
FIRST SUPPLEMENTAL INDENTURE OF TRUST

Dated as of September 1, 2008

between the

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

and

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

Relating to

\$970,000

**Water Facilities Refunding and Improvement Revenue Bonds
(The Raytown Water Company)
Series 2008**

FIRST SUPPLEMENTAL INDENTURE OF TRUST

TABLE OF CONTENTS

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

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

Section 101.	Definitions of Words and Terms	2
--------------	--------------------------------------	---

ARTICLE II

THE SERIES 2008 BONDS

Section 201.	Authorization of Series 2008 Bonds.....	3
Section 202.	Method and Place of Payment of Bonds.....	5
Section 203.	Execution and Authentication of Bonds.....	5

ARTICLE III

REDEMPTION OF BONDS

Section 301.	Redemption of Series 2008 Bonds	6
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ARTICLE IV

CREATION OF FUNDS AND ACCOUNTS; APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

Section 401.	Creation of Funds and Accounts	7
Section 402.	Deposit of Bond Proceeds and Other Moneys.....	7
Section 403.	Escrow Fund	8
Section 404.	Debt Service Reserve Fund	8
Section 405.	Project Fund.....	8

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 501.	Applicability of the Original Indenture and the First Supplemental Indenture.....	9
Section 502.	Consent of Trustee to First Supplemental Loan Agreement	9
Section 503.	Severability	9
Section 504.	Execution in Counterparts	10
Section 505.	Governing Law	10

Signatures and Seals	S-1
Exhibit A - Form of Series 2008 Bonds	
Exhibit B - Form of Written Request – Project Fund	

FIRST SUPPLEMENTAL INDENTURE OF TRUST

THIS FIRST SUPPLEMENTAL INDENTURE OF TRUST (the "First Supplemental Indenture"), made and entered into as of September 1, 2008, by and between the **STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY**, a body corporate and politic and a governmental instrumentality of the State of Missouri (the "Authority"), and **UMB BANK, N.A.**, a banking association duly organized and existing and authorized to accept and execute trusts of the character herein set out under the laws of the United States of America, and having its principal corporate trust office located in Kansas City, Missouri, as Trustee (the "Trustee");

RECITALS:

1. The Authority is authorized and empowered, under the provisions of Sections 260.005 to 260.125, inclusive, R.S.Mo., as amended, and Appendix B(1) thereto (the "Act"), to issue bonds and loan the proceeds thereof for any of the purposes of the Act, including the payment of "costs" of "water facilities" as defined in the Act.

2. Pursuant to the Act and a resolution duly adopted by the Authority, the Authority previously issued its \$2,470,000 original principal amount of Water Facilities Refunding Revenue Bonds (The Raytown Water Company) Series 1999A (the "Prior Bonds"), under an Indenture of Trust dated as of July 1, 1999 between the Authority and UMB Bank, N.A. (the "Original Indenture," with the Original Indenture as supplemented by this First Supplemental Indenture being the "Indenture") for the purpose of making a loan to The Raytown Water Company, a Missouri corporation (the "Company") pursuant to a Loan Agreement dated as of July 1, 1999, between the Authority and the Company (the "Original Loan Agreement") to provide funds to refinance the construction, acquisition and installation of transmission mains and an elevated water tank at 9906 East 63rd Street (Rear), Raytown, Missouri.

3. The Company has requested that the Authority issue refunding and improvement revenue bonds to refund the Prior Bonds and pay certain related costs and thereby refinance the project financed with the Prior Bonds and to finance the costs of additional transmission mains, vehicles and equipment for the Company (collectively, the "Project").

4. Pursuant to the Act and a resolution duly adopted by the Authority on August 25, 2008 (the "Resolution"), the Authority is authorized to issue \$970,000 principal amount of Water Facilities Refunding and Improvement Revenue Bonds (The Raytown Water Company) Series 2008 (the "Series 2008 Bonds"), under the Indenture for the purpose of making a loan to the Company under the terms of a First Supplemental Loan Agreement of even date herewith (the "First Supplemental Loan Agreement," with the Original Loan Agreement, as supplemented by the First Supplemental Loan Agreement, being the "Loan Agreement"), between the Authority and the Company, to provide funds, together with other available funds of the Company, to refund the Prior Bonds, to finance and refinance the costs of the Project, to fund a debt service reserve and pay costs related to the issuance of the Series 2008 Bonds. The loan will be evidenced by the Company's Promissory Note, Series 2008 (the "Series 2008 Note") in the aggregate principal amount of \$970,000 executed and delivered by the Company under the Loan Agreement.

5. Provision is made in the Indenture for the issuance of additional parity bonds from time to time ("Additional Bonds," the Series 2008 Bonds and any Additional Bonds collectively the "Bonds") on the terms and conditions provided for in the Indenture.

6. All things necessary to make the Series 2008 Bonds, when authenticated by the Trustee and issued as in the Indenture provided, the valid, legal and binding obligations of the Authority, and to constitute the Indenture a valid, legal and binding pledge and assignment of the property, rights, interests and revenues made for the security of the payment of the principal of, redemption premium, if any, and interest on the Bonds issued under the Indenture, have been done and performed, and the execution and delivery of the Indenture and the execution and issuance of the Series 2008 Bonds, subject to the terms of the Indenture, have in all respects been duly authorized.

NOW, THEREFORE, to declare the terms and conditions upon which the Series 2008 Bonds are to be authenticated, issued and delivered and to secure the payment of all of the Series 2008 Bonds issued and Outstanding under this First Supplemental Indenture from time to time according to their tenor and effect, and in consideration of the premises, the purchase and acceptance of the Series 2008 Bonds by the owners thereof, the Authority covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective owners of the Bonds, that the Series 2008 Bonds are to be issued, authenticated and delivered and the Trust Estate is to be held and applied by the Trustee as provided in the Original Indenture, subject to the further covenants, conditions and trusts hereinafter set forth, as follows:

ARTICLE I

DEFINITIONS, RULES OF CONSTRUCTION

Section 101. Definitions of Words and Terms. For all purposes of this First Supplemental Indenture, except as otherwise provided or unless the context otherwise requires, the following words and terms used in this First Supplemental Indenture shall have the following meanings set forth in this Section. Any words and terms defined herein that are not already defined in the Original Indenture are intended to supplement the definitions contained therein. Any words and terms defined herein that are already defined in the Original Indenture are intended to replace and supersede such definitions already contained therein. Capitalized terms not defined herein shall have the meanings ascribed to such terms in the Original Indenture. If any of the following definitions conflict with the definitions already set forth in the Original Indenture, the definitions set forth herein shall take precedence:

“Bond,” “Bonds” or “Series of Bonds” means any bond or bonds authenticated and delivered under and pursuant to the Indenture, including the Series 2008 Bonds and Additional Bonds.

“Bond Purchase Agreement” means the Bond Purchase Agreement among the Authority, the Original Purchaser and the Company with respect to each series of Bonds.

“Closing Date” means the date of delivery of and payment for a particular series of Bonds.

“Debt Service Reserve Requirement” means, as of any computation date, \$97,000, plus, if any Additional Bonds are issued, the least of (1) 10% of the sale proceeds of the Additional Bonds, (2) the Maximum Annual Debt Service becoming due on the Additional Bonds in any one Fiscal Year following the date for which such calculation is made, or (3) 125% of the average annual Debt Service for the Additional Bonds during any Fiscal Year. If, however, the Trustee receives an opinion of Bond Counsel that the Debt Service Reserve Requirement must be reduced in order that the amounts on deposit in the Debt Service Reserve Fund may continue to be invested without yield restriction under the Code, then the Debt Service Reserve Requirement will be reduced in conformity with that opinion. The Debt

Service Reserve Requirement may be satisfied by deposits (i) in cash, (ii) Permitted Investments, or (iii) by an insurance policy, letter of credit or surety bond issued by a Qualified Financial Institution in the amount of the Debt Service Reserve Requirement and guaranteeing payments into the Debt Service Reserve Fund as may be required under this Indenture.

"Event of Default" means (a) with respect to this Indenture, any event or occurrence as defined in **Section 701**, and (b) with respect to the Loan Agreement, any event or occurrence as defined in **Section 8.1** of the Loan Agreement.

"Interest Payment Date" means (a) with respect to the Series 1999 Bonds, March 1 and September 1 of each year, beginning on September 1, 1999; (b) with respect to the Series 2008 Bonds, June 1 and December 1 of each year, beginning on December 1, 2008, and (c) with respect to any series of Additional Bonds, the dates specified in the Supplemental Indenture authorizing the Additional Bonds.

"Original Purchaser" means UMB Scout Brokerage Services, Inc., Kansas City, Missouri, with respect to the Prior Bonds, and UMB Bank, N.A., with respect to the Series 2008 Bonds.

"Prior Bonds" means the Authority's Water Facilities Refunding Revenue Bonds (the Raytown Water Company) Series 1999A being refunded with the proceeds of the Series 2008 Bonds.

"Project" means the transmission mains and an elevated water tank at 9906 East 63rd Street (Rear), Raytown, Missouri, located on the Site, which constitute "water facilities" within the meaning of the Act, and which were paid in whole or in part, or for which the Company is reimbursed in whole or in part, from the proceeds of the sale of the Prior Bonds, and the transmission mains, vehicles and equipment, which constitute "water facilities" within the meaning of the Act, and which are paid in whole or in part, or for which the Company is reimbursed in whole or in part, from the proceeds of the sale of the Series 2008 Bonds.

"Series 2008 Bonds" means the Water Facilities Refunding and Improvement Revenue Bonds (The Raytown Water Company) Series 2008, aggregating the principal amount of \$970,000 issued pursuant to **Section 201** of this First Supplemental Indenture.

"Series 2008 Note" means the promissory note which evidences the obligation of the Company to repay the loan to the Company and which is referred to in the First Supplemental Loan Agreement and set out in **Exhibit A** to the First Supplemental Loan Agreement.

"Tax Compliance Agreement" means the Tax Compliance Agreement among the Authority, the Company and the Trustee, as from time to time amended in accordance with the provisions thereof, related to each particular series of the Bonds.

ARTICLE II

THE SERIES 2008 BONDS

Section 201. Authorization of Series 2008 Bonds.

(a) There shall be issued and secured by this First Supplemental Indenture a series of revenue bonds in the aggregate principal amount of \$970,000 for the purpose of providing funds to make a loan to the Company to refund the Prior Bonds and to finance and refinance the costs of the Project,

consisting of the "Water Facilities Refunding and Improvement Revenue Bonds (The Raytown Water Company) Series 2008." The Series 2008 Bonds are dated their date of delivery, become due on December 1 in the years and in the respective principal amounts (subject to prior redemption as hereinafter provided in Article III), and bear interest at the respective rates per annum, as follows:

SERIES 2008 BONDS

<u>Maturity</u> <u>December 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2014	\$970,000	4.23%

The Series 2008 Bonds will bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their dated date or from the most recent Interest Payment Date to which interest has been paid or duly provided for, payable on each Interest Payment Date.

(b) The Trustee is hereby designated as the Authority's paying agent for the payment of the principal of, redemption premium, if any, and interest on the Series 2008 Bonds (herein referred to as the "Paying Agent").

(c) The Series 2008 Bonds shall be numbered from R-1 consecutively upward in order of issuance and shall be issued in Authorized Denominations.

(d) The Series 2008 Bonds shall be executed substantially in the form and manner set forth in **Section 203** and delivered to the Trustee for authentication, but prior to or simultaneously with the authentication and delivery of the Series 2008 Bonds by the Trustee there shall be filed with the Trustee the following:

(1) a copy, certified by the Secretary or Assistant Secretary of the Authority, of the Resolution adopted by the Authority authorizing the issuance of the Series 2008 Bonds and the execution of this First Supplemental Indenture, the First Supplemental Loan Agreement and any other Bond Documents to which it is a party;

(2) a copy, duly certified by the Secretary or an Assistant Secretary of the Company, of the resolutions adopted and approved by the Company authorizing the execution and delivery of the First Supplemental Loan Agreement, the Series 2008 Note and the other Bond Documents to which the Company is a party, and approving this First Supplemental Indenture and the issuance and sale of the Series 2008 Bonds;

(3) an original executed counterpart of this First Supplemental Indenture, the First Supplemental Loan Agreement, the Tax Compliance Agreement and each of the other Bond Documents related to the Series 2008 Bonds;

(4) the original executed and endorsed Series 2008 Note;

(5) a request and authorization to the Trustee on behalf of the Authority, executed by an Authority Representative, to authenticate the Series 2008 Bonds and deliver said Series

2008 Bonds to the purchasers therein identified upon payment to the Trustee, for the account of the Authority, of the purchase price thereof;

(6) opinions of Bond Counsel, dated the Closing Date, in substantially the form specified by the Bond Purchase Agreement;

(7) a supplemental opinion of Bond Counsel to the effect that the Series 2008 Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(8) certificates of insurers showing that insurance coverage required by Section 5.2 of the Loan Agreement is in force and effect; and

(9) such other certificates, statements, receipts and documents required by any of the Bond Documents or as the Trustee shall reasonably require for the delivery of the Series 2008 Bonds.

(e) When the documents specified in paragraph (d) have been filed with the Trustee, and when the Series 2008 Bonds shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver the Series 2008 Bonds to or upon the order of the Original Purchaser thereof, but only upon payment to the Trustee of the purchase price of the Series 2008 Bonds. The proceeds of the sale of the Series 2008 Bonds, including accrued interest and premium thereon, if any, shall be deposited and applied as provided in **Article IV**.

Section 202. Method and Place of Payment of Bonds. The interest payable on each Bond on any Interest Payment Date shall be paid by the Trustee to the Person in whose name such Bond is registered on the Bond Register at the close of business on the Record Date for such interest, by check or draft mailed to such registered owner at his address as it appears on such Bond Register. At the written request addressed to the Trustee by any Owner of Bonds in the aggregate principal amount of at least \$500,000, interest shall be paid by electronic transfer to a bank (located in the continental United States of America) for the credit to the account number filed with the Trustee no later than 10 days preceding the Record Date. Any such written notice for electronic transfer shall be signed by such owner and shall include the name of the bank, its address, its ABA routing number and the name, number and contact name related to such owner's account at such bank to which the payment is to be credited.

Section 203. Execution and Authentication of Bonds. The Series 2008 Bonds shall have endorsed thereon a Certificate of Authentication substantially in the form set forth in **Exhibit A**, which shall be manually executed by the Trustee. No Bond shall be entitled to any security or benefit under this Indenture or shall be valid or obligatory for any purpose unless and until such Certificate of Authentication shall have been duly executed by the Trustee. Such executed Certificate of Authentication upon any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture. The Certificate of Authentication on any Bond shall be deemed to have been duly executed if signed by any authorized officer or employee of the Trustee, but it shall not be necessary that the same officer or employee sign the Certificate of Authentication on all of the Bonds that may be issued hereunder at any one time.

ARTICLE III

REDEMPTION OF BONDS

Section 301. Redemption of Series 2008 Bonds.

(a) *Mandatory Sinking Fund Redemption.* The Series 2008 Bonds are subject to the mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of this Section on December 1 in the years herein provided at a redemption price equal to **100%** of the principal amount thereof, plus accrued interest to the redemption date. The Loan Payments specified in **Section 4.1** of the Loan Agreement which are to be deposited into the Principal Account in the Debt Service Fund shall be sufficient to redeem, and the Authority shall redeem, on December 1 in each of the following years, the following principal amounts of the Series 2008 Bonds:

Series 2008 Term Bonds Maturing December 1, 2014

<u>Year</u>	<u>Principal Amount</u>
2009	\$125,000
2010	135,000
2011	145,000
2012	150,000
2013	155,000
2014	260,000

The Trustee shall, in each year in which the Series 2008 Bonds are to be redeemed pursuant to the terms of this subsection (a), make timely selection of such Series 2008 Bonds or portions thereof to be so redeemed in Authorized Denominations in such equitable manner as the Trustee may determine and shall give notice thereof as provided in **Section 304** of the Original Indenture without further instructions from the Authority or the Company. The Trustee may, upon written instructions from the Company, use moneys on hand in the Debt Service Fund to purchase Series 2008 Bonds in the open market, to the extent practical, at a price not in excess of their principal amount, and each Bond so purchased shall be credited at 100% of the principal amount thereof on the obligation of the Authority to redeem Series 2008 Bonds of the same maturity on the next mandatory redemption date applicable to Series 2008 Bonds of such maturity, and the principal amount of Series 2008 Bonds of such maturity to be redeemed by operation of this subsection (a) shall be reduced accordingly. At its option, the Authority or the Company may: (1) deliver to the Trustee for cancellation Series 2008 Bonds in the aggregate principal amount desired; or (2) furnish to the Trustee funds, together with written instructions, for the purpose of purchasing any of said Series 2008 Bonds from any Owner thereof whereupon the Trustee shall expend such funds for such purposes to such extent as may be practical; or (3) receive a credit in respect to the mandatory redemption obligation of the Authority under this subsection (a) for any Series 2008 Bonds which prior to such date have been redeemed (other than through the operation of the requirements of this subsection (a)) and cancelled by the Trustee and not theretofore applied as a credit against any redemption obligation under this subsection (a). Each Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Authority to redeem Series 2008 Bonds of the same maturity on such redemption date, and any excess of such amount shall be credited on future mandatory redemption obligations for Series 2008 Bonds of the same maturity in chronological order and the principal amount of Series 2008 Bonds of the same maturity to be

redeemed by operation of the requirements of this subsection (a) shall be accordingly reduced. If the Authority or the Company intends to exercise the option granted by the provisions of clauses (1), (2) or (3) of this subsection, the Authority or the Company, as the case may be, will furnish the Trustee a certificate signed by the Authority Representative or the Company Representative, as the case may be, indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with in respect to such mandatory redemption payment.

(b) *Optional Redemption.* The Series 2008 Bonds are subject to redemption and payment prior to maturity, at the option of the Authority, upon instructions from the Company, in whole on any date or in part at any time at a redemption price equal to 102% of the principal amount thereof, plus accrued interest thereon to the redemption date.

ARTICLE IV

CREATION OF FUNDS AND ACCOUNTS; APPLICATION OF BOND PROCEEDS AND OTHER MONEYS

Section 401. Creation of Funds and Accounts. 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 Authority to be designated as follows:

- (a) Costs of Issuance Fund.
- (b) Escrow Fund.
- (c) Debt Service Fund.
- (d) Debt Service Reserve Fund.
- (e) Rebate Fund.
- (f) Project Fund.

Section 402. Deposit of Bond Proceeds and Other Moneys.

(a) The Authority, for and on behalf of the Company, will deposit with the Trustee all of the purchase price of the Series 2008 Bonds. The Trustee will deposit and apply the purchase price as follows:

- (1) deposit the amount of \$431,200 from the proceeds of the Series 2008 Bonds to the Escrow Fund;
- (2) deposit \$519,400 from the proceeds of the Series 2008 Bonds to the Project Fund;
- (3) deposit \$13,400, representing the balance of the proceeds of the sale of the Series 2008 Bonds, to the Costs of Issuance Fund.

(b) Concurrently with the issuance and delivery of the Series 2008 Bonds, the Trustee will deposit \$150,000 from moneys held by the Trustee for the Prior Bonds to the Debt Service Reserve Fund in the amount of \$97,000, to the Project Fund in the amount of \$40,559.49, and to the Escrow Fund in the amount of \$12,440.51. Other moneys of the Company in the amount of \$13,602.50 shall be deposited

into the Costs of Issuance Fund. Any other money remaining in the funds and accounts for the Prior Bonds will be deposited into the Project Fund.

Section 403. Escrow Fund. Immediately upon deposit of the proceeds of the Bonds to the Escrow Fund, moneys in the Escrow Fund will be disbursed, without further authorization, in accordance with instructions from the Authority for payment of the Prior Bonds.

Section 404. Debt Service Reserve Fund.

(a) The Trustee will deposit in the Debt Service Reserve Fund the initial deposit required to be made under the provisions of **Section 402(a)** and **402(b)**, and any additional payments made by the Company pursuant to **Section 4.2(e)** of the Loan Agreement.

(b) Except as otherwise provided in this Indenture, moneys in the Debt Service Reserve Fund will be applied solely to the payment of the principal of and redemption premium, if any, and interest on the Bonds if sufficient moneys therefor are not available in the Debt Service Fund. In the event the balance of moneys in the Debt Service Fund is insufficient to pay principal of or interest on the Bonds when due and payable, moneys in the Debt Service Reserve Fund will be transferred into the Debt Service Fund in an amount sufficient to make up such deficiency. The Trustee may use moneys in the Debt Service Reserve Fund for such purpose whether or not the amount in the Debt Service Reserve Fund at that time equals the Debt Service Reserve Requirement. Such moneys shall be used first to make up any deficiency in the payment of interest and then principal. Moneys in the Debt Service Reserve Fund shall also be used to pay the last Bonds becoming due unless such Bonds and all interest thereon be otherwise paid.

(c) The Trustee will determine the Value of cash and Permitted Investments in the Debt Service Reserve Fund on each May 15 and November 15 beginning May 15, 2009, at the time of any withdrawal from the Debt Service Reserve Fund and at such other times as the Trustee deems appropriate. If on any valuation date, the Value of cash and Permitted Investments on deposit in the Debt Service Reserve Fund is less than 95% of the Debt Service Reserve Requirement, or at any time any amount is withdrawn from the Debt Service Reserve Fund for the purposes described above, the Trustee will immediately notify the Company of the deficiency, and instruct the Company to make additional payments pursuant to **Section 4.2(e)** of the Loan Agreement. If the Owners of not less than a majority in principal amount of Bonds then Outstanding approve another schedule of periodic payments, the amount of the deficiency will be paid by the Company to the Trustee in accordance with that schedule. If at any time of valuation, the Value of cash and Permitted Investments on deposit in the Debt Service Reserve Fund is in excess of the Debt Service Reserve Requirement, the Trustee will transfer the amount of the excess to the Debt Service Fund.

Section 405. Project Fund. Moneys in the Project Fund shall be used to pay Costs of the Project as provided in this Section.

(a) The Trustee shall disburse moneys on deposit in the Project Fund from time to time to pay or as reimbursement for payment made for the costs of the Project (other than Costs of Issuance), in each case within 3 Business Days after receipt by the Trustee of written disbursement requests of the Company signed by the Company Representative and approved by the beneficial owner of the Series 2008 Bonds, in substantially the form of **Exhibit B** hereto, and subject to the conditions set forth in this Section.

(b) In making payments and determinations pursuant to this Section, the Trustee may rely upon such written requests and accompanying certificates and statements and shall not be required to make any independent investigation in connection therewith. If for any reason the Company should decide prior to the mailing or release of payment by the Trustee of any item not to pay such item, it shall give written notice of such decision to the Trustee and thereupon the Trustee shall not make such payment. If the Authority so requests, a copy of each written disbursement request submitted to the Trustee for payment under this Section shall be promptly provided by the Trustee to the Authority. The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom, and shall file periodic statements of activity regarding the Project Fund with the Company.

(c) If after payment by the Trustee of all disbursement requests theretofore tendered to the Trustee under the provisions of subsection (a) of this Section and after receipt by the Trustee of the certificate of the Company Representative stating the Project has been completed and after all rebatable earnings have been transferred to the Rebate Fund, there shall remain any moneys in the Project Fund, such moneys shall be deposited and applied in the following order of priority: (1) in the Debt Service Reserve Fund to the extent necessary to attain the amount required to be on deposit therein with respect to the Series 2008 Bonds as of the date of such deposit, and (2) in the Debt Service Fund to pay the next successive principal payment on the Series 2008 Bonds to become due.

(d) If an Event of Default shall have occurred and the Bonds shall have been declared due and payable pursuant to the Indenture, any balance remaining in the Project Fund, other than amounts required to be transferred to the Rebate Fund pursuant to the Original Indenture, shall without further authorization be deposited in the Debt Service Fund by the Trustee with advice to the Company and to the Authority of such action.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 501. Applicability of the Original Indenture and the First Supplemental Indenture. Except as otherwise provided in this First Supplemental Indenture, the provisions of the Original Indenture are hereby ratified, approved and confirmed and incorporated herein and shall be applicable to the authorization, execution, authentication, issuance, redemption, payment, sale and delivery of the Series 2008 Bonds, the custody and the distribution of the proceeds and the security, payment, redemption and enforcement of payment thereof. This First Supplemental Indenture shall be construed as having been authorized, executed and delivered under the provisions of **Section 901(e)** of the Original Indenture.

Section 502. Consent of Trustee to First Supplemental Loan Agreement. The Trustee hereby consents and agrees to the execution and delivery of and the provisions set forth in the First Supplemental Loan Agreement.

Section 503. Severability. If any provision of this First Supplemental Indenture shall be held or deemed to be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or

provisions of this First Supplemental Indenture or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections in this First Supplemental Indenture contained shall not affect the remaining portions of this First Supplemental Indenture, or any part thereof.

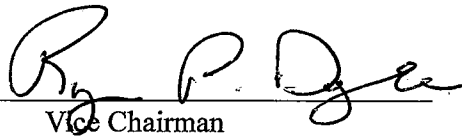
Section 504. Execution in Counterparts. This First Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Copies, telecopies, facsimiles, electronic files and other reproductions 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 505. Governing Law. This First Supplemental Indenture shall be governed exclusively by and construed in accordance with the applicable laws of the State.


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IN WITNESS WHEREOF, the Authority has caused these presents to be signed in its name and behalf and its official seal to be hereunto affixed and attested by its duly authorized officers and, to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and behalf and its corporate seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

**STATE ENVIRONMENTAL IMPROVEMENT AND
ENERGY RESOURCES AUTHORITY**

By 
Vice Chairman

(SEAL)
ATTEST:


Secretary

UMB BANK, N.A., as Trustee

[SEAL]

ATTEST:

By Brent W. Keep
Title: **Brent W. Keep**

James E. McCall
Title: **ASSISTANT SECRETARY**

**EXHIBIT A
TO INDENTURE OF TRUST**

FORM OF SERIES 2008 BONDS

THIS BOND OR ANY PORTION HEREOF MAY BE TRANSFERRED ONLY IN DENOMINATIONS OF \$100,000 OR INTEGRAL MULTIPLES OF \$5,000 IN EXCESS THEREOF TO "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF RULE 144A PROMULGATED BY THE SECURITIES EXCHANGE COMMISSION AND PURSUANT TO THE OTHER TERMS AND CONDITIONS CONTAINED IN THE INDENTURE.

UNITED STATES OF AMERICA

STATE OF MISSOURI

**Registered
No. R-_____**

**Registered
\$ _____**

**STATE ENVIRONMENTAL IMPROVEMENT AND
ENERGY RESOURCES AUTHORITY
(STATE OF MISSOURI)**

**WATER FACILITIES REFUNDING AND IMPROVEMENT REVENUE BOND
(THE RAYTOWN WATER COMPANY)
SERIES 2008**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
	December 1, 2014	September 26, 2008	

Registered Owner: _____

Principal Amount: _____ **DOLLARS**

THE STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY (STATE OF MISSOURI), a body corporate and politic and a governmental instrumentality of the State of Missouri (herein called the "Authority"), for value received, promises to pay, but solely from the sources hereinafter specified to the Registered Owner specified above, or registered assigns, the Principal Amount specified above on the Maturity Date specified above, except as the provisions hereinafter set forth with respect to redemption prior to maturity may become applicable hereto, and in like manner to pay interest on said Principal Amount at the Interest Rate per annum specified above (computed on the basis of a 360-day year of twelve 30-day months) from the Dated Date specified above 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, commencing December 1, 2008, until said Principal Amount is paid.

The principal of and interest on this Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and redemption premium, if any, on this Bond shall be payable by check or draft to the Registered Owner at the maturity or redemption date hereof upon presentation and surrender of this Bond at the principal corporate trust office of UMB Bank, N.A., in the City of Kansas City, Missouri (the "Trustee"). The interest payable on this Bond on any Interest Payment Date shall be paid by the Trustee to the Registered Owner appearing on the registration books of the Authority (the "Bond Register") maintained by the Trustee, as Bond Registrar, at the close of business on the Record Date for such interest, which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding such Interest Payment Date and shall be paid by check or draft of the Trustee mailed to such Registered Owner at his address as it appears on such Bond Register or at such other address furnished in writing by such Registered Owner to the Trustee. At the written request addressed to the Trustee by any Owner of Bonds in the aggregate principal amount of at least \$500,000, interest shall be paid by electronic transfer to the bank for credit to the account number filed with the Trustee no later than the Record Date.

This Bond is one of a series of Bonds of the Authority limited in aggregate original principal amount to \$970,000 and designated as "Water Facilities Refunding and Improvement Revenue Bonds (The Raytown Water Company) Series 2008" (the "Series 2008 Bonds"). The Series 2008 Bonds are issued for the purpose of making a loan to The Raytown Water Company, a Missouri corporation (the "Company"), to provide funds to finance and refinance the costs of certain water facilities of the Company (the "Project"), all by the authority of and in full compliance with the provisions, restrictions and limitations of the laws of the State of Missouri (the "State"), particularly Sections 260.005 to 260.125, inclusive, and Appendix B(1), RSMo (the "Act") and pursuant to proceedings duly had by the Authority. The loan will be made pursuant to the Loan Agreement dated as of July 1, 1999, as amended by the First Supplemental Loan Agreement dated as of September 1, 2008 (the Loan Agreement, as amended and supplemented from time to time in accordance with the provisions thereof, the "Loan Agreement"), between the Authority and the Company, and will be evidenced by a Promissory Note Series 2008, of the Company in the principal amount of \$970,000 (the "Series 2008 Note") delivered under the Loan Agreement.

The Series 2008 Bonds are issued under and are equally and ratably secured and entitled to the protection given by an Indenture of Trust dated as of July 1, 1999, as amended by the First Supplemental Indenture of Trust dated as of September 1, 2008 (the Indenture of Trust, as amended and supplemented from time to time in accordance with the provisions thereof, the "Indenture"), between the Authority and the Trustee, pursuant to which the rights of the Authority under the Loan Agreement and the Series 2008 Note are pledged and assigned by the Authority to the Trustee as security for the Bonds. Subject to the terms and conditions set forth therein, the Indenture permits the Authority to issue Additional Bonds (as defined in the Indenture) secured by the Indenture on a parity with the Series 2008 Bonds (the Series 2008 Bonds together with any Additional Bonds collectively the "Bonds"). The Indenture and the Loan Agreement also permit the Company to issue Additional Obligations (as defined therein) in certain circumstances which will be equally and ratably secured on a parity with the Series 2008 Bonds and the Series 2008 Note. Reference is hereby made to the Indenture for a description of the property pledged and assigned thereunder, and the provisions, among others, with respect to the nature and extent of the security for the Bonds, and the rights, duties and obligations of the Authority, the Trustee and the Owners of the Bonds, and a description of the terms upon which the Bonds are issued and secured, upon which provision for payment of the Bonds or portions thereof and defeasance of the lien of the Indenture with respect thereto may be made and upon which the Indenture may be deemed satisfied and discharged prior to payment of the Bonds.

Pursuant to the provisions of the Loan Agreement, Loan Payments sufficient for the prompt payment when due of the principal of, redemption premium, if any, and interest on the Bonds are to be paid by the Company directly to the Trustee for the account of the Authority and deposited in a Debt Service Fund and all Loan Payments under the Loan Agreement have been duly pledged and assigned to the Trustee for that purpose.

The Series 2008 Bonds are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture on December 1 in each of the years 2009 through 2014, inclusive, at 100% of the principal amount thereof plus accrued interest thereon to the redemption date. Bonds to be so redeemed shall be selected by the Trustee in such equitable manner as it may determine.

The Series 2008 Bonds are subject to redemption and payment prior to maturity at the option of the Authority, upon instructions from the Company, in whole or in part at any time, at 102% of the principal amount thereof, plus accrued interest thereon to the redemption date.

Notice of redemption, unless waived, is to be given by the Bond Registrar by mailing an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar. 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 Authority shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

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 Indenture. One Bond certificate with respect to each date on which the Bonds are stated to mature or with respect to each form of Bonds, registered in the nominee name of the Securities Depository, is being issued. 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 pursuant to the Indenture being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The Authority and the Paying Agent will recognize the Securities Depository nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The Authority and the Paying Agent will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository nominee, its participants or persons acting through such participants. While the Securities Depository nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements among the Authority, the Paying Agent and the Securities Depository.

EXCEPT AS OTHERWISE PROVIDED IN THE INDENTURE, 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 OR ANY PORTION HEREOF MAY BE TRANSFERRED ONLY IN DENOMINATIONS OF \$100,000 OR INTEGRAL MULTIPLES OF \$5,000 IN EXCESS THEREOF TO "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF RULE 144A PROMULGATED BY THE SECURITIES EXCHANGE COMMISSION AND PURSUANT TO THE OTHER TERMS AND CONDITIONS CONTAINED IN THE INDENTURE. This Bond is transferable, as provided in the Indenture, only upon the Bond Register at the above-mentioned office of the Trustee, as Bond Registrar. The Registered Owner hereof in person or by his duly authorized attorney may transfer this Bond by surrendering it to the Bond Registrar, together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same series and in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Indenture, and upon payment of the charges therein prescribed. The Authority, 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 fully registered Bonds without coupons in the denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. Subject to the conditions and upon the payment of the charges provided in the Indenture, the owner of this Bond may surrender the same (together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney), in exchange for an equal aggregate principal amount of Bonds, in any denomination authorized by the Indenture.

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 proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, 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 the Bonds or the Indenture may be made only to the extent and in the circumstances permitted by the Indenture.

The Bonds and the interest thereon are limited obligations of the Authority payable solely out of Loan Payments and other payments derived by the Authority under the Loan Agreement and are secured by a pledge and assignment of the Loan Payments and the trust estate as provided in the Indenture. The Bonds shall never constitute an indebtedness or liability of the State of Missouri or of any political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the State but shall be payable by the Authority solely from the funds provided for in the Loan Agreement and in the Indenture. The issuance of the Bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

The State shall not in any event be liable for the payment of the principal of, premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Authority. No breach by the Authority of any such pledge, mortgage, obligation or agreement may impose any liability, pecuniary or otherwise, upon the State or any charge upon its general credit or its taxing power.

The Bonds shall not constitute an indebtedness of the State and the State shall not be liable on the Bonds.

No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds of any series or for any claim based thereon or upon any obligation, covenant or agreement in the Indenture contained, against any past, present or future officer, director, member, employee or agent of the Authority, or any officer, director, member, trustee, employee or agent of any successor corporation or body politic, as such, either directly or through the Authority or any successor corporation or body politic, as such, either directly or through the Authority or any successor corporation or body politic, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, trustees, members, employees or agents, as such, is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture and the issuance of any of the Bonds.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have 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 law.

IN WITNESS WHEREOF, the **STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY** has caused this Bond to be executed in its name by the manual or facsimile signature of its Chairman or Vice Chairman and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary and its corporate seal to be affixed or imprinted hereon, all as of the Dated Date specified above.

CERTIFICATE OF AUTHENTICATION

This Bond is one of the
Bonds described in the within
mentioned Indenture.

Date of Authentication: _____

**STATE ENVIRONMENTAL IMPROVEMENT
AND ENERGY RESOURCES AUTHORITY**

By: _____
Chairman

[SEAL]

UMB BANK, N.A., Trustee

ATTEST:

By: _____
Authorized Signature

Secretary

(FORM OF ASSIGNMENT)

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

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

the within 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 thereof, with full power of substitution in the premises.

Dated: _____

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

Signature Guaranteed By:

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

By _____
Title:

**EXHIBIT B
TO INDENTURE OF TRUST**

WRITTEN REQUEST

No: _____

Date: _____

(§ 405 - PROJECT FUND)

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

Re: \$970,000 Water Facilities Refunding and Improvement Revenue Bonds (The Raytown Water Company) Series 2008 of the State Environmental Improvement and Energy Resources Authority

Ladies and Gentlemen:

You are hereby requested and directed as Trustee under the First Supplemental Indenture related to the above referenced bonds, to pay from moneys in the Project Fund, pursuant to **Section 405** of the First Supplemental Indenture, to the following payees the following amounts in payment or reimbursement for the following costs of the Project:

<u>Payee</u>	<u>Amount</u>	<u>Description of Costs of the Project</u>
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The undersigned Company Representative hereby states and certifies that:

1. Each item listed above is a valid "costs" of "water facilities" as authorized under the Act and is a proper cost of the Project that was incurred in the acquisition, construction, renovation, remodeling, expansion, completion or equipping of portions of the Project in accordance with the construction contracts and plans and specifications therefor.
2. These Project costs have been incurred by the Company under its control and are presently due and payable or have been paid by the Company under its control and are reasonable costs that are payable or reimbursable under the First Supplemental Indenture and each item thereof is a proper charge against the Project Fund.
3. Each item listed above has not previously been paid or reimbursed from moneys in the Project Fund and no part thereof has been included in any other Disbursement Request previously filed with the Trustee under the provisions of the First Supplemental Indenture or reimbursed to the Company from Bond proceeds.

4. There has not been filed with or served upon the Company any notice of any lien, right to a lien or attachment upon or claim affecting the right of any person, firm or corporation to receive payment of the amounts stated in this request, except to the extent any such lien is being contested.

5. All necessary permits and approvals required for the portion of the work on the Project for which this withdrawal is to be made have been issued and are in full force and effect.

6. To the extent this Disbursement Request is for payment to outside contractors or suppliers, lien waivers for Project costs for which payment is hereby requested have been received and are on file with the Company and will be delivered upon request.

THE RAYTOWN WATER COMPANY

By: _____
Title: _____

APPROVED:

DE LAGE LANDEN PUBLIC FINANCE LLC

By: _____
Title: _____