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# Exhibit No. 7

The Raytown Water Company – Exhibit 7  
Clevenger  
Surrebuttal  
File No. WR-2023-0344

Exhibit No.	
Issues:	Insurance Premium, EIERA Limitations, Project Status, Garage Construction, General Management Issues
Witness:	Neal S. Clevenger
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Party:	The Raytown Water Company
File No.:	WR-2023-0344
Date:	November 8, 2023

**Missouri Public Service Commission**

**Surrebuttal Testimony**

**of**

**Neal S. Clevenger**

**On Behalf of**

**The Raytown Water Company**

**November 8, 2023**

**Table of Contents**

**I. WITNESS INTRODUCTION ..... 1**

**II. PURPOSE..... 1**

**III. INSURANCE PREMIUM ..... 2**

**IV. EIERA LIMITATIONS ..... 2**

**V. PROJECT STATUS ..... 6**

**VI. GARAGE CONSTRUCTION..... 7**

**VII. GENERAL MANAGEMENT ISSUES..... 8**

**SURREBUTTAL TESTIMONY OF  
NEAL S. CLEVINGER  
THE RAYTOWN WATER COMPANY**

1 **I. WITNESS INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Neal S. Clevenger. My business address is 10017 E. 63<sup>rd</sup> Street,  
4 Raytown, Missouri 64133.

5 **Q. WHAT IS YOUR POSITION WITH THE RAYTOWN WATER COMPANY?**

6 A. I am the President and General Manager of The Raytown Water Company  
7 (“Raytown Water” or “Company”).

8 **Q. ARE YOU THE SAME NEAL S. CLEVINGER THAT PREVIOUSLY FILED  
9 DIRECT TESTIMONY AND REBUTTAL TESTIMONY IN THIS CASE?**

10 A. Yes.

11

12 **II. PURPOSE**

13 **Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN THIS  
14 CASE?**

15 A. The purpose of my Surrebuttal Testimony is to respond to certain aspects of the  
16 rebuttal testimonies of Office of the Public Counsel (“OPC”) witnesses Geoff Marke  
17 and Angela Schaben.

18

1           **III.    INSURANCE PREMIUM**

2   **Q.    OPC WITNESS MARKE AGAIN SUGGESTS THAT, “INTUITIVELY,” HE**  
3           **BELIEVES THAT THE COMPANY’S INSURANCE PREMIUM HAS INCREASED**  
4           **AS A RESULT OF LAWSUITS AGAINST THE COMPANY. (MARKE REB., P. 7-**  
5           **8) DO YOU AGREE WITH HIS ASSESSMENT?**

6   **A.    No. Attached to my Rebuttal Testimony was Schedule NSC-1- R, which showed**  
7           **those premiums for the last six years. The general liability increases have been**  
8           **fairly steady. For example, the increase from 2021 to 2022 was about \$700, and**  
9           **the increase from 2023 to 2023, was about \$1,000. Because Raytown Water**  
10          **invested in its vehicle fleet and in its plant assets, the overall increase in insurance**  
11          **premiums was due mostly to the automobile and property coverages.**

12  
13           **IV.    EIERA LIMITATIONS**

14   **Q.    OPC WITNESS MARKE INDICATES THAT “GIVEN THE COMPANY’S SIZE**  
15           **AND WHAT THE FINANCIAL SHOCK WOULD BE IF THE AMI INVESTMENT**  
16           **WERE DEEMED TO BE IMPRUDENT” HE IS “RECOMMENDING THAT THE**  
17           **COMPANY RETAIN THE COSTS FOR ITS INVESTMENT BUT THAT ANY**  
18           **PROFIT MARGIN BE ELIMINATED” IN REGARD TO THE AMI INVESTMENT.”**  
19           **(MARKE REB., P. 6) DO YOU AGREE THAT A LACK OF RETURN ON AND**  
20           **OF THE AMI INVESTMENTS WOULD CREATE A DIFFICULT FINANCIAL**  
21           **SITUATION FOR RAYTOWN WATER?**

22   **A.    Absolutely.**

1 **Q. ARE THERE OTHER CONSEQUENCES THAT COULD RESULT FROM THE**  
2 **ISSUES RAISED BY THE OPC TESTIMONY GENERALLY?**

3 A. Yes. There is a general concern as to how the revenue requirement resulting from  
4 OPC's recommendations would impact Raytown Water's EIERA Bond.

5 **Q. WHAT IS THE CONCERN?**

6 A. Section 5.9 of the Loan Agreement between Raytown Water and the State  
7 Environmental Improvement and Energy Resources Authority (State of Missouri),  
8 contains a Rate Covenant. (See **Schedule NSC-1-S**).

9 **Q. WHAT DOES THAT RATE COVENANT STATE?**

10 A. Section 5.9(a) – Rate Covenant states as follows:

11 The Company covenants and agrees that it will, prior to the close of  
12 each Fiscal Year, set rates and charges for its facilities such that the  
13 Net Revenues Available for Debt Service of the Company will not be  
14 less than 1.25 times the Average Annual Debt Service when  
15 calculated with respect to the Series 2022 Note, any Additional Notes  
16 and any Additional Obligations. If the Net Revenues Available for  
17 Debt Service, as calculated at the end of any Fiscal Year, is less than  
18 the rate covenant requirement, the Company covenants to retain a  
19 Consultant to make recommendations to increase the annual Debt  
20 Service coverage for subsequent Fiscal Years to at least the rate  
21 covenant requirement. The Company agrees that it will follow the  
22 recommendations of the Consultant. So long as the Company shall  
23 retain a Consultant and the Company shall follow such Consultant's  
24 recommendations, and so long as the Net Revenues Available for  
25 Debt Service is in no event less than 1.10 times the Average Annual  
26 Debt Service with respect to the Series 2022 Note, any Additional  
27 Notes and any Additional Obligations, this Section shall be deemed  
28 to have been complied with for such Fiscal Year even if the Average  
29 Annual Debt Service coverage is below the rate covenant  
30 requirement and will not constitute an Event of Default under this  
31 Loan Agreement. A copy of the Consultant's report shall be delivered,  
32 at the expense of the Company, to the Trustee and to any requesting  
33 Owner of the Bonds.

34

1 (emphasis added)

2 **Q. WAS THAT A PROVISION THAT WAS REQUIRED BY THE STATE OF**  
3 **MISSOURI?**

4 A. Yes.

5 **Q. HOW DO YOU INTERPRET THAT PROVISION?**

6 A. I am not an attorney. However, it appears to me that the Company must have Net  
7 Revenues Available for Debt Service not less than 1.25 times the Average Annual  
8 Debt Service. If it falls below that level, it must hire a consultant to address how  
9 to correct the issue. However, if the Company's Net Revenues Available for Debt  
10 Service falls below 1.1 times the Average Annual Debt Service, it will constitute an  
11 Event of Default.

12 **Q. WHAT IS THE "AVERAGE ANNUAL DEBT SERVICE"?**

13 A. The "Average Annual Debt Service" is defined by the Indenture as "the average  
14 amount of Debt Service as computed with respect to the then-current Fiscal Year  
15 and all future Fiscal Years during which any Bonds remain outstanding."

16 **Q. WHAT IS THE CURRENT AVERAGE ANNUAL DEBT SERVICE FOR RAYTOWN**  
17 **WATER UNDER THE EIERA BOND?**

18 A. Approximately \$355,000. Attached as **Schedule NSC-2-S** is a document that  
19 identifies Raytown Water's Bond Debt Service on a yearly basis.

20 **Q. DOES RAYTOWN WATER HAVE ANY ADDITIONAL NOTES OR**  
21 **OBLIGATIONS?**

1 A. Yes. As a result of the authority granted to Raytown Water in Commission File No.  
2 WF-2021-0131, it has also issued cumulative Preferred Stock.

3 **Q. WHAT ARE THE COMPANY'S ANNUAL OBLIGATIONS UNDER THAT**  
4 **PREFERRED STOCK?**

5 A. Currently, 283 shares of the preferred stock have been issued, at a total face  
6 amount of \$2,830,000. The dividends (the equivalent of interest) on these shares  
7 is approximately \$212,250 annually using the January 1, 2023, prime rate of 7.5%.  
8 Additionally, the preferred shareholders have a right to request redemption once  
9 they have held their stock for two years.

10 **Q. GIVEN THAT, WHAT WOULD BE 1.25 TIMES THE AVERAGE ANNUAL DEBT**  
11 **SERVICE?**

12 A. Not taking into account the obligations associated with preferred stock  
13 redemptions, it would be approximately \$702,812.50.<sup>1</sup>

14 **Q. WOULD THAT AMOUNT OF COVERAGE PROVIDE ANY ROOM FOR**  
15 **ADDITIONAL FINANCING OR ANY INCREASES IN COSTS OF OPERATION?**

16 A. It would not.

17 **Q. HOW MUCH OF THE PREFERRED STOCK IS CURRENTLY ELIGIBLE FOR**  
18 **REDEMPTION?**

19 A. 107 shares, or a face amount of \$1,070,000 as of November 6, 2023.

20 **Q. WHAT ARE THE "NET REVENUES AVAILABLE FOR DEBT SERVICE"?**

---

<sup>1</sup>  $(\$350,000 + \$212,250 = \$562,250) * 1.25 = \$702,812.50.$



1 A. The “Net Revenues Available for Debt Service,” is defined by the Indenture to  
2 mean, “as to any period of time, all Revenues of the Company minus Total  
3 Expenses of the Company other than depreciation, amortization and interest.”

4 **Q. DO YOU KNOW WHETHER THE “REVENUES OF THE COMPANY MINUS**  
5 **TOTAL EXPENSES OF THE COMPANY OTHER THAN DEPRECIATION,**  
6 **AMORTIZATION AND INTEREST” RESULTING FROM THIS CASE IF OPC’S**  
7 **RECOMMENDATIONS ARE ORDERED WILL EXCEED 1.25 TIMES THE**  
8 **AVERAGE ANNUAL DEBT SERVICE?**

9 A. I do not. However, it is a question with extremely significant implications. It would  
10 be a strange situation if Raytown Water received permission to enter into EI ERA  
11 financing, based in large part on the installation of AMI, from the State of Missouri  
12 (Commission Case No. WF-2021-0427); the State of Missouri approved the  
13 issuance of those bonds, based in large part on the installation of AMI (State  
14 Environmental Improvement And Energy Resources Authority); and then the State  
15 of Missouri put those bonds at risk because they were used in large part to install  
16 AMI, based on the recommendations of the State of Missouri (Office of the Public  
17 Counsel).

18

19 **V. PROJECT STATUS**

20 **Q. OPC WITNESS SCHABEN PROVIDES A “STATUS” OF PROJECTS THAT**  
21 **WERE INITIALLY IDENTIFIED WHEN RAYTOWN WATER OBTAINED**  
22 **AUTHORITY TO UTILIZE THE STATE ENVIRONMENTAL IMPROVEMENT**

1           **AND ENERGY RESOURCES AUTHORITY (EIERA) FINANCING. (SCHABEN**  
2           **REB., P. 1-2). DO YOU AGREE WITH MS. SCHABEN’S DESCRIPTION OF THE**  
3           **STATUS AS OF TODAY?**

4    A.    Generally, yes.  However, as Raytown Water witness Thompson discusses, the  
5           vehicles mentioned in item 5 were purchased between May 2022 and December  
6           2022.  Also, as to item 8, the Company paid additional issuance costs out of the  
7           general operating account in the amount of \$53,240.00.

8  
9           **VI.    GARAGE CONSTRUCTION**

10   **Q.    OPC WITNESS SCHABEN QUOTES STAFF WITNESS WILLIAMS AS**  
11           **STATING “COMPANY DID NOT CONSTRUCT A NEW GARAGE DUE TO**  
12           **VARIOUS 6 LEGAL ISSUES AND THE INCREASE IN COST OF MATERIALS.”**  
13           **(SCHABEN REB., P. 7). WHY HAS THE GARAGE NOT YET BEEN**  
14           **CONSTRUCTED?**

15    A.    The original timeline for constructing a new garage was in the summer/fall of 2024.  
16           As the bond proceeds were paying the interest until March 2024, the Company  
17           planned to match the amount from the general checking into a special account for  
18           the garage funding.  However, due to cash flow, the Company has not been able  
19           to do so, and Raytown Water does not anticipate constructing the garage in 2024.

20   **Q.    WHAT WAS THE ORIGINAL ESTIMATE FOR THE GARAGE AS REPORTED**  
21           **AT THE TIME OF THE FINANCING CASE?**

22    A.    It was estimated at approximately \$350,000.

1 **Q. ON PAGE 7 OF HER REBUTTAL TESTIMONY, MS. SCHABEN IS ASKED, BUT**  
2 **DOES NOT ANSWER, WHETHER THE COMPANY FORMULATED “AN**  
3 **ALTERNATIVE PLAN FOR ACHIEVING NEW GARAGE CONSTRUCTION.”**  
4 **WHAT ARE THE COMPANY’S CURRENT INTENTIONS AS TO THE GARAGE?**

5 A. We still hope to be in a position to move forward with that project in the future as  
6 finances will allow.

7 **Q. COP WITNESS SCHABEN FURTHER SUGGESTS THAT “SHOULD THE**  
8 **COMPANY CONSTRUCT A NEW GARAGE IN THE FUTURE, THE GARAGE**  
9 **CONSTRUCTION COSTS SHOULD BE BORNE BY RWC’S SHAREHOLDERS**  
10 **AND NOT RECOVERED FROM RATEPAYERS.” (SCHABEN REB., P. 8) HOW**  
11 **DO YOU RESPOND TO THAT SUGGESTION?**

12 A. It does not make logical sense to me. The construction of the garage, whether in  
13 the past or in the future, if found to be prudent based on its ability to better protect  
14 the vehicle fleet from the theft and vandalism, would be a part of utility plant, on  
15 which the Company would, presumably, receive a return on (at a Commission  
16 authorized rate of return) and a return of (through depreciation). I do not know  
17 how anyone could make a finding today as to the prudence of a garage that is not  
18 yet constructed.

19

20 **VII. GENERAL MANAGEMENT ISSUES**

21 **Q. OPC WITNESS SCHABEN NOTES THAT THE EIERA THE BOND LANGUAGE**  
22 **WAS CHANGED TO LET PART OF THE PROCEEDS PAY INTEREST**

1           **THROUGH MARCH 2024, TOTALING \$297,958. WHY DID THE COMPANY**  
2           **TAKE THIS STEP?**

3    A.    The Company hoped to alleviate cash flow issues by utilizing the funds in this  
4           fashion. If sufficiently alleviated, the Company hoped to then start saving for the  
5           construction of the garage. However, the cash flow has still not been sufficient to  
6           allow for this.

7    **Q.    MS. SCHABEN STATES THAT FUNDING HAS “DRIED UP FOR ITEMS THAT**  
8           **WOULD BENEFIT BOTH THE COMPANY AND RATEPAYERS, SUCH AS**  
9           **UPGRADING METER WELLS.” (SCHABEN REB., P. 8) HAS FUNDING FOR**  
10          **METER WELLS “DRIED UP”?**

11   A.    No. The Company is still improving meter wells.

12   **Q.    HOW ARE THOSE METER WELL IMPROVEMENTS FUNDED?**

13   A.    As we find it necessary to improve meter wells, we are able to fund those  
14          improvements utilizing the general operating account and our current field  
15          employees.

16   **Q.    OPC WITNESS SCHABEN FURTHER ALLEGES THAT THE COMPANY HAS**  
17          **SHOWN IT IS UNABLE TO MANAGE ITS BUSINESS WITHIN THE LIMITS OF**  
18          **JUST AND REASONABLE RATES.” (SCHABEN REB., P. 8) HOW DO YOU**  
19          **RESPOND TO THAT ALLEGATION?**

20   A.    First, there seems to be no allegation that Raytown Water has charged anything  
21          other than the rates that have been found to be “just and reasonable” through  
22          proceedings before this Commission. Thus, the Company has indeed operated

1 within “the limits of just and reasonable rates.” Moreover, Ms. Schaben’s  
2 reasoning behind this allegation seems to be the fact that Raytown Water filed a  
3 Staff Assisted Rate Case in March of 2020, and then approximately three years  
4 later filed a Staff Assisted Rate Case in April of 2023. The 2023 rate case, of  
5 course, would have been expected given the projects that were outlined in  
6 Raytown Water’s most recent financing cases, and even OPC’s revenue  
7 requirement as of Rebuttal Testimony would seem to reflect that a rate increase at  
8 this time is appropriate.

9 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**


10 **A.** Yes, it does.

**VERIFICATION OF NEAL S. CLEVINGER**

STATE OF MISSOURI     )  
  )  
COUNTY OF Jackson    )

I, Neal S. Clevenger, of lawful age, under penalty of perjury, and pursuant to Section 509.030, RSMo, state as follows:

1.     My name is Neal S. Clevenger. I am the President and General Manager for The Raytown Water Company. My business address is 10017 E. 63<sup>rd</sup> Street, Raytown, Missouri 64133.
  
2.     My surrebuttal testimony on behalf of The Raytown Water Company is attached to this verification.
  
3.     My answers to each question in the attached surrebuttal testimony are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Neal S. Clevenger  
Nov. 6, 23  
\_\_\_\_\_  
Date

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

**and**

**THE RAYTOWN WATER COMPANY**

**LOAN AGREEMENT**

**Dated as of July 1, 2022**

**Relating to**

**\$5,000,000  
Water Facilities Revenue Bonds  
(The Raytown Water Company)  
Series 2022**

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**LOAN AGREEMENT**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Parties</b> .....	1
<b>Recitals</b> .....	1

**ARTICLE I**

**DEFINITIONS; RULES OF CONSTRUCTION**

<b>Section 1.1.</b>	Definitions of Words and Terms .....	2
<b>Section 1.2.</b>	Rules of Construction .....	2

**ARTICLE II**

**REPRESENTATIONS**

<b>Section 2.1.</b>	Representations by the Authority .....	2
<b>Section 2.2.</b>	Representations by the Company .....	3

**ARTICLE III**

**LOAN TO THE COMPANY; USE OF PROCEEDS**

<b>Section 3.1.</b>	Loan of Funds to the Company .....	6
<b>Section 3.2.</b>	Use of Proceeds .....	6

**ARTICLE IV**

**LOAN PAYMENTS AND OTHER PAYMENTS**

<b>Section 4.1.</b>	Loan Payments.....	6
<b>Section 4.2.</b>	Additional Payments.....	7
<b>Section 4.3.</b>	Credits on Loan Payments .....	8
<b>Section 4.4.</b>	Obligations of Company Unconditional .....	9
<b>Section 4.5.</b>	Prepayment of the Notes.....	9

**ARTICLE V**

**COVENANTS OF THE COMPANY**

<b>Section 5.1.</b>	Maintenance and Use of Facilities .....	9
<b>Section 5.2.</b>	Maintenance of Corporate Existence and Status.....	10
<b>Section 5.3.</b>	Compliance With Laws, Orders and Regulations .....	11
<b>Section 5.4.</b>	Taxes, Charges and Assessments .....	11
<b>Section 5.5.</b>	Payment of Obligations .....	11



<b>Section 5.6.</b>	Insurance.....	11
<b>Section 5.7.</b>	Damage or Destruction .....	12
<b>Section 5.8.</b>	Condemnation or Loss of Title .....	13
<b>Section 5.9.</b>	Rate Covenant.....	14
<b>Section 5.10.</b>	Restriction on Encumbrances .....	15
<b>Section 5.11.</b>	Sale, Lease or Other Disposition of Property .....	15
<b>Section 5.12.</b>	Merger, Consolidation, Sale or Conveyance.....	16
<b>Section 5.13.</b>	Indemnity .....	17
<b>Section 5.14.</b>	Financial Statements and Other Information .....	17
<b>Section 5.15.</b>	Tax Covenants.....	18
<b>Section 5.16.</b>	Licenses and Permits .....	18
<b>Section 5.17.</b>	Certain Employees to be Bonded.....	19
<b>Section 5.18.</b>	Environmental Matters .....	19

**ARTICLE VI**

**PERMITTED INDEBTEDNESS**

<b>Section 6.1.</b>	Additional Bonds and Additional Notes .....	20
<b>Section 6.2.</b>	Additional Obligations.....	21
<b>Section 6.3.</b>	Restrictions as to Incurrence of Additional Indebtedness .....	22
<b>Section 6.4.</b>	Calculation of Debt Service.....	24

**ARTICLE VII**

**TERM AND TERMINATION OF LOAN AGREEMENT**

<b>Section 7.1.</b>	Term of Loan Agreement .....	25
<b>Section 7.2.</b>	[Reserved].....	26
<b>Section 7.3.</b>	Defeasance.....	26

**ARTICLE VIII**

**DEFAULT AND REMEDIES**

<b>Section 8.1.</b>	Events of Default .....	26
<b>Section 8.2.</b>	Remedies Upon Default.....	27
<b>Section 8.3.</b>	Authority May Enforce Demand .....	28
<b>Section 8.4.</b>	Appointment of Receiver.....	29
<b>Section 8.5.</b>	Remedies Cumulative.....	29
<b>Section 8.6.</b>	Uniform Commercial Code, Rights of a Secured Creditor.....	29
<b>Section 8.7.</b>	Waiver of Extension, Stay Laws .....	29
<b>Section 8.8.</b>	Authority’s Right to Perform Company’s Covenants .....	30
<b>Section 8.9.</b>	Right of Entry by Authority.....	30
<b>Section 8.10.</b>	Application of Moneys Collected .....	30

**ARTICLE IX**

**ASSIGNMENTS**

**Section 9.1.** Assignment of Security Interest in Unrestricted Receivables and Water Purchase Contracts and Mortgage, Pledge and Assignment Under the Mortgage ..... 30

**Section 9.2.** Assignment of Authority’s Rights..... 31

**Section 9.3.** Revenues..... 31

**ARTICLE X**

**MISCELLANEOUS PROVISIONS**

**Section 10.1.** Amendments, Changes and Modifications ..... 32

**Section 10.2.** Instruments of Further Assurance ..... 32

**Section 10.3.** Payments Due on Saturdays, Sundays and Holidays ..... 32

**Section 10.4.** Notices ..... 32

**Section 10.5.** Immunity of Officers, Directors, Employees and Members of the Authority and the Trustee ..... 32

**Section 10.6.** No Violations of Law ..... 33

**Section 10.7.** Severability ..... 33

**Section 10.8.** Counterparts..... 33

**Section 10.9.** Governing Law ..... 33

**Section 10.10.** Entire Agreement ..... 33

**Signatures** .....S-1

**Schedule 1** - The Site

**Exhibit A** - Form of Promissory Note

\* \* \*

**LOAN AGREEMENT**

**THIS LOAN AGREEMENT**, (the “Loan Agreement”), made and entered into as of July 1, 2022, by and between 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 (the “Authority”), and **THE RAYTOWN WATER COMPANY**, a corporation organized and existing under the laws of the State of Missouri (the “Company”);

**WITNESSETH:**

**WHEREAS**, the State Environmental Improvement and Energy Resources Authority, a body corporate and politic and a governmental instrumentality of the State of Missouri (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/or notes to make loans to finance the acquisition, construction, reconstruction, enlargement, improvement, furnishing, equipping, maintaining, repairing, operating or leasing of a facility including land, disposal areas, buildings, fixtures, machinery and equipment acquired or constructed, or to be acquired or constructed for the purpose of providing any facilities for the furnishing of water for industrial, commercial, agricultural or community purposes including, but not limited to wells, reservoirs, dams, pumping stations, water lines, sewer lines, treatment plants, stabilization ponds, related equipment and machinery and to issue refunding bonds; and

**WHEREAS**, the Act provides that any bonds or notes issued by the Authority shall be payable out of the revenues of the Authority including all rents, installment payments on notes, revenues, charges and other income received by the Authority in connection with any such project, and authorizes and empowers the Authority to pledge any of its revenues for such payment; and

**WHEREAS**, The Raytown Water Company (the “Company”) has requested that the Authority issue revenue bonds for the purpose of making a loan to the Company to provide funds (a) to acquire, construct, extend and improve it facilities for the furnishing of water for community purposes (the “Project”) and (b) to pay certain costs related to the issuance of the bonds, all as more fully defined and described hereinafter and in the Indenture, in consideration of payments which will be sufficient to pay the principal of, redemption premium, if any, and the interest on the bonds issued by the Authority; and

**WHEREAS**, in order to provide funds to make the loan to the Company, the Authority proposes to issue \$5,000,000 principal amount of Water Facilities Revenue Bonds (The Raytown Water Company) Series 2022 (the “Series 2022 Bonds”), pursuant to the Act and an Indenture of Trust dated as of July 1, 2022 (the “Indenture”) by and between the Authority and UMB Bank, N.A., Kansas City, Missouri, as Trustee (the “Trustee”); and

**WHEREAS**, to evidence the loan, the Company is, concurrently with the delivery hereof, issuing to the Authority its Promissory Note, Series 2022 (the “Series 2022 Note”), in the principal amount of \$5,000,000, substantially in the form attached hereto as **Exhibit A**; and

**WHEREAS**, the Authority and the Company are entering into this Loan Agreement to provide for the loan of the proceeds of the Series 2022 Bonds to the Company and the repayment of the Series 2022 Note.

**NOW, THEREFORE**, in consideration of the premises and the mutual representations, covenants and agreements herein set forth, the Authority and the Company do hereby covenant and agree as follows:

## ARTICLE I

### DEFINITIONS; RULES OF CONSTRUCTION

**Section 1.1. Definitions of Words and Terms.** Capitalized words and terms used in this Loan Agreement, unless the context requires otherwise, shall have the same meanings as set forth in the Indenture.

**Section 1.2. Rules of Construction.**

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

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

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

(d) Accounting terms used herein and not otherwise defined herein or in the Indenture shall have the meaning ascribed to them by accounting principles generally accepted in the United States of America.

(e) References herein to any particular section of the Code, the Act, any other legislation or federal or state regulations shall be deemed to refer also to any successor section thereto or to redesignations thereof for codification purposes.

## ARTICLE II

### REPRESENTATIONS

**Section 2.1. Representations by the Authority.** The Authority represents to the Company and the Trustee that:

(a) *Organization and Authority.* The Authority (1) is a governmental instrumentality and body corporate and politic duly organized and existing under the laws of the State, and (2) has lawful power and authority to enter into, execute and deliver this Loan Agreement and to carry out its obligations hereunder and to endorse and deliver the Series 2022 Note, and by all necessary corporate action has been duly authorized to execute and deliver this Loan Agreement and the Series 2022 Note and any other Bond Documents required to be executed and delivered by it in connection with the issuance of the Series 2022 Bonds, acting by and through its duly authorized officers.

(b) *No Defaults or Violations of Law.* The execution and delivery of this Loan Agreement, the Series 2022 Note and any other Bond Documents by the Authority will not result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement

or instrument to which the Authority is a party or by which it or any of its property is bound or its bylaws or any of the constitutional or statutory rules or regulations applicable to the Authority or its property.

**Section 2.2. Representations by the Company.** The Company represents to the Authority and the Trustee that:

(a) *Organization and Authority.* The Company is a corporation duly organized, legally existing and in good standing under the laws of the State and is in good standing under the laws of all jurisdictions wherein the business transacted by it makes such qualification necessary and has all requisite power and authority and all necessary licenses and permits to own and operate its properties and to carry on its business as now conducted and as presently proposed to be conducted and to enter into those Bond Documents to which it is a party and the other agreements referred to herein and transactions contemplated thereby and to carry out the provisions and conditions of those Bond Documents to which it is a party.

(b) *No Defaults or Violations of Law.* The execution and delivery of this Loan Agreement, the Series 2022 Note, and other Bond Documents by the Company will not conflict with or result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Company is a party or by which it or any of its property is bound, or its articles of incorporation or bylaws, or any of the rules or regulations applicable to the Company or its property of any court or other governmental body.

(c) *Governmental Approvals.* The Company is duly authorized and licensed to operate its water facilities under the laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof, and the Company has obtained all requisite approvals of the State and other federal, regional and local governmental bodies relating to the acquisition, construction, equipping and operation of its water facilities. The Company's water facilities are in all material respects in compliance with applicable federal, state and local zoning, subdivision, environmental, pollution control and other laws, rules, regulations, codes and ordinances.

(d) *Use of Proceeds.* The proceeds of the Bonds will be used by the Company solely (1) to finance the Cost of the Project and (2) to pay certain costs related to the issuance of the Series 2022 Bonds.

(e) *Pending Litigation.* No litigation, proceedings or investigations are pending or, to the knowledge of the Company, threatened against the Company, except: (1) litigation involving claims for liability, the probable recoveries in which and the estimated costs and expenses of defense of which, in the opinion of general counsel to the Company, will be entirely within the Company's applicable insurance policy limits (subject to applicable deductibles) or are not in excess of the total of the available reserves held under the Company's applicable self-insurance program, and (2) litigation involving other types of claims which if adversely determined will not, in the opinion of general counsel to the Company, materially and adversely affect the financial condition or operations of the Company. In addition, no litigation, proceedings or investigations are pending or, to the knowledge of the Company, threatened against the Company seeking to restrain, enjoin or in any way limit the approval or issuance and delivery of the Loan Agreement, the Indenture, the Mortgage, the Series 2022 Note, the Tax Compliance Agreement or any other required Bond Documents by the Authority or the Series 2022 Note, the Loan Agreement, the Tax Compliance Agreement or any other required Bond Documents by the Company or which would in any manner challenge or adversely affect the corporate existence or powers of the Company to enter into and carry out the transactions described in or contemplated by or the execution, delivery, validity or performance by the Company of the terms and provisions of the Series 2022 Note, or this Loan Agreement or any of the Bond Documents to which it is a party.

(f) *Financial Statements.* The financial statements of the Company, which have been delivered to the Authority correctly and fairly present the financial condition of the Company as of the dates and for the periods stated therein, and the results of the operations of the Company for each of such periods, respectively, all in accordance with accounting principles generally accepted in the United States of America consistently applied except as stated in the notes thereto, and there has been no material adverse change in the condition, financial or otherwise, of the Company from that set forth in said financial statements.

(g) *Full Disclosure.* The financial statements referred to in paragraph (f) of this Section do not, nor does this Loan Agreement, the Series 2022 Note or any other of the Bond Documents to which the Company is a party or any written statement furnished by the Company to the Authority, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein or herein not misleading. There is no fact which the Company has not disclosed to the Authority in writing which materially affects adversely or, so far as the Company can now foresee, will materially affect adversely the financial condition of the Company, its ability to own and operate its properties or its ability to make the payments or satisfy its other obligations hereunder and under the Series 2022 Note when and as the same become due and payable.

(h) *Enforceability.* Each of the Bond Documents to which the Company is a party is a valid and binding agreement of the Company enforceable in accordance with its terms (subject as to enforcement, but not the validity, to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally and to applicable principles of equity if equitable remedies are sought.)

(i) *Warranty of Title.* The Company has good and marketable title to all of its Property, free and clear of all mortgages, liens, security interests, charges and encumbrances except Permitted Encumbrances, and there exists no mortgage, lien, security interest, charge or encumbrance (including, without limitation, any mechanic's lien or judgment lien) on such Property that has or will have a material adverse effect upon the Company's operations or the performance of the Company's obligations under this Loan Agreement. The Company has, pursuant to the Mortgage, conveyed to the Authority and the Mortgage Trustee a valid mortgage lien on the real property (described in the Mortgage), and has granted to the Authority a valid security interest in the personal property (described in the Mortgage). The Company is lawfully possessed of all of such property and is the owner thereof as aforesaid free and clear of all mortgages, liens, security interests, charges or encumbrances whatever except the Permitted Encumbrances and the interest of the Trustee, the bondowners and the Authority under the Bond Indenture; and the Company has full power and authority to mortgage the Real Property and to grant a security interest in the Personal Property to the Authority.

(j) *Environmental Matters.* The Company covenants, represents and warrants, with respect to Property of the Company or any of its Affiliates, that such Property, during the period of ownership by the Company or any of its Affiliates, has complied with and will comply with, and the Company and its Affiliates are not in violation of and will not violate, in connection with the ownership, use, maintenance or operation of such Property and the conduct of the business related thereto, any applicable "Environmental Law," as hereinafter defined, relating to "Hazardous Materials," as hereinafter defined. The term "Environmental Law" shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Materials and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601, et seq.), the

Hazardous Materials Transportation Act, as amended (49 U.S.C. Section 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et seq.), the Clean Air Act, the Federal Water Pollution Control Act of 1972, and the Superfund Amendments and Reauthorization Act of 1986. The term “Hazardous Materials” shall mean any flammable explosives, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum-based products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials as set forth in any Environmental Law or other materials which may or could pose a hazard to the health and safety of the occupants of the Property or the occupants and/or owners of property near the Property. To the best knowledge of the Company, in all material respects, (1) no Hazardous Materials are now or have been stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited or disposed of in, upon, under, over or from the Property of the Company or any of its Affiliates in violation of any Environmental Law; (2) no threat exists of a discharge, release or emission of a Hazardous Material upon or from the Property of the Company or any of its Affiliates into the environment in violation of any Environmental Law; (3) none of the Property of the Company or any of its Affiliates have been used as or for a mine, a landfill, a dump or other disposal facility, industrial or manufacturing facility, or a gasoline service station; (4) no underground storage tank is now located on the Property of the Company or any of its Affiliates, or has previously been located therein and removed therefrom, in violation of any Environmental Law (except for underground storage tanks for which all required permits have been obtained and that are in full compliance with all Environmental Law); (5) there are no electrical transformers or other equipment containing dielectric fluid containing polychlorinated biphenyls located in, on or under the Property of the Company or any of its Affiliates, nor is there any friable asbestos contained in, on or under the Property of the Company or any of its Affiliates, nor will the Company or any of its Affiliates permit the installation of the same; (6) no violation of any Environmental Law now exists relating to the Property of the Company or any of its Affiliates, no notice of any such violation or any alleged violation thereof has been issued or given by any governmental entity or agency, and there is not now any investigation or report involving the Property of the Company or any of its Affiliates by any governmental entity or agency which in any way relates to Hazardous Materials; (7) no person, party or private or governmental agency or entity has given any notice of or asserted any claim, cause of action, penalty, cost or demand for payment or compensation, whether or not involving any injury or threatened injury to human health, the environment or natural resources, resulting or allegedly resulting from any activity or event described in (1) above; (8) there are not now any actions, suits, proceedings or damage settlements relating in any way to Hazardous Materials, in, upon, under, over or from the Property of the Company or any of its Affiliates; (9) none of the Property of the Company or any of its Affiliates is listed in the United States Environmental Protection Agency’s National Priorities List of Hazardous Waste Sites nor any other log, list, schedule, inventory or record of Hazardous Materials or Hazardous Waste Sites whether maintained by the United States, or any state or local governmental unit; and (10) none of the Property of the Company or any of its Affiliates is subject to any lien or claim for lien or threat of a lien in favor of any governmental entity or agency as a result of any release or threatened release of any Hazardous Material.

(k) *Survival.* All representations of the Company contained herein or in any Bond Document shall survive subsequent to the issuance and delivery of the Series 2022 Bonds.

## ARTICLE III

### LOAN TO THE COMPANY; USE OF PROCEEDS

#### Section 3.1. Loan of Funds to the Company.

(a) The Authority hereby agrees that simultaneously with the execution and delivery of this Loan Agreement, it will loan the proceeds of the sale of the Series 2022 Bonds to the Company, and the Company agrees to receive such loan from the Authority, for the purposes provided herein and in the Indenture.

(b) The loan shall be evidenced by the Series 2022 Note in the principal sum of \$5,000,000.

**Section 3.2. Use of Proceeds.** The proceeds of the Series 2022 Bonds shall be deposited with the Trustee and applied as provided in the Indenture and in this Loan Agreement (a) to fund the Costs of the Project, (b) to fund capitalized interest on the Series 2022 Bonds, and (c) to pay certain costs related to the issuance of the Series 2022 Bonds.

## ARTICLE IV

### LOAN PAYMENTS AND OTHER PAYMENTS

#### Section 4.1. Loan Payments.

(a) *Loan Payments on All Notes.* The Company will duly and punctually pay the principal of, redemption premium, if any, and interest on the Notes on the dates and at the places and in the manner specified in the Notes and in this Loan Agreement, according to the true intent and meaning thereof and hereof. Notwithstanding any schedule of payments upon the Notes set forth herein or in the Notes, the Company agrees to make payments upon the Notes and be liable therefor at the times and in the amounts (including principal, interest and redemption premium, if any) equal to the amounts to be paid as interest, premium, if any, and principal whether at maturity or by redemption upon the Bonds from time to time Outstanding under the Indenture.

(b) *Loan Payments on the Series 2022 Note.* To provide for the payment of the Series 2022 Note, and the principal of, redemption premium, if any, and interest on the Series 2022 Bonds, the Company hereby covenants and agrees that it will make the following payments directly to the Trustee, from moneys available to the Company, for the account of the Authority, for deposit in the Debt Service Fund, on the following dates, and otherwise as set out below:

(1) *Debt Service Fund -- Interest:* On the fifteenth day of each calendar month (or on the next Business Day thereafter if the fifteenth is not a Business Day), commencing August 15, 2022, a pro rata portion of interest due on the Bonds on September 1, 2022, and on the fifteenth day of each calendar month thereafter (or on the next Business Day thereafter if the fifteenth is not a Business Day) commencing with the month of September 2022, an amount which is not less than one-sixth of the interest to become due on the next Interest Payment Date on the Bonds; provided, however that the Company may be entitled to certain credits on such payments as permitted under **Section 4.3** hereof.

(2) *Debt Service Fund -- Principal:* On the fifteenth day of each month (or on the next Business Day thereafter if the fifteenth is not a Business Day) commencing August 15, 2022 and ending on February 15, 2023, a pro rata portion of principal due on the Bonds on March 1,



2023, and on the fifteenth day of each month thereafter (or on the next Business Day thereafter if the fifteenth is not a Business Day) commencing March 15, 2023, an amount which is not less than one-twelfth of the next installment of principal due on the Bonds, whether by maturity, mandatory sinking fund redemption or otherwise; provided, however, that the Company may be entitled to certain credits on such payments as permitted under **Section 4.3** hereof.

(3) *Debt Service Fund -- Redemption:* On the date required by this Loan Agreement or the Indenture, the amount of any Net Proceeds or other moneys received which is intended or required to redeem Bonds then Outstanding if the Company exercises its right to redeem Bonds under **Section 302** of the Indenture.

The payments required to be made by paragraphs (a) and (b) of this **Section 4.1** are sometimes hereinafter referred to as “Loan Payments.”

Unpaid Loan Payments for the Bonds shall bear interest at the rate of the Prime Rate plus 2% calculated on the actual number of days elapsed and a 360-day year. Any interest charged and collected on an unpaid Loan Payment shall be deposited to the credit of the Debt Service Fund and applied to pay interest on overdue amounts in accordance with **Section 707** of the Indenture.

Any supplements to this Loan Agreement authorizing the issuance of Additional Bonds and Additional Notes shall provide for similar monthly deposits into the Debt Service Fund of amounts sufficient to insure the prompt payment of the principal of, premium, if any, and interest on any Additional Bonds or Additional Notes as the same become due.

**Section 4.2. Additional Payments.** The Company agrees to make the following payments, in addition to the Loan Payments, to the following persons:

(a) *Rebate Payments.* To the Trustee, all rebate payments required under Section 148(f) of the Code, to the extent such amounts are not available to the Trustee in the Rebate Fund or other funds and accounts held under the Indenture.

(b) *Trustee Fees and Professional Fees.* To the Trustee and any Paying Agent, registrars, counsel, accountants, engineers and other Persons when due, all reasonable fees, charges and expenses of such Persons for services rendered under the Indenture and under any of the Bond Documents and expenses incurred in the performance of such services under the Indenture and any of the Bond Documents for which such Persons are entitled to payment or reimbursement.

(c) *Authority Fees.* To the Authority upon demand, its regular fees and charges and all reasonable expenses incurred by the Authority in relation to the transactions contemplated by this Loan Agreement, the Indenture and any of the Bond Documents which are not otherwise required to be paid by the Company under the terms of this Loan Agreement, including all fees and charges of the Authority as provided for under the Act.

(d) *Advances.* To the Authority or the Trustee, as the case may be, the amount of all advances of funds made by any of them under the provisions of **Section 8.8** hereof, with interest thereon at the Prime Rate, plus 2%.

(e) *Attorneys Fees and Other Expenses.* Notwithstanding anything to the contrary contained herein, the Company also covenants and agrees, at its expense, to pay, and to indemnify the Authority and the Trustee from and against, all liabilities, losses, costs, expenses and charges, including reasonable counsel fees, incurred for the collection of payments due hereunder or for the enforcement or performance

or observance of any covenant or agreement of the Company hereunder or under any Note, or the Indenture, or any other Bond Document.

(f) *Taxes and Assessments.* The Company shall pay all taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including property and other taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding any taxes based upon the capital of and/or income, fees and/or expenses received by the Trustee in its individual capacity, or any other Person other than the Company; provided, however, that the Company shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, as the case may be, at the Company's expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Company shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest, or contest would materially adversely affect the rights or interests of the Authority or the Trustee.

(g) *Certain Payments to Third Parties.* The Company agrees to pay all fees and expenses related to any services provided pursuant to the Bond Documents for Accountants, Consultants, Engineers, and Insurance Consultants.

**Section 4.3. Credits on Loan Payments.** In addition to any credits on the Notes resulting from the payment or prepayment of Loan Payments from other sources:

(a) any moneys deposited by the Trustee or the Company in the Debt Service Fund (including moneys received as accrued interest from the sale of Bonds and any initial deposit made from the proceeds of the sale of any series of Bonds) shall be credited against the obligation of the Company to pay interest on the Notes as the same become due;

(b) any moneys deposited by the Trustee or the Company in the Debt Service Fund shall be credited against the obligation of the Company to pay the principal of the Notes as the same become due in the order of maturity thereof, except that prepayments for purposes of making an optional deposit for redemption shall be applied to the maturities of principal of the respective Note corresponding to the series and maturities of the Bonds to be redeemed or purchased, delivered and cancelled from the proceeds of such optional deposit;

(c) the principal amount of Bonds of any series and maturity purchased by the Company and delivered to the Trustee, or purchased by the Trustee and cancelled, shall be credited against the obligation of the Company to pay principal on the Note related to such series of Bonds so purchased (including installment payments corresponding to mandatory sinking fund payments, if any, on the Bonds); provided, however, that deposit of a Bond of one series and maturity may not be credited against a payment which would be used, in the normal course, to retire a Bond of another series and maturity;

(d) the amount of any moneys transferred by the Trustee from any other fund held under the Indenture and deposited in the Interest Account or in the Principal Account shall be credited against the obligation of the Company to pay interest or principal, as the case may be, as the same become due; and

(e) the amounts on deposit in the Project Fund to be transferred to the Debt Service Fund as capitalized interest on the Series 2022 Bonds shall be credited against the obligation of the Company to pay interest on the Notes as the same become due.

**Section 4.4. Obligations of Company Unconditional.** The Company covenants and agrees with and for the express benefit of the Authority and the Owners of the Bonds that it will pay all Loan Payments and Additional Payments due under this Loan Agreement and perform its obligations, covenants and agreements under this Loan Agreement, without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstances whatsoever, whether now existing or hereafter arising, and any change in the tax or other law of the United States of America, the State of Missouri or any political subdivision of either thereof, any change in the Authority's legal organization or status, or any default of the Authority hereunder, and regardless of the invalidity of any action of the Authority, and regardless of the invalidity of any portion of this Loan Agreement, and, to the extent permitted by law, the Company hereby waives the provisions of any statute or other law now or hereafter in effect contrary to any of its obligations, covenants or agreements under this Loan Agreement or which releases or purports to release the Company therefrom. Nothing in this Loan Agreement shall be construed as a waiver by the Company of any rights or claims the Company may have against the Authority under this Loan Agreement or otherwise, but any recovery upon such rights or claims shall be had from the Authority separately, it being the intent of this Loan Agreement that the Company shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Loan Agreement and the Notes for the benefit of the Owners of the Bonds.

**Section 4.5. Prepayment of the Notes.** Whenever any Bonds shall have been called for redemption under any provision of the Indenture, the Company shall prepay the Notes in such amounts required to redeem such Bonds, including the principal, redemption premium, if any, and accrued interest thereon to the redemption date. The Company further agrees that in the event the payment of principal of and interest on the Bonds is accelerated upon the occurrence of an Event of Default under the Indenture, all Loan Payments payable under **Section 4.1** hereof for the remainder of the term hereof shall be accelerated and prepayment shall be made on the Notes in such amounts. Any such prepayments shall be deposited in the Debt Service Fund, as required by the Indenture or this Loan Agreement or as designated by the Company and applied by the Trustee in accordance with the provisions of the Indenture. Any such prepayment shall be credited against Loan Payments to become due on the Notes. The Company may also prepay all or any portion of its indebtedness on the Notes by providing for the payment of all or any portion of the Bonds in accordance with **Article XI** of the Indenture.

## ARTICLE V

### COVENANTS OF THE COMPANY

**Section 5.1. Maintenance and Use of Facilities.**

(a) The Company covenants and agrees that it will at all times use its facilities only in furtherance of its lawful corporate purposes and cause its business to be carried on and conducted in an effective manner and its Property to be maintained, preserved and kept in good repair, working order and condition and in as safe condition as its operations will permit and make all necessary and proper repairs (interior and exterior, structural and non-structural, ordinary as well as extraordinary and foreseen as well as unforeseen), renewals and replacements thereof so that its operations and business shall at all times be conducted in an efficient, proper and advantageous manner; provided, however, that nothing herein contained shall be construed (1) to prevent the Company from ceasing to operate any portion of its Property, if in its reasonable judgment (evidenced, in the case of such a cessation other than in the ordinary course of business, by a determination by its governing board) it is advisable not to operate the same, or (2) to obligate the Company to retain, preserve, repair, renew or replace any property, leases, rights, privileges or licenses no longer used or, in the judgment of its governing board, no longer useful in the conduct of its business, or (3) to prevent the Company from making additions, alterations and changes in and to its Property so long as such additions, alterations and changes are made in compliance with the

provisions of this Loan Agreement and will not result in a violation of the provisions hereof, or (4) to prevent the Company from removing property from the Facility as permitted by this Loan Agreement.

(b) Subject to the provisions of this Article and the Act, the Company shall have the right to use the Facility as a “water facility” as contemplated by the Act. Except as provided in this Loan Agreement, the Authority reserves no power or authority with respect to the operation of the Facility by the Company and activities incident thereto, it being the intention of the parties hereto that so long as the Company shall duly and faithfully observe and perform all of the terms, covenants, provisions and agreements of this Loan Agreement, the Company shall manage, administer and govern the Facility in its activities and affairs on a continuing day-to-day basis, including matters relating to the professional staff and other functions customarily conducted or pursued by the independent managing and governing authority of a private not-for-profit water institution.

(c) The Company may, at its own expense, and subject to the provisions of this Section, make such replacements, additions, alterations, changes, modifications and improvements to the Facility as it deems necessary or desirable, subject to the following conditions:

(1) no building or buildings constituting a part of the Facility shall be demolished or removed and no alterations to the Facility shall be made which would substantially impair the structural strength, utility or market value thereof without in each case the prior written consent of the Authority and the Trustee; and

(2) all alterations to the Facility shall become a part of the Facility; provided, however, that the definitions of the Site and the Facility contained herein and in the Indenture may be amended, if necessary, to include such alterations.

(d) The Company may from time to time in its sole discretion and at its own cost and expense, subject to the restrictions contained in this Section, install or place equipment and tangible personal property in the Facility which has been purchased with funds derived from sources other than the depreciation of the Facility or proceeds of Bonds. Provided that such property shall not be material to the operation of the Facility, the Company may remove such equipment and tangible personal property at any time at its own cost and expense, whether or not the same shall have been affixed or annexed to the Facility, but any damage caused to the Facility by any such removal shall be restored at the sole cost and expense of the Company.

The Company shall cause the Engineer to annually review the conditions of the Property and shall cause such Engineer to prepare a written report regarding such review containing such recommendations, if any, for changes to the operations and maintenance of the Property.

**Section 5.2 Maintenance of Corporate Existence and Status.** Except as otherwise expressly provided herein, the Company covenants and agrees that it will (1) preserve its corporate or other separate legal existence, (2) preserve all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs, and (3) be and remain qualified to do business and conduct its affairs in each jurisdiction where its ownership of Property or the conduct of its business or affairs requires such qualification.

**Section 5.3. Compliance With Laws, Orders and Regulations.** The Company covenants and agrees to conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States of America and the several states thereof and duly to observe and conform to all valid orders, regulations or requirements of any governmental authority applicable to the conduct of its business and operations and the ownership of its Property; provided, nevertheless, that nothing contained in this **Section 5.3** shall require it to comply with, observe and

conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof shall be contested in good faith.

**Section 5.4. Taxes, Charges and Assessments.** The Company covenants and agrees to pay promptly all lawful taxes, governmental charges and assessments at any time levied or assessed and due upon or against it or its Property; provided, however, that it shall have the right to contest in good faith by appropriate proceedings any such taxes, charges or assessments or the collection of any such sums and, pending such contest, may delay or defer payment thereof and shall have the right to pay taxes in installments; and provided further that such contest shall not impair the ability of the Company to meet its obligations under this Loan Agreement. In the event the Company contests any taxes, governmental charges or assessments or the collection of any such sums, the Company will place the amount of such moneys that are undisputed in escrow during the contest.

**Section 5.5. Payment of Obligations.** The Company covenants and agrees to pay promptly or otherwise to satisfy and discharge all of its obligations and Indebtedness (including, in addition to Indebtedness, guaranties by the Company of Indebtedness of any other Person) and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Notes issued and Outstanding hereunder and the obligations to make payments on Notes under **Section 5.1**) whose validity, amount or collectibility is being contested in good faith by appropriate proceedings, so long as such contest shall not impair the ability of the Company to meet its obligations under this Loan Agreement. The Company shall give immediate notice to the Authority and the Trustee in the event any such contests involve amounts at any given time which in the aggregate exceed \$50,000.

**Section 5.6. Insurance.**

(a) The Company covenants and agrees that it will at all times maintain or cause to be maintained, at its sole cost and expense, insurance **with respect to its Property** which is commercially and reasonably insurable, the operation thereof and its business against such casualties, contingencies and risks **(including but not limited to public liability, property and casualty, workers' compensation, and employee dishonesty)** and in such amounts equal to the full replacement value of the Property which is commercially and reasonably insurable; provided that, to the extent that any contractor for construction of the Facility or any addition thereto shall provide a duplicate insurance policy or a builder's risk policy or certificate of insurance showing that the same coverage as is herein required is being carried by such contractor, and if in the opinion of the Authority and the Trustee such insurance coverage adequately protects the interest of the Authority, the Trustee and the Company with respect to the Facility and any such addition, the insurance provided for by this paragraph (a) shall not be required for such construction period with respect to the Facility or such addition while the Facility or such addition is so covered by such other insurance. **The Trustee and the Authority shall be additional named insureds on all such insurance policies as their respective interests may appear.**

(b) The Company shall annually review the insurance the Company maintains pursuant hereto as to its customariness and adequacy. In addition, the Company shall cause such a review to be conducted annually by an Insurance Consultant and shall cause such Consultant to prepare a written report regarding such review containing such Consultant's recommendations, if any, for changes in such insurance. The Company shall cause copies of its review, or the report of the Insurance Consultant, as the case may be, to be delivered promptly to the Trustee. The Company agrees to follow the recommendations of such Insurance Consultant to the extent practicable as determined by the governing board of the Company, except to the extent that its governing board determines that such recommendations are not feasible, the reasons for such determination to be set forth in an Officer's Certificate delivered to the Trustee which states the Company's concurrence with such decision. Copies of all insurance policies required to be maintained hereunder or certificates thereof shall be delivered to the Trustee.

(c) All such policies of insurance required by paragraph (a) shall be issued by and maintained in responsible insurance companies, organized under the laws of one of the states of the United States, and permitted under the laws of the State. All such policies shall be carried in the name of the Company, and in the names of the Authority and the Trustee as their respective interests may appear and if applicable. All such policies for property and casualty insurance shall contain standard mortgage clauses which provide for Net Proceeds of insurance resulting from claims per casualty thereunder which are \$100,000 or less for loss or damage covered thereby to be made payable directly to the Company and Net Proceeds from such claims in excess of \$100,000 to be made payable directly to the Trustee. The Net Proceeds of property and casualty insurance shall be applied as provided in **Section 5.7** hereof. To the extent the insurance required by this Section is provided through commercial insurance policies, the Company will deposit annually with the Trustee policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Each policy shall contain a provision that the insurer shall not cancel nor modify it without giving prior written notice to each insureds named therein, at least 30 days before the cancellation or modification becomes effective. Not less than 15 days prior to the expiration of any policy, the Company shall furnish the Trustee evidence satisfactory to the Trustee that the policy has been renewed or replaced in conformity with the provisions of this Section, or that there is no necessity therefor under the terms hereof. In lieu of separate policies, the Company may maintain a single policy, blanket or umbrella policies, or a combination thereof, in which event the Company shall deposit with the Trustee a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Property of the Company.

**Section 5.7. Damage or Destruction.** In the event of damage to, or destruction of, the Facility or any portion thereof resulting from fire or other casualty, the Net Proceeds of any insurance relating to such damage, if such proceeds are \$100,000 or less, shall be paid directly to the Company and the Company agrees that, to the extent permitted by law, it will forthwith replace, repair, reconstruct and restore the Facility to substantially the same or an improved condition or utility value as existed prior to the event causing such damage and will to the extent necessary apply the Net Proceeds of any insurance relating to such damage received by the Company to the payment or reimbursement of the costs of such replacement, repair, reconstruction and restoration. Any remaining balance not required for said purpose shall be paid to the Trustee for deposit in the Debt Service Fund. Net Proceeds of any insurance relating to such damage exceeding \$100,000 shall be paid directly to the Trustee.

In the event the Facility or any portion thereof is destroyed by fire or other casualty and the damage or destruction is estimated to exceed \$100,000, the Company agrees to promptly notify the Authority and the Trustee of such event and the Company shall, within 90 days after such damage or destruction, elect, one of the following two options by written notice of such election to the Trustee:

(a) *Option A -- Repair and Restoration.* The Company may elect to use all or part of such Net Proceeds to replace, repair, reconstruct and restore the damaged facilities. In such event the Company shall proceed forthwith to replace, repair, reconstruct and restore the damaged facilities to substantially the same condition or utility value as existed prior to the event causing such damage or destruction and will apply the Net Proceeds of any insurance relating to such damage or destruction received by the Company from the Trustee to the payment or reimbursement of the costs of such replacement, repair, reconstruction and restoration. So long as the Company is not in default hereunder, any Net Proceeds of insurance relating to such damage or destruction received by the Trustee shall be deposited in a separate account to be established by the Trustee in the Project Fund and released from time to time by the Trustee to the Company upon the receipt of:

(1) The Written Request of the Company specifying the expenditures made or to be made or the indebtedness incurred in connection with such repair, reconstruction and restoration

and stating that such Net Proceeds, together with any other moneys legally available for such purposes, will be sufficient to complete such replacement, repair, reconstruction and restoration; and

- (2) the written approval of such Written Request by an Engineer.

It is further understood and agreed that in the event the Company shall elect this Option A or is unable to obtain the opinion required by Option B below, the Company shall complete the replacement, repair, reconstruction and restoration of the Facility, whether or not the Net Proceeds of insurance received by the Company for such purposes are sufficient to pay for the same. Upon completion of such replacement, repair, reconstruction and restoration any excess moneys from the Net Proceeds of such insurance over and above the costs of such replacement, repair, reconstruction and restoration shall be deposited by the Trustee in the Debt Service Fund. If the Company elects to use only part of such Net Proceeds for replacements, repairs, reconstruction and restoration of the Facility, then the remaining part of such Net Proceeds shall be applied pro rata to the prepayment of the Bonds and in such event the Company shall, in its notice of election to the Trustee, direct the Trustee to deposit such moneys when and if received in the Debt Service Fund.

The Company agrees to apply such Net Proceeds so received solely to the purposes specified in such notice of election.

(b) *Option B -- Prepayment of Bonds.* The Company may elect to have all or part of such Net Proceeds payable as a result of such damage or destruction applied to the prepayment of the Series 2022 Bonds, any Additional Bonds or any Additional Obligations; provided that the Company supplies the Authority and the Trustee with an opinion of an Engineer stating that the property destroyed was not essential to the use of the Facility as a complete and operational facility and that the Company's Net Revenues Available for Debt Service will not be materially adversely affected by such destruction; provided, however, no such opinion shall be required if all Outstanding Indebtedness is to be redeemed and paid. In such event the Company shall, in its notice of election to the Trustee, direct the Trustee to deposit such Net Proceeds or a specified portion thereof, when and as received, in the Debt Service Fund. If only part of such Net Proceeds is applied to the prepayment of the Bonds, then the remaining part of such Net Proceeds shall be applied as provided under Option A above.

**Section 5.8. Condemnation or Loss of Title.** In the event the Facility or any portion thereof is condemned or taken for any public or quasi-public use or title thereto is found to be deficient, the Net Proceeds of such condemnation or taking or the Net Proceeds of any realization on the title insurance required to be maintained hereunder, if such proceeds do not exceed \$100,000, shall be paid directly to the Company and applied as hereinafter provided under the heading "Option A" and shall be subject to all of the provisions of said Option A.

If such Net Proceeds exceed \$100,000, the Company hereby irrevocably assigns to the Authority and to the Trustee, as their respective interests may appear, all right, title and interest of the Company in and to any Net Proceeds of any award, compensation or damages (hereinafter referred to as an "award"), payable in connection with any such condemnation or taking and in and to any proceeds of such insurance. Such Net Proceeds shall be initially paid to the Trustee for disbursement or use as hereinafter provided.

In the event any such award or proceeds of title insurance exceed \$100,000, the Company shall within 90 days after the date when title to the Facility or portion thereof vests in the party condemning or taking the same (hereinafter referred to as the "termination date"), or the date on which such insurance proceeds are determined, elect, subject to the written approval of the Authority which approval shall not be unreasonably withheld, one of the following two options by written notice of such election to Trustee:

(a) *Option A -- Repairs and Improvements.* The Company may elect to use all or part of the Net Proceeds of the award made in connection with such condemnation or taking or of such insurance for replacement of or repairs and improvements to the Facility and in such event such Net Proceeds or part thereof shall be deposited in a separate account to be established by the Trustee in the Project Fund and so long as the Company is not in default hereunder, the Company shall have the right to receive such Net Proceeds from the Trustee from time to time upon the receipt by the Trustee of:

(1) the Written Request of the Company specifying the expenditures made or to be made or the indebtedness incurred in connection with such restoration, repairs and improvements and stating that such Net Proceeds, together with any of the moneys legally available for such purposes, will be sufficient to complete such restoration, repair and improvement; and

(2) the written approval of such Written Request by an Engineer.

If the Company elects to use only part of such Net Proceeds for replacement of or repairs and improvements to the Facility, then the remaining part of such Net Proceeds shall be applied pro rata to the prepayment of the Bonds and in such event the Company shall, in its notice of election to the Trustee, direct the Trustee to deposit such moneys when and if received in the Debt Service Fund.

The Company agrees to apply any such Net Proceeds so received solely to the purposes specified in such notice of election.

(b) *Option B -- Prepayment of Bonds.* The Company may elect to have all or part of such Net Proceeds payable as a result of such condemnation or taking or of such insurance applied pro rata to the prepayment of the Bonds; provided that the Company supplies the Authority and the Trustee with an opinion of an Engineer stating that the property condemned or the property interest lost because of the title defect which resulted in the realization on such insurance, as the case may be, was not essential to the use of the Facility as a complete and operational facility and that the Company's Net Revenues Available for Debt Service will not be materially adversely affected by such condemnation or taking (or title defect); provided, however, no such opinion shall be required if all Outstanding Indebtedness is to be redeemed and paid. In such event the Company shall, in its notice of election to the Trustee, direct the Trustee to deposit such Net Proceeds, or part thereof, when and as received, in the Debt Service Fund. If only part of such Net Proceeds is applied to the prepayment of the Bonds, then the remaining part of such Net Proceeds shall be applied as provided under Option A above.

The Authority and the Trustee shall cooperate with the Company in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Facility or any part thereof.

#### **Section 5.9. Rate Covenant.**

(a) The Company covenants and agrees that it will, prior to the close of each Fiscal Year, set rates and charges for its facilities such that the Net Revenues Available for Debt Service of the Company will not be less than 1.25 times the Average Annual Debt Service when calculated with respect to the Series 2022 Note, any Additional Notes and any Additional Obligations. If the Net Revenues Available for Debt Service, as calculated at the end of any Fiscal Year, is less than the rate covenant requirement, the Company covenants to retain a Consultant to make recommendations to increase the annual Debt Service coverage for subsequent Fiscal Years to at least the rate covenant requirement. The Company agrees that it will follow the recommendations of the Consultant. So long as the Company shall retain a Consultant and the Company shall follow such Consultant's recommendations, and so long as the Net Revenues Available for Debt Service is in no event less than 1.10 times the Average Annual Debt Service with respect to the Series 2022 Note, any Additional Notes and any Additional Obligations, this Section



shall be deemed to have been complied with for such Fiscal Year even if the Average Annual Debt Service coverage is below the rate covenant requirement and will not constitute an Event of Default under this Loan Agreement. A copy of the Consultant's report shall be delivered, at the expense of the Company, to the Trustee and to any requesting Owner of the Bonds.

(b) The Company will not furnish or permit to be furnished by or from the Facility any free water or other free service of any kind. The Company will levy charges for all water service of any kind furnished at the rates at the time established therefor by the Company.

**Section 5.10. Restriction on Encumbrances.** The Company shall not create or incur or permit to be created or incurred or to exist any mortgage, lien, security interest, charge or encumbrance upon its Property except Permitted Encumbrances, and shall promptly discharge or terminate all mortgages, liens, security interests, charges and encumbrances on its Property that are not Permitted Encumbrances. The Company shall comply with all terms, covenants and provisions contained in any Permitted Encumbrances existing upon its Property or any part thereof or securing any of its Indebtedness unless the validity, amount or collectability thereof is being contested in good faith or the failure to comply or contest would not materially impair its ability to pay its Indebtedness when due nor subject a material amount of the Property of the Company to loss or forfeiture.

**Section 5.11. Sale, Lease or Other Disposition of Property.** The Company covenants and agrees that it will not in any Fiscal Year, sell, lease or otherwise dispose of any Property comprising the Facility, except transfers of Property:

(a) To any Person if prior to the sale, lease or other disposition there is delivered to the Trustee an Officer's Certificate stating (1) that in the judgment of the signer such Property has become, or within the next succeeding 24 calendar months is reasonably expected to become, inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary, (2) the sale, lease or other disposition thereof will not impair the structural soundness, efficiency or economic value of the remaining Property of the Company, and (3) that any proceeds realized from such sale, lease or other disposition are to be applied either to acquire or enter into a Capitalized Lease for additional Property to be used in the operation of the Facility or deposited in the Debt Service Fund and used to pay the principal of the Bonds at the earliest permissible date.

(b) To any Person in the ordinary course of business.

(c) To any Person in an arm's length transaction for value and there is delivered to the Trustee an Officer's Certificate stating (1) that the transfer will not result in an Event of Default or impair the ability of the Company to meet its obligations hereunder, and (2) that any proceeds realized from such sale, lease or other disposition are to be applied either to acquire or enter into a Capitalized Lease for additional Property to be used in the operation of the Facility or deposited in the Debt Service Fund and used to pay the principal of the Bonds on their next payment date.

(d) As part of a merger, consolidation, sale or conveyance permitted by **Section 5.12** hereof.

**Section 5.12. Merger, Consolidation, Sale or Conveyance.**

(a) The Company covenants that it will not merge or consolidate with any other Person or sell or convey, except as otherwise permitted in this Loan Agreement, all or substantially all of its Property to any other Person unless:

(1) Either the Company will be the surviving Person or the successor or transferee Person shall be a Person organized and existing under the laws of the United States of America or

a state thereof, and shall expressly assume in writing the due and punctual payment of the principal of and premium, if any, and interest on all Outstanding Notes according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Loan Agreement by a Supplemental Loan Agreement satisfactory to the Authority, executed and delivered by the Authority and such Person;

(2) The Trustee shall have received an Officer's Certificate to the effect that immediately after the merger, consolidation, sale or conveyance the successor or transferee Person could meet the conditions described in this Loan Agreement for the incurrence of one dollar of Additional Indebtedness under **Section 6.3(a)(2)(A) or (B)**;

(3) If there remains unpaid any Bond which bears interest that is not includable in gross income under the Code, the Trustee shall have received an opinion of Bond Counsel to the effect that under then existing law the consummation of such merger, consolidation, sale or conveyance, whether or not contemplated on any date of the delivery of such Bond, would not cause the interest payable on such Bond to become includable in gross income under the Code;

(4) The Trustee shall have received an Officer's Certificate which demonstrates and certifies that immediately upon such merger, consolidation, sale or conveyance the successor or transferee Person will not, as a result thereof, be in default in the performance or observance of any covenant or agreement to be performed or observed by it under this Loan Agreement or the Indenture; and

(5) Such successor or transferee shall possess such licenses and permits to operate such Property as may be required if it is to operate such Property.

(b) In the case of any such merger, consolidation, sale or conveyance and upon any such assumption by the successor or transferee Person, such successor or transferee Person shall succeed to and be substituted for its predecessor, with the same effect as if it had been named herein as the Company.

(c) In the case of any such merger, consolidation, sale or conveyance, such changes in phraseology and form (but not in substance) may be made in any Notes thereafter to be issued as may be appropriate.

(d) The Trustee and the Authority shall receive an opinion of Counsel as conclusive evidence that any such merger, consolidation, sale or conveyance, and any such assumption, complies with the provisions of this Section and would not cause the interest payable on the Bonds to be includable in gross income under the Code, and that it is proper for the Trustee under the provisions of this Section to consent to the execution of the Supplemental Loan Agreement provided for in this Section.

**Section 5.13. Indemnity.** The Company covenants and agrees, at its expense, to pay and to indemnify and save the Authority and the Trustee and their respective members, directors, officers, employees and agents harmless from and against all loss, liability, damage or expense including without limitation, attorney's fees and expenses arising out of any and all claims, demands, expenses, penalties, fines, taxes of any character or nature whatsoever regardless of by whom imposed, and losses of every conceivable kind, character and nature whatsoever including, but not limited to, claims for loss or damage to any property or injury to or death of any person, asserted by or on behalf of any person, firm, corporation or governmental authority arising out of, or in any way connected with the Facility, or the conditions, occupancy, use, possession, conduct or management of, or any work done in or about the Facility. The Company also covenants and agrees at its expense to pay, and to indemnify and save the Authority and the Trustee and their respective members, directors, officers, employees and agents harmless of, from and against, all costs, reasonable counsel fees, expenses and liabilities incurred by them

or by the Company in any action or proceeding brought by reason of any such claim, demand, expense, penalty, fine or tax arising or, resulting from this Loan Agreement, the Indenture, the Mortgage or any other Bond Document. In the event that any action or proceeding is brought against the Authority or the Trustee or their respective members, directors, officers, employees or agents by reason of any such claim or demand, the Company, upon notice from the Authority or the Trustee, covenants to resist and defend such action or proceeding on demand of the Authority or the Trustee or their respective members, directors, officers, employees or agents. Notwithstanding the foregoing, neither the Authority nor the Trustee nor their respective members, directors, officers, employees and agents shall be indemnified against liability for damage arising out of bodily injury to persons or damage to property caused by their own respective negligence or willful or negligence or willful misconduct of their own respective members, directors, officers, agents or employees. The Company also covenants and agrees, at its expense, to pay, and to indemnify the Authority and the Trustee from and against, all costs, expenses and charges, including reasonable counsel fees, incurred in obtaining possession of the Facility after default of the Company, or in enforcing any covenant or agreement of the Company contained in any Note, this Loan Agreement, the Mortgage, or the Indenture. The provisions of this **Section 5.13** shall survive the termination of this Loan Agreement.

**Section 5.14. Financial Statements and Other Information.** The Company covenants that it will keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Company in accordance with accounting principles generally accepted in the United States of America consistently applied, and will furnish to the Authority and the Trustee, and to any requesting Owner or Owners of 10% or more in aggregate principal amount of any Series of Bonds then Outstanding:

(a) As soon as practicable after they are available but in no event more than 120 days after the last day of each Fiscal Year, a complete audit report for such Fiscal Year accompanied by an opinion of an Accountant stating that such audit presents fairly the financial position of the Company, covering the operations of the Company for such Fiscal Year and containing a balance sheet as of the end of such Fiscal Year and a statement of cash flows and changes in net assets for such Fiscal Year, showing in each case in comparative form the financial figures for the preceding Fiscal Year, together with a separate written statement of the Accountant preparing such report that such Accountant has obtained no knowledge of any Event of Default or condition that with the passage of time or giving of notice or both would constitute an Event of Default by the Company as set forth in **Section 8.1**, or if such Accountant has obtained knowledge of any such Event or Events of Default, it shall disclose in such statement the Event or Events of Default and the nature thereof.

(b) At the time of delivery of the audit report referred to in Subsection (a) above, a certificate of the Company signed by its President, any Vice President or Treasurer or any other authorized officer of the Company, stating that the Company has made a review of its activities during the preceding Fiscal Year for the purpose of determining whether or not the Company has complied with all of the terms, provisions and conditions of this Loan Agreement and that the Company has kept, observed, performed and fulfilled each and every covenant, provision and condition of this Loan Agreement on its part to be performed and is not in default in the performance or observance of any of the terms, covenants, provisions or conditions hereof (including without limitation **Section 5.9**), or if the Company shall be in default such certificate shall specify all such defaults and the nature thereof.

(c) Such additional information as the Authority, the Trustee or the Owner or Owners of 10% or more in aggregate principal amount of any Series of Bonds then Outstanding may reasonably request concerning the Company, including such statistical and other operating information requested on a periodic basis, in order to enable the Authority, the Trustee or such Owner or Owners to determine whether the covenants, terms and provisions of this Loan Agreement have been complied with by the Company and for that purpose all pertinent books, documents and vouchers relating to its business, affairs

and properties shall at all times during regular business hours be open to the inspection of such accountant or other agent (who may make copies of all or any part thereof as shall from time to time be designated and compensated by the Authority, the Trustee or such Owner or Owners of any Series of the Bonds).

(d) Without limiting the foregoing the Company will permit the Authority, the Trustee and the Owner or Owners of 10% or more in aggregate principal amount of any Series of Bonds then Outstanding (or such persons as such Owner or Owners may designate) to visit and inspect at the expense of such person, any of the properties of the Company and to discuss the affairs, finances and accounts of the Company with its and their officers and independent accountants, all at such reasonable times and as often as the Authority, the Trustee or such Owner or Owners may reasonably request; provided, however, any expenses reasonably incurred by the Trustee in connection with its duties under this Loan Agreement, the Indenture, the Mortgage and any other Bond Document shall be paid by the Company.

(e) The Company shall give prompt written notice of a change of its accountants to the Authority and the Trustee. The notice shall state: (i) the effective date of such change; (ii) whether there were any unresolved disagreements with the former accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which the accountants claimed would have caused them to refer to the disagreement in a report on the disputed matter, if it was not resolved to their satisfaction; and (iii) such additional information relating thereto as the Authority and the Trustee may reasonably request.

**Section 5.15. Tax Covenants.** The Company covenants and agrees that it will not take any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds and will take whatever action is necessary to comply with the requirements of the Code to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds. The Company hereby covenants and agrees that it will not use the Facility or suffer or permit the Facility to be used in any manner or to any extent, and will take no action or refrain from taking any action, nor, to the extent within its control, suffer or permit any action to be taken or condition to exist which causes or may cause the interest on the Bonds to be includible in federal gross income for federal income tax purposes. Neither the Company nor any related party to the Company shall purchase the Series 2022 Bonds.

**Section 5.16. Licenses and Permits.** The Company shall procure and maintain all licenses and permits necessary or desirable in the operation of its business, programs and facilities which the governing board of the Company determines are appropriate; provided, however, that the Company shall not be required to procure or maintain in effect any permit or license that the governing board of the Company determines in good faith, is not in the best interests of the Company and is no longer necessary or desirable in the conduct of its business and the lack of which will not materially impair the ability of the Company to pay or perform its obligations under this Loan Agreement.

**Section 5.17. Certain Employees to be Bonded.** All officers and employees of the Company handling the funds and accounts of the Facility shall be bonded in each fiscal year in an amount not less than the total amount of principal and interest becoming due on all obligations of the Company during the fiscal year or, so long as any of the Series 2022 Note is Outstanding, the amount required by the Authority.

**Section 5.18. Environmental Matters.** The Company shall not store, locate, generate, produce, process, treat, transport, incorporate, discharge, emit, release, deposit or dispose of any Hazardous Material in, upon, under, over or from the Property of the Company in material violation of any Environmental Laws, shall not permit any Hazardous Material to be stored, located, generated, produced, processed, treated, transported, incorporated, discharged, emitted, released, deposited, disposed of or to escape therein, thereupon, thereunder, thereover or therefrom in material violation of any

Environmental Laws, shall cause all Hazardous Materials to be properly removed therefrom and properly disposed of in accordance with all applicable material Environmental Laws, shall not install or permit to be installed any underground storage tank therein or thereunder in material violation of any Environmental Laws, and shall comply with all other material Environmental Laws which are applicable to the Property of the Company. The Company, to the extent allowed by law, shall indemnify the Authority and the Trustee and their respective members, directors, officers, employees or agents, shall hold the Authority and Trustee and their respective members, directors, officers, employees or agents harmless from, and shall reimburse the Authority and the Trustee for, any and all claims, demands, judgments, penalties, fines, liabilities, costs, damages and expenses, including court costs and attorneys' fees directly or indirectly incurred by the Authority or the Trustee (prior to trial, at trial and on appeal) in any action against or involving the Authority or the Trustee or their respective members, directors, officers, employees or agents, resulting from any breach of the foregoing covenants, or from the discovery of any Hazardous Material, in, upon, under or over, or emanating from, the Property of the Company, whether or not the Company is responsible therefor, it being the intent of the Company, the Authority and the Trustee that the Authority or the Trustee and their respective members, directors, officers, employees or agents shall have no liability or responsibility for damage or injury to human health, the environment or natural resources caused by, for abatement and/or clean-up of, or otherwise with respect to, Hazardous Materials by virtue of the interest of the Authority and the Trustee in the Property of the Company pursuant to this Loan Agreement or any of the other Bond Documents, or as the result of the Authority or the Trustee exercising any of its rights or remedies with respect thereto under this Loan Agreement or the Mortgage or under any other instrument, including but not limited to becoming the owner thereof by foreclosure or conveyance in lieu of foreclosure. The foregoing covenants contained in this Section and the representations and warranties of the Company contained in **Section 2.2(j)** of this Loan Agreement shall be deemed continuing covenants, representations and warranties for the benefit of the Authority and the Trustee, any successors and assigns of the Authority and the Trustee, including but not limited to any purchaser at a foreclosure sale, any transferee of the title of the Trustee for any other purchaser at a foreclosure sale, and any subsequent owner of the Property of the Company, and shall survive the satisfaction or release of this Loan Agreement, the Indenture, any Bond Document or any other instrument, any foreclosure of a mortgage lien under the Mortgage or any other instrument, and/or any acquisition of title to the Property of the Company or any part thereof by the Authority or the Trustee, by deed in lieu of foreclosure or otherwise. Any amounts covered by the foregoing indemnification shall bear interest from the date incurred at the Prime Rate plus 2% or, if less, the maximum rate permitted by law, and shall be payable on demand. The provisions of this **Section 5.19** shall survive the termination of this Loan Agreement.

**Section 5.19. Notice of Defaults.** The Company will promptly notify the Authority and the Trustee in writing when the Company learns of the occurrence of (i) any event which constitutes an Event of Default or a default under any of the other Bond Documents, together with a detailed statement by a responsible officer or designated person of the Company of the steps being taken to cure the effect of such an Event of Default or default under any of the other Bond Documents; or (ii) any claims made against the Company which might have a material adverse effect, or any litigation filed affecting the Company which if decided adversely could have a material adverse effect.

**Section 5.20. Additional Covenants.**

(a) *Restrictions on Dividends:* Commencing with the close of Fiscal Year 2021, the Company will not declare any dividends, either cash or otherwise, on any common or preferred stock or repurchase or otherwise acquire any of the outstanding stock of the Company or authorize any new types, varieties or classes of capital stock, either preferred or common, voting or non-voting, or any bonds or debentures, subordinated or otherwise, or make any distribution of assets to its shareholders or creditors as such, in excess of \$17,548 annually unless the overall capital structure of the Company includes an

equity ratio equal to or greater than 35%. The Company agrees that dividends will not exceed 70% of net income in any year during the time any of the Bonds are Outstanding.

(b) *Management:* The Company will maintain at all times personnel that can effectively manage the Company and who have experience with the management of water facilities.

(c) *Restrictions on Transfer or Sale of Stock:* The current shareholders of the Company will not sell, pledge, encumber or otherwise dispose of any shares of the stock (or any options or warrants to purchase stock or other securities exchangeable for or convertible into stock) of the Company without the consent of a majority in aggregate principal amount of the Bonds Outstanding; provided that nothing herein shall preclude the transfer of any or all shares of stock by gift to or for the benefit of the said shareholders, spouses of the shareholders, or other individuals within the third degree of consanguinity of said shareholders and provided further that nothing herein shall preclude the pledge of any shares of stock as security for the payment of the Series 2022 Note, Additional Notes and Additional Obligations; and provided, that, as long as Neal Clevenger has voting power of more than 50% of the voting stock of the Company, nothing herein shall preclude the transfer of any or all shares of stock among individuals within the third degree of consanguinity to Mr. Clevenger.

(e) *Transactions with Affiliates:* The Company will not enter into any transaction with any Affiliate except in the ordinary course of business.

(f) *Loans and Advances:* The Company shall make no loans or advances (excluding trade receivables in the ordinary course of business) to shareholders, Affiliates or parties related to shareholders, if the aggregate amount of said loans or advances would exceed \$500,000 at any one time.

(g) *Liens:* The Company will not enter into any binding agreement to, incur, create or permit to exist any pledge, lien, charge or other encumbrance of any nature whatsoever on the Property of the Company, whether now owned or hereafter acquired, other than the Bond Documents. The Company may, however, after giving written notice to the Authority and the Trustee, at its expense and in its own name and behalf contest in good faith any such lien or encumbrance and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless, in the reasonable opinion of the Authority, such action may result in the lien of any of the Bond Documents being subject to loss or forfeiture or loss of priority, in which event such lien or encumbrance shall be promptly satisfied or secured by posting with the Trustee or an appropriate court of record a bond in form and amount satisfactory to the Placement Agent.

**Section 5.21. Notices.** The Company will notify the Authority and the Trustee in writing of any of the following immediately upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken by the Person(s) affected with respect thereto:

(a) *Pension Plans and Welfare Plans:* the occurrence of a reportable event with respect to any Pension Plan; the filing of a Notice of intent to terminate a Pension Plan by the Company, any ERISA Affiliate, or any other obligor, the institution of proceedings to terminate a Pension Plan by the PBGC or any other Person to terminate any Pension Plan; the withdrawal in a “complete withdrawal” or a “partial withdrawal” as defined in Sections 4203 and 4205 of ERISA, respectively, by the Company or any ERISA Affiliate from any Multiemployer Plan; or the Company or any Affiliate incur any material increase in contingent liability with respect to any “employee welfare benefit plan” as defined in Section 3(1) of ERISA which covers retired employees and their beneficiaries; and

(b) *Environmental and Safety and Health Matters:* receipt of any notice that the operations of the Company or any Affiliate are not in full compliance with requirements of any

applicable Environmental Law or any occupational safety and health law; receipt of notice that the Company or any Affiliate is subject to federal, state or local investigation evaluating whether any remedial action is needed to respond to (i) any spillage, disposal or release into the environment of any Hazardous Material or other hazardous, toxic or dangerous waste, substance or constituent, or other substance, or (ii) any unsafe or unhealthful condition at any premises of the Company or any Affiliate; or receipt of notice that any properties or assets of the Company or any Affiliate are subject to an Environmental Lien. “Environmental Lien” means an Encumbrance in favor of any governmental entity for (i) any liability under any Environmental Law, or (2) damages arising from or costs incurred by such governmental entity in response to a spillage, disposal or release into the environment of any Hazardous Material or other hazardous, toxic or dangerous waste, substance or constituent, or other substance.

**Section 5.22. Pension Plans.** The Company will not permit, and not permit any Affiliate to permit, any condition to exist in connection with any Pension Plan which might constitute grounds for the PBGC to institute proceedings to have the Pension Plan terminated or a trustee appointed to administer such Pension Plan, and not engage in, or permit to exist or occur, or permit any of its Affiliates to engage in, or permit to exist or occur, any other condition, event or transaction with respect to any Pension Plan which could result in the Company or any of its Affiliates incurring any material liability, fine or penalty.

**Section 5.23. No Amendment to Agreement.** The Company covenants and agrees that it will not amend or modify, in any material respect, or terminate the Water Purchase Agreement dated July 11, 2022 between the Company and the City of Kansas City, Missouri without the prior written consent of the Placement Agent delivered to the Authority and the Trustee.

## ARTICLE VI

### PERMITTED INDEBTEDNESS

#### Section 6.1. Additional Bonds and Additional Notes.

(a) The Authority may, in its sole discretion, at the request of the Company, authorize the issuance of Additional Bonds for the purposes and upon the terms and conditions provided herein and in **Section 203** of the Indenture. If the Company is not in default hereunder, the Authority may, on request of the Company from time to time, use its best efforts to make an additional loan and to issue Additional Bonds in aggregate amounts as requested by the Company but in no event shall the Authority be liable for not issuing such Additional Bonds, it being the intent hereof to reserve to the Authority the full and complete discretion to decline to make such additional loan and to issue such Additional Bonds; provided that (1) the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds therefrom are to be disbursed shall have been approved in writing by the Company; (2) the Authority and the Company shall have entered into a Supplemental Loan Agreement to acknowledge that Loan Payments are revised to the extent necessary to provide for the payment of the principal of, redemption premium, if any, and interest on the Additional Bonds and to extend the term of this Loan Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of this Loan Agreement; and (3) the Company shall have otherwise complied with the provisions of **Section 203** of the Indenture with respect to the issuance of such Additional Bonds.

(b) So long as no Event of Default hereunder or under the Indenture has occurred and is continuing, the Company from time to time after the execution and delivery hereof may, with the written consent of the Authority and the Trustee, issue and deliver to the Authority (but only to the Authority) one or more Additional Notes pursuant to this Loan Agreement, as from time to time amended and supplemented, in addition to the Series 2022 Note. Additional Notes may be issued for any purpose for

which Additional Bonds may be issued under the Indenture. The principal amount of any Additional Note shall be equal to the principal amount of the corresponding series of Additional Bonds being issued concurrently with such Additional Note. The Company agrees that the net proceeds from the loan evidenced by such Additional Notes shall be deposited with the Trustee as provided in **Section 203** of the Indenture and in the Supplemental Indenture executed in connection with the issuance of such Additional Bonds.

(c) Any such Additional Notes may bear interest at any rate lawful at the time of issuance thereof and may mature over any period of time not exceeding the maximum maturity permitted by law, and as may be agreed upon by the Company and the Authority. It is understood and agreed, however, that any Additional Notes shall (1) be given a designation by year or alphabetical letter differentiating such Additional Notes from other Notes then Outstanding, (2) be substantially in the form of the Note attached hereto as **Exhibit A** (with appropriate variations or insertions), and (3) be pledged and assigned by the Authority to the Trustee as security for a corresponding series of Additional Bonds concurrently issued under the Indenture for the purpose of obtaining funds to make the loan to the Company evidenced by such Additional Notes.

(d) Additional Notes shall be authorized by a supplement to this Loan Agreement. Upon the issuance of any Additional Notes and sale thereof, the same shall together with any other Note then outstanding, be equally and ratably secured by the security interest in Unrestricted Receivables, the Revenues granted hereunder and the lien of the Mortgage.

(e) Prior to the issuance and delivery of any Additional Bonds and Additional Notes, and as a condition precedent thereto, the following documents and showings shall be executed and delivered to the Authority and the Trustee:

(1) A supplement to this Loan Agreement, executed by the Company and the Authority, specifying, among other things, the principal amount, rate of interest, maturity, terms of optional prepayment, if any, and form of any Additional Notes, and a supplement to the Indenture, executed by the Authority and the Trustee, creating the Additional Bonds being issued to make the loan evidenced by the Additional Notes, specifying, among other things, the terms thereof, pledging and assigning such Additional Notes as security for the Additional Bonds and providing for the disposition of the proceeds of such loan.

(2) A certificate of the Company stating that no Event of Default under this Loan Agreement has occurred and is continuing and that no event has occurred and is continuing which with the lapse of time or giving of notice, or both, would constitute such an Event of Default.

(3) In the event such Additional Notes are being issued to finance an Additional Project:

(A) a certificate of an Engineer setting forth the Cost or estimated Cost of the Additional Project; and

(B) a certificate from the Company showing that the proceeds of the sale of the Additional Notes and other funds made available to the Trustee, together with estimated interest income thereon, will be an amount not less than the estimated Cost of the Additional Project plus any required reserves pursuant to the Supplemental Indenture providing for the issuance of corresponding Series of Additional Bonds.

(f) The certificates, reports or opinions demonstrating compliance with the applicable tests set forth in **Section 6.3** hereof.



(g) A supplement to the Mortgage extending the term and coverage of the lien thereof to any new property and/or any Additional Project being financed by such Additional Note, which supplement to the Mortgage shall provide that the Additional Note to be issued shall be secured by the Mortgage as so supplemented equally and ratably with the Note and any other Additional Notes then outstanding and shall contain such other provisions as the Authority or the Trustee deems necessary.

(h) Such other certificates, title insurance policies, endorsements or reports, financing statements, financial statements and opinions of Counsel as the Authority or the Trustee may reasonably request.

## **Section 6.2. Additional Obligations.**

(a) The Company may issue or incur Additional Obligations for any proper corporate purpose if the conditions set forth in subsections (e)(2), (e)(3), (f), (g) and (h) of **Section 6.1** hereof are met when the term “Additional Obligations” is substituted for the term “Additional Notes”. Such Additional Obligations shall have a security interest in all of the Company’s Unrestricted Receivables, Revenues hereunder and a mortgage lien on and security interest in the Mortgaged Property under the Mortgage standing on a parity with the security interest granted to the Authority by this Loan Agreement and the mortgage lien and security interest granted by the Mortgage, provided that any security interest in any or all of the Unrestricted Receivables, Revenues and any mortgage lien or security interest under the Mortgage granted to secure such Additional Obligations provides that all amounts realized, so long as the Bonds remain Outstanding, from such security interest, mortgage lien and security shall be paid to the Trustee for disposition in accordance with **Section 707** of the Indenture. The owners of such Additional Obligations shall not have a security interest in or other rights to or be entitled to share on a parity with the Owners of the Bonds in the Debt Service Fund. Such Additional Obligations may be further secured in any manner not inconsistent with the provisions and intent of the Indenture or this Loan Agreement.

(b) In the event that the Company shall propose to secure any such Additional Obligation by a pledge, lien, mortgage or other security interest as described above, the Authority, the Trustee and the Company shall take, or shall cause to be taken, such actions (including entering into a Supplemental Loan Agreement, Supplemental Indenture or an amendment or supplement to the Mortgage) and execute, deliver, file and record such instruments of security as their respective counsel agree to be necessary or appropriate to grant to and/or otherwise secure for the owner or owners of the Additional Obligation a pledge of and a security interest in Unrestricted Receivables, Revenues pledged under this Loan Agreement and a mortgage lien and security interest in the Mortgaged Property under the Mortgage, equivalent to that of the Authority. The Company shall as a condition of securing such Additional Obligation execute, deliver, file and record, and cause to be executed, delivered, filed and recorded by such owner or owners, such documents as counsel for the Authority and the Company agree to be necessary or appropriate to grant to and/or otherwise secure for the Authority a pledge of and a security interest in any security granted to the owner or owners of the Additional Obligation and not theretofore granted to the Authority equivalent to the interest granted to such owner or owners of such Additional Obligation, to the end that all such outstanding secured Additional Obligations and all outstanding Notes shall be of equal rank and be entitled to share pari passu in such security.

(c) Any default under any instrument or agreement providing for repayment of any Additional Obligation secured on a parity with the Notes as provided in this Section shall be a default under this Loan Agreement and there shall be included in any instrument or agreement providing for repayment of such Additional Obligation a provision that any default under this Loan Agreement shall be a default under such instrument or agreement. Any action which cures a default under any such instrument or agreement shall also cure such default under this Loan Agreement. Unless otherwise agreed to by the Trustee, the Trustee shall act as trustee under any instrument securing any such Additional

Obligation. Any instrument or agreement providing for repayment of such Additional Obligation shall include a provision that, prior to exercising any remedies upon a default by the Company under such instrument or agreement, the Trustee (or the owners thereof, if the Trustee otherwise consents) shall consider the interests of the owners of the Additional Obligations and the Bonds and shall proceed such that the interests of such owner or owners of the Additional Obligations and the Bondowners shall be equally protected.

**Section 6.3. Restrictions as to Incurrence of Additional Indebtedness.** Other than Indebtedness of the Company Outstanding on the date of delivery of this Loan Agreement, the Series 2022 Note in the amount of \$5,000,000 being given by the Company in connection with the issuance of the Series 2022 Bonds, Additional Notes given by the Company pursuant to **Section 6.1** hereof in connection with the issuance of Additional Bonds under the Indenture and Additional Obligations incurred pursuant to **Section 6.2** hereof, the Company covenants and agrees that it will not incur any Additional Indebtedness, other than the following Additional Indebtedness, and then only if there shall not exist any Event of Default or condition that with the passage of time or giving of notice or both would constitute an Event of Default under the Indenture, this Loan Agreement or any Bond Document (unless such Additional Indebtedness is to be incurred to cure such Event of Default):

(a) Long-Term Indebtedness provided that:

(1) there shall be delivered to the Trustee an Officer's Certificate setting forth the intended uses of the proceeds of such Long-Term Indebtedness and, if such intended uses include the acquisition, construction or installation of land, facilities, equipment or other capital improvements, the estimated cost thereof; and

(2) the Company Representative shall have delivered with respect to the Company to the Trustee either:

(A) an Officer's Certificate that the Debt Service Coverage Ratio for the most recently ended Fiscal Year was not less than 1.25 for all Outstanding Long-Term Indebtedness (exclusive of any Outstanding Long-Term Indebtedness that is to be refunded or redeemed with proceeds of the Indebtedness proposed to be incurred) and the Long-Term Indebtedness then proposed to be incurred; or

(B) an Accountant's Certificate to the effect that for the most recently ended Fiscal Year the Debt Service Coverage Ratio of the Company was not less than 1.25 and a report or opinion by a Consultant (a "Consultant's Report") to the effect that the estimated annual Debt Service Coverage Ratio for each of the first two full Fiscal Years following the estimated completion of the acquisition, construction, renovation or replacement being paid for with the proceeds of such additional Long-Term Indebtedness, or following the incurrence of Long-Term Indebtedness for other purposes, will be not less than 1.35 after giving effect to the incurrence of such additional Long-Term Indebtedness and the application of the proceeds thereof.

(b) Refunding Indebtedness, if the average annual principal and interest payments will not increase by more than 10% or the conditions for Long-Term Indebtedness set forth in **Section 6.3(a)** have been met.

(c) Short-Term Indebtedness if immediately after the incurrence of such Short-Term Indebtedness, the principal amount of all Outstanding Short-Term Indebtedness does not exceed 15% of the Total Operating Revenues of the Company as shown on the audited financial statements of the Company for the most recent Fiscal Year; provided, however, for a period of at least 20 consecutive days

within each Fiscal Year, the Company shall reduce the aggregate principal amount of all outstanding Short-Term Indebtedness to 5% or less of its Total Operating Revenues for the immediately preceding Fiscal Year, and if the Company fails to meet such requirement such Indebtedness shall be considered Long-Term Indebtedness of the Company subject to the requirements of paragraph (a) of this Section. Short-Term Indebtedness may also be incurred if such Short-Term Indebtedness could be incurred under **Section 6.3(a)** hereof assuming it was Long-Term Indebtedness.

(d) Commitment Indebtedness.

(e) Liabilities incurred pursuant to reimbursement agreements relating to letters or lines of credit or similar credit facilities used to secure Indebtedness (or provide liquidity support therefor).

(f) Liabilities (other than for borrowed money or rents payable under Capital Leases) incurred by the Company in the regular operations of its business.

(g) Subordinated Indebtedness, without limitation but has the same payment dates as the Series 2022 Note.

(h) Non-Recourse Indebtedness; provided that the principal amount of such Non-Recourse Indebtedness to be incurred, together with the then outstanding Non-Recourse Indebtedness incurred pursuant to this Section, shall not exceed 15% of the Book Value of the Company's Property, Plant and Equipment.

(i) Guaranties; provided the requirements for Long Term or Short-Term Indebtedness, as appropriate, are met.

(j) Capitalized Leases; provided that such Capitalized Leases could be incurred under **Section 6.3(a)** hereof assuming it was Long-Term Indebtedness.

(k) Purchase Money Indebtedness if, immediately after entering into such Purchase Money Indebtedness, the aggregate principal amount due on all Purchase Money Indebtedness then Outstanding will not be greater than 15% of the Revenues of the Company as shown on the audited financial statements of the Company for the most recent fiscal year for which audited financial statements are available.

Indebtedness may be classified and incurred under any of the above-referenced subsections with respect to which the tests set forth in such subsections are met. The Company may elect to have Indebtedness that was classified and issued pursuant to one provision of this Section, reclassified as having been incurred under another provision of this Section, by demonstrating compliance with such other provision on the assumption that such Indebtedness is being reissued on the date of delivery of the materials required to be delivered under such other provision. From and after such demonstration, such Indebtedness shall be deemed to have been incurred under the provision with respect to which such compliance has been demonstrated until any subsequent reclassification of such Indebtedness.

The Company shall, prior to, or as soon as reasonably practicable after, the incurrence of any Indebtedness by the Company, deliver to the Trustee an Officer's Certificate which identifies the Indebtedness incurred, identifies the subsection of this Section pursuant to which such Indebtedness was incurred, demonstrates compliance with the provisions of such subsection and attaches a copy of the instrument evidencing such Indebtedness.

**Section 6.4. Calculation of Debt Service.**

(a) *Guaranties.* When calculating the principal and the Debt Service Requirements attributable to a Guaranty that is deemed to be Indebtedness of the Company:

(1) The principal amount of such Indebtedness shall be deemed to equal the principal amount of the obligation guaranteed by the Company.

(2) The Debt Service on such Indebtedness shall be deemed to be:

(A) **0%** of the debt service requirements (calculated in the same manner as Debt Service of the Company) on the guaranteed obligation, if the Company has not been called upon to make a payment under Guaranty within the **12** months immediately preceding the date of the calculation, if the primary obligor's income available for debt service (calculated in the same manner as Net Revenues Available for Debt Service of the Company) for the period of calculation was or is projected or forecasted to be at least equal to **200%** of the average annual debt service requirements of the primary obligor (calculated in the same manner as Average Annual Debt Service of the Company).

(B) **20%** of the debt service requirements (calculated in the same manner as Debt Service of the Company) on the guaranteed obligation, if the Company has not been called upon to make a payment under Guaranty within the **12** months immediately preceding the date of the calculation, and the primary obligor's income available for debt service (calculated in the same manner as Net Revenues Available for Debt Service of the Company) for the period of calculation was or is projected or forecasted to be at least equal to **125%** (but less than **200%**) of the average annual debt service requirements of the primary obligor (calculated in the same manner as Average Annual Debt Service of the Company); or

(C) **100%** of the debt service requirements (calculated in the same manner as Debt Service of the Company) on the guaranteed obligation, if either (i) the Company has made any payment in respect of the debt service requirements on the guaranteed obligation within the 12 months immediately preceding the date of the calculation, or (ii) the income available for debt service (calculated in the same manner as Net Revenues Available for Debt Service of the Company) of the primary obligor for the period of calculation was or is projected or forecasted to be less than **125%** of the average annual debt service requirements of the primary obligor (calculated in the same manner as Average Annual Debt Service of the Company);

(b) *Long-Term Indebtedness Supported By Commitment Indebtedness.* The Debt Service on Long-Term Indebtedness with respect to which the Company has incurred Commitment Indebtedness that would refinance such Indebtedness for a period extending beyond its original maturity date, may at the discretion of the Company be deemed to be payable in accordance with the terms of such Commitment Indebtedness if the financial institution providing the Commitment Indebtedness is rated at least "A" by both Moody's and Standard & Poor's.

(c) *Variable Rate Indebtedness.* In determining the Debt Service on any Indebtedness which provides for interest to be payable thereon at a rate per annum that may vary from time to time over the term thereof in accordance with procedures provided in the instrument creating such Indebtedness and which for any future period of time is not susceptible of precise determination, the interest rate on such Indebtedness for any period prior to the date of calculation or for which the interest rate has been

determined shall be the actual interest rate payable during such period, and for each year in which such Indebtedness is Outstanding and for which the actual interest rate cannot be determined, the interest rate on such Indebtedness for the period of determination shall be deemed to be the higher of the average annual rate of interest payable on such Indebtedness during the **12** months immediately preceding the date of calculation or the current rate, or if such Indebtedness is to be incurred (or was incurred less than **12** months preceding such date), the higher of the initial rate or the average annual rate of interest payable on such Indebtedness during such period immediately preceding the date of calculation.

## ARTICLE VII

### TERM AND TERMINATION OF LOAN AGREEMENT

**Section 7.1. Term of Loan Agreement.** This Loan Agreement shall be effective concurrently with the initial delivery of the Series 2022 Bonds and shall continue in force and effect until the principal of, redemption premium, if any, and interest on the Bonds have been fully paid (or provision for their payment shall have been made in accordance with **Article XI** of the Indenture) together with all sums to which the Authority and the Trustee are entitled from the Company under this Loan Agreement and the Notes.

**Section 7.2. [Reserved].**

**Section 7.3. Defeasance.** If the Company shall pay and discharge or provide for the payment or redemption and discharge of the whole amount of the principal of, redemption premium, if any and interest on the Notes and Bonds at the time Outstanding as provided in the Indenture, and shall pay or cause to be paid all rebate amounts required under Section 148(f) of the Code and all other sums payable hereunder, or shall make arrangements satisfactory to the Trustee and the Authority for such payment or redemption and discharge, then and in that case all property, rights and interest hereby assigned or pledged shall revert to the Company, and the right, title and interest of the Authority therein shall thereupon cease, terminate and become void; and this Loan Agreement, and the covenants of the Company contained herein, shall be discharged and the Authority, in such case on demand of the Company and at its cost and expense, shall execute and deliver to the Company a proper instrument or proper instruments acknowledging the satisfaction and termination of this Loan Agreement, and shall assign and transfer or cause to be assigned or transferred, and shall deliver or cause to be delivered to the Company, all property, including money, then held by the Authority other than moneys deposited with the Trustee for the payment of the principal of, redemption premium, if any or interest on the Notes and Bonds together with the Notes marked paid or cancelled. If the Company shall pay and discharge or provide for the payment or redemption and discharge of the whole amount of the principal of, redemption premium, if any, and interest on any particular Note and series of Bonds at the time outstanding as provided in the Indenture, or shall make arrangements satisfactory to the Authority for such payment or redemption and discharge, such Note and series of Bonds shall cease to be entitled to any lien, benefit or security under this Loan Agreement or any other Bond Document, and all covenants, agreements and obligations of the Company to the owner of such Note shall thereupon cease, terminate and become void and the Authority shall deliver or cause the Trustee to deliver to the Company such Note marked paid or cancelled; provided that the Owners of the related series of Bonds shall be entitled to payment thereof at the times and in the manner stipulated therein and in the Indenture from the sources provided for such payment.

## ARTICLE VIII

### DEFAULT AND REMEDIES

**Section 8.1. Events of Default.** The occurrence and continuance of any of the following events shall constitute an “Event of Default” hereunder:

(a) failure of the Company to pay any installment of interest or principal, or any premium, on the Series 2022 Note, any Additional Note or any Additional Obligation when the same shall become due and payable, whether at maturity or upon any date fixed for prepayment or by acceleration or otherwise or the failure to comply with any provisions applicable to Subordinated Indebtedness; or

(b) failure of the Company to observe or perform any of the other covenants, conditions or provisions hereof or to make any other payment required to be made hereunder and to remedy such default within 30 days after written notice thereof from the Authority or the Trustee to the Company, provided that if in the opinion of the Trustee such default is correctable but 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 within such period and diligently pursued until the default is corrected; or

(c) if any representation or warranty made by the Company in this Loan Agreement, or any other Bond Document or in any statement or certificate furnished by the Company to the Authority or the Trustee or furnished by the Company pursuant hereto proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within 30 days after written notice thereof to the Company by the Authority or the Trustee; or

(d) failure of the Company to observe or perform any of the covenants, conditions or provisions of the Mortgage and to remedy such default within 30 days after notice thereof from the Authority or the Trustee to the Company, provided that if in the opinion of the Authority and the Trustee such default is correctable but 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 within such period and diligently pursued until the default is corrected; or

(e) default in the payment of the principal of or interest on any obligation of the Company for borrowed money, as and when the same shall become due, or under any mortgage, agreement or other instrument under or pursuant to which such indebtedness is issued, and continuance of such default beyond the period of grace, if any, allowed with respect thereto; or

(f) entry or filing of any judgment, writ or warrant of attachment or of any similar process in an amount in excess of \$50,000 against the Company or against any of its property and failure of the Company to vacate, pay, bond, stay or contest in good faith such judgment, writ, warrant of attachment or other process for a period of 30 days; or

(g) admission by the Company of insolvency or bankruptcy or its inability or failure to pay its debts as they become due, or the Company makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee, custodian or receiver for the Company, or for the major part of its property or the Company is generally not paying its debts as such debts become due; or

(h) appointment of a trustee, custodian or receiver for the Company or for the major part of its property and failure to obtain discharge of such within 30 days after such appointment; or

(i) institution of bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, proceedings under Title 11 of the United States Code, as amended, or other proceedings for relief under any bankruptcy law or similar law for the relief of debtors by or against the Company (other than bankruptcy proceedings instituted by the Company against third parties), and, if instituted against the Company, allowance against the Company or the Company consents to such proceedings or fails to obtain dismissal, stay or other nullification within 30 days after such institution; or

(j) the occurrence and continuance of any “Event of Default” specified in **Section 701** of the Indenture.

**Section 8.2. Remedies Upon Default.** Upon the occurrence and continuance of any Event of Default hereunder, the Authority shall have the following rights and remedies, in addition to any other remedies herein or by law provided:

(a) *Acceleration of Maturity; Waiver of Event of Default and Rescission of Acceleration.* The Trustee, as assignee of the Authority may, by written notice to the Company, declare the principal of the Series 2022 Note, any Additional Notes and, if deemed appropriate, any Additional Obligations (if not then due and payable) to be due and payable immediately, and upon any such declaration the principal of the Series 2022 Note, Additional Note or Additional Obligation, as the case may be, shall become and be immediately due and payable as if all of the sums of money payable thereunder were originally stipulated to be paid on such accelerated payment date, anything in the Series 2022 Note, Additional Note or Additional Obligation, as the case may be, or in this Loan Agreement contained to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of the Series 2022 Note, Additional Note or Additional Obligation shall have been so declared and become due and payable and prior to the date of any sale of any part of the Mortgaged Property pursuant to the Mortgage, all arrears of interest and principal then due, if any, upon the Series 2022 Note, and Additional Notes and Additional Obligations and the fees, costs, advances and expenses (including without limitation attorney’s fees and expenses) of the Authority and the Trustee shall be paid by the Company, and every other default in the observance or performance of any covenant, condition or agreement contained in this Loan Agreement, any Supplemental Agreement, the Series 2022 Note, any Additional Note, any Additional Obligation and/or the Mortgage shall be made good, or be secured, to the satisfaction of the Authority, or provision deemed by the Authority to be adequate shall be made therefor, then and in every such case the Trustee, by written notice to the Company, may waive the Event of Default by reason of which the principal of the Series 2022 Note, Additional Note or Additional Obligation shall have been so declared and become due and payable, and may rescind and annul such declaration and its consequences; but no such waiver, rescission or annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

(b) *Right to Bring Suit, Etc.* The Trustee, with or without entry, personally or by attorney, may in its discretion without notice or demand (a) proceed to protect and enforce its rights by a suit or suits in equity or at law, whether for damages or for the specific performance of any covenant or agreement contained in the Series 2022 Note, any Additional Note, any Additional Obligation, the Mortgage or this Loan Agreement, or in aid of the execution of any power herein or therein granted, or for any foreclosure, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee shall deem effectual to protect and enforce any of its rights or duties hereunder or thereunder or (b) take all actions necessary or appropriate to cause the Mortgage Trustee to exercise the rights and powers set forth in the Mortgage or (c) avail itself of all other rights or remedies available to it.

(c) *Right to Enter.* The Trustee may enter and take possession of the Facility or any part thereof without termination of this Loan Agreement and use its best efforts to lease the Facility as provided in the Mortgage.

If the Trustee or the Mortgage Trustee exercises any of its rights under this Article, it shall give notice of such exercise to the Company and the Authority (i) in writing in the manner provided in **Section 10.4** hereof and (ii) by telephone or facsimile, provided that failure to give such notice by telephone or facsimile shall not affect the validity of the exercise of any right or remedy under this Article.

If the Trustee elects to re-lease the Facility or any part thereof under the provisions of the Mortgage, it may collect the rents from such re-lease and apply the same, first, to the payment of the fees, costs, advances and expenses of entry and leasing, and, second, to the Loan Payments payable hereunder. In the event that the proceeds from such re-lease are not sufficient to pay in full the foregoing, the Company shall remain and be liable therefor. The Company promises and agrees to pay the amount of any such deficiency from time to time, and the Trustee may at any time and from time to time sue and recover judgment for any such deficiency or deficiencies plus interest at the Prime Rate plus 2% from the date of the invoice for such deficiency until paid.

**Section 8.3. Authority May Enforce Demand.** In case the Company shall have failed to pay the principal and interest and other amounts payable hereunder upon demand, the Authority, in its own name, shall be entitled and empowered to institute such actions or proceedings at law or in equity for the collection of the amounts so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Company and collect the moneys adjudged or decreed to be payable out of the property of the Company wherever situated, in the manner provided by law.

The Authority shall, if permitted by law, be entitled to recover judgment as aforesaid either before or after or during the pendency of any proceedings for the enforcement of the lien of the Mortgage; and the right of the Authority to recover such judgment shall not be affected by any sale hereunder or by the exercise of any other right, power or remedy for the enforcement of the provisions of the Mortgage or the foreclosure of the lien thereof; and in case of a sale of the Mortgaged Property and of the application of the proceeds of sale, as provided in the Mortgage to the payment of the debt hereby incurred, the Authority shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid hereunder, and shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest at the greater of the Prime Rate or the Maximum Rate.

No recovery of any judgment by the Authority and no levy of any execution under any judgment upon the Mortgaged Property or upon any other property, shall affect the lien of the Mortgage or of this Loan Agreement or any lien, rights, powers (including but not limited to the power of sale) or remedies of the Authority hereunder, but such lien, rights, powers or remedies of the Authority shall continue unimpaired as before.

Any moneys thus collected by the Authority under this Section shall be applied by the Authority as provided in **Section 14** of the Mortgage for the application of moneys collected from the sale or other disposition of the Mortgaged Property, as defined therein.

**Section 8.4. Appointment of Receiver.** The Company further covenants that upon the happening of any Event of Default and thereafter during the continuance of such Event of Default unless the same shall have been waived as hereinbefore provided, the Trustee shall be entitled as a matter of right if it shall so elect, (i) forthwith and without declaring the principal of the Notes to be due and payable, or (ii) after declaring the same to be due and payable, or (iii) upon the commencement of any foreclosure of the Mortgage or action to enforce the specific performance thereof or in aid thereof or upon the commencement of any other proceedings, judicial or otherwise, to enforce any right of the Trustee to institute such actions or proceedings at law or in equity for the appointment of a receiver or receivers of the Mortgaged Property and all the earnings, revenues, rents, issues, profits and income thereof, with such powers as the court making such appointment shall confer.

**Section 8.5. Remedies Cumulative.** No remedy conferred upon or reserved to the Trustee in this Loan Agreement, the Series 2022 Note, the Mortgage or any other document or instrument is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at



law or in equity or by statute. No delay or omission of the Trustee to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Loan Agreement to the Trustee may be exercised from time to time and as often as may be deemed expedient by the Trustee.

**Section 8.6. Uniform Commercial Code, Rights of a Secured Creditor.** During the continuance of any default hereunder or under the Indenture or any other document or instrument evidencing, securing or otherwise relating to the Series 2022 Note, the Notes or any Additional Obligations, the Authority shall have all the rights of and remedies with regard to the Unrestricted Receivables and Revenues available to a secured creditor under the Missouri Uniform Commercial Code.

**Section 8.7. Waiver of Extension, Stay Laws.** To the extent permitted by law, the Company will not during the continuance of any event of default hereunder insist upon, or plead, or in any manner whatever claim or take any benefit or advantage of any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants and terms of performance of this Loan Agreement; and the Company hereby expressly waives all benefits or advantage of any such law or laws and covenants not to hinder, delay or impede the execution of any power herein granted or delegated to the Authority, but to suffer and permit the execution of every power as though no such law or laws had been made or enacted.

**Section 8.8. Authority's Right to Perform Company's Covenants.** In the event the Company shall fail to (a) pay any tax, charge, assessment or imposition pursuant hereto, (b) remove any lien, encumbrance or charge pursuant hereto, (c) maintain the Facility in repair pursuant hereto, (d) procure the insurance required hereby or pay any insurance premium with respect thereto, (e) pay any amount required to be rebated to the United States Government pursuant to the requirements of Section 148(f) of the Code when due, or (f) make any other payment or perform any other act required to be performed hereunder, then and in each such case the Authority or the Trustee may (but shall not be obligated to) remedy such default for the account of the Company and make advances for that purpose. No such performance or advance shall operate to release the Company from any such default or prejudice any rights of the Trustee, the Authority or the Bondowners arising under any of the Bond Documents in consequence of such failure. Any sums so advanced by the Authority or the Trustee shall bear interest at the Prime Rate plus 2% from the date of the advance until repaid. The Authority or the Trustee shall have the right to enter the Facility or any portion thereof in order to effectuate the purposes of this Section.

**Section 8.9. Right of Entry by Authority.** The duly authorized agents of the Authority or the Trustee shall have the right at all reasonable times to enter the Facility, or any parts thereof, for the purpose of inspecting the Facility to insure compliance with **Section 5.1** or **Section 5.18** hereof and the Act.

**Section 8.10. Application of Moneys Collected.** Any amounts collected pursuant to action taken under this Article shall be applied in accordance with the provisions of **Article VII** of the Indenture, and, to the extent applied to the payment of amounts due on the Bonds, shall be credited against amounts due on the Notes.

## ARTICLE IX

### ASSIGNMENTS

**Section 9.1. Assignment of Security Interest in Unrestricted Receivables and Mortgage, Pledge and Assignment Under the Mortgage.**

(a) In order to secure the payment of the Series 2022 Note and the performance of the duties and obligations of the Company under the Series 2022 Note and this Loan Agreement, the Company does hereby pledge and assign and pursuant to the Mortgage has pledged and assigned unto the Authority and its successors and assigns forever, and granted a security interest in, all Unrestricted Receivables of the Company or which may hereafter be executed, the creation of which security interest is governed by the Missouri Uniform Commercial Code.

(b) The Company shall, at its own expense, take all necessary action to maintain and preserve the security interest in the Unrestricted Receivables granted by this Loan Agreement and to the Personal Property granted by the Mortgage so long as any Bonds, the Series 2022 Note or any Additional Notes are Outstanding. In addition, the Company shall, immediately after the execution and delivery of this Loan Agreement and thereafter from time to time, cause this Loan Agreement, the Mortgage and any financing statements in respect thereof to be filed, registered and recorded in such manner and in such places as may be required by law in order to fully perfect and protect the security interest hereof and thereof and from time to time will perform or cause to be performed any other act as provided by law and will execute or cause to be executed any and all continuation statements and shall provide such further instruments that may be requested by the Trustee for such perfection and protection. Except to the extent it is exempt therefrom, the Company shall pay or cause to be paid all filing, registration and recording fees and all expenses incident to the preparation, execution and acknowledgment of such instruments of perfection, and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Loan Agreement, the Mortgage and such instruments of perfection. In the event that the Company fails to execute any of such instruments within ten (10) days after demand to do so, the Company does hereby make, constitute and irrevocably appoint the Trustee as its attorney-in-fact and in its name, place and stead so to do.

(c) Notwithstanding the security interest granted in the Company's Unrestricted Receivables and the Personal Property pursuant to the Mortgage, it is understood and agreed that so long as the Company makes when due and payable all Loan Payments hereunder, all payments of principal of and interest on Additional Obligations and all Additional Payments required by the Loan Agreement, including without limitation the payments described in **Sections 4.1** and **4.2** hereof, the Company shall be entitled to utilize its Unrestricted Receivables for its proper corporate purposes.

(d) So long as no default shall have occurred and be continuing under this Loan Agreement, the Authority and the Trustee shall release, without the consent of any of the Bondowners, any of the property subject to the lien of the Mortgage upon compliance with the requirements for such release contained in the Mortgage.

**Section 9.2. Assignment of Authority's Rights.** Under the Indenture, the Authority will, as additional security for the Bonds, assign, transfer, pledge and grant a security interest in certain of its rights under the Notes and under this Loan Agreement to the Trustee. The Trustee is hereby given the right to enforce, either jointly with the Authority or separately, the performance of the obligations of the Company, and the Company hereby consents to the same and agrees that the Trustee may enforce such rights as provided in the Indenture and the Company will make payments required hereunder and by the Notes directly to the Trustee.

## ARTICLE X

### MISCELLANEOUS PROVISIONS

**Section 10.1. Amendments, Changes and Modifications.** Subsequent to the issuance of any Bonds and prior to their payment in full (or provision thereof having been made in accordance with the provisions of the Indenture), this Loan Agreement may not be amended, changed, modified, altered or terminated without the written consent of the Trustee required by the Indenture.

**Section 10.2. Instruments of Further Assurance.** The Authority covenants that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such Supplemental Loan Agreements, and such further acts, instruments, financing statements and other documents as the Trustee may reasonably require for the better assuring, pledging and assigning unto the Trustee the property and revenues herein described, to the payment of the principal of and interest on the Bonds. This Loan Agreement, all supplements to this Loan Agreement, the Series 2022 Note, any Additional Notes, and all other Bond Documents and other documents, instruments or policies of insurance required by the Trustee shall be delivered to and held by the Trustee.

**Section 10.3. Payments Due on Saturdays, Sundays and Holidays.** In any case where the day for any payment due under this Loan Agreement shall be not be a Business Day, then payment 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 fixed for payment, and no interest shall accrue for the period after such date.

**Section 10.4. Notices.** It shall be sufficient service of any notice, request, complaint, demand or other paper required by this Loan Agreement to be given to or filed with the Authority, the Trustee, the Company if the same is given or filed in the manner and at the addresses specified in **Section 1203** of the Indenture.

**Section 10.5. Immunity of Officers, Directors, Employees and Members of the Authority and the Trustee.** No recourse shall be had for the payment of the principal of or premium or interest on any of the Notes or for any claim based thereon or upon any representation, obligation, covenant or agreement in this Loan Agreement contained against any past, present or future officer, member, employee, director or agent of the Authority, the Trustee or of any successor public or private corporation thereto, as such, either directly or through the Authority, the Trustee or any successor public or private corporation thereto, 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, members, employees, directors or agents as such is hereby expressly waived and released as a condition of and consideration for the execution of this Loan Agreement and the issuance of the Notes.

**Section 10.6. No Violations of Law.** Any other term or provision in this Loan Agreement to the contrary notwithstanding:

- (a) In no event shall this Loan Agreement be construed as:
  - (1) depriving the Authority of any right or privilege; or
  - (2) requiring the Authority or any member, director, officer, agent, employee, representative or advisor of the Authority to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else,

which deprivation or requirement would violate, or result in the Authority's being in violation of the Act or any other applicable state or federal law; and

(b) At no time and in no event will the Company permit, suffer or allow any of the proceeds of the Notes to be transferred to any Person in violation of, or to be used in any manner which is prohibited by, the Act or any other state or federal law.

**Section 10.7. Severability.** In the event that any provision of this Loan Agreement shall be held invalid or unenforceable by any court or competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. All covenants of the Company hereunder shall be given independent effect so that, if a particular action or condition is prohibited by any of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default or Event of Default if such action is taken or condition exists.

**Section 10.8. Counterparts.** This Loan Agreement is being executed in any number of counterparts, each of which is an original and all of which are identical. Each counterpart of this Loan Agreement is to be deemed an original hereof and all counterparts collectively are to be deemed but one instrument.

**Section 10.9. Governing Law.** It is the intention of the parties hereto that this Loan Agreement and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with the laws of the State of Missouri.

**Section 10.10. Entire Agreement.** **ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE. TO PROTECT THE COMPANY AND THE AUTHORITY FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS THE COMPANY AND THE AUTHORITY REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN THE AUTHORITY AND THE COMPANY, EXCEPT AS THE AUTHORITY AND THE COMPANY MAY LATER AGREE IN WRITING TO MODIFY IT.**

**Section 10.11. Electronic Transactions.** The transactions 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.

IN WITNESS WHEREOF, the Authority and Company have caused this Loan Agreement to be executed as of the day and year first above written.

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

By: *Allen Cecil Arthur*  
Chairman

[Seal]

ATTEST:

*Nancy A. Latta*  
Secretary

THE RAYTOWN WATER COMPANY

By: Neal Clewenger  
President

[SEAL]

ATTEST:

Mitane J. Clewenger  
Secretary

**SCHEDULE 1  
TO LOAN AGREEMENT**

**The Site**

Lots 8 through 12; and Lots 19 through 23, EXCEPT the west 50 feet of said Lot 19; and Lot 24 and the west half of Lot 25, all in MUIRSMITH ADDITION, a subdivision in Raytown, Jackson County, Missouri, according to the recorded plat thereof.

**EXHIBIT A  
TO LOAN AGREEMENT**

**PROMISSORY NOTE**

THIS PROMISSORY NOTE IS SECURED BY THAT CERTAIN DEED OF TRUST, MORTGAGE AND SECURITY AGREEMENT DATED AS OF JULY 1, 2022, BY AND AMONG THE RAYTOWN WATER COMPANY, THE MORTGAGE TRUSTEE AND THE STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY (STATE OF MISSOURI), IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF SECTION 443.055 OF THE REVISED STATUTES OF MISSOURI, AS AMENDED.

**\$5,000,000**

**July \_\_, 2022**

**FOR VALUE RECEIVED**, the undersigned **THE RAYTOWN WATER COMPANY** (the “Company”), promises to pay to the order of the **STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY (STATE OF MISSOURI)** (the “Authority”), at its office in Jefferson City, Missouri, or such other place as the owner hereof may designate in writing, the sum of **FIVE MILLION DOLLARS** (\$5,000,000), and to pay interest thereon, in installments (“Loan Payments”) at the times and in the amounts specified in the hereinafter referred to Loan Agreement.

The Company promises to make such Loan Payments and Additional Payments in accordance with the provisions of and in the manner referred to in that certain Loan Agreement (the “Loan Agreement”) dated as of the date hereof by and between the Authority and the Company and a certain Indenture of Trust dated as of the date hereof (the “Indenture”) by and between the Authority and UMB Bank, N.A., as Trustee (the “Trustee”), and the Deed of Trust, Mortgage and Security Agreement dated as of the date hereof (the “Mortgage”) by the Company for the Authority, the terms and provisions of each and all of the same being incorporated by reference.

In the event of default under the Loan Agreement, the unpaid principal and accrued interest on this Note may, at the option of the owner hereof, be declared due and payable in accordance with the provisions of the Loan Agreement, the Indenture and the Mortgage. The failure of the owner of this Note to exercise such option and to declare such indebtedness to be due as specified in the Loan Agreement, the Indenture and the Mortgage shall not constitute a waiver of the right at any time thereafter to declare the entire indebtedness to be due and payable.

This Note is subject to prepayment as provided in the Loan Agreement.

The Company hereby waives presentment, demand of payment, protest and notice of non-payment and of protest and any and all other notices and demands whatsoever.

This Note shall be governed by the laws of the State of Missouri.



**THE RAYTOWN WATER COMPANY**

[SEAL]

By: \_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

**ENDORSEMENT**

Pay to the order of UMB Bank, N.A., Trustee, pursuant to the aforesaid Indenture authorizing \$5,000,000 principal amount of Water Facilities Revenue Bonds (The Raytown Water Company), Series 2022, and the aforesaid Deed of Trust, Mortgage and Security Agreement, without recourse.

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

By: \_\_\_\_\_  
Title: Chairman

BOND DEBT SERVICE

State Environmental Improvement and Energy Resources Authority  
 Water Facilities Improvement Revenue Bonds (Raytown Water Company Project), Series 2022

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service	Bond Balance	Total Bond Value
07/12/2022						5,000,000	5,000,000
09/01/2022			25,520.83	25,520.83		5,000,000	5,000,000
03/01/2023	235,000	3.750%	93,750.00	328,750.00	354,270.83	4,765,000	4,765,000
09/01/2023			89,343.75	89,343.75		4,765,000	4,765,000
03/01/2024	175,000	3.750%	89,343.75	264,343.75	353,687.50	4,590,000	4,590,000
09/01/2024			86,062.50	86,062.50		4,590,000	4,590,000
03/01/2025	185,000	3.750%	86,062.50	271,062.50	357,125.00	4,405,000	4,405,000
09/01/2025			82,593.75	82,593.75		4,405,000	4,405,000
03/01/2026	190,000	3.750%	82,593.75	272,593.75	355,187.50	4,215,000	4,215,000
09/01/2026			79,031.25	79,031.25		4,215,000	4,215,000
03/01/2027	195,000	3.750%	79,031.25	274,031.25	353,062.50	4,020,000	4,020,000
09/01/2027			75,375.00	75,375.00		4,020,000	4,020,000
03/01/2028	205,000	3.750%	75,375.00	280,375.00	355,750.00	3,815,000	3,815,000
09/01/2028			71,531.25	71,531.25		3,815,000	3,815,000
03/01/2029	210,000	3.750%	71,531.25	281,531.25	353,062.50	3,605,000	3,605,000
09/01/2029			67,593.75	67,593.75		3,605,000	3,605,000
03/01/2030	220,000	3.750%	67,593.75	287,593.75	355,187.50	3,385,000	3,385,000
09/01/2030			63,468.75	63,468.75		3,385,000	3,385,000
03/01/2031	230,000	3.750%	63,468.75	293,468.75	356,937.50	3,155,000	3,155,000
09/01/2031			59,156.25	59,156.25		3,155,000	3,155,000
03/01/2032	235,000	3.750%	59,156.25	294,156.25	353,312.50	2,920,000	2,920,000
09/01/2032			54,750.00	54,750.00		2,920,000	2,920,000
03/01/2033	245,000	3.750%	54,750.00	299,750.00	354,500.00	2,675,000	2,675,000
09/01/2033			50,156.25	50,156.25		2,675,000	2,675,000
03/01/2034	255,000	3.750%	50,156.25	305,156.25	355,312.50	2,420,000	2,420,000
09/01/2034			45,375.00	45,375.00		2,420,000	2,420,000
03/01/2035	265,000	3.750%	45,375.00	310,375.00	355,750.00	2,155,000	2,155,000
09/01/2035			40,406.25	40,406.25		2,155,000	2,155,000
03/01/2036	275,000	3.750%	40,406.25	315,406.25	355,812.50	1,880,000	1,880,000
09/01/2036			35,250.00	35,250.00		1,880,000	1,880,000
03/01/2037	285,000	3.750%	35,250.00	320,250.00	355,500.00	1,595,000	1,595,000
09/01/2037			29,906.25	29,906.25		1,595,000	1,595,000
03/01/2038	295,000	3.750%	29,906.25	324,906.25	354,812.50	1,300,000	1,300,000
09/01/2038			24,375.00	24,375.00		1,300,000	1,300,000
03/01/2039	305,000	3.750%	24,375.00	329,375.00	353,750.00	995,000	995,000
09/01/2039			18,656.25	18,656.25		995,000	995,000
03/01/2040	320,000	3.750%	18,656.25	338,656.25	357,312.50	675,000	675,000
09/01/2040			12,656.25	12,656.25		675,000	675,000
03/01/2041	330,000	3.750%	12,656.25	342,656.25	355,312.50	345,000	345,000
09/01/2041			6,468.75	6,468.75		345,000	345,000
03/01/2042	345,000	3.750%	6,468.75	351,468.75	357,937.50		
	5,000,000		2,103,583.33	7,103,583.33	7,103,583.33		

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.