City recognizes this amount as deferred inflows in the accompanying governmental funds financial statements.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 6,554,789	\$ 10,757	\$ -	\$ 6,565,546
Total	<u>\$ 6,554,789</u>	<u>\$ 10,757</u>	<u>\$ -</u>	<u>\$ 6,565,546</u>
Capital Assets Being Depreciated:				
Buildings and Leasehold Improvements	\$ 20,795,403	\$ 178,933	\$ -	\$ 20,974,336
Infrastructure and Other Improvements	7,399,081	111,631	-	7,510,712
Furniture, Machinery and Equipment	15,581,550	512,838	(272,313)	15,822,075
Total	<u>\$ 43,776,034</u>	<u>\$ 803,402</u>	<u>\$ (272,313)</u>	<u>\$ 44,307,123</u>
Less Accumulated Depreciation for:				
Buildings and Leasehold Improvements	\$ (7,800,342)	\$ (746,694)	\$ -	\$ (8,547,036)
Infrastructure and Other Improvements	(2,020,373)	(177,616)	-	(2,197,989)
Furniture, Machinery and Equipment	(13,726,581)	(800,121)	272,313	(14,254,389)
Total	<u>\$ (23,547,296)</u>	<u>\$ (1,724,431)</u>	<u>\$ 272,313</u>	<u>\$ (24,999,414)</u>
Capital Assets Being Depreciated, Net	<u>\$ 20,228,738</u>	<u>\$ (921,029)</u>	<u>\$ -</u>	<u>\$ 19,307,709</u>
Capital Asses, Net	<u>\$ 26,783,527</u>	<u>\$ (910,272)</u>	<u>\$ -</u>	<u>\$ 25,873,255</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental Activities</u>	
General Government	\$ 229,346
Administrative Services	-0-
Public Safety	755,598
Public Works	739,487
Total	<u>\$ 1,724,431</u>

5. LONG-TERM OBLIGATIONS

Article VI, Section 26(b), Constitution of Missouri limits the outstanding amount of authorized general obligation bonds of a city to 5.0 percent of the assessed valuation of the City. At June 30, 2020, the City's remaining legal debt margin was \$7,650,863.

Following is a summary of changes in the long-term debt from governmental activities included on the government-wide Statement of Net Assets for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
Tax Increment Financing Notes - Sikeston Acquisitions, Inc.	\$ 325,000	\$ -	\$ -	\$ 325,000
SAHEC Financing	56,247	-	(56,247)	-
DPS Building	3,353,085	-	(122,510)	3,230,575
Dump Truck	285,997	-	(46,178)	239,819
Pumper and Ladder Truck	736,895	-	(78,104)	658,791
Street Sweeper	<u>100,844</u>	<u>-</u>	<u>(50,209)</u>	<u>50,635</u>
Totals	<u>\$4,858,068</u>	<u>\$ -</u>	<u>\$ (353,248)</u>	<u>\$4,504,820</u>

On September 1, 2004, the City entered into an agreement with Sikeston Acquisitions, Inc. for the redevelopment of the North Main Street and Malone Avenue Redevelopment Area. On January 7, 2005, \$925,000 of tax increment financing notes was issued to Sikeston Acquisitions, Inc. to reimburse project costs completed at that date. An additional construction advance of \$689,000 was made on November 8, 2005. On May 11, 2006, these notes were reissued along with the construction holdback of \$36,000. A note for \$1,325,000, bearing interest at the rate of 5.75% per annum was issued along with a note for \$325,000, bearing interest at the rate of 7.25% per annum. Interest is payable on May 1 and November 1 in each year and will be paid only from pledged revenues. Pledged revenues include certain payments in lieu of taxes and economic activity taxes generated in the redevelopment area. The maturity date of these notes is August 31, 2027. The obligations of the City with respect to this note terminate on August 31, 2027, whether or not the principal amount or interest has been paid in full. As of June 30, 2020, \$325,000 of the notes remains outstanding.

On October 27, 2005, the City entered into an agreement with the Board of Regents of Southeast Missouri State University to construct and equip an addition to the Sikeston Area Higher Education Center. The City executed a tax anticipation note in the amount of \$1,500,000 to FOCUS Bank to finance its portion of the project. The note bears interest at the rate of 4.25% per annum. Interest is payable on July 1 and January 1 each year. In addition, a principal payment is due each year on January 1. The loan was to mature on January 1, 2013. On May 11, 2010, the City refinanced this note with Alliance Bank. The note requires the City to make annual payments of \$58,800 on January 1 each year beginning in 2011 and ending on January 1, 2020. Also, payments of interest accrued only are due each year on July 1. These payments vary beginning with a payment of \$6,623 on July 1, 2011. The interest rate on this note varies from 2.7% to 3.7%. The loan was paid off during the year ended June 30, 2020.

On June 13, 2011, Sikeston Economic Development Corporation, a blended component unit of the City of Sikeston, entered into an agreement to construct a building to be used by the Sikeston Department of Public Safety. As part of the financing, the Corporation received a loan from the United States Department of Agriculture. The loan is for \$4,186,200 at a rate of 4%. The loan requires payments of \$242,130 on June 13th each year. As of June 30, 2020, the loan balance was \$3,004,603.

On March 27, 2013, Sikeston Economic Development Corporation received an additional loan from the United States Department of Agriculture to help finance the relocation of the Sikeston Area Chamber of Commerce and the Withers Broadcasting Company of Southeast Missouri, LLC to free land for a parking lot for the new Sikeston DPS building. The loan is for \$277,000 at a rate of 3.125%. The loan requires annual payments of \$14,363 each year on the 27th of March beginning in 2014. The loan balance as of June 30, 2020 was \$225,972.

On November 14, 2014, the City entered into a lease-purchase agreement with US Bancorp to finance the acquisition of 3 dump trucks. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The trucks are included in the General Fixed Assets at \$461,505. Amortization of assets under capital lease is included in depreciation expense. Accumulated amortization reported as accumulated depreciation totaled \$461,505 in the Statement of Net Position.

On August 25, 2015, the City entered into a lease-purchase agreement with Regions Equipment Finance Corporation to finance the acquisition of a pumper and ladder truck. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The trucks are included in the General Fixed Assets at \$1,040,425. Amortization of assets under capital lease is included in depreciation expense. Accumulated amortization reported as accumulated depreciation totaled \$1,014,048 in the Statement of Net Position.

On October 19, 2016, the City entered into a lease-purchase agreement with US Bancorp to finance the acquisition of a street sweeper. The lease qualified as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. The trucks are included in the General Fixed Assets at \$200,000. Amortization of assets under capital lease is included in depreciation expense. Accumulated amortization reported as accumulated depreciation totaled \$150,000 in the Statement of Net Position.

Five-year current maturities of long-term obligations are as follows:

Year Ending			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 305,742	\$ 172,131	\$ 477,873
2022	410,900	155,660	566,560
2023	428,763	140,232	568,995
2024	291,030	123,239	414,269
2025	282,977	114,043	397,020
2026-2030	1,103,401	445,351	1,548,752
2031-2035	1,030,886	251,579	1,282,465
2036-2040	622,479	50,903	673,382
2041-2043	28,642	1,557	30,199
Totals	<u>\$ 4,504,820</u>	<u>\$1,454,695</u>	<u>\$ 5,959,515</u>

6. PENSION PLAN

General Information about the Pension Plan

Plan description. The City's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

Benefits provided. LAGERS provides retirement, death, and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for Police and Fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for Police and Fire) and receive a reduced allowance.

February 28, 2020 Valuation

Benefit Multiplier:	1.50% for Life, plus 0.50% to age 65
Final Average Salary:	3 Years
Member Contributions:	0%

Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees covered by benefit terms. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	119
Inactive employees entitled to but not yet receiving benefits	104
Active employees	<u>116</u>
	<u>339</u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 6.3% (General), 8.9% (Police), and 5.8% (Fire) of annual covered payroll.

Net Pension Liability. The employer's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2020.

Actuarial assumptions. The total pension liability in the February 29, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage inflation; 2.50% price inflation
Salary Increase	3.25% to 6.55%, including wage inflation
Investment rate of return	7.25%, net of investment expenses

The health retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees' mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above-described tables.

The actuarial assumptions used in the February 29, 2020 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Alpha	15.00%	3.67%
Equity	35.00%	4.78%
Fixed Income	31.00%	1.41%
Real Assets	36.00%	3.29%
Strategic Assets	8.00%	5.25%
Strategic Assets	-25.00%	-0.29%

Discount rate. The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net

position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 6/30/2019	\$ 26,092,739	\$ 29,465,318	\$ (3,372,579)
Changes for the year:			
Service Cost	535,671	-	535,671
Interest	1,870,293	-	1,870,293
Difference between expected and actual experience	93,368	-	93,368
Contributions - employer	-	421,251	(421,251)
Net investment income	-	388,247	(388,247)
Benefit payments, including refunds	(1,137,395)	(1,137,395)	-
Administrative expense	-	(38,181)	38,181
Other changes	-	117,443	(117,443)
Net Changes	\$ 1,361,937	\$ (248,635)	\$ 1,610,572
Balance at 6/30/2020	\$ 27,454,676	\$ 29,216,683	\$ (1,762,007)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

Current Single Discount		
1% Decrease	Rate Assumption	1% Increase
<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
\$ 2,328,324	\$ (1,762,007)	\$ (5,100,616)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020 the employer recognized pension expense of \$422,539. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ 371,064	\$ (120,587)
Differences in assumptions	8,336	-
Excess (deficit) investment returns	741,038	-
Contributions subsequent to the measurement date*	-	-
Total	<u>\$ 1,120,438</u>	<u>\$ (120,587)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2021.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended:</u>	
2021	\$ 51,435
2022	220,268
2023	381,613
2024	346,535
2025	-0-
Thereafter	-0-
Total	<u>\$ 999,851</u>

7. UNEARNED RENT

The City entered into a contract for sale of real estate and a commercial lease agreement with a local Company for the purchase of 125 S. Kingshighway, Sikeston, MO in exchange for a 50-year lease of 1 Industrial Dr., Sikeston, MO. The Company anticipates it may construct an addition to the premises. The City has agreed to reimburse the Company for the actual costs of the addition up to a maximum of \$127,000. This payment was made in the year ended June 30, 2017.

8. INTEREST EXPENSE

Interest cost totaling \$313,804 was incurred during the year ended June 30, 2020. No interest was capitalized as part of the cost of assets constructed during the period.

9. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2020, interfund receivables and payables were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 838	\$ 7,150
Park Fund	6,111	690
Municipal Court Fund	-0-	125
Library Fund	3,039	-0-
Airport Fund	-0-	23
Capital Improvement Sales Tax Fund	-0-	2,000
Totals	<u>\$ 9,988</u>	<u>\$ 9,988</u>

10. INTERFUND TRANSFERS

The following is a summary of the amounts transferred from and to other funds:

	<u>Transferred From</u>	<u>Transferred To</u>
General Fund	\$1,527,947	\$3,224,246
Sales Tax Fund	3,099,968	-0-
Sikeston Area Higher Education Center Fund	3,142	56,996
Transportation Sales Tax Fund	121,136	-0-
Park Fund	-0-	201,698
Municipal Court Fund	-0-	37,604
Tourism Fund	-0-	6,000
Airport Fund	-0-	126,135
E-911 Fund	-0-	429,514
Capital Improvement Sales Tax Fund	-0-	670,000
	<u>\$4,752,193</u>	<u>\$4,752,193</u>

Transfers within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintain debt service on a routine basis.

11. RISK OF LOSS

The City is exposed to risks of loss through claims on property owned, damage to property owned, official and employee liability, workers' compensation claims, and risk of loss of employee or individual injury. The City handles these risks of loss through the purchase of commercial insurance policies. No significant reduction in insurance coverage occurred during the year. Also, there have been no settlement amounts that have exceeded insurance coverage.

12. TAX ABATEMENT

On July 15, 2008, the City entered into a real property tax abatement agreement with a local Company pursuant to provisions of Chapter 100 of the Revised Statutes of Missouri. The

Company has committed to expending approximately \$40,000,000 in land, buildings, and equipment. The agreement provides 100% property tax abatement but requires the payment of PILOTS and other performance measures (maintaining certain employment levels). Prior to commencement of operations of the Project, the Company made a PILOT payment equal to 100% of the taxes due. During the next twelve years 100% of the of the property taxes on the Project site, the Project Improvements and the Project Equipment is abated. For the next seven succeeding years, 50% of the of the property taxes on the Project site, the Project Improvements and the Project Equipment is abated. The amount of taxes abated is unknown because an assessment was not made.

In 2015, the Company completed an expansion to its distribution center pursuant to the Enhanced Enterprise Zone program. This will allow a 100% property tax abatement on the improved real property for 10 years from the time of the Certificate of Occupancy. This results in \$146,899 per year in total taxes being abated. The City's portion of this abatement is \$19,414.

Tax Increment Financing (TIF) is also used to provide tax abatements. These abatements are explained in Note 14 below.

13. SELF INSURANCE

Effective January 1, 2014, the City and the Sikeston Board of Municipal Utilities entered into a self-insurance health insurance plan. This is accounted for using an internal service fund.

The plan provides health coverage to its employees through a minimum premium plan administered by HealthSCOPE Benefits, Inc. Under this plan, the City paid the administrator a monthly premium for claims administration, cost management, and specific stop loss coverage. The City reimbursed the administrator for claims paid up to the specific stop loss amount of \$60,000 per employee. Rates were charged by the internal service fund to the various City funds and the Board of Municipal Utilities to cover the monthly premium to the administrator, stop loss coverage and claims.

Claims liability is estimated using data supplied by the administrator. The claims activity was as follows:

Balance, June 30, 2019	\$	1,250,156
Provision for Incurred Claims		1,327,021
Payment of Claims		(1,037,638)
Balance, June 30, 2020	\$	<u>1,539,539</u>

14. TAX INCREMENT FINANCING

On September 1, 2004, the City entered into an agreement with Sikeston Acquisitions, Inc. for the redevelopment of the northwest quadrant of the intersection of Main Street and Malone Avenue and has adopted tax increment financing (TIF). The City has agreed to issue TIF notes to be sold to Sikeston Acquisitions, Inc. to evidence the City's obligation to reimburse Sikeston Acquisitions, Inc. for verified Reimbursable Redevelopment Project Costs, up to a maximum

aggregate principal amount of \$1,700,000.00. Reimbursable Redevelopment Project Costs include, but are not limited to, costs of studies, surveys, plans, tests and specifications, professional service costs, acquisition costs, costs of demolition of buildings and the clearing and grading of land, costs of construction of public works or improvements, issuance costs, and payment in lieu of taxes. The City will use TIF revenue, which is payments in lieu of taxes attributable to the increase in the current equalized assessed valuation of the area over and above the initial equalized assessed value of such property and 50% of the total additional revenues from taxes which are imposed by the City or other taxing districts and which are generated by economic activities within the area over such taxes generated by economic activities within the area in the calendar year ending December 31, 2003, to pay the interest and principal on the TIF obligations. As of June 30, 2010, \$1,650,000.00 of TIF notes had been issued. A balance of \$325,000.00 remains.

On October 15, 2012, the City entered into an agreement with Six Thirty Two LLC for the development of Lot One of Hospitality Subdivision and has adopted tax increment financing (TIF). The City has agreed to reimburse Six Thirty Two LLC for verified Reimbursable Project Costs, up to a maximum of \$431,262.00. The City will use TIF revenue, which is incremental real property taxes and economic activity taxes described in Sections 99.845.1(2)(a) and 99.845.3 of the Revised Statutes of Missouri, to reimburse these project costs. Payments will be made every February 1 and August 1 in an amount equal to all TIF Revenues, less \$1,000.00 administration fee to be retained by the City, that the City has received during the previous calculation period (January 1 to June 30 and July 1 to December 31). Six Thirty Two LLC has submitted a Certificate of Reimbursable Costs for \$421,463.00. Reimbursements of \$41,532.21 were made in the year ended June 30, 2020. A balance of \$95,318.90 remains to be paid from future TIF revenues.

On October 15, 2012, the City entered into an agreement with Select Sikeston Hospitality, LLC for the development of Lot Two of Hospitality Subdivision and has adopted tax increment financing (TIF). The City has agreed to reimburse Select Sikeston Hospitality, LLC for verified Reimbursable Project Costs, up to a maximum of \$475,000.00. The City will use TIF revenue, which is incremental real property taxes and economic activity taxes described in Sections 99.845.1(2)(a) and 99.845.3 of the Revised Statutes of Missouri, to reimburse these project costs. Payments will be made every February 1 and August 1 in an amount equal to all TIF Revenues, less \$1,000.00 administration fee to be retained by the City, that the City has received during the previous calculation period (January 1 to June 30 and July 1 to December 31). Select Sikeston Hospitality, LLC has submitted a Certificate of Reimbursable Costs for \$475,000.00. Reimbursements of \$53,028.05 were made in the year ended June 30, 2020. A balance of \$215,078.92 remains to be paid from future TIF revenues.

On May 6, 2015, the City entered into a redevelopment agreement with Sikeston Development Co., LLC regarding the Sikeston 60 West Tax Increment Financing Redevelopment Plan. The agreement requires the City to fund, subject to reimbursement from tax increment financing revenues, the extension of Hennings Drive, the extension of Stallcup Drive, and the construction of a new roadway connecting Hennings Drive and Stallcup Drive and the City will use tax increment financing revenues to reimburse Sikeston Development Co., LLC for certain other project costs. On May 2, 2016, the City entered into an amended and restated redevelopment agreement with Sikeston Development Co., LLC and Cotton Ridge Development Co., LLC regarding this redevelopment plan. Sikeston Development Co., LLC

has assigned its interest in portions of the property in RPA 1 to Cotton Ridge Development Co., LLC. On August 19, 2016, Sikeston Development Co., LLC submitted a Certificate of Reimbursable Costs for \$800,000.00, the maximum approved. On December 9, 2016, Cotton Ridge Development Co., LLC submitted a Certificate of Reimbursable Costs for \$390,737.33. On December 27, 2018, Cotton Ridge Development Co., LLC submitted an additional Certificate of Reimbursable Costs for \$193,993.11. Total balance certified to Cotton Ridge Development Co., LLC is \$584,730.44. The developers are allowed 4.5% per annum interest on their costs. On each payment date, the City shall apply the TIF Revenues, first the sum of \$1,000 shall be retained by the City as an administrative fee, with the balance paid 46.7% to the City to be applied as provided in the Cooperation Agreement and 53.3% paid to the Developer for Reimbursable Developer Costs. Unless otherwise agreed to by the Developers, the TIF Revenues paid to the Developers shall be paid first to Sikeston Development Co., LLC until all their reimbursable costs have been paid and then to Cotton Ridge Development Co., LLC until all their reimbursable costs have been paid. Reimbursements of \$63,332.08 were made to the developer in the year ended June 30, 2020. A principal balance of \$663,943.32 remains.

On February 6, 2017, the City entered into a parcel development agreement with Cotton Ridge Development Co., LLC and Rosewood Vanguard Corp. d/b/a Watami Sushi and Hibachi Steakhouse II. Cotton Ridge Development Co., LLC. has assigned its interest in portions of the property in RPA 1 to Rosewood Vanguard Corp. d/b/a Watami Sushi and Hibachi Steakhouse II. Rosewood Vanguard Corp. d/b/a Watami Sushi and Hibachi Steakhouse II will construct a restaurant on this parcel. TIF Revenues generated from this parcel will be paid to the Rosewood Vanguard Corp. d/b/a Watami Sushi and Hibachi Steakhouse II. On June 28, 2018, Rosewood Vanguard Corp. d/b/a Watami Sushi and Hibachi Steakhouse II submitted a Certificate of Reimbursable Costs for \$100,000.00. Reimbursements of \$30,194.03 were made in the year ended June 30, 2020. A balance of \$56,534.60 remains as of June 30, 2020.

The City entered into an Intergovernmental Cooperative Agreement with New Madrid County, Missouri on May 6, 2015 in connection with the Sikeston 60 West Tax Increment Financing Redevelopment Plan. The City agreed to advance the costs of the infrastructure improvements which amounted to \$800,000. The City shall apply tax increment financing revenues to pay administrative costs and then 46.7% of the remaining TIF Revenues to reimburse the City for costs of the infrastructure improvements plus 3% interest per annum. The cost of the infrastructure improvements will be amortized over a 15-year period. If the revenues are greater than the amortized cost of the improvements for the period, then revenues will be applied to the prepayment of the improvements. If the revenues are less than the amortized cost of the improvements for the period, then the County will pay to the city 50% of the shortfall. After the 15-year amortization period, the city will reimburse the County from TIF Revenues until fully reimbursed. The County paid the City \$15,984.99 during the year ended June 30, 2020. As of June 30, 2020, The County has paid the City \$57,035.89.

On May 2, 2016, the City entered into a parcel development agreement with Cotton Ridge Development Co., LLC (Developer) and Midas Cotton Ridge, LLC (Sub – Developer) for the development of the portion of the Redevelopment Area described as “RPA 2A” in the Redevelopment Plan and has adopted tax increment financing (TIF). The City has agreed to reimburse Cotton Ridge Development Co., LLC for verified Reimbursable Project Costs, up to a maximum of \$2,900,000 plus interest on such costs accruing at a rate of 4.5% per annum

from the date approved by the City. The City will use TIF revenue, which is incremental real property taxes and economic activity taxes described in Sections 99.845.1(2)(a) and 99.845.3 of the Revised Statutes of Missouri, to reimburse these project costs. Payments will be made every February 1, May 1, August 1, and November 1 in an amount equal to all TIF Revenues, less \$1,000.00 administration fee to be retained by the City, that the City has received during the previous calculation period. Cotton Ridge Development Co., LLC has submitted a Certificate of Reimbursable Costs for \$401,925.95. On December 27, 2018, a Certificate of Reimbursable Costs for \$299,330.26 were submitted and approved. Reimbursements of \$50,470.73 were made in the year ended June 30, 2020. A principal balance of \$635,645.15 remains as of June 30, 2020.

Midas Cotton Ridge, LLC has been approved for \$400,000.00 of Certificated of Reimbursable Costs. Reimbursements of \$25,945.02 were made in the year ended June 30, 2020. A balance of \$371,189.48 remains as of June 30, 2020.

15. SUBSEQUENT EVENTS

After June 30, 2020, the City approved the purchase of 10.67 acres totaling \$750,000, which will be offset by \$100,000 of funds from other governmental entities. Fire equipment totaling \$245,958 was approved to be purchased by the City, which should be entirely reimbursed by the CARES grant. A new 911 emergency call system for \$178,639 was also approved by the City. Of that total, \$107,184 will be paid by a State grant. The City also approve other various capital asset purchases totaling \$207,017. All of capital assets are expected to be received and paid for in the year ended June 30, 2021.

16. PRIOR PERIOD ADJUSTMENTS

Deferred revenues for property taxes were inadvertently reported in prior years resulting in an understated fund balance. The following fund balances have been increased for this adjustment:

General Fund	\$ 45,303
Park Fund	16,853
Library Fund	<u>27,187</u>
Total	<u>\$ 89,343</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SIKESTON, MISSOURI

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Amended	Actual	Favorable (Unfavorable)
REVENUES:				
Taxes	\$ 1,751,755	\$ 1,751,755	\$ 5,302,205	\$ 3,550,450
Licenses and Permits	229,960	229,960	240,345	10,385
Intergovernmental	3,962,150	3,962,150	856,732	(3,105,418)
Charges for Services	1,777,246	1,777,246	1,752,410	(24,836)
Rents and Leases	103,839	103,839	86,520	(17,319)
Interest Income	31,836	31,836	79,203	47,367
Other	94,200	94,200	261,123	166,923
TOTAL REVENUES	\$ 7,950,986	\$ 7,950,986	\$ 8,578,538	\$ 627,552
EXPENDITURES:				
General Government:				
General Government	\$ 2,314,455	\$ 2,481,955	\$ 2,491,264	\$ (9,309)
City Council	1,807	1,807	2,109	(302)
City Manager	237,926	237,926	239,266	(1,340)
City Counselor	50,450	50,450	35,654	14,796
Total General Government	\$ 2,604,638	\$ 2,772,138	\$ 2,768,293	\$ 3,845
Administrative Services:				
City Clerk	\$ 123,471	\$ 123,471	\$ 160,068	\$ (36,597)
City Treasurer	263,627	263,627	271,564	(7,937)
City Collector	157,957	157,957	161,244	(3,287)
Information Technology	367,742	367,742	344,256	23,486
Total Administrative Services	\$ 912,797	\$ 912,797	\$ 937,132	\$ (24,335)
Public Safety:				
Administration/Detention	\$ 859,005	\$ 869,005	\$ 1,021,959	\$ (152,954)
Police	3,244,881	3,318,981	3,307,344	11,637
Fire	1,640,362	1,640,362	1,580,675	59,687
Total Public Safety	\$ 5,744,248	\$ 5,828,348	\$ 5,909,978	\$ (81,630)
Public Works:				
Director	\$ 261,167	\$ 261,167	\$ 263,780	\$ (2,613)
Seasonal Mowing	44,968	52,668	62,547	(9,879)
Streets	42,250	42,250	34,913	7,337
Garage	138,011	138,011	140,941	(2,930)
Planning	390,738	404,238	384,159	20,079
Animal Control	181,326	181,326	173,516	7,810
Total Public Works	\$ 1,058,460	\$ 1,079,660	\$ 1,059,856	\$ 19,804
TOTAL EXPENDITURES	\$ 10,320,143	\$ 10,592,943	\$ 10,675,259	\$ (82,316)
EXCESS (DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (2,369,157)	\$ (2,641,957)	\$ (2,096,721)	\$ 545,236
Other Financing Sources (Uses)				
Transfers In	\$ 3,221,104	\$ 3,221,104	\$ 3,224,246	\$ 3,142
Transfers Out	(851,947)	(851,947)	(1,527,947)	(676,000)
Total Other Financing Sources (Uses)	\$ 2,369,157	\$ 2,369,157	\$ 1,696,299	\$ (672,858)
EXCESS (DIFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ -	\$ (272,800)	\$ (400,422)	\$ (127,622)
FUND BALANCE, July 1, 2019			4,071,650	
PRIOR PERIOD ADJUSTMENT			45,303	
FUND BALANCE, June 30, 2020			\$ 3,716,531	

See Accompanying Notes to the Basic Financial Statements.

SCHEDULE 2

CITY OF SIKESTON, MISSOURIBUDGETARY COMPARISON SCHEDULE -
SALES TAX TRUST FUND

Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
<u>REVENUES:</u>				
Taxes	\$ 3,140,090	\$ 3,140,090	\$ 3,296,591	\$ 156,501
Interest Income	3,494	3,494	14,008	10,514
TOTAL REVENUES	<u>\$ 3,143,584</u>	<u>\$ 3,143,584</u>	<u>\$ 3,310,599</u>	<u>\$ 167,015</u>
<u>EXPENDITURES:</u>				
General Government	\$ 43,615	\$ 43,615	\$ 37,524	\$ 6,091
TOTAL EXPENDITURES	<u>\$ 43,615</u>	<u>\$ 43,615</u>	<u>\$ 37,524</u>	<u>6,091</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 3,099,969</u>	<u>\$ 3,099,969</u>	<u>\$ 3,273,075</u>	<u>\$ 173,106</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers Out	<u>(3,099,968)</u>	<u>(3,099,968)</u>	<u>(3,099,968)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (3,099,968)</u>	<u>\$ (3,099,968)</u>	<u>\$ (3,099,968)</u>	<u>\$ -</u>
TOTAL REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)	<u>\$ 1</u>	<u>\$ 1</u>	\$ 173,107	<u>\$ 173,106</u>
FUND BALANCE, July 1, 2019			<u>838,980</u>	
FUND BALANCE, June 30, 2020			<u>\$ 1,012,087</u>	

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURIBUDGETARY COMPARISON SCHEDULE -
CAPITAL IMPROVEMENT SALES TAX FUND

Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
<u>REVENUES:</u>				
Taxes	\$ 1,570,045	\$ 1,570,045	\$ 1,646,874	\$ 76,829
Intergovernmental	195,933	195,933	57,911	(138,022)
Interest Income	2,000	2,000	18,160	16,160
Other	4,000	4,000	267,210	263,210
TOTAL REVENUES	\$ 1,771,978	\$ 1,771,978	\$ 1,990,155	\$ 218,177
<u>EXPENDITURES:</u>				
General Government	\$ 250,312	\$ 300,312	\$ 257,728	\$ 42,584
Administrative Services:				
City Treasurer	-	-	220	(220)
Public Safety:				
Administration/Detention	390,017	390,017	376,820	13,197
Police	264,950	271,000	286,582	(15,582)
Fire	299,000	453,000	505,131	(52,131)
Emergency Management	2,500	2,500	2,670	(170)
Public Works:				
Director	800	800	2,358	(1,558)
Streets	383,172	383,172	129,099	254,073
Garage	7,800	7,800	4,780	3,020
Planning	4,000	4,000	1,493	2,507
Animal Control	5,000	31,300	27,281	4,019
Parks and Recreation	119,400	231,031	227,917	3,114
Airport	45,000	45,000	5,019	39,981
TOTAL EXPENDITURES	\$ 1,771,951	\$ 2,119,932	\$ 1,827,098	\$ 292,834
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 27	\$ (347,954)	\$ 163,057	\$ 511,011
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In	\$ -	\$ -	\$ 670,000	\$ 670,000
Sale of Capital Assets	-	-	21,281	21,281
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ 691,281	\$ 691,281
TOTAL REVENUES OVER (UNDER) OTHER FINANCING SOURCES (USES)	\$ 27	\$ (347,954)	\$ 854,338	\$ 1,202,292
FUND BALANCE, July 1, 2019			370,048	
FUND BALANCE, June 30, 2020			\$ 1,224,386	

See Accompanying Notes to the Basic Financial Statements.

CITY OF SIKESTON, MISSOURI

NOTES TO BUDGETARY COMPARISON SCHEDULES

June 30, 2020

1. BUDGETARY INFORMATION

The Budgetary Comparison Schedules are presented as required supplementary information to present comparisons of legally adopted budgets with the actual data. On June 10, 2019, a public hearing was held in connection with adoption of the proposed budget for 2020. The budget was amended on June 8, 2020. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to June 30, the City Manager submits to the City Council, a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1, the budget is legally enacted through passage of an ordinance.
3. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Budgeted amounts are as originally adopted or amended by the City Council.
7. Appropriations expire at the end of the fiscal year at which time a new budget for the ensuing year is adopted.

Actual expenditures in the General Fund, Tourism Fund, and Hwy 60 West TIF District Fund exceeded budgetary limits by \$758,316, \$42,324, and \$58,857, respectively, for the year ended June 30, 2020.

CITY OF PERRYVILLE, MISSOURI

SUPPLEMENTARY INFORMATION
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEMSCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
GENERAL DIVISION

June 30, 2020

Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service Costs	\$ 190,050	\$ 185,869	\$ 184,157	\$ 174,979	\$ 178,579	\$ 161,855
Interest on the Pension Liability	681,820	646,707	601,633	568,568	511,600	495,205
Differences Between Expected and Actual Experience of the Total Pension Liability	63,802	37,209	195,570	43,315	137,044	(172,563)
Changes of Assumptions	-	-	-	-	295,426	-
Benefit Payments, Including Refunds of Employee Contributions	(397,700)	(377,686)	(343,878)	(327,030)	(342,928)	(192,846)
Net Change in Total Pension Liability	\$ 537,972	\$ 492,099	\$ 637,482	\$ 459,832	\$ 779,721	\$ 291,651
Total Pension Liability - Beginning	9,506,426	9,014,327	8,376,845	7,917,013	7,137,292	6,845,641
Total Pension Liability - Ending (A)	\$ 10,044,398	\$ 9,506,426	\$ 9,014,327	\$ 8,376,845	\$ 7,917,013	\$ 7,137,292
Plan Fiduciary Net Position						
Contributions - Employer	\$ 147,409	\$ 130,338	\$ 107,456	\$ 96,857	\$ 120,123	\$ 157,851
Net Investment Income	151,813	676,519	1,154,779	1,032,736	(22,534)	180,101
Benefit Payments, Including Refunds of Employee Contributions	(397,700)	(377,686)	(343,878)	(327,030)	(342,928)	(192,846)
Pension Plan Administrative Expense	(15,193)	(13,282)	(9,305)	(8,850)	(8,749)	(9,134)
Other (Net Transfers)	95,801	47,045	124,040	30,842	(74,544)	195,002
Net Change in Plan Fiduciary Net Position	\$ (17,870)	\$ 462,934	\$ 1,033,092	\$ 824,555	\$ (328,632)	\$ 330,974
Plan Fiduciary Net Position - Beginning	10,985,134	10,522,200	9,489,108	8,664,553	8,993,185	8,662,211
Plan Fiduciary Net Position - Ending (B)	\$ 10,967,264	\$ 10,985,134	\$ 10,522,200	\$ 9,489,108	\$ 8,664,553	\$ 8,993,185
Net Pension Liability - Ending (A) - (B)	\$ (922,866)	\$ (1,478,708)	\$ (1,507,873)	\$ (1,112,263)	\$ (747,540)	\$ (1,855,893)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	109.19%	115.55%	116.73%	113.28%	109.44%	126.00%
Covered Valuation Payroll	\$ 2,297,090	\$ 2,078,838	\$ 2,094,246	\$ 2,072,924	\$ 1,971,632	\$ 2,060,399
Net Pension Liability as a Percentage of Covered Valuation Payroll	-40.18%	-71.13%	-72.00%	-53.66%	-37.91%	-90.07%

Notes to the Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF SIKESTON, MISSOURI

SUPPLEMENTARY INFORMATION
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEMSCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
POLICE DIVISION

June 30, 2020

Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service Costs	\$ 219,766	\$ 221,981	\$ 216,327	\$ 198,880	\$ 178,902	\$ 167,155
Interest on the Pension Liability	822,346	789,236	719,103	698,249	634,443	632,913
Differences Between Expected and Actual Experience of the Total Pension Liability	(56,157)	(104,880)	447,566	(225,153)	175,346	(453,357)
Changes of Assumptions	-	-	-	-	263,483	-
Benefit Payments, Including Refunds of Employee Contributions	(445,897)	(451,152)	(386,812)	(398,785)	(365,596)	(298,352)
Net Change in Total Pension Liability	\$ 540,058	\$ 455,185	\$ 996,184	\$ 273,191	\$ 886,578	\$ 48,359
Total Pension Liability - Beginning	11,453,784	10,998,599	10,002,415	9,729,224	8,842,646	8,794,287
Total Pension Liability - Ending (A)	\$11,993,842	\$11,453,784	\$ 10,998,599	\$ 10,002,415	\$ 9,729,224	\$ 8,842,646
Plan Fiduciary Net Position						
Contributions - Employer	\$ 210,670	\$ 192,565	\$ 210,474	\$ 218,947	\$ 219,905	\$ 190,416
Net Investment Income	157,744	759,085	1,304,637	1,205,408	(21,495)	196,236
Benefit Payments, Including Refunds of Employee Contributions	(445,897)	(451,152)	(386,812)	(398,785)	(365,596)	(298,352)
Pension Plan Administrative Expense	(13,042)	(11,713)	(8,452)	(7,839)	(7,655)	(8,109)
Other (Net Transfers)	(11,631)	(107,245)	(117,963)	101,032	(1,839)	(82,150)
Net Change in Plan Fiduciary Net Position	\$ (102,156)	\$ 381,540	\$ 1,001,884	\$ 1,118,763	\$ (176,680)	\$ (1,959)
Plan Fiduciary Net Position - Beginning	12,308,985	11,927,445	10,925,561	9,806,798	9,983,478	9,985,437
Plan Fiduciary Net Position - Ending (B)	\$12,206,829	\$12,308,985	\$ 11,927,445	\$ 10,925,561	\$ 9,806,798	\$ 9,983,478
Net Pension Liability - Ending (A) - (B)	\$ (212,987)	\$ (855,201)	\$ (928,846)	\$ (923,146)	\$ (77,574)	\$ (1,140,832)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.78%	107.47%	108.45%	109.23%	100.80%	112.90%
Covered Valuation Payroll	\$ 2,327,909	\$ 2,398,396	\$ 2,383,328	\$ 2,290,090	\$ 2,080,024	\$ 1,962,586
Net Pension Liability as a Percentage of Covered Valuation Payroll	-9.15%	-35.66%	-38.97%	-40.31%	-3.73%	-58.13%

Notes to the Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF SIKESTON, MISSOURI

SUPPLEMENTARY INFORMATION
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEMSCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FIRE DIVISION

June 30, 2020

Fiscal Year Ended June 30,	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service Costs	\$ 125,855	\$ 116,154	\$ 108,179	\$ 106,558	\$ 107,569	\$ 114,240
Interest on the Pension Liability	366,127	349,756	318,848	315,336	284,771	271,609
Differences Between Expected and Actual Experience of the Total Pension Liability	85,723	33,658	245,263	(169,897)	87,903	(72,809)
Changes of Assumptions	-	-	-	-	96,980	-
Benefit Payments, Including Refunds of Employee Contributions	(293,798)	(263,783)	(236,463)	(173,358)	(137,544)	(119,204)
Net Change in Total Pension Liability	\$ 283,907	\$ 235,785	\$ 435,827	\$ 78,639	\$ 439,679	\$ 193,836
Total Pension Liability - Beginning	5,132,529	4,896,744	4,460,917	4,382,278	3,942,599	3,748,763
Total Pension Liability - Ending (A)	\$ 5,416,436	\$ 5,132,529	\$ 4,896,744	\$ 4,460,917	\$ 4,382,278	\$ 3,942,599
Plan Fiduciary Net Position						
Contributions - Employer	\$ 63,172	\$ 49,033	\$ 62,347	\$ 76,005	\$ 82,149	\$ 94,245
Contributions - Employees	-	-	-	-	-	50,394
Net Investment Income	78,690	401,813	699,919	619,277	(17,246)	96,386
Benefit Payments, Including Refunds of Employee Contributions	(293,798)	(263,783)	(236,463)	(173,358)	(137,544)	(119,204)
Pension Plan Administrative Expense	(9,946)	(8,326)	(5,547)	(5,309)	(5,214)	(5,592)
Other (Net Transfers)	33,273	5,935	(14,867)	52,371	19,147	125,543
Net Change in Plan Fiduciary Net Position	\$ (128,609)	\$ 184,672	\$ 505,389	\$ 568,986	\$ (58,708)	\$ 241,772
Plan Fiduciary Net Position - Beginning	6,171,199	5,986,527	5,481,138	4,912,152	4,970,860	4,729,088
Plan Fiduciary Net Position - Ending (B)	\$ 6,042,590	\$ 6,171,199	\$ 5,986,527	\$ 5,481,138	\$ 4,912,152	\$ 4,970,860
Net Pension Liability - Ending (A) - (B)	\$ (626,154)	\$ (1,038,670)	\$ (1,089,783)	\$ (1,020,221)	\$ (529,874)	\$ (1,028,261)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	111.56%	120.24%	122.26%	122.87%	112.09%	126.08%
Covered Valuation Payroll	\$ 1,093,289	\$ 988,028	\$ 944,323	\$ 905,655	\$ 904,088	\$ 876,703
Net Pension Liability as a Percentage of Covered Valuation Payroll	-57.27%	-105.13%	-115.40%	-112.65%	-58.61%	-117.29%

Notes to the Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF SIKESTON, MISSOURISUPPLEMENTARY INFORMATION
MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEMSCHEDULE OF EMPLOYER CONTRIBUTIONS

June 30, 2020

Fiscal Year Ended June 30,	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2020	\$ 457,375	\$ 421,917	\$ 35,458	\$ 5,807,623	7.26%
2019	372,695	372,695	-	5,640,965	6.61%
2018	379,637	379,637	-	5,409,315	7.02%
2017	390,544	390,544	-	5,684,580	6.87%
2016	420,537	420,537	-	5,145,319	8.17%
2015	462,148	443,294	18,854	4,870,450	9.10%
2014	508,430	453,222	55,208	4,491,733	10.09%
2013	553,432	442,704	110,728	4,740,573	9.34%
2012	510,556	395,669	114,887	4,724,359	8.38%
2011	526,179	351,773	174,406	4,773,726	7.37%

Notes to Schedule:

Valuation Date: February 29, 2020

Notes The roll-forward of total pension liability from February 29, 2020 to June 30, 2020 reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal and Modified Terminal Funding
Amortization Method:	A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding the UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years.
Remaining Amortization Period:	Multiple bases from 11 to 15 years
Asset Valuation Method:	5-Year smoothed market, 20% corridor
Inflation:	3.25% wage inflation; 2.50% price inflation
Salary Increases:	3.25% to 6.55% including wage inflation
Investment Rate of Return:	7.25%, net of investment expenses
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality:	The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females.

Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Other Information: None

See Accompanying Notes to the Basic Financial Statements.

SUPPLEMENTARY INFORMATION

CITY OF SIKESTON MISSOURI

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2020

	SAHEC Sales Tax Fund	Transportation Sales Tax Fund	Economic Development Fund	Essex Property Fund	Park Fund	Municipal Court Fund	Library Fund	Tourism Fund	Airport Fund	E911 Fund	60/61 TIF District Fund	Hwy 60 West TIF District Fund	Main and Malone TIF District Fund	Sikeston Economic Development Fund	CDBG Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>																
<u>CURRENT ASSETS:</u>																
Cash on Hand	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183	\$ 398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 581
Cash and Cash Equivalents	-	834,829	90,641	233,667	202,693	76,974	457,320	11,024	235,785	492,896	15,154	16,412	85,033	458,677	-	3,211,105
Investments	-	-	-	-	-	-	300,000	-	-	-	-	-	-	-	-	300,000
Receivables	-	135	-	750	25,676	-	30,330	14,190	5,792	-	-	-	-	-	-	76,873
Inventory	-	-	-	-	-	-	-	-	26,802	-	-	-	-	-	-	26,802
Due From Other Governmental Units	-	165,661	-	-	-	-	-	-	-	-	8,410	8,080	36,181	-	-	218,332
Due From Other Funds	-	-	-	-	6,111	-	3,039	-	-	-	-	-	-	-	-	9,150
TOTAL CURRENT ASSETS	\$ -	\$ 1,000,625	\$ 90,641	\$ 234,417	\$ 234,480	\$ 77,157	\$ 791,087	\$ 25,214	\$ 268,379	\$ 492,896	\$ 23,564	\$ 24,492	\$ 121,214	\$ 458,677	\$ -	\$ 3,842,843
<u>LIABILITIES AND FUND BALANCE</u>																
<u>LIABILITIES:</u>																
Accounts Payable	\$ -	\$ 39,515	\$ 137	\$ -	\$ 42,170	\$ 8,817	\$ 31,004	\$ 10,506	\$ 3,499	\$ 11,869	\$ -	\$ -	\$ -	\$ 6,465	\$ -	\$ 153,982
Municipal Court	-	-	-	-	-	6,962	-	-	-	-	-	-	-	-	-	6,962
Accrued Salaries and Wages	-	9,174	-	-	12,042	1,845	3,900	-	2,034	10,712	-	-	-	-	-	39,707
Accrued Payroll Liabilities	-	2,419	-	-	3,168	463	827	-	577	2,289	-	-	-	-	-	9,743
Damage Deposits	-	-	-	3,000	2,600	-	-	-	-	-	-	-	-	-	-	5,600
Due to Other Funds	-	-	-	-	690	125	-	-	23	-	-	-	-	-	-	838
TOTAL LIABILITIES	\$ -	\$ 51,108	\$ 137	\$ 3,000	\$ 60,670	\$ 18,212	\$ 35,731	\$ 10,506	\$ 6,133	\$ 24,870	\$ -	\$ -	\$ -	\$ 6,465	\$ -	\$ 216,832
<u>FUND BALANCE:</u>																
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,802
Restricted	-	949,517	-	-	173,810	-	755,356	14,708	-	468,026	23,564	24,492	121,214	452,212	-	2,982,899
Committed	-	-	-	-	-	-	-	-	235,444	-	-	-	-	-	-	235,444
Assigned	-	-	90,504	231,417	-	58,945	-	-	-	-	-	-	-	-	-	380,866
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCE	\$ -	\$ 949,517	\$ 90,504	\$ 231,417	\$ 173,810	\$ 58,945	\$ 755,356	\$ 14,708	\$ 262,246	\$ 468,026	\$ 23,564	\$ 24,492	\$ 121,214	\$ 452,212	\$ -	\$ 3,626,011
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 1,000,625	\$ 90,641	\$ 234,417	\$ 234,480	\$ 77,157	\$ 791,087	\$ 25,214	\$ 268,379	\$ 492,896	\$ 23,564	\$ 24,492	\$ 121,214	\$ 458,677	\$ -	\$ 3,842,843

See Independent Auditors' Report.

CITY OF SIKESTON, MISSOURI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2020

	SAHEC Sales Tax Fund	Transportation Sales Tax Fund	Economic Development Fund	Essex Property Fund	Park Fund	Municipal Court Fund	Library Fund	Tourism Fund	Airport Fund	E911 Fund	60/61 TIF District Fund	Hwy 60 West TIF District Fund	Main and Malone TIF District Fund	Sikeston Economic Development Fund	CDBG Fund	Total Nonmajor Governmental Funds
REVENUES:																
Taxes	\$ -	\$ 1,647,423	\$ -	\$ -	\$ 428,621	\$ -	\$ 287,258	\$ 143,307	\$ -	\$ -	\$ 113,320	\$ 246,702	\$ 207,510	\$ -	\$ -	\$ 3,074,141
Intergovernmental	-	-	250,000	-	2,000	-	43,933	-	37,827	-	-	-	-	-	1,446	335,206
Charges for Services	-	45	-	-	86,780	-	19,607	-	278,262	202,728	-	-	-	-	-	587,422
Fines	-	-	-	-	-	149,362	-	-	-	-	-	-	-	-	-	149,362
Rents and Leases	-	-	-	67,101	13,898	-	-	-	26,271	-	-	-	-	313,017	-	420,287
Interest Income	48	13,041	1,469	-	3,376	1,711	11,724	69	4,365	9,250	202	1,114	796	-	10	47,175
Other	-	3,485	-	58,973	588	40	39,002	-	307	3,125	-	4,204	-	-	-	109,724
TOTAL REVENUES	\$ 48	\$ 1,663,994	\$ 251,469	\$ 126,074	\$ 535,263	\$ 151,113	\$ 401,524	\$ 143,376	\$ 347,032	\$ 215,103	\$ 113,522	\$ 252,020	\$ 208,306	\$ 313,017	\$ 1,456	\$ 4,723,317
EXPENDITURES:																
General Government	\$ 58,339	\$ -	\$ 230,313	\$ -	\$ -	\$ 199,799	\$ 339,398	\$ 145,002	\$ -	\$ -	\$ 112,946	\$ 261,090	\$ 155,462	\$ -	\$ 2,186	\$ 1,504,535
Public Safety	-	-	-	-	-	-	-	-	-	646,300	-	-	-	263,736	-	910,036
Public Works	-	1,118,294	-	-	721,995	-	-	-	460,179	-	-	-	-	-	-	2,300,468
TOTAL EXPENDITURES	\$ 58,339	\$ 1,118,294	\$ 230,313	\$ -	\$ 721,995	\$ 199,799	\$ 339,398	\$ 145,002	\$ 460,179	\$ 646,300	\$ 112,946	\$ 261,090	\$ 155,462	\$ 263,736	\$ 2,186	\$ 4,715,039
REVENUES OVER (UNDER) EXPENDITURES	\$ (58,291)	\$ 545,700	\$ 21,156	\$ 126,074	\$ (186,732)	\$ (48,686)	\$ 62,126	\$ (1,626)	\$ (113,147)	\$ (431,197)	\$ 576	\$ (9,070)	\$ 52,844	\$ 49,281	\$ (730)	\$ 8,278
OTHER FINANCING SOURCES (USES):																
Transfers In	\$ 56,996	\$ -	\$ -	\$ -	\$ 201,698	\$ 37,604	\$ -	\$ 6,000	\$ 126,135	\$ 429,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 857,947
Transfers Out	(3,142)	(121,136)	-	-	-	-	-	-	-	-	-	-	-	-	-	(124,278)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 53,854	\$ (121,136)	\$ -	\$ -	\$ 201,698	\$ 37,604	\$ -	\$ 6,000	\$ 126,135	\$ 429,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 733,669
TOTAL REVENUES OVER (UNDER) EXPENDITURES	\$ (4,437)	\$ 424,564	\$ 21,156	\$ 126,074	\$ 14,966	\$ (11,082)	\$ 62,126	\$ 4,374	\$ 12,988	\$ (1,683)	\$ 576	\$ (9,070)	\$ 52,844	\$ 49,281	\$ (730)	\$ 741,947
FUND BALANCE, July 1, 2019	4,437	524,953	69,348	105,343	141,991	70,027	666,043	10,334	249,258	469,709	22,988	33,562	68,370	402,931	730	2,840,024
PRIOR PERIOD ADJUSTMENT	-	-	-	-	16,853	-	27,187	-	-	-	-	-	-	-	-	44,040
FUND BALANCE, June 30, 2020	\$ -	\$ 949,517	\$ 90,504	\$ 231,417	\$ 173,810	\$ 58,945	\$ 755,356	\$ 14,708	\$ 262,246	\$ 468,026	\$ 23,564	\$ 24,492	\$ 121,214	\$ 452,212	\$ -	\$ 3,626,011

See Independent Auditors' Report.

CITY OF SIKESTON, MISSOURI
Sikeston, Missouri

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2020

2020-001 Adequate Expenditure Support

Criteria:	The City should obtain adequate supporting documentation for all payments before the disbursement is made.
Condition:	We tested three months of credit card purchases with charges totaling \$65,437. Of those charges, thirty-two charges totaling \$7,904 did not have supporting documentation. The City was able to obtain the documentation for the charges for our test to support the payments as legitimate City disbursements. However, the payments were made without having that documentation.
Cause:	The City has controls in place requiring supporting documentation for all credit card charges. However, the bills were paid even if all documentation was not submitted.
Effect:	Lack of supporting documentation for expenditures increases the risk of loss or misuse of assets.
Recommendation:	We recommend the City require supporting documentation for all credit card charges prior to making payment.
Views of Response Officials:	

2020-002 Actual Fund Expenditures Exceeded Budgetary Limits

Criteria:	According to Section 67.080, RSMo, no expenditure of public monies shall be made unless it is authorized in the budget.
Condition:	Actual expenditures of the following funds exceeded their approved budgets:
	General Fund \$ 758,316
	Tourism Fund 42,324
	Hwy 60 West TIF District Fund 58,857

Cause:	The Council authorized expenditures were not accounted for in the year-end budget addendum.
Effect:	The City is not in compliance with state budgetary law.
Recommendation:	If non-budgeted expenditures are necessary, the budget should be amended in accordance with the provision of Chapter 67 of the Revised Missouri Statutes.
Views of Response Officials:	<p>Council authorized expenditures for the following which should have been included in the budget amendment:</p> <ul style="list-style-type: none"> • Transfer of proceeds from the sale of right-of-way for cell phone tower from General Fund to Capital Improvement Sales Tax Fund. • Severance agreement from the former DPS Director. • City's contract with the Convention & Visitors Bureau dictates that tourism revenues received will be remitted to the CVB. Tourism tax revenues and the corresponding remittance were above budget. • Council authorized amendment to the 60 West TIF District resulting in increased disbursement to the developer.

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APPENDIX C

SUMMARY OF THE BOND ORDINANCE AND FORM OF THE CONTINUING DISCLOSURE UNDERTAKING

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**SUMMARY OF THE BOND ORDINANCE
AND FORM OF THE CONTINUING DISCLOSURE UNDERTAKING**

SUMMARY OF THE BOND ORDINANCE

The following is a summary of certain provisions contained in the Bond Ordinance. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Bond Ordinance for a complete recital of the terms thereof.

Definitions

In addition to words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms used in the Bond Ordinance and this Official Statement unless the context clearly otherwise requires. Reference is hereby made to the Bond Ordinance for complete definitions of all terms.

“Bond Counsel” means Gilmore & Bell, P.C., St. Louis, Missouri, or other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

“Bond Payment Date” means any date on which principal or Redemption Price of or interest on any Bond is payable.

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

“Bond Ordinance” means the Ordinance adopted by the City Council of the City, authorizing the issuance of the Bonds, as amended from time to time, and as supplemented by the Final Terms Certificate.

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

“Bonds” means the Special Obligation Refunding and Improvement Bonds, Series 2021, authorized and issued by the City pursuant to the Bond Ordinance.

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

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

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

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking executed by the City.

“Debt Service Fund” means the fund by that name referred to in each Bond Ordinance.

“Defaulted Interest” means interest on any Bond that is payable but not paid on any Interest Payment Date.

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

(a) United States Government Obligations that are not subject to redemption in advance of their maturity dates; or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or United States Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such United States Government Obligations serving as security for the obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and United States Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and United States Government Obligations serving as security for the obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) the obligations are rated in a rating category by Moody's Investors Service, Inc. or Standard & Poor's that is no lower than the rating category then assigned to United States Government Obligations.

"Federal Tax Certificate" means the Federal Tax Certificate executed by the City, as the same may be amended or supplemented in accordance with the provisions thereof.

"Fiscal Year" means the fiscal year of the City, currently the period beginning July 1 and ending June 30.

"Interest Payment Date" means the Stated Maturity of an installment of interest on any Bond.

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

"Outstanding" means, when used with reference to Bonds, as of any particular date of determination, all Bonds theretofore authenticated and delivered under the Bond Ordinance, except the following Bonds:

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

(b) Bonds deemed to be paid in accordance with the provisions of the Bond Ordinance; and

(c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered under the Bond Ordinance.

“Paying Agent” means BOKE, N.A., St. Louis, Missouri, and any successors and assigns.

“Permitted Investments” means any legally permissible investment of the City’s funds.

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

“Project” means the construction of certain capital improvements within the City, including industrial park, highway, and road and bridge improvements within the City.

“Project Fund” means the fund by that name referred to in the Bond Ordinance.

“Rebate Fund” means the fund by that name referred to in the Bond Ordinance.

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

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

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

“Special Record Date” means the date fixed by the Paying Agent pursuant to the Bond Ordinance for the payment of Defaulted Interest.

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

“United States Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities that represent an undivided interest in such obligations, which obligations are rated in the same rating category or higher as the United States of America by a nationally recognized rating service and such obligations are held in a custodial account for the benefit of the City.

Establishment of Funds

There have been or shall be established in the treasury of the City and shall be held and administered by the Finance Director of the City the following separate funds with respect to the Bonds:

- (a) Debt Service Fund.
- (b) Project Fund.
- (c) Rebate Fund.

Application of Moneys in the Project Fund

Money in the Project Fund shall be used by the City solely for the purpose of (a) paying the costs of the Project in accordance with the plans and specifications therefor prepared by the City's engineers and (b) paying the costs and expenses of issuing the Bonds.

The Finance Director shall make withdrawals from the Project Fund upon satisfaction that such payment is being made for a purpose within the scope of the Bond Ordinance and that the amount of such payment represents only the contract price of the property, equipment, labor, materials or service being paid for or, if such payment is not being made pursuant to an express contract, that such payment is not in excess of the reasonable value thereof. Nothing contained in the Bond Ordinance shall prevent the payment out of the Project Fund of all costs and expenses incident to the issuance of the Bonds.

Upon completion of the Project, any surplus remaining in the Project Fund shall be transferred to and deposited in the Debt Service Fund.

Application of Moneys in the Debt Service Fund

All amounts paid and credited to the Debt Service Fund shall be expended and used by the City for the sole purpose of paying the principal or Redemption Price of and interest on the Bonds as and when the same become due and the usual and customary fees and expenses of the Paying Agent. The Finance Director is authorized and directed to withdraw from the Debt Service Fund sums sufficient to pay principal or Redemption Price of and interest on the Bonds and the fees and expenses of the Paying Agent as and when the same become due, and to forward such sums to the Paying Agent in a manner which ensures that the Paying Agent will receive immediately available funds in such amounts on or before 11:00 a.m. of the Business Day when such principal or Redemption Price, interest and fees of the Paying Agent will become due. If, through the lapse of time or otherwise, the Registered Owners of Bonds are no longer entitled to enforce payment of the Bonds or the interest thereon, the Paying Agent shall return said funds to the City. All moneys deposited with the Paying Agent shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Ordinance and shall be held in trust by the Paying Agent for the benefit of the Registered Owners of the Bonds entitled to payment from such moneys.

Any moneys or investments remaining in the Debt Service Fund after the retirement of the Bonds shall be transferred and paid into the general fund of the City.

Application of Money in the Rebate Fund

There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Federal Tax Certificate. All money at any time deposited in the Rebate Fund shall be held in trust, to the extent necessary to satisfy the Federal Tax Certificate for payment to the United States of America, and neither the City nor the Registered Owner of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by the Bond Ordinance and the Federal Tax Certificate.

The City shall periodically determine the amount of arbitrage rebate due under Section 148(f) of the Code in accordance with the Federal Tax Certificate, and the City shall make payments to the United States of America at the times and in the amounts determined under the Federal Tax Certificate. Any money remaining in the Rebate Fund after redemption and payment of all of the Bonds and payment and satisfaction of any arbitrage rebate required pursuant to the Federal Tax Certificate, or provision made therefor, shall be released to the City.

Deposit and Investment of Moneys

Moneys in each of the funds created by and referred to in the Bond Ordinance shall be deposited in a bank or banks or other legally permitted financial institutions located in the State of Missouri that are members of the Federal Deposit Insurance Corporation. All such deposits shall be continuously and adequately secured by the financial institutions holding such deposits as provided by the laws of the State of Missouri. All moneys held in the funds created by the Bond Ordinance shall be kept separate and apart from all other funds of the City so that there shall be no commingling of such funds with any other funds of the City.

Moneys held in any fund referred to in the Bond Ordinance may be invested by the City's Finance Director in accordance with the investment policy of the City, as such policy may be amended from time to time, in accordance with the Bond Ordinance and the Federal Tax Certificate, in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such fund was created. All earnings on any investments held in any fund shall accrue to and become a part of such fund.

Nonpresentment of Bonds

If any Bond is not presented for payment when the principal thereof becomes due at Maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent all liability of the City to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Bond Ordinance or on, or with respect to, said Bond. If any Bond is not presented for payment within one year following the date when such Bond becomes due at Maturity, the Paying Agent shall repay without liability for interest thereon, 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 Registered Owner thereof shall be entitled to look only to the City for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the City shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

Payments Due on Saturdays, Sundays and Holidays

In any case where a Bond Payment Date is not a Business Day, then payment of the principal or Redemption Price of and interest on the Bonds need not be made on such Bond Payment Date but may be made on the next succeeding Business Day with the same force and effect as if made on such Bond Payment Date, and no interest shall accrue for the period after such Bond Payment Date.

Remedies

The provisions of the Bond Ordinance, including the covenants and agreements contained therein, shall constitute a contract between the City and the Registered Owners of the Bonds, and the Registered Owner or Owners of not less than 10% in principal amount of Bonds at the time Outstanding shall have the right for the equal benefit and protection of all Registered Owners of Bonds similarly situated:

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such Registered Owner or Owners against the City and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Ordinance or by the Constitution and laws of the State of Missouri;

(b) by suit, action or other proceedings in equity or at law to require the City, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of the Bonds.

The remedies set forth in the Bond Ordinance shall not apply to the City's continuing disclosure obligations, and Registered Owners or Beneficial Owners of the Bonds shall have no remedies for enforcement of said obligations other than the remedies provided for in the Continuing Disclosure Undertaking.

Remedies Cumulative

No remedy conferred upon the Bondowners in the Bond Ordinance is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred therein. No waiver of any default or breach of duty or contract by the Registered Owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies consequent thereon. No delay or omission of any Bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the Registered Owners of the Bonds by the Bond Ordinance may be enforced and exercised from time to time and as often as may be deemed expedient. If any suit, action or proceedings taken by any Bondowner on account of any default or to enforce any right or exercise any remedy has been discontinued or abandoned for any reason, or has been determined adversely to such Bondowner, then, and in every such case, the City and the Registered Owners of the Bonds shall be restored to their former positions and rights under the Bond Ordinance, respectively and all rights, remedies, powers and duties of the Bondowners shall continue as if no such suit, action or other proceedings had been brought or taken.

Limitation on Rights of Bondowners

The covenants and agreements of the City contained in the Bond Ordinance and in the Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Bonds. All of the Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds pledged in the Bond Ordinance to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, or date of Maturity or right of prior redemption as provided in the Bond Ordinance. No one or more Bondowners secured thereby shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for therein, or to enforce any right thereunder, except in the manner provided in the Bond Ordinance, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all Registered Owners of such Outstanding Bonds.

No Acceleration

Notwithstanding anything in the Bond Ordinance to the contrary, the Bonds are not subject to acceleration upon the occurrence of an event of default.

No Obligation to Levy Taxes

Nothing contained in the Bond Ordinance shall be construed as imposing on the City any duty or obligation to levy any taxes either to meet any obligation incurred in the Bond Ordinance or to pay the principal of or interest on the Bonds.

Defeasance

When any or all of the Bonds or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Bond Ordinance and all other rights granted thereby shall terminate

with respect to such Bonds or scheduled interest payments thereon so paid and discharged. Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Bond Ordinance if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, money and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of and redemption premium, if any, on said Bonds and interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds are to be redeemed prior to their Stated Maturity, (a) the City has elected to redeem such Bonds, and (b) either notice of such redemption has been given, or the City has given irrevocable instructions, or has provided for an escrow agent to give irrevocable instructions, to the Paying Agent to give such notice of redemption in compliance with the Bond Ordinance.

Any money and Defeasance Obligations that at any time are deposited with the Paying Agent or other commercial bank or trust company by or on behalf of the City, for the purpose of paying and discharging any of the Bonds, or the interest payments thereon, shall be assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Registered Owners of such Bonds, and such money shall be irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or other bank or trust company shall be deemed to be deposited in accordance with and subject to the provisions of the Bond Ordinance.

Annual Audit

Annually, promptly after the end of the Fiscal Year, the City will cause an audit to be made of its funds and accounts for the preceding Fiscal Year by an independent certified public accountant or firm of independent certified public accountants.

Within 30 days after the completion of each such audit, a copy thereof shall be filed in the office of the City Clerk. Such audits shall at all times during the usual business hours be open to the examination and inspection by any taxpayer, any Registered Owner of any of the Bonds, or by anyone acting for or on behalf of such taxpayer or Registered Owner.

Amendments

Notwithstanding the City's obligations under the Continuing Disclosure Undertaking, which may be modified as provided therein, the rights and duties of the City and the Bondowners, and the terms and provisions of the Bonds or of the Bond Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the Registered Owners of not less than a majority in principal amount of the Bonds then Outstanding, such consent to be evidenced by an instrument or instruments executed by such Registered Owners and duly acknowledged or proved in the manner of a deed to be recorded, and such instrument or instruments shall be filed with the City Clerk, but no such modification or alteration shall:

- (a) extend the maturity of any payment of principal or interest due upon any Bond
- (b) alter the optional Redemption Date for any Bond;
- (c) effect a reduction in the amount which the City is required to pay as principal of or interest on any Bond;
- (d) permit preference or priority of any Bond over any other Bond; or

(e) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Bond Ordinance.

Any provision of the Bonds or of the Bond Ordinance may, however, be amended or modified by ordinance duly adopted by the City Council at any time in any legal respect with the written consent of the Registered Owners of all of the Bonds at the time Outstanding.

Without notice to or the consent of any Bondowners, the City may amend or supplement the Bond Ordinance for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the interests of the Bondowners.

Every amendment or modification of the provisions of the Bonds or of the Bond Ordinance, to which the written consent of the Bondowners is given, as above provided, shall be expressed in an ordinance adopted by the City Council amending or supplementing the provisions of the Bond Ordinance and shall be deemed to be a part of the Bond Ordinance. A certified copy of every such amendatory or supplemental ordinance, if any, and a certified copy of each Bond Ordinance shall always be kept on file in the office of the City Clerk, shall be made available for inspection by the Registered Owner of any Bond or a prospective purchaser or owner of any Bond authorized by the Bond Ordinance, and upon payment of the reasonable cost of preparing the same, a certified copy of any such amendatory or supplemental ordinance or of the Bond Ordinance will be sent by the City Clerk to any such Bondowner or prospective Bondowner.

Any and all modifications made in the manner provided above shall not become effective until there has been filed with the City Clerk a copy of the ordinance of the City provided for above, duly certified, as well as proof of any required consent to such modification by the Registered Owners of the Bonds then Outstanding. It shall not be necessary to note on any of the Outstanding Bonds any reference to such amendment or modification.

* * *

FORM OF THE CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of July 1, 2021 (this “*Undertaking*”) is executed and delivered by the **CITY OF SIKESTON, MISSOURI** (the “*Issuer*”).

RECITALS

1. This Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of **\$13,620,000* Special Obligation Refunding and Improvement Bonds, Series 2021** (the “*Bonds*”), pursuant to an ordinance adopted by the governing body of the Issuer on June 28, 2021 (the “*Ordinance*”).

2. The Issuer is entering into this Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “*Rule*”). The Issuer is the only “(bligated person” (as defined by the Rule) with responsibility for continuing disclosure hereunder.

In consideration of the foregoing, the Issuer covenants and agrees as follows:

Section 1. Definitions.

In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report filed by the Issuer pursuant to, and as described in, **Section 2** hereof.

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

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

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

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

* Preliminary; subject to change.

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

“Fiscal Year” means the **12**-month period beginning on **July 1** and ending on **June 30** or any other **12**-month period selected by the Issuer as its Fiscal Year for financial reporting purposes.

“Material Events” means any of the events listed in **Section 3** hereof.

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

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

Section 2. Provision of Annual Reports.

- (a) The Issuer shall, not later than **180** days after the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ending June 30, 2021, file with the MSRB, through EMMA, the following financial information and operating data (the *“Annual Report”*):
 - (1) The audited financial statements of the Issuer for the prior Fiscal Year prepared in accordance with the modified accrual basis of accounting or the modified cash basis of accounting and audited by its independent auditors. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the audited financial information contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
 - (2) Updates as of the end of the Fiscal Year of certain financial information and operating data related to the Bonds, as described in **Exhibit A** hereto, with such modifications to the formatting and general presentation thereof as deemed appropriate by the Issuer; provided, any substantive change to information provided shall be effected only in accordance with **Section 6** hereof.

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

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for

the filing of the Annual Report if they are not available by that date. If the Issuer's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3** hereof.

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

Section 3. Reporting of Material Events.

No later than **10** Business Days after the occurrence of any of the following events, the Issuer shall give, or cause to be given, to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds ("*Material Events*"):

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of bondholders, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer (which shall be deemed to occur as provided in the Rule);
- (m) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (o) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

Section 4. Termination of Reporting Obligation.

The Issuer's obligations under this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer's obligations under this Undertaking are assumed in full by some other entity, such entity shall be responsible for compliance with this Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such

assumption occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such assumption in the same manner as for a Material Event under **Section 3** hereof.

Section 5. Dissemination Agent.

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

Section 6. Amendment; Waiver.

Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking and any provision of this Undertaking may be waived, provided that bond counsel or other counsel experienced in federal securities law matters provides the Issuer with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Undertaking.

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

Section 7. Additional Information.

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

Section 8. Default.

If the Issuer fails to comply with any provision of this Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Ordinance or the Bonds, and the sole remedy under this Undertaking if there is any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 9. Beneficiaries.

This Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriter and the Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 10. Severability.

If any provision in this Undertaking, the Ordinance or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Undertaking shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions.

The arrangement described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law.

This Undertaking shall be governed by and construed in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed as of the day and year first above written.

CITY OF SIKESTON, MISSOURI

By: _____
Name/Title: Greg Turnbow, Mayor

**EXHIBIT A
TO CONTINUING DISCLOSURE UNDERTAKING**

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

The financial information and operating data contained in the tables in the following-described sections of Appendix A to the final Official Statement relating to the Bonds:

- (a) **“FINANCIAL INFORMATION CONCERNING THE CITY – The General Fund”** (but only to the extent not otherwise provided under Section 2(a)(1) above);
- (b) **“FINANCIAL INFORMATION CONCERNING THE CITY – Sources of Revenue;”**
- (c) **“FINANCIAL INFORMATION CONCERNING THE CITY – Sales Tax Collections;”**
- (d) **“PROPERTY TAX INFORMATION OF THE CITY – Property Valuations - *Current Assessed Valuation*;**
- (e) **“PROPERTY TAX INFORMATION OF THE CITY – Tax Rates – *History of Tax Levies*;”**
- (f) **“PROPERTY TAX INFORMATION OF THE CITY – Tax Rates – *Taxes Levied and Collected*;”** and
- (g) **“PROPERTY TAX INFORMATION OF THE CITY – Major Property Taxpayers.”**

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The following information concerning DTC and DTC's book-entry system has been obtained from DTC. The City takes no responsibility for the accuracy or completeness thereof and neither the Indirect Participants (as defined herein) nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants (as defined herein), as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

General. The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the "Book-Entry System") maintained by The Depository Trust Company ("DTC"), New York, New York.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. The following discussion will not apply to any Bonds issued in certificate form due to the discontinuance of the DTC Book Entry Only System, as described below.

DTC and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Payments of Principal, Redemption Price and Interest. Payment of principal or redemption price of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its nominee, the Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuation of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered as described in the Bond Ordinance. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized representative of DTC), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), Bond certificates may be delivered to Beneficial Owners in the manner described in the Bond Ordinance.

APPENDIX E

FORM OF APPROVING OPINION OF BOND COUNSEL

July 14, 2021

Mayor and City Council
Sikeston, Missouri

Robert W. Baird & Co. Incorporated
Milwaukee, Wisconsin

Stifel, Nicolaus & Company, Incorporated
St. Louis, Missouri

Re: \$13,620,000* Special Obligation Refunding and Improvement Bonds, Series 2021, of the City of Sikeston, Missouri

Ladies and Gentlemen:

We have acted as bond counsel to the City of Sikeston, Missouri (the “City”), in connection with the issuance of the above-captioned bonds (the “Bonds”). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds have been duly authorized, executed and delivered by the City and are valid and legally binding special obligations of the City.
2. The Bonds are payable as to both principal and interest from annual appropriations of funds by the City for such purpose. The Bonds do not constitute general obligations of the City nor do they constitute an indebtedness of the City within the meaning of any constitutional, statutory or charter provision, limitation or restriction, and the taxing power of the City is not pledged to the payment of the Bonds.
3. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) (i) is excludable from gross income for federal income tax purposes, (ii) is exempt from income taxation by the State of Missouri, and (iii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the City complies with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal and State of Missouri income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

* Preliminary; subject to change.

We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,

MDG:rab

**EXHIBIT C
TO ORDINANCE**

CONTINUING DISCLOSURE UNDERTAKING

[On file in the office of the City Clerk]

**EXHIBIT D
TO ORDINANCE**

BOND PURCHASE AGREEMENT

[On file in the Office of the City Clerk]

**EXHIBIT E
TO ORDINANCE**

PARAMETERS OF BOND SALE

1. Original Principal Amount: Not to exceed \$15,000,000.
2. Final Maturity: The Bonds shall mature not later than June 1, 2041.
3. True Interest Cost: Not to exceed 2.35%. “True Interest Cost” means the interest rate necessary to discount the debt service payments from the payment dates to the delivery date of the Bonds to an amount equal to the purchase price paid to the City. True Interest Cost is expressed as an annual percentage rate, and present value is computed on a semiannual basis using a 30/360 day-count convention.
4. Weighted Average Maturity: Not less than 5 years and not greater than 9 years.

**EXHIBIT F
TO ORDINANCE**

FINAL TERMS CERTIFICATE

The undersigned, Mayor of the City of Sikeston, Missouri (the "City"), hereby executes this Final Terms Certificate pursuant to **Section 210** of the Ordinance adopted by the City Council of the City on June 28, 2021 (the "Ordinance") authorizing the issuance of not to exceed \$15,000,000 principal amount of the City's Special Obligation Refunding and Improvement Bonds, Series 2021 (the "Bonds"). *Capitalized terms used herein shall have the meanings assigned to such terms in the Ordinance.*

1. Original Principal Amount. The Bonds are issued in the original principal amount of \$_____.
2. Purchase Price. The underwriter's discount is \$ _____, which is _____% of the original principal amount of the Bonds. The purchase price of the Bonds is calculated as follows:

Original Principal Amount	\$
Plus: Net Original Issue Premium	
Less: Underwriter's Discount	_____
Total Purchase Price	<u> \$_____ </u>
3. Final Maturity of the Bonds. The final maturity of the Bonds is June 1, 20____.
4. True Interest Cost. The True Interest Cost of the Bonds is _____%.
5. Costs of Issuance. The costs of issuance of the Bonds (exclusive of underwriter's discount) are \$_____.
6. Weighted Average Maturity. The weighted average maturity of the Bonds is _____ years.
7. Optional Redemption: At the option of the City, the Bonds or portions thereof maturing on June 1, 20__ and thereafter may be called for redemption and payment prior to their Stated Maturity on June 1, 20__ and thereafter as a whole or in part at any time at the Redemption Price of 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date.

8. Mandatory Redemption. [**There are no Term Bonds subject to mandatory sinking fund redemption prior to maturity.**][**The Term Bonds identified in paragraph 10 are subject to mandatory sinking fund redemption pursuant to **Section 301** of the Ordinance on the dates and in the amounts as follows:

<u>Term Bonds Maturing on June 1, 20</u>	
<u>Year</u>	<u>Principal Amount</u>
20__	\$
20__	
20__	
20__	
20__*	

*Final Maturity**]

9. Maturity Schedule. The Bonds will mature on the dates and in the amounts and bear interest at the rates as follows:

<u>Stated Maturity (June 1)</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>
20__	\$	%
20__		
20__		
20__		
20__		
20__		
20__		

*Term Bonds

10. Deposit of Bond Proceeds. The net proceeds received from the sale of the Bonds shall be deposited simultaneously with the delivery of the Bonds, as follows:

(a) Any amount received on account of accrued interest on the Bonds shall be paid and credited to the Debt Service Fund and applied in accordance with **Section 503** of the Ordinance.

(b) The sum of \$_____ from Bond proceeds shall be applied on the closing date of the Bonds to the prepayment of the 2011 Loan.

(c) The sum of \$_____ from Bond proceeds shall be applied on the closing date of the Bonds to the prepayment of the 2013 Loan.

(d) The sum of \$_____ from Bond proceeds shall be deposited in the Project Fund and applied in accordance with **Section 503** of the Ordinance.

Dated this _____ day of July, 2021.

CITY OF SIKESTON, MISSOURI

By: _____
Greg Turnbow, Mayor

CERTIFICATE

I, the undersigned, hereby certify that the above and foregoing is a true and correct copy of the Ordinance of the City of Sikeston, Missouri, adopted by the City Council on June 28, 2021, authorizing the issuance of not to exceed \$15,000,000 principal amount of Special Obligation Refunding and Improvement Bonds, Series 2021, as the same appears of record in my office, and that said Ordinance has not been modified, amended or repealed and is in full force and effect as of this date.

DATED: July ___, 2021.

(Seal)

City Clerk of the City of Sikeston, Missouri

CONTINUING DISCLOSURE UNDERTAKING

Dated as of July 1, 2021

by the

CITY OF SIKESTON, MISSOURI

\$13,~~560~~620,000* Special Obligation Refunding and Improvement Bonds, Series 2021

CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of July 1, 2021 (this “*Undertaking*”) is executed and delivered by the **CITY OF SIKESTON, MISSOURI** (the “*Issuer*”).

RECITALS

1. This Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of **\$13,569,620,000*** **Special Obligation Refunding and Improvement Bonds, Series 2021** (the “*Bonds*”), pursuant to an ordinance adopted by the governing body of the Issuer on June 28, 2021 (the “*Ordinance*”).

2. The Issuer is entering into this Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “*Rule*”). The Issuer is the only “obligated person” (as defined by the Rule) with responsibility for continuing disclosure hereunder.

In consideration of the foregoing, the Issuer covenants and agrees as follows:

Section 1. Definitions.

In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report filed by the Issuer pursuant to, and as described in, **Section 2** hereof.

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

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

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

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

“*Financial Obligation*” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation;

or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*Fiscal Year*” means the **12**-month period beginning on **July 1** and ending on **June 30** or any other **12**-month period selected by the Issuer as its Fiscal Year for financial reporting purposes.

“*Material Events*” means any of the events listed in **Section 3** hereof.

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

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

Section 2. Provision of Annual Reports.

- (a) The Issuer shall, not later than **180** days after the end of the Issuer’s Fiscal Year, commencing with the Fiscal Year ending June 30, 2021, file with the MSRB, through EMMA, the following financial information and operating data (the “*Annual Report*”):
- (1) The audited financial statements of the Issuer for the prior Fiscal Year prepared in accordance with the modified accrual basis of accounting ~~principles described in or the notes to the financial statements included as Appendix B to the final Official Statement for the Bonds~~ modified cash basis of accounting and audited by its independent auditors. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the audited financial information contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
 - (2) Updates as of the end of the Fiscal Year of certain financial information and operating data related to the Bonds, as described in **Exhibit A** hereto, with such modifications to the formatting and general presentation thereof as deemed appropriate by the Issuer; provided, any substantive change to information provided shall be effected only in accordance with **Section 6** hereof.

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

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Issuer may be

submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3** hereof.

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

Section 3. Reporting of Material Events.

No later than **10** Business Days after the occurrence of any of the following events, the Issuer shall give, or cause to be given, to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (*"Material Events"*):

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of bondholders, if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer (which shall be deemed to occur as provided in the Rule);
- (m) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (o) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

Section 4. Termination of Reporting Obligation.

The Issuer's obligations under this Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer's obligations under this Undertaking are assumed in full by some other entity, such entity shall be responsible for compliance with this Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder. If such assumption occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such assumption in the same manner as for a Material Event under **Section 3** hereof.

Section 5. Dissemination Agent.

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

Section 6. Amendment; Waiver.

Notwithstanding any other provision of this Undertaking, the Issuer may amend this Undertaking and any provision of this Undertaking may be waived, provided that bond counsel or other counsel experienced in federal securities law matters provides the Issuer with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Undertaking.

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

Section 7. Additional Information.

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

Section 8. Default.

If the Issuer fails to comply with any provision of this Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Ordinance or the Bonds, and the sole remedy under this Undertaking if there is any failure of the Issuer to comply with this Undertaking shall be an action to compel performance.

Section 9. Beneficiaries.

This Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriter and the Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 10. Severability.

If any provision in this Undertaking, the Ordinance or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Undertaking shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions.

The arrangement described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law.

This Undertaking shall be governed by and construed in accordance with the laws of the State of Missouri.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the Issuer has caused this Undertaking to be executed as of the day and year first above written.

CITY OF SIKESTON, MISSOURI

By: _____
Name/Title: Greg Turnbow, Mayor

**EXHIBIT A
TO CONTINUING DISCLOSURE UNDERTAKING**

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

The financial information and operating data contained in the tables in the following-described sections of Appendix A to the final Official Statement relating to the Bonds:

- (a) **“FINANCIAL INFORMATION CONCERNING THE CITY – The General Fund”**
(but only to the extent not otherwise provided under Section 2(a)(1) above);
- (b) **“FINANCIAL INFORMATION CONCERNING THE CITY – Sources of Revenue;”**
- (c) **“FINANCIAL INFORMATION CONCERNING THE CITY – Sales Tax Collections;”**
- (d) **“PROPERTY TAX INFORMATION OF THE CITY – Property Valuations - *Current Assessed Valuation*;**
- (e) **“PROPERTY TAX INFORMATION OF THE CITY – Tax Rates – *History of Tax Levies*;”**
- (f) **“PROPERTY TAX INFORMATION OF THE CITY – Tax Rates – *Taxes Levied and Collected*;”** and
- (g) **“PROPERTY TAX INFORMATION OF THE CITY – Major Property Taxpayers.”**

\$ _____
CITY OF SIKESTON, MISSOURI
Special Obligation Refunding and Improvement Bonds
Series 2021

June 30, 2021

BOND PURCHASE AGREEMENT

City of Sikeston, Missouri
105 East Center Street
Sikeston, Missouri 63801

Ladies and Gentlemen:

The undersigned, Robert W. Baird & Co. Incorporated, on behalf of itself and Stifel, Nicolaus & Company, Incorporated (collectively, the “**Underwriter**”), hereby offers to purchase from the City of Sikeston, Missouri (the “**City**”), a body corporate and politic and political subdivision of the State of Missouri (the “**State**”), \$_____ aggregate principal amount of Special Obligation Refunding and Improvement Bonds, Series 2021 (the “**Bonds**”). The issuance and sale of the Bonds is authorized by an ordinance (the “**Ordinance**”) adopted by the City Council of the City on June 28, 2021. Capitalized terms not otherwise defined herein have the meaning given such terms in the Ordinance.

The Bonds are to be issued by the City pursuant to and in accordance with the provisions of the Constitution and laws of the State, including the City Charter. The Bonds are being issued for the purpose of providing funds to (1) pay the costs of certain capital improvements within the City, (2) refund certain outstanding loans of the City and (3) pay the costs of issuing the Bonds.

The Bonds are special obligations of the City payable as to both principal and interest solely from annual appropriations of funds by the City for such purpose. The obligation of the City to make payments under the Ordinance does not constitute a general obligation or indebtedness of the City for which the City is obligated to levy or pledge any form of taxation, or for which the City has levied or pledged any form of taxation and shall not be construed to be a debt of the City in contravention of any applicable constitutional, statutory or charter limitation or requirement but in each fiscal year shall be payable solely from the amounts pledged or appropriated therefor from (1) the income and revenues provided for such year and (2) any unencumbered balances for previous years.

The Bonds shall mature on the dates in the years and in the amounts, and shall bear interest at the rates per annum, set forth in **Schedule I** hereto.

This offer is made subject to your acceptance of this Bond Purchase Agreement on or before 11:00 p.m., St. Louis, Missouri time, on June 30, 2021. Upon your acceptance of the offer, the following agreement will be binding upon you and the Underwriter.

The words “Transaction Documents” when used herein shall mean, individually and collectively, the following: the Bonds; the Ordinance; this Bond Purchase Agreement; the Federal Tax Certificate of the City dated as of July 1, 2021 (the “**Federal Tax Certificate**”); the Continuing Disclosure Undertaking dated as of

July 1, 2021 (the “**Continuing Disclosure Undertaking**”); the Preliminary Official Statement (as defined herein); the Official Statement (as defined herein); and any and all other documents or instruments that evidence or are a part of the transactions referred to herein or in the Official Statement or contemplated hereby or by the Official Statement; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a party hereto, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

1. Purchase of Bonds. Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants hereinafter set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of the Bonds at a purchase price of \$_____ (which is equal to the aggregate principal amount of the Bonds, plus net original issue premium of \$_____, less an underwriting discount of \$_____).

The City acknowledges and agrees that (a) the primary role of the Underwriter is to purchase securities pursuant to this Bond Purchase Agreement, for resale to investors, in an arm’s-length commercial transaction between the City and the Underwriter and the Underwriter has financial and other interests that differ from those of the City, (b) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the City and has not assumed an advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters), (c) the only obligations the Underwriter has to the City with respect to the transaction contemplated hereby are expressly as set forth in this Bond Purchase Agreement, and (d) the City has consulted its own financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent it has deemed appropriate.

2. Public Offering. The Underwriter intends to make a bona fide initial public offering of all of the Bonds at prices no higher than, or yields no lower than, set forth on **Schedule I**; provided, however, that the Underwriter reserves the right to lower such initial offering prices as it deems necessary in connection with the marketing of the Bonds. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial offering price or prices set forth in **Schedule I**. The Underwriter also reserves the right to (a) over-allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market and (b) discontinue such stabilizing, if commenced, at any time without prior notice.

In conjunction with (a) an audit or inquiry by the Internal Revenue Service (the “**IRS**”) or the Securities and Exchange Commission (the “**SEC**”) relating to the pricing of the Bonds, or (b) the implementation of future regulations or similar guidance from the IRS, the SEC or other federal or state regulatory authority regarding the retention of pricing data for the Bonds, at the request of the City, the Underwriter will provide information explaining the factual basis for the Underwriter’s representations in the Underwriter’s Receipt for Bonds and Closing Certificate, attached hereto as **Exhibit A** relating to the pricing of the Bonds, other than information that would identify customers (e.g., name or account number). This agreement by the Underwriter to provide such information will continue to apply after the Closing Time (as defined herein) but shall not extend to any customer data or other confidential or proprietary information of the Underwriter.

3. Establishment of Issue Price.

(a) The Underwriter agrees to assist the City and Bond Counsel (as defined herein) in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing (as defined

herein) an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A**, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) Except as otherwise set forth in **Schedule I** attached hereto, the City will treat the first price at which 10% of each maturity of the Bonds (the “**10% Test**”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the City the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% Test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the City the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Time has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Time may be at reasonable periodic intervals or otherwise upon request of the City or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “**Initial Offering Price**”) set forth in **Schedule I** attached hereto, except as otherwise set forth therein. **Schedule I** also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the 10% Test has not been satisfied and for which the City and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the Initial Offering Price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**Hold-The-Offering-Price Rule**”). So long as the Hold-The-Offering-Price Rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

The Underwriter will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (1) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Time has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter

that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Time may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (2) to comply with the Hold-The-Offering-Price Rule, if applicable, if and for so long as directed by the Underwriter;

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below); and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Time has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Time may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the Hold-The-Offering-Price Rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The City acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-The-Offering-Price Rule, if applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party;

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

4. Preliminary Official Statement and Official Statement. The City consents to and ratifies the use and distribution by the Underwriter prior to the date upon which the Official Statement is executed and available for distribution, of the Preliminary Official Statement dated June __, 2021 (which, together with the cover page, and any exhibits, appendices, maps, pictures, diagrams, reports and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Bonds, is herein called the “**Preliminary Official Statement**”), in connection with the public offering of the Bonds. The City further confirms the authority of the Underwriter to use, and consents to the use of, the final Official Statement with respect to the Bonds in connection with the public offering of the Bonds. The City represents and warrants that the Preliminary Official Statement previously furnished to the Underwriter was “deemed final” by the City as of its date, and the City hereby reaffirms that the Preliminary Official Statement is deemed final, for purposes of Rule 15c2-12(b)(1) (the “**Rule**”) promulgated under the Securities Exchange Act of 1934, as amended, except for the omission of certain information permitted to be omitted by the Rule, such as offering prices, interest rates, selling commission, aggregate principal amount, principal per maturity, delivery dates, ratings, identity of the purchaser and other terms of the Bonds depending on such matters.

The City hereby agrees to deliver to the Underwriter within seven business days after the date hereof, the Official Statement, dated the date hereof, relating to the Bonds (which, together with the cover page, and all exhibits, appendices, maps, pictures, diagrams, reports and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Bonds is herein called the “**Official Statement**”) executed on behalf of the City by a duly authorized officer, in such quantity as the Underwriter may request to enable the Underwriter to provide the Official Statement to potential customers and to comply with any rules of the Municipal Securities Rulemaking Board (the “**MSRB**”) and the SEC.

The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable MSRB rules and as may be agreed to by the City and the Underwriter. If the Official Statement is prepared for distribution in electronic form, the City hereby confirms that it does not object to distribution of the Official Statement in electronic form.

5. City's Representations and Warranties. The City hereby agrees with, and makes the following representations and warranties to, the Underwriter as of the date hereof and as of the date of Closing:

(a) Status of the City. The City is, and will be at Closing, a political subdivision of the State created and existing under the laws of the State with the power and authority to (i) operate, repair and maintain its governmental facilities, (ii) execute and deliver the Transaction Documents, and (iii) carry out and consummate the transactions contemplated by the Transaction Documents.

(b) Authorization to Enter into Transaction Documents. The City is authorized by the laws of the State (i) to issue, sell and deliver the Bonds for the purposes set forth in the opening paragraphs hereof and in the Ordinance, (ii) to adopt the Ordinance and to enter into and perform its obligations under the Transaction Documents, and (iii) to pledge to the owners of the Bonds its full faith and credit in accordance with the provisions of the Ordinance.

(c) Official Action. Prior to the Closing, the City shall have duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement, (ii) the approval, execution, delivery and receipt by the City of all of the Transaction Documents and/or agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Official Statement, and (iii) the approval of the use of the Official Statement.

(d) Documents Legal, Valid and Binding. This Bond Purchase Agreement constitutes a legal, valid and binding obligation of the City enforceable in accordance with its terms. The Bonds when executed, issued, authenticated, delivered and paid for as herein and in the Ordinance provided and the Transaction Documents when executed will have been duly authorized and issued and will constitute valid and binding obligations of the City enforceable in accordance with their terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar law or laws affecting the enforcement of creditors' rights generally or against municipal corporations such as the City from time to time in effect and further subject to the availability of equitable remedies).

(e) No Conflict or Breach. The City is not in breach of or default in any material respect under (i) any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or (ii) any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute an event of default under any such instrument; and neither the execution and delivery of any of the Transaction Documents, or the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the terms and conditions thereof conflicts with or constitutes a breach of or default under (A) any applicable law, administrative regulation, judgment or decree or (B) the terms of any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject; nor shall any such execution, delivery, adoption, fulfillment or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City (1) under the terms of any such law, administrative regulation, judgment or decree or (2) under the terms of any such loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Transaction Documents.

(f) No Litigation. Except as otherwise set forth in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public

board or body, pending or, to the knowledge of the City, threatened against the City wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the transactions contemplated hereby or by the Official Statement, including the status of the interest on the Bonds as excludable from gross income for federal income tax purposes or as exempt from income taxation in the State, (ii) the validity or enforceability in accordance with their respective terms of the Bonds, the Ordinance, this Bond Purchase Agreement or any agreement or instrument to which the City is a party, used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement (nor to the best knowledge of the City, is there any basis therefor), (iii) the existence or powers of the City or the titles of its officers to their respective offices, or (iv) the financial condition of the City or the operation by the City of its property.

(g) No Consents or Approvals Required. The City has received all licenses, permits, or other regulatory approvals required (if any) to execute the Transaction Documents and to perform its obligations thereunder and the City is not in material default, and no event has occurred which would constitute or result in a material default under any such licenses, permits or approvals.

(h) Preliminary Official Statement and Official Statement True and Correct. The descriptions and information contained in the Preliminary Official Statement and the Official Statement are, as of their respective dates and at the Closing shall be, true and correct and do not, with respect to the Preliminary Official Statement and the Official Statement, as of their respective dates and at the Closing shall not, contain an untrue statement of a material fact and do not, with respect to the Preliminary Official Statement and Official Statement, as of their respective dates and at the Closing shall not, omit to state a material fact necessary to make any statement made therein, in light of the circumstances under which it was made, not misleading.

(i) No Default Under Transaction Documents. The execution and delivery by the City of the Transaction Documents and the other documents contemplated hereby and by the Official Statement to be executed and delivered by the City, compliance with the provisions thereof, the approval of the use of the Official Statement, and the pledge of the City's full faith and credit to the owners of the Bonds do not conflict with or constitute on the part of the City a breach of or a default under any existing law, court or administrative regulation, decree, order, agreement, resolution, indenture, mortgage or lease by which the City is or may be bound. No event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute a breach of or an event of default by the City under the Transaction Documents.

(j) Application of Bond Proceeds. The City represents and warrants that the proceeds of the Bonds shall be used as provided in the Transaction Documents. The City shall not take or omit to take any action which action or omission shall in any way cause or result in the proceeds from the sale of the Bonds being applied in a manner other than as provided in the Transaction Documents and as described in the Preliminary Official Statement and the Official Statement.

(k) Securities Laws Cooperation. The City agrees to reasonably cooperate with the Underwriter in any endeavor to qualify the Bonds for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the City shall not be required with respect to the offer or sale of the Bonds, or otherwise, to file written consent to suit or to file written consent to service of process in any jurisdiction. The City consents to the use of drafts of the Preliminary Official Statement, the Preliminary Official Statement and drafts of the Official Statement prior to the availability of the Official Statement, by

the Underwriter in obtaining such qualifications, subject to the right of the City to withdraw such consent for cause by written notice to the Underwriter.

(l) City Certificate. Any certificate signed by an authorized officer of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(m) Financial Statements. The financial statements of the City included as **Appendix B** to the Preliminary Official Statement and the Official Statement and any other later available unaudited financial data of the City furnished to the Underwriter present fairly the financial position of the City as of the dates indicated and the results of its operations for the periods specified in all material respects for the periods involved except as stated in the notes thereto. The financial statements have been prepared in accordance with the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. The City has not since June 30, 2020 incurred any material liabilities and since such date there has been no material adverse change in the financial position of the City or the operation by the City of its property other than as may be set forth in the Preliminary Official Statement and the Official Statement.

Since June 30, 2020, except as described in the Preliminary Official Statement and the Official Statement, there has been no material decrease in the City's fund balances, no increase in short-term debt or long-term debt of the City and no adverse change, or any development involving a prospective adverse change, in or affecting the general affairs, management, properties, financial position, or results of operations of the City, which in any such case is material to the City.

(n) Supplements to Official Statement. If the Official Statement is supplemented or amended pursuant to **subsection (o)** of this section, at the time of such supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto including the Closing, the information contained in the Official Statement as provided in **subsection (h)** of this section, as so supplemented or amended, shall not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(o) Subsequent Events. If between the date of the Official Statement and the Closing any event shall occur which might or would cause the information contained in the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall notify the Underwriter, and if in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City shall, at the expense of the City, supplement or amend the Official Statement in a form and in a manner approved by the Underwriter.

(p) Continuing Disclosure. The City will undertake, pursuant to the Ordinance and the Continuing Disclosure Undertaking, to provide certain annual financial information and operating data and notices of the occurrence of certain events. The City has complied with its previous continuing disclosure obligations under the Rule to the extent disclosed in the Preliminary Official Statement and the Official Statement.

6. Closing. Prior to or at 12:00 noon, St. Louis, Missouri time, on July ___, 2021 or at such other time or such other date as shall have been mutually agreed upon by the City and the Underwriter

(the “**Closing Time**”), the City will deliver, or cause to be delivered, to the Underwriter, the Bonds, in definitive form duly executed and authenticated by BOKF, N.A., St. Louis, Missouri, as paying agent for the Bonds (the “**Paying Agent**”), together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds by delivering to the City immediately available funds payable to the order of the City (or such other arrangement as shall be mutually agreed upon by the City and the Underwriter) in an amount equal to the purchase price. Such payment and delivery is referred to herein as the “**Closing.**”

Payment and delivery of the Bonds as aforesaid shall be made in St. Louis, Missouri, New York, New York, or such other place as is mutually agreed to by the City and the Underwriter. The Bonds will be delivered in denominations as set forth in the Ordinance as definitive Bonds in fully-registered form. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“**DTC**”). One fully-registered Bond certificate for each maturity in the principal amount of such maturity (as set forth in **Schedule I** hereto) will be deposited with DTC or delivered to the Paying Agent for “**FAST**” delivery prior to the Closing pursuant to the rules and procedures of DTC.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for any Bonds.

7. Events Permitting Underwriter to Terminate. The Underwriter shall have the right to cancel its obligation to purchase the Bonds and to terminate this Bond Purchase Agreement, without liability to the Underwriter, by written notice to the City if, between the date of this Bond Purchase Agreement and the Closing, in the Underwriter’s sole and reasonable judgment, any of the following events shall occur (each, a “**Termination Event**”):

(a) The market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall be materially adversely affected by any of the following events:

(i) Legislation shall be enacted or for the first time actively considered for enactment by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President’s Cabinet, or a decision shall have been rendered by a federal court of the United States, a State court or the United States Tax Court, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States, the IRS or other federal or State authority with appropriate jurisdiction, with respect to federal or State taxation upon interest or other income to be derived by the City pursuant to the Transaction Documents, or upon interest on the Bonds or securities of the general character of the Bonds; or

(ii) There shall have occurred (A) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (B) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

(iii) A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have

been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(ii) Legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Bonds, the Ordinance or the Transaction Documents, or any comparable securities of the City are not exempt from registration, qualification or other requirements of the Securities Act of 1933, as amended (the "**Securities Act**"), or the Trust Indenture Act of 1939, as amended, or otherwise, or would be in violation of any provisions of the federal securities laws; or

(iii) Except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the City shall have occurred; or

(iv) Any rating (A) on any bonds or other obligations of the City or (B) if the Bonds are insured by a bond insurance policy, on the bond insurer, is reduced or withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or

(b) Any fact, event or circumstance shall exist that either makes untrue or incorrect any statement or information contained in the Official Statement as then amended or supplemented (other than any statement provided by the Underwriter) or is not reflected in the Official Statement as then amended or supplemented, but should be reflected therein in order to make the statements and information contained therein, in light of the circumstances under which they were made, not misleading and, in either such event, the City refuses to permit the Official Statement to be supplemented or corrected in a form and manner approved by the Underwriter or supply such statement or information or if such supplement or correction would, in the opinion of the Underwriter, materially adversely affect the market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the contemplated offering prices; or

(c) A general banking moratorium shall have been declared by federal, State of Missouri or State of New York authorities and be in force; or

(d) A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(e) Other action or events shall have occurred or transpired, any of which has the purpose or effect, directly or indirectly, of materially adversely affecting the federal income tax consequences of any of the transactions contemplated in connection herewith, or that securities of the general character of the Bonds shall not be exempt from registration under the Securities Act; or

(f) There shall have occurred since June 30, 2020, any material adverse change in the affairs of the City from that reflected in the financial statements of the City provided to the

Underwriter in connection with the Bonds, not otherwise disclosed to the Underwriter or in the Official Statement; or

(g) Any representation of the City contained in any Transaction Document shall prove to be or to have been false in any material respect; or

(h) Litigation or an administrative proceeding or investigation shall be pending or threatened affecting, contesting, questioning or seeking to restrain or enjoin (i) the issuance or delivery of any of the Bonds or the payment, collection or application of the proceeds of the Bonds or of other moneys or securities pledged or to be pledged under the Transaction Documents, (ii) the validity of the Bonds, (iii) the validity of any of the Transaction Documents or any proceedings taken by the City with respect to any of the foregoing, (iv) the City's creation, organization or existence or the titles to office of any members of the City Council of the City or officers, or (v) the legal power or authority of the City to enter into and engage in any of the transactions contemplated by the Transaction Documents.

Upon the occurrence of a Termination Event and the termination of this Bond Purchase Agreement by the Underwriter, all obligations of the City and the Underwriter under this Bond Purchase Agreement shall terminate, without further liability, except that the City and the Underwriter shall pay their respective expenses as set forth in **Section 10** of this Bond Purchase Agreement.

8. Conditions to Closing. The obligations hereunder of each party hereto shall be subject to the performance by the other party of its respective obligations to be performed hereunder at and prior to Closing, to the accuracy in all material respects of the representations and warranties herein of the other party as of the date hereof and as of the Closing Time, and to the following conditions, including the delivery by the appropriate party hereto or other entities of such documents as are enumerated herein:

(a) At the Closing Time, (i) the Transaction Documents shall have been authorized, executed and delivered, and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter and the City, the Closing in all events, however, to be deemed such approval, (ii) the proceeds of the sale of the Bonds shall have been deposited and applied as described in the Ordinance and the Official Statement, (iii) the City shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of Gilmore & Bell, P.C., St. Louis, Missouri ("**Bond Counsel**"), shall be necessary in connection with the transactions contemplated hereby, (iv) the City shall have delivered to the Underwriter the Official Statement within the time period and in a format that complies with the Rule and MSRB rules pursuant to **Section 4** of this Bond Purchase Agreement, and (v) the City shall have undertaken, pursuant to the Continuing Disclosure Undertaking, to provide annual reports and notice of certain events.

(b) At or prior to the Closing Time, the Underwriter shall have received counterparts, copies or certified copies (as appropriate) of the following documents in form and substance satisfactory to Bond Counsel and the Underwriter:

(i) The approving opinion of Bond Counsel, dated the date of Closing, addressed to the City and the Underwriter, relating to the due authorization, execution and delivery of the Bonds and the supplemental opinion of Bond Counsel, in forms acceptable to the City and the Underwriter.

(ii) A certificate of the City, dated the date of Closing, signed by authorized officials of the City, to the effect that (A) all representations and warranties of the City

contained in this Bond Purchase Agreement are true and correct in all material respects on and as of the date of Closing with the same effect as if made on the date of Closing, (B) the information in the Preliminary Official Statement and the Official Statement is accurate and not materially deficient and neither contains an untrue statement of a material fact nor omits to state a material fact necessary to make any statement made therein, in light of the circumstances under which it was made, not misleading, (C) the City has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied at or prior to the Closing Time, (D) no event affecting the City has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the date of Closing any statement or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect, and (E) there is no action, suit, proceeding or investigation before or by any court or public board or body pending or threatened against the City to restrain or enjoin the issuance, execution or delivery of the Bonds or in any manner questioning the proceedings or authority for the issuance of the Bonds or affecting directly or indirectly the validity of the Bonds or of any provisions made or authorized for their payment or contesting the existence of the City or the title of any of its officers to their respective offices.

(iii) The Official Statement authorized, approved and executed on behalf of the City by a duly authorized official thereof.

(iv) The Ordinance, duly adopted by the City Council of the City.

(v) The Federal Tax Certificate, duly executed by the City.

(vi) The Continuing Disclosure Undertaking, duly executed by the City.

(vii) A letter from S&P Global Ratings, a division of S&P Global, Inc., assigning a rating of “A+” to the Bonds.

(viii) A receipt of the City for the purchase price of the Bonds.

(ix) An Information Return for Tax-Exempt Governmental Obligations (IRS Form 8038-G) in a form satisfactory to Bond Counsel for filing, executed by a duly authorized officer of the City.

(x) A copy of the Blanket Letter of Representations.

(xi) Other certificates listed on a closing agenda to be approved by Bond Counsel and the Underwriter, including any certificates or representations of the City required in order for Bond Counsel to deliver the opinions referred to in **Section 8(b)(i)** of this Bond Purchase Agreement.

(xii) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel or the Underwriter may reasonably request to evidence compliance with all legal requirements, the truth and accuracy, as of the Closing, of the representations herein and the due performance or satisfaction of all agreements then to be performed and all conditions then to be satisfied.

The documents to be delivered to the Underwriter pursuant to this Bond Purchase Agreement shall be deemed to be in compliance with the conditions of this Bond Purchase Agreement if, but only if, in the reasonable judgment of the Underwriter, they are satisfactory in form and substance. No condition hereof shall be deemed to have been waived by the Underwriter, unless expressed specifically in a writing signed by the Underwriter.

Unless performance is waived by the party for whose benefit a condition or obligation is intended, if any person shall be unable to satisfy the above conditions to the obligations of any party to this Bond Purchase Agreement, or if the obligations hereunder of any party shall be terminated for any reason permitted by this Bond Purchase Agreement and unless otherwise waived, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the City shall be under further obligation hereunder; except that the respective obligations of the City and the Underwriter, as provided in **Section 10** hereof, shall continue in full force and effect.

9. Survival of Representations, Warranties and Agreements. All representations, warranties and agreements of the City shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of any other party and shall survive the Closing. The obligations of the City and the Underwriter under **Section 10** hereof shall survive any termination of this Bond Purchase Agreement.

10. Expenses. Whether or not the Bonds are sold to the Underwriter, the Underwriter shall be under no obligation to pay any expenses incident to the performance of the City's obligations hereunder. If the Bonds are delivered by the City to the Underwriter, the City shall pay, from the proceeds of the Bonds or from other funds of the City, the following expenses: (a) the cost of preparing, duplicating or printing, mailing and delivering the Transaction Documents, including the cost of printing copies of the Preliminary Official Statement and the Official Statement and any amendment or supplement of either; (b) the cost of preparation and printing of the definitive Bonds; (c) the fees and expenses of the City, the Paying Agent, Bond Counsel, financial advisor, any entity performing continuing disclosure compliance research or providing continuing disclosure compliance reports and any other experts or consultants retained by the City; (d) the charges of any rating agency with respect to the Bonds; (e) the fees and expenses of the City's accountants, if any, in connection with the issuance of the Bonds; and (f) all other fees and expenses reasonably incurred in connection with the preparation of the Transaction Documents and/or the initial offering and sale of the Bonds except those to be paid by the Underwriter pursuant to the last paragraph of this **Section 10**.

If the Bonds are sold to the Underwriter by the City, the City shall pay out of the proceeds of the Bonds the discount of the Underwriter or the purchase price paid for the Bonds shall reflect such discount.

Except as otherwise provided in this **Section 10**, the Underwriter shall pay the cost, if any, of qualifying the Bonds for sale in the various states chosen by the Underwriter, all advertising expenses in connection with the public offering of the Bonds and all other expenses incurred by it in connection with its public offering and distribution of the Bonds, not described above.

11. Amendments to Official Statement. If, after the date of this Bond Purchase Agreement and until the earlier of (a) ninety (90) days after the "end of the underwriting period" (as defined in the Rule) or (b) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than twenty-five (25) days following the end of the underwriting period, an event relating to or affecting the City shall occur, or come to the attention of the City, the City shall promptly notify the Underwriter and, if as a result of such event, it is necessary, in the opinion of Bond Counsel or the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances then existing, the City will forthwith prepare

and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements not misleading. The expenses of preparing such amendment or supplement shall be borne by the City. Thereafter, all references to and representations regarding the Official Statement contained herein shall refer to or regard the Official Statement as so amended or supplemented. For the purpose of this Section, the City will furnish to the Underwriter such information with respect to the City as the Underwriter may from time to time reasonably request. If notification is given by the City, or such information comes to the attention of the Underwriter, after the date of Closing, the City shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

12. Third-Party Beneficiaries. The City agrees that the Underwriter is and shall be a third-party beneficiary of any and all representations and warranties made by the City in the Transaction Documents, to the same effect as if the City had made such representations and warranties to the Underwriter in this Bond Purchase Agreement.

13. Notices. Any notice or other communication to be given to the City under this Bond Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communications to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to the Underwriter at the following address:

Robert W. Baird & Co.
8000 Maryland, Suite 500
St. Louis, Missouri 63105
Attention: Mr. Landon Boehm

14. Successors. This Bond Purchase Agreement is made for the benefit of the City and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Bonds, shall acquire or have any rights hereunder or by virtue hereof.

15. Governing Law. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

16. Effectiveness. This Bond Purchase Agreement shall become effective upon your acceptance hereof.

17. Counterparts. This Bond Purchase Agreement may be executed in any number of counterparts, each of which so executed and delivered shall constitute an original and all together shall constitute but one and the same instrument.

18. Captions. The captions or headings in this Bond Purchase Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provision or section of this Bond Purchase Agreement.

19. Electronic Transactions. The transaction described herein may be conducted and related documents may be sent, received or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents will be deemed to be authentic and valid

counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

20. Anti-Discrimination Against Israel Act. Pursuant to Section 34.600 of the Revised Statutes of Missouri, as amended, the Underwriter hereby certifies to the City that it is not currently engaged in and shall not, for the duration of this Bond Purchase Agreement, engage in a boycott of goods or services from the State of Israel, companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel, or persons or entities doing business in the State of Israel.

[Remainder of Page Intentionally Left Blank.]

Very truly yours,

ROBERT W. BAIRD & CO. INCORPORATED

By: _____

Name: Landon Boehm

Title: Managing Director, Public Finance

Accepted and agreed to as of
the date first above written:

CITY OF SIKESTON, MISSOURI

By: _____
Name: Greg Turnbow
Title: Mayor

[Bond Purchase Agreement]

**SCHEDULE I
TO
BOND PURCHASE AGREEMENT**

**CITY OF SIKESTON, MISSOURI
Special Obligation Refunding and Improvement Bonds
Series 2021**

**10% TEST APPLIES
(MATURITIES FOR WHICH 10% SOLD AS OF THE DATE OF THIS
BOND PURCHASE AGREEMENT)**

<u>Year</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>
2022		%	%
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			

**HOLD-THE-OFFERING-PRICE RULE APPLIES
(MATURITIES FOR WHICH 10% NOT SOLD AS OF THE DATE OF THIS
BOND PURCHASE AGREEMENT)**

**EXHIBIT A
TO
BOND PURCHASE AGREEMENT**

FORM OF UNDERWRITER'S RECEIPT FOR BONDS AND CLOSING CERTIFICATE

\$\$ _____
CITY OF SIKESTON, MISSOURI
Special Obligation Refunding and Improvement Bonds
Series 2021

The undersigned, on behalf of itself and Stifel, Nicolaus & Company, Incorporated (collectively, the "Original Purchaser"), as the original purchaser of the above-described bonds (the "Bonds"), being issued on the date of this Certificate by the City of Sikeston, Missouri (the "Issuer"), certifies and represents as follows:

1. Bond Purchase Agreement. The Original Purchaser and the Issuer have entered into a Bond Purchase Agreement (the "Bond Purchase Agreement"), dated June 30, 2021 (the "Sale Date"), providing for the purchase of the Bonds by the Original Purchaser from the Issuer.

2. Compliance with Bond Purchase Agreement. We acknowledge that we have timely received in satisfactory form and manner all proceedings, certificates, opinions, letters and other documents required to be submitted to us pursuant to the Bond Purchase Agreement prior to or on the date of the delivery of and payment for the Bonds (except to the extent we have waived or consented to modification of certain provisions thereof), and that the Issuer has in all respects complied with and satisfied all of its obligations to us which are required under said Bond Purchase Agreement to be complied with and satisfied on or before the date hereof.

3. Receipt for Bonds. We further acknowledge receipt on this date of the Bonds, consisting of fully-registered Bonds numbered from R-1 consecutively upward in authorized denominations of \$5,000 or integral multiples thereof. Each of the Bonds has been signed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, with the Issuer's official seal affixed thereon, and has been authenticated by the manual signature of an authorized signatory of the Paying Agent.

4. Issue Price. For purposes of this section the following definitions apply:

"Effective Time" means the time on the Sale Date that the Bond Purchase Agreement to purchase the Bonds became enforceable.

"Initial Offering Price" means the price listed in **Schedule A** for each Maturity.

"Maturity" means Bonds with the same credit and payment terms; Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriting Firm or a related party to an Underwriting Firm. An Underwriting Firm and a person are related if it and the person are subject, directly or indirectly, to (a) more than 50% common ownership of the voting power or the total value of their stock, if both entities are

corporations (including direct ownership by one corporation of another), (b) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another) or (c) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

“Undersold Maturity” or “Undersold Maturities” means any Maturity for which less than 10% of the principal amount of Bonds of that Maturity were sold as of the Effective Time.

“Underwriting Firm” means (a) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The Original Purchaser represents as follows:

- (i) Attached as **Attachment A** is a copy of the pricing wire or similar communication used to communicate the Initial Offering Price of each Maturity to the Public.
- (ii) As of the Effective Time all the Bonds were the subject of an initial offering to the Public.
- (iii) As of the Effective Time none of the Bonds were sold to any person at a price higher than the Initial Offering Price for that Maturity.
- (iv) As of the Effective Time there were no Undersold Maturities.

Capitalized terms not otherwise defined herein have the meaning given such terms in the Bond Purchase Agreement.

We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Gilmore & Bell, P.C., as bond counsel.

Nothing herein represents our interpretation of any laws or regulations under the Internal Revenue Code of 1986, as amended.

This Certificate may be executed in counterparts, each of which so executed and delivered shall constitute an original and all together shall constitute but one and the same instrument.

DATED: July __, 2021

ROBERT W. BAIRD & CO. INCORPORATED

By: _____
Managing Director

By: _____
Director – Municipal Syndicate

SCHEDULE A

CITY OF SIKESTON, MISSOURI Special Obligation Refunding and Improvement Bonds Series 2021

<u>Year</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>
2022		%	%
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			

ATTACHMENT A

Initial Offering Price Documentation

[Attach Pricing Wire or Other Offering Price Documentation]

Council Letter

Date of Meeting: 20-06-28

Originating Department: Finance Department

To the Mayor and City Council:

Subject: FY2021 Audit Services

Attachment(s):

1. Disclosure Compliance Services Proposal from Beussink, Hey, Roe & Stroeder, L.L.C.

Action Options:

1. Authorize the Mayor to Execute the Letter of Understanding
2. Other action Council may deem appropriate

Background:

The attached proposal outlines the scope of professional services provided by Beussink, Hey, Roe, & Stroeder, L.L.C. They will conduct a review of the City's financial statements and practices for the FY21 Fiscal Year and provide the FY21 Financial Audit.

The cost for the FY22 audit is \$32,000.

BEUSSINK, HEY, ROE & STRODER, L.L.C.

Certified Public Accountants

DEBRA BEUSSINK EUDY, CPA
JERRY W. ROE, CPA
JEFFREY C. STRODER, CPA

EVERETT E. HEY, CPA
(1955 - 2014)

16 South Silver Springs Road
Cape Girardeau, Missouri 63703
Telephone (573) 334-7971
Facsimile (573) 334-8875

SCOTT J. ROE, CPA
DAVID E. PRASANPHANICH, CPA
SASHA N. WILLIAMS, CPA

RHEANNA L. GREER, CPA

June 4, 2021

Ms. Karen Bailey, City Treasurer
City of Sikeston, Missouri
105 East Center Street
Sikeston, Missouri 63801

Dear Ms. Bailey:

We are pleased to confirm our understanding of the services we are to provide City of Sikeston, Missouri for the year ended June 30, 2021. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of City of Sikeston, Missouri as of and for the year ended June 30, 2021.

We have also been engaged to report on supplementary information that accompanies City of Sikeston, Missouri's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditors' report on the financial statements:

1. Budgetary Comparison Schedules
2. Notes to Budgetary Comparison Schedules
3. Combining Statements of Nonmajor Governmental Funds
4. Municipal Library Balance Sheet
5. Municipal Library Budget Comparison Schedule

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with the modified

cash basis of accounting and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of City of Sikeston, Missouri and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the City of Sikeston, Missouri's financial statements. Our report will be addressed to the Mayor, City Manager, and the City Council of the City of Sikeston, Missouri. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the City of Sikeston, Missouri is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are

attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of City of Sikeston, Missouri's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the City of Sikeston, Missouri in conformity with the modified cash basis of accounting based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements and all accompanying information in conformity with the modified cash basis of accounting, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements,

including identification of all related parties and all related-party relationships and transactions, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements that we may report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with the modified cash basis of accounting. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with the modified cash basis of accounting; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with the modified cash basis of accounting; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions,

and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will locate any documents selected by us for testing.

We will provide copies of our reports to the City of Sikeston, Missouri; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Beussink, Hey, Roe, & Stroder, L.L.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to certain federal or state agencies or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Beussink, Hey, Roe, & Stroder, L.L.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the certain federal or state agencies. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Jeffrey C. Stroder, CPA is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be \$32,000. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to City of Sikeston, Missouri and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

BEUSSINK, HEY, ROE & STRODER, L.L.C.



Jeffrey C. Stroder, CPA

48079

RESPONSE:

This letter correctly sets forth the understanding of City of Sikeston, Missouri.

By: _____

Title: _____

Date: _____

Council Letter

Date of Meeting: 21-06-28

Originating Department: Governmental Services

To the Mayor and City Council:

Subject: Amendment of the FY21 Budget Amendment Ordinance

Attachment(s):

1. Ordinance 6231
2. Line-item analysis

Action Options:

1. Conduct the first and second reading of Bill Number 6231
2. Other action Council may deem appropriate

Background:

Bill Number 6225 amending Bill Number 6191 contained a clerical error in the amount the General Revenue Fund was to be amended. The amount used was a 'net amount' after some unbudgeted revenues were listed. The correct amount is \$12,249,738.22. The original documentation attached to the ordinance was accurate and complete.

Staff requests the approval of Bill Number 6231 as an emergency ordinance so that the effective date is within FY21.

THIS BILL AS ADOPTED SHALL BECOME AN EMERGENCY ORDINANCE NUMBER 6231, AND SHALL AMEND ORDINANCE NUMBER 6191, THE FY-21 BUDGET ORDINANCE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SIKESTON, MISSOURI, AS FOLLOWS:

SECTION I: General

A. Codification:

1. This ordinance shall not be codified as part of the SIKESTON MUNICIPAL CODE.
2. Ordinance Number 6191 is hereby amended to read as follows:

SECTION II: Appropriations

- A. General Fund 0010: The sum of \$12,249,738.22 is hereby appropriated out of revenues accruing to the City, transfers from other funds and fund balance, for the payment of operating and capital expenses, for designated governmental services.

SECTION III: Repealer. Any other ordinances or part(s) thereof inconsistent herewith are hereby repealed.

SECTION IV: Severability. Should any part or parts of this ordinance be found or held to be invalid by any court of competent jurisdiction, the remaining part or parts shall be severable and shall continue in full force and effect.

SECTION V: Emergency Clause. This Ordinance is adopted as an emergency measure so that the effective date corresponds with the fiscal year.

SECTION VI: Record of Passage:

- A. Bill Number 6231 was introduced to Council and read the first time this 28th day of June, 2021.

- B. Bill Number 6231 was read the second time this 28th day of June 2021, discussed and was voted as follows:

Baker _____, Merideth _____, Self _____, Sparks _____,

Teachout _____, Williams _____, and Turnbow _____,

thereby being _____,

becoming Ordinance 6231.

- C. Upon passage by a majority of the Council, this Bill shall become Ordinance 6231 and shall be in full force and effect.

Greg Turnbow, Mayor

Approved as to Form
Tabatha Thurman, City Counselor

SEAL/ATTEST:

Rhonda Council, City Clerk

FUND	ORG	OBJECT	ACCT DESCRIPTION	FROM	TO	VARIANCE
GENERAL REVENUE (FUND 0010)						
	1010552	5239	DRUG TESTING (DOT)	2,000.00	3,113.00	1,113.00
	1010554	5322	PROPERTY DEMOLITION	30,000.00	70,000.00	40,000.00
	1010554	5309	LITIGATION FEES	-	6,295.00	6,295.00
	1010556	5358	BUILDING MAINTENANCE	48,575.00	62,000.00	13,425.00
	1010556	5369	COVID-19	-	60,032.00	60,032.00
	1010556	5409	FUEL DEPOT MAINT	21,300.00	31,300.00	10,000.00
	1014550	5201	SALARIES & WAGES	163,767.00	172,000.00	8,233.00
	1014554	5333	CELLULAR SERVICE	1,000.00	2,700.00	1,700.00
	1020550	5213	FICA	7,208.00	10,500.00	3,292.00
	1020550	5215	LAGERS	6,286.00	7,800.00	1,514.00
	1020554	5333	CELLULAR SERVICE	885.00	1,300.00	415.00
	1022556	5351	OFFICE MACHINE MAINT.	5,000.00	8,050.00	3,050.00
	1024550	5201	SALARIES & WAGES	82,056.00	95,500.00	13,444.00
	1024550	5203	OVERTIME	-	1,310.00	1,310.00
	1024550	5213	FICA	6,081.00	8,450.00	2,369.00
	1024556	5460	POSTAGE	9,500.00	11,750.00	2,250.00
	1026556	5390	FUEL LUBE & COOLANT	-	2,200.00	2,200.00
	1030550	5201	SALARIES & WAGES	475,732.00	484,500.00	8,768.00
	1030550	5207	INCENTIVES	-	5,000.00	5,000.00
	1030550	5213	FICA	35,550.00	37,550.00	2,000.00
	1030550	5215	RETIREMENT	42,023.00	45,660.00	3,637.00
	1030552	5245	EMPLOYMENT SCREENING FEES	-	4,000.00	4,000.00
	1030554	5333	CELLULAR SERVICE	18,000.00	19,375.00	1,375.00
	1030554	5495	EMW-2019-000039-13 COMMAND T	-	9,000.00	9,000.00
	1030556	5362	JANITORIAL SUPPLIES	5,000.00	8,000.00	3,000.00
	1030556	5369	COVID-19	-	254,001.00	254,001.00
	1030556	5441	ACADEMY TRAINING	11,000.00	78,200.00	67,200.00
	1032550	5203	OVERTIME	130,000.00	210,000.00	80,000.00
	1032550	5207	INCENTIVES	-	9,000.00	9,000.00
	1032550	5245	EMPLOYMENT SCREENING FEES	5,000.00	26,300.00	21,300.00
	1034550	5203	OVERTIME	160,000.00	231,000.00	71,000.00
	1034554	5240	HOMELAND SECURITY EXPENSE	-	8,825.00	8,825.00
	1040550	5209	ALLOWANCES	-	1,410.00	1,410.00
	1040554	5333	CELLULAR SERVICE	6,600.00	8,790.00	2,190.00
	1040556	5369	COVID-19	-	1,433.00	1,433.00
	1040556	5418	GIS MAINTENANCE	1,500.00	4,300.00	2,800.00
	1042556	5366	CHEMICALS-GROUNDS & STREET	15,000.00	20,000.00	5,000.00
	1043550	5201	SALARIES & WAGES	95,945.00	99,000.00	3,055.00
	1043556	5362	JANITORIAL SUPPLIES	1,000.00	2,000.00	1,000.00
	1046550	5201	SALARIES & WAGES	87,425.00	111,300.00	23,875.00
	1046556	5358	BUILDING MAINTENANCE	500.00	36,100.00	35,600.00
			TOTAL GENERAL FUND			795,111.00
			ORIGINAL APPROPRIATION			11,454,627.22
			AMMENDEED APPROPRIATION			12,249,738.22

DRUG SEIZURE FUND (0016)						
	1632556	5380	INVESTIGATORY RESOURCES	-	6,990.00	6,990.00
	1632556	5452	PER DIEM	-	67.00	67.00
	1632558	5630	EQUIPMENT	-	8,938.00	8,938.00
						15,995.00
SALES TAX FUND (0020)						
	2000554	5257	MALCO EATS	6,000.00	7,615.00	1,615.00
	2000554	5346	E.A.T.S. MAIN & MALONE TIF	26,500.00	33,068.00	6,568.00
	2000554	5349	E.A.T.S. 60/61 - COLTONS	7,800.00	8,931.00	1,131.00
			TOTAL SALES TAX FUND			9,314.00
			ORIGINAL APPROPRIATION			3,163,526.00
			AMMENDEED APPROPRIATION			3,172,840.00
ESSEX FUND (0031)						
	3115556	5358	BUILDING MAINTENANCE	10,000.00	22,000.00	12,000.00
			TOTAL ESSEX FUND			12,000.00
			ORIGINAL APPROPRIATION			10,000.00
			AMMENDEED APPROPRIATION			22,000.00
PARK FUND (0045)						
	4047554	5302	MOWING AND LANDSCAPING	53,634.00	59,845.00	6,211.00
	4047554	5339	OTHER CONTRACTUAL SERVICES	5,000.00	31,945.00	26,945.00
	4047556	5392	VEHICLE MAINTENANCE	4,000.00	14,185.00	10,185.00
	4047556	5360	GROUPS MAINTENANCE	35,000.00	41,115.00	6,115.00
	4047556	5416	EQUIPMENT MAINTENANCE	6,000.00	14,900.00	8,900.00
	4047556	5416	EQUIPMENT MAINTENANCE	6,000.00	14,900.00	8,900.00
	4048556	5427	CONCESSION STAND SUPPLIES	24,500.00	35,700.00	11,200.00
			TOTAL PARK FUND			78,456.00
			ORIGINAL APPROPRIATION			820,881.23
			AMMENDEED APPROPRIATION			899,337.23
TOURISM TAX FUND (0065)						
	6587562	5889	TRANSFER TO CHAMBER CVB	120,442.00	135,500.00	15,058.00
			TOTAL TOURISM TAX FUND			15,058.00
			ORIGINAL APPROPRIATION			120,442.00
			AMMENDEED APPROPRIATION			135,500.00
E911 FUND (0070)						
	7030558	5672	NEXT GENERATION 911 GRANT	0.00	178,640.00	178,640.00
			TOTAL E911 FUND			178,640.00
			ORIGINAL APPROPRIATION			690,998.00
			AMMENDEED APPROPRIATION			869,638.00

CAPITAL IMPROVEMENT SALES TAX FUND (0075)						
	7510558	5690	COMPUTERS & EQUIPMENT	1,500.00	48,600.00	47,100.00
	7510558	5702	BUILDING RENOVATION	33,000.00	62,715.00	29,715.00
	7532558	5639	EMW-2020-SS-00051-12 MBL COMMA	0.00	66,207.00	66,207.00
	7534558	5635	VEHICLE MAINTENANCE	50,000.00	130,127.00	80,127.00
	7542558	5648	MOWING EQUIPMENT:TRACTORS	120000.00	144,631.00	24,631.00
	7547558	5624	SCOREBOARDS	0.00	7,186.00	7,186.00
	7547558	5727	IRRIGATION	0.00	37,637.00	37,637.00
	7547558	5755	SHELTERS TABLES BLEACHERS	20,000.00	33,000.00	13,000.00
	7587562	5874	TRANSFER TO TRANS SALES TAX	0.00	763,796.00	763,796.00
			TOTAL CAPITAL IMPROVEMENT SALES TAX FUND			1,069,399.00
			ORIGINAL APPROPRIATION			1,715,729.00
			AMMENDEED APPROPRIATION			2,785,128.00
60/61 TIF FUND (0090)						
	9010554	5253	COLTONS REIMBURSEMENT	60,000.00	65,500.00	5,500.00
	9010554	5254	HOLIDAY INN REIMBURSEMENT	53,000.00	53,232.00	232.00
			TOTAL 60/61 TIF FUND			5,732.00
			ORIGINAL APPROPRIATION			113,000.00
			AMMENDEED APPROPRIATION			118,732.00
60 WEST TIF (0091)						
	9101554	5258	RPA-1 MALCO DEVELOPER REIMBURS	67,600.00	79,500.00	11,900.00
	9101554	5260	WATAMI REIMBURSEMENT	13,000.00	40,076.00	27,076.00
			TOTAL 60 WEST TIF FUND			38,976.00
			ORIGINAL APPROPRIATION			221,600.00
			AMMENDEED APPROPRIATION			260,576.00

Council Letter

Date of Meeting: June 28, 2021

Originating Department: Finance Department

To the Mayor and City Council:

Subject: Transfer of Municipal Court Functions to the Scott and New Madrid County Circuit Courts

Attachment(s):

1. Frequently Asked Questions
2. Ordinance Number 6221

Action Options:

1. Second reading and Adoption of Ordinance Number 6221
2. Other action Council may deem appropriate.

Background:

First reading of Ordinance Number 6221 was conducted on April 5, 2021. On June 24, 2021, the Council further discussed the potential transfer of municipal cases to the circuit courts. Adoption of Ordinance Number 6221 would designate the Scott and New Madrid County Circuit Courts as the venues for the hearing of municipal cases for the City of Sikeston.

In the state court organization, municipal courts are a component of the state court system and operate under the direct jurisdiction of the presiding judge of the respective circuit courts. Sikeston Municipal Court operates under the jurisdiction of the Presiding Judge of 33rd Circuit Court.

Municipal courts in the state have undergone major changes in the wake of Senate Bill 5, a sweeping court reform law enacted in 2015. Senate Bill 5 sought to end alleged abusive practices by some municipal courts and lighten the burden on defendants, the reforms have had some unintended consequences. Senate Bill 5 imposed new restrictions on how much municipal courts could charge violators in fines and penalties and prohibited those courts from sentencing violators to confinement for failure to pay a fine. It also stripped away a municipal court's ability to suspend the driver's license for defendants who fail to appear in court. As a result, many of the cases are no-shows, mirroring the experience other cities are reporting.

Due to these changes, the City anticipates increased costs associated with operating a municipal court and continued decreased revenues. Staff has proposed transferring of the city's municipal court to the circuit courts of Scott and New Madrid counties. The Office of the State Court Administrator has advised they can accommodate both counties. Attached for your review are a list of frequently asked questions regarding the elimination of a city municipal court.

Sikeston Municipal Court

Transfer of Municipal Court Functions to the County Circuit Courts

Frequently Asked Questions

If the court moves to Benton, won't citizens have to take off during the day because court is held during the day?

Sikeston Municipal Court begins at 2:30 p.m. for prisoners and the general public at 3 p.m. Court is typically over by 5 p.m. Sikeston Municipal Court has not been held in the evening since January 2020.

What if I get stopped and do not have proof of insurance?

The County Prosecutor's Office will accept proof of insurance via fax, email or in person. You will not be required to drive to Benton or New Madrid.

Will public safety officers spend more time on the road, going back and forth to two (2) circuit courts?

Two officers must drive to Benton to transport prisoners, stay with them during court and then transport them back to Benton twice a month. Sikeston Municipal Court conducts very few trials. During 2018 municipal court held three (3) trials, in 2019 there were five (5) trials and in 2020 there were another four (4). There have been no trials in 2021. Based on these statistics, we use more personnel transporting prisoners to routine court hearings in one year than we would have in the prior 3 ½ years of trials. The circuit courts have bailiffs to provide security and escort prisoners. It is unknown if we will have to transport prisoners to New Madrid County as they do not have a jail.

What is the financial impact of keeping a municipal court?

In FY2021, the city subsidized Municipal Court \$42,644. Due to increased demands, decrease fines and requirements of the Office of the State Courts Administrator, we anticipate that amount being in excess of \$108,000 in FY22. The Associate Circuit Court would retain court costs, but the City of Sikeston would receive the fine revenue, which is estimated to be \$100,000, down from \$204,676.69 in FY2015.

By transferring municipal court to the circuit courts, the City of Sikeston will realize a savings in excess of \$158,000 this year, with the amount increasing each year thereafter.

General Information

Trials are held once a month, generally on the fourth Thursday.

From January 1, 2021, through May 31, 2021, Sikeston Department of Public Safety has filed 902 cases with Municipal Court. 437 of the tickets issued by DPS were paid (48%). 75 appeared before Judge Marshall (8%). One was referred to county court, 25 were closed with Suspended Imposition of Sentence, 34 presented proof of insurance and case was dismissed. The judge dismissed 31 cases and the prosecutor dismissed 73. The judge waived the fine/cost balance on 1 case and 9 were voided from the docket. 216 remain pending. During this period, 158 warrants were issued and 136 were cleared.

Code Enforcement filed 42 cases during that same time frame. Four paid their fine, 8 appeared before the judge. Five of the cases were dismissed by the claimant (City), 29 were dismissed by the prosecutor, a warrant was issued for one and a warrant was cleared for one.

The Sikeston Public Library filed one case before Judge Marshall and it was dismissed by him. Three warrants were cleared.

THIS BILL AS APPROVED SHALL BECOME ORDINANCE NUMBER 6221 DESIGNATING THE SCOTT AND NEW MADRID COUNTY CIRCUIT COURTS AS MUNICIPAL COURT FOR SIKESTON, MISSOURI.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SIKESTON, MISSOURI AS FOLLOWS:

SECTION I. This Ordinance shall not be codified in the City Municipal Code.

SECTION II. The City of Sikeston has found the cost of operating a separate Municipal Court to be excessive and the City believes that having the Circuit Courts hear municipal cases will improve the public's perception of the seriousness of municipal violation charges and perception of the fairness of the court. Missouri Statute specifically allows the City to choose to operate its separate Municipal Court or to request the state court system to hear municipal cases.

SECTION III. Division 33 of the Circuit Court of Scott County, Missouri and Division 34 of the Circuit Court of New Madrid County, Missouri are hereby designated as the Municipal Court of Sikeston, Missouri.

SECTION IV. The Municipal Court shall transfer all of its records, and the court shall be established in the Circuit Courthouse of each division, effective at the Circuit Court's earliest convenience but not later than November 16, 2021.

SECTION V. General Repealer Section: Any other ordinance or parts thereof inconsistent herewith, are hereby repealed.

SECTION VI. Severability: Should any part or parts of this ordinance be found or held to be invalid by any court of competent jurisdiction, the remaining part or parts shall be severable and shall continue in full force and effect.

SECTION VII: Record of Passage:

A. Bill Number 6221 was introduced and read the first time this 5th day of April 2021.

B. Bill Number 6221 was read the second time this 28th day of June 2021, and was voted as follows:

Baker _____, Evans, _____, Merideth, _____,

Self, _____, Sparks, _____, Williams, _____,

Turnbow, _____, thereby being

_____,

becoming ordinance 6221.

C. Ordinance 6221 shall be in full force and effect from and after July 28, 2021.

Greg Turnbow, Mayor

Approved as to form
Tabatha Thurman, City Counselor

Seal / Attest:

Rhonda Council, City Clerk