

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 17, 2021

**NEW ISSUE
BANK QUALIFIED**

**S&P Rating: A-
See "RATING" herein**

In the opinion of Gilmore & Bell, P.C., Special Counsel to the District, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the Interest Component of Base Rentals paid by the District and distributed to the registered owners of the Series 2021 Certificates (including any original issue discount properly allocable to an owner thereof) (1) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax and (2) is exempt from income taxation by the State of Missouri. The District's obligation to pay Base Rentals under the Lease has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" herein.

\$7,075,000*

**Certificates of Participation
(Camden County Public Water Supply District Number Four Project)
Series 2021**

**Evidencing the Undivided, Proportionate Interests of the Owners
Thereof in Base Rentals Payable by
CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NUMBER FOUR
Under an Annually-Renewable Project Lease Agreement**

Dated: Date of Delivery

Due: January 1, as shown on the inside cover

The Principal Component of the Base Rentals represented by the Series 2021 Certificates will be payable at maturity or upon redemption upon presentation and surrender of the Series 2021 Certificates at the payment office of UMB Bank, N.A., Kansas City, Missouri (the "Trustee"). Interest will be payable on January 1 and July 1, beginning on January 1, 2022. The Series 2021 Certificates are subject to redemption prior to maturity as described herein.

The Series 2021 Certificates evidence proportionate, undivided ownership interests in the right to receive Base Rentals from Camden County Public Water Supply District Number Four (the "District") under an annually-renewable Project Lease Agreement dated as of November 1, 2015, as amended and supplemented (collectively, the "Agreement"), between the District and the Trustee. The Series 2021 Certificates are being delivered pursuant to a Declaration of Trust dated as of November 1, 2015, as amended and supplemented (collectively, the "Declaration of Trust"), executed by the Trustee. The Series 2021 Certificates will be secured on a parity basis with the Outstanding Series 2015 Certificates and the Outstanding Series 2017 Certificates.

There are risks associated with the purchase of the Series 2021 Certificates. For a discussion of certain of these risks, see the caption "RISK FACTORS AND INVESTMENT CONSIDERATIONS" herein.

The Series 2021 Certificates shall not constitute a debt or liability of the District beyond the current year for which the District has renewed the Agreement nor shall they constitute a debt or liability of the State of Missouri or of any political subdivision thereof. The delivery of the Series 2021 Certificates shall not obligate the District to levy any form of taxation therefor or to make any appropriation for their payment in any fiscal year subsequent to a fiscal year for which the Agreement has been renewed and is then in effect.

The Series 2021 Certificates are offered when, as and if issued and received by the Underwriter subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality of the Series 2021 Certificates by Gilmore & Bell, P.C., Special Tax Counsel to the District. Special Tax Counsel will also pass on certain matters relating to this Official Statement. Certain legal matters will be passed upon for the District by its counsel, Pohl & Pohl, P.C., Lake Ozark, Missouri. Ranson Financial Corp, Overland Park, Kansas, serves as Financial Advisor to the District. The Series 2021 Certificates are expected to be delivered in book-entry form through the facilities of DTC on or about July __, 2021.

Piper Sandler & Co.

The date of this Official Statement is _____, 2021.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances may this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor may there be any sale of these securities in any jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$7,075,000*
Certificates of Participation
(Camden County Public Water Supply District Number Four Project)
Series 2021

Base CUSIP Number: 13279T

MATURITY SCHEDULE*

SERIAL CERTIFICATES

| <u>Maturity (January 1)</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Price</u> | <u>CUSIP</u> |
|---------------------------------|-----------------------------|--------------------------|--------------|--------------|
| 2024 | \$ 50,000 | % | % | |
| 2025 | 100,000 | | | |
| 2026 | 180,000 | | | |
| 2027 | 180,000 | | | |
| 2028 | 195,000 | | | |
| 2029 | 205,000 | | | |
| 2030 | 205,000 | | | |
| 2031 | 215,000 | | | |
| 2032 | 210,000 | | | |
| 2033 | 230,000 | | | |
| 2034 | 235,000 | | | |
| 2035 | 235,000 | | | |

TERM CERTIFICATES

| <u>Maturity (January 1)</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Price</u> | <u>CUSIP</u> |
|---------------------------------|-----------------------------|--------------------------|--------------|--------------|
| 2037 | \$ 510,000 | % | % | |
| 2039 | 545,000 | | | |
| 2041 | 580,000 | | | |
| 2043 | 615,000 | | | |
| 2045 | 650,000 | | | |
| 2047 | 1,935,000 | | | |

* Preliminary; subject to change.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NUMBER FOUR

62 Bittersweet Road
Lake Ozark, Missouri 65049
(573) 365-6792

OFFICIALS

Roger Sallee, *President & Director*
Randy Thompson, *Vice President & Director*
Harrell Dryden, *Director*
Missy Martinette Pinkel, *Director*
Randy Engel, *Director*
Bernadette Hertzler-Long, *District Clerk & Treasurer*

DISTRICT MANAGEMENT

Anthony Butt, *District Manager*

DISTRICT'S COUNSEL

Pohl & Pohl, P.C.
Lake Ozark, Missouri

FINANCIAL ADVISOR

Ranson Financial Corp
Overland Park, Kansas

SPECIAL TAX COUNSEL

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

UNDERWRITER

Piper Sandler & Co.
Leawood, Kansas

REGARDING USE OF THIS OFFICIAL STATEMENT

The Series 2021 Certificates have not been registered with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, nor has the Declaration of Trust been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such Acts. In making an investment decision, investors must rely on their own examinations of the District and the terms of the offering. The Series 2021 Certificates have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

In connection with the offering of the Series 2021 Certificates, the Underwriter may over allot or effect transactions that stabilize or maintain the market price of the Series 2021 Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations with respect to the Series 2021 Certificates other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2021 Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the District and other sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. Statements contained in this Official Statement that involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to its date.

FORWARD-LOOKING STATEMENTS

This Official Statement contains “forward-looking statements.” These forward-looking statements include statements about the District’s future plans, strategies and projections, and other statements that are not historical in nature. These forward-looking statements are based on the current expectations of management of the District. When used in this Official Statement, the words “estimate,” “intend,” “expect,” “projected” and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve future risks and uncertainties that could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in forward-looking statements. These future risks and uncertainties include (i) risks associated with competition from other service providers, (ii) risks associated with environmental regulation, (iii) risks associated with the generation of revenues sufficient to satisfy the District’s obligations under the Agreement, and (iv) the other risks discussed in this Official Statement, including those described under the caption “**RISK FACTORS AND INVESTMENT CONSIDERATIONS.**” The District undertakes no obligation to update any forward-looking statements contained in this Official Statement to reflect future events or developments.

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\$7,075,000*
Certificates of Participation
(Camden County Public Water Supply District Number Four Project)
Series 2021

Evidencing the Undivided, Proportionate Interests of the Owners
Thereof in Base Rentals Payable by
CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NUMBER FOUR
Under an Annually-Renewable Project Lease Agreement

INTRODUCTION

*The following introduction is subject in all respects to more complete information contained elsewhere in this Official Statement. The order and placement of materials in this Official Statement, including the appendices hereto, are not to be deemed to be a determination of relevance, materiality or relative importance, and this Official Statement, including the cover page and appendices, must be considered in its entirety. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in **Appendix D** hereto.*

Purpose of the Official Statement

The purpose of this Official Statement, including the cover page and the appendices hereto, is to set forth information in connection with the offering of \$7,075,000* principal amount of Certificates of Participation (Camden County Public Water Supply District Number Four Project), Series 2021 (the “**Series 2021 Certificates**”) by UMB Bank, N.A., Kansas City, Missouri (the “**Trustee**”) at the request of Camden County Public Water Supply District Number Four (the “**District**”).

The Series 2021 Certificates evidence the proportionate, undivided ownership interests in the right to receive rental payments (the “**Base Rentals**”), consisting of a principal component (the “**Principal Component**”) and an interest component (the “**Interest Component**”), payable under a Project Lease Agreement dated as of November 1, 2015 (the “**Original Agreement**”), as amended and supplemented by a First Amendment to Project Lease Agreement dated as of June 1, 2017 (the “**First Amended Agreement**”), as further amended and supplemented by a Second Amendment to Project Lease Agreement dated as of July 1, 2021 (the “**Second Amended Agreement**” and, together with the Original Agreement and the First Amended Agreement, the “**Agreement**”), between the Trustee and the District. The Series 2021 Certificates are being executed and delivered pursuant to a Declaration of Trust dated as of November 1, 2015 (the “**Original Declaration of Trust**”), as amended and supplemented by a First Supplemental Declaration of Trust dated as of June 1, 2017 (the “**First Supplemental Declaration of Trust**”), as further amended and supplemented by a Second Supplemental Declaration of Trust dated as of July 1, 2021 (the “**Second Supplemental Declaration of Trust**” and, together with the Original Declaration of Trust and the First Supplemental Declaration of Trust, the “**Declaration of Trust**”) made by the Trustee for the benefit of the Owners of the Certificates (hereinafter defined). The Trustee holds, pursuant to a Base Lease Agreement dated as of November 1, 2015 (the “**Original Base Lease**”), as amended and supplemented by the First Amendment to Base Lease Agreement dated as of June 1, 2017 (the “**First Amended Base Lease**” and, together with the Original Base Lease, the “**Base Lease**”), a leasehold interest in certain property described herein, which leasehold interest has been pledged under the Declaration of Trust for the benefit of the Owners of the Certificates. See “**SECURITY FOR THE SERIES 2021 CERTIFICATES – The Leased Premises**” herein.

* Preliminary; subject to change.

Purpose of the Series 2021 Certificates

Proceeds from the sale of the Series 2021 Certificates will be used to pay the costs of (1) expanding the Shawnee Bend and Racquet Club sewer plants, upgrading lift stations, constructing a new tower and other capital improvements within the District and (2) delivering the Series 2021 Certificates. See the caption “**PLAN OF FINANCING**” herein.

Financing Plan

Series 2015 Certificates. Pursuant to the Original Declaration, the District and the Trustee caused to be delivered \$9,245,000 original principal amount of Certificates of Participation (Public Water Supply District No. 4 of Camden County, Missouri Project), Series 2015 (the “**Series 2015 Certificates**”), for the purpose of (1) currently refunding all of the District’s Certificates of Participation (Public Water Supply District No. 4 of Camden County, Missouri, Project), Series 2006 (the “**Series 2006 Certificates**”), Outstanding in the aggregate principal amount of \$2,920,000, (2) purchasing the water distribution system owned by Ozark Shores Water Company within the boundaries of the District, (3) purchasing an office building owned by North Suburban Public Utility Co., (4) funding a reserve fund, and (5) paying the costs of delivery of the Series 2015 Certificates. Simultaneously with the delivery of the Series 2015 Certificates, the District and the Trustee entered into the Original Base Lease and the Original Agreement, pursuant to which the District agreed to pay rental payments sufficient to pay when due the Principal Component, redemption premium, if any, and Interest Component represented by the Series 2015 Certificates, subject to annual renewal and appropriation of rental payments by the Board of Directors of the District. The Series 2015 Certificates are currently Outstanding in the principal amount of \$9,050,000.

Series 2017 Certificates. Pursuant to the First Supplemental Declaration of Trust, the District and the Trustee caused to be delivered \$6,500,000 original principal amount of Certificates of Participation (Public Water Supply District No. 4 of Camden County, Missouri Project), Series 2017 (the “**Series 2017 Certificates**”), for the purpose of (1) purchasing the water distribution and sewer collection systems owned by Lake Regional Water & Sewer Company within the boundaries of the District, (2) making certain capital improvements within the District, and (3) paying the costs of delivery of the Series 2017 Certificates. Simultaneously with the delivery of the Series 2017 Certificates, the District and the Trustee entered into the First Amended Base Lease and the First Amended Agreement, pursuant to which the District agreed to pay rental payments sufficient to pay when due the Principal Component, redemption premium, if any, and Interest Component represented by the Series 2017 Certificates, subject to annual renewal and appropriation of rental payments by the Board of Directors of the District. The Series 2017 Certificates are currently Outstanding in the principal amount of \$6,015,000.

Series 2021 Certificates. Pursuant to the Second Supplemental Declaration of Trust, the District and the Trustee will cause to be delivered the Series 2021 Certificates. Simultaneously therewith, the District and the Trustee will enter into the Second Amended Agreement, pursuant to which the District will agree to pay additional rental payments sufficient to pay when due the Principal Component, redemption premium, if any, and Interest Component represented by the Series 2021 Certificates, subject to annual renewal and appropriation of rental payments by the Board of Directors of the District. The Series 2021 Certificates will evidence the proportionate, undivided ownership interests in the right to receive Base Rentals payable under the Agreement.

The property leased by the District to the Trustee under the Base Lease and by the Trustee to the District under the Agreement is collectively referred to herein as the “**Leased Premises.**” Pursuant to the Agreement, the Trustee will lease the Leased Premises back to the District for a series of one-year terms

ending January 15, 2047*, all subject to annual renewal and appropriation by the Board of Directors of the District. See **“SECURITY FOR THE SERIES 2021 CERTIFICATES – The Leased Premises.”**

The Series 2015 Certificates, the Series 2017 Certificates and the Series 2021 Certificates, together with any Additional Certificates issued pursuant to the Declaration of Trust, are herein called the **“Certificates.”** Payments under the Agreement are designed to be sufficient, together with other available District funds, to pay, when due, the Principal Component, redemption premium, if any, and Interest Component represented by each series of the Certificates.

Limited Obligations

Under the Agreement, the District will make payments of Base Rentals, consisting of a Principal Component and an Interest Component, but only if and to the extent that the Board of Directors of the District annually appropriates sufficient moneys to pay the Base Rentals coming due during each succeeding Renewal Term.

Neither the Certificates, the Agreement nor any payments required under the Agreement shall constitute a mandatory payment obligation of the District in any year beyond the current year for which the District has renewed the term of the Agreement and appropriated sufficient moneys to pay the Base Rentals coming due during such Renewal Term, or constitute or give rise to a general obligation or other indebtedness of the District. The District is not legally obligated to budget or appropriate moneys for any fiscal year beyond the current fiscal year or any subsequent fiscal year for which the Agreement has been renewed and is in effect, and there can be no assurance that the District will appropriate funds to pay Base Rentals or renew the Agreement after the Initial Term or any Renewal Term of the Agreement. The District may terminate its obligations under the Agreement on an annual basis. The District will have the option to purchase the Trustee’s interest in the Leased Premises on an annual basis at the end of the Initial Term of the Agreement and at the end of any Renewal Term thereof.

Neither the Certificates nor the Agreement shall constitute a debt or liability of the State of Missouri or of any agency or political subdivision thereof, nor shall they constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The execution and delivery of the Agreement shall not obligate the District to levy any form of taxation for the payment of Base Rentals payable thereunder or to make any appropriation for such payments in any fiscal year subsequent to a fiscal year for which the Agreement has been renewed and is in effect.

Reserve Fund

A Reserve Fund has been funded to pay the Principal Component and Interest Component represented by the Certificates (including the Series 2021 Certificates) to the extent of any deficiency in the Certificate Fund and to pay and retire a portion of the Principal Component of the last outstanding Certificates. At the delivery of the Series 2021 Certificates, the Reserve Fund will have approximately \$700,000 on deposit (including \$123,000* from the proceeds of the Series 2021 Certificates). The value of the Reserve Fund may vary due to day-to-day market fluctuations. See the caption **“SECURITY FOR THE SERIES 2021 CERTIFICATES - Reserve Fund”** herein.

Parity Obligations

The Series 2021 Certificates will be secured on a parity basis with the Outstanding Series 2015 Certificates and the Outstanding 2017 Certificates. The Declaration of Trust provides for the future delivery of Additional Certificates which, if issued and satisfying certain provisions of the Declaration of Trust and

* Preliminary; subject to change.

the Agreement, would rank on a parity with the Outstanding Certificates (including the Series 2021 Certificates) and any other Additional Certificates then-Outstanding under the Declaration of Trust. Following the delivery of the Series 2021 Certificates, the District will have Certificates Outstanding in the aggregate principal amount of \$22,140,000*.

See the captions “**SECURITY FOR THE SERIES 2021 CERTIFICATES – Parity Obligations,**” “**RISK FACTORS AND INVESTMENT CONSIDERATIONS – Results of Nonappropriation**” and “**FINANCIAL INFORMATION CONCERNING THE DISTRICT**” in *Appendix A* hereto.

Risk Factors

There are risks associated with the purchase of the Series 2021 Certificates. See “**RISK FACTORS AND INVESTMENT CONSIDERATIONS**” herein for a discussion of some of these risks.

Continuing Disclosure

The District has executed a Continuing Disclosure Undertaking (the “**Disclosure Undertaking**”), wherein the District has covenanted to provide annually certain financial information and operating data and notices of certain events to the Municipal Securities Rulemaking Board, through its EMMA website, in compliance with Rule 15c2-12 (the “**Rule**”). This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Series 2021 Certificates.

On September 17, 2015, the District adopted post-issuance compliance procedures that it believes will ensure full and timely compliance with all continuing disclosure obligations. The procedures include: (1) designation of a bond compliance officer as the person responsible for complying with the District’s continuing disclosure obligations; (2) training personnel responsible for compliance to ensure comprehensive understanding of compliance requirements and the importance of timely submission of information; and (3) annual review by the designated compliance officer of each continuing disclosure undertaking to determine what financial information and operating data is required to be included in the annual report to be filed on the EMMA website. The District also engaged a third-party consultant to assist in its ongoing post-issuance disclosure under the Rule.

The District has made similar undertakings with respect to its outstanding obligations. The District believes it has complied in all material respects during the past five years with its prior undertakings under the Rule, except the District failed to timely file a notice of a rating change in 2018.

See the caption “**SUMMARY OF THE CONTINUING DISCLOSURE UNDERTAKING**” in *Appendix D* hereto.

Definitions and Descriptions; Inspection of Documents

All capitalized terms used in this Official Statement, not defined in the text hereof, are set forth in *Appendix D* to this Official Statement. *Appendix D* also contains summaries of the Base Lease, the Agreement, the Declaration of Trust and the Disclosure Undertaking. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Base Lease, the Agreement, the Declaration of Trust and the Disclosure Undertaking are qualified in their entirety by reference to such documents, copies of which may be viewed at the corporate trust office of the Trustee at 1010 Grand Avenue, 4th Floor,

* Preliminary; subject to change.

Kansas City, Missouri 64106, or will be provided to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

THE SERIES 2021 CERTIFICATES

Description

The Series 2021 Certificates represent a proportionate interest in the right to receive Base Rentals to be paid by the District to the Trustee for the benefit of the Owners of the Series 2021 Certificates. The Series 2021 Certificates will be issued in the form of fully-registered certificates, in denominations of \$5,000 or any integral multiple thereof. The Series 2021 Certificates will be issued in the aggregate principal amount stated on the cover page hereof, will be dated as of the date of delivery thereof, and will mature as stated on the inside cover page hereof, subject to redemption as described herein. The Base Rentals payable under the Agreement include an Interest Component at the rates per annum set forth in the maturity schedule appearing on the inside cover page hereof, which Interest Component will be payable semiannually on January 1 and July 1 in each year, beginning on January 1, 2022. The Principal Component of Base Rentals under the Agreement will be payable in lawful money of the United States of America by check or draft upon presentation and surrender of the Series 2021 Certificates at the principal payment office of the Trustee. The Interest Component of Base Rentals will be payable by check or draft to the persons who are the Owners of the Series 2021 Certificates as of the close of business on the 15th day of the month next preceding each Payment Date (the “**Record Date**”), or in the case of such Interest Component to (1) the Securities Depository or (2) upon the request of any and at the expense of any Owner of the Series 2021 Certificates, by electronic transfer to such Owner upon written notice given to the Trustee by such Owner not less than 15 days prior to the Record Date for such Interest Component, containing the electronic transfer instructions including the bank (which will be in the continental United States), ABA routing number, account name and number to which such Owner wishes to have such transfer directed and an agreement to pay any wire transfer fees which may be applicable.

Beneficial ownership interests in the Series 2021 Certificates will be available in book-entry form only. Purchasers of beneficial ownership interests in the Series 2021 Certificates will not receive certificates representing their ownership interests in the Series 2021 Certificates and will not be “Registered Owners” of the Series 2021 Certificates under the Declaration of Trust. See *Appendix E* to this Official Statement for a description of the book-entry only system. If the book-entry only system is no longer used with respect to the Series 2021 Certificates, interest on the Series 2021 Certificates will be payable by first class mail to the Owners thereof as of the Record Date for each Interest Payment Date or on a special record date established for the payment of defaulted interest.

Redemption Provisions

Optional Redemption. The Series 2021 Certificates, including portions thereof, are subject to redemption prior to maturity, at the option of the Trustee, upon instructions from the District, in whole or in part on any date on and after January 1, 20__, at a redemption price equal to one hundred percent (100%) of the stated Principal Component of the Base Rentals represented by the Series 2021 Certificates to be redeemed plus an amount equal to the Interest Component of the Base Rentals evidenced by such Series 2021 Certificates accrued to the redemption date, without premium.

Mandatory Sinking Fund Redemption*. The Series 2021 Certificates maturing in the years 2037, 2039, 2041, 2043, 2045 and 2047 (the “**Term Certificates**”) will be subject to mandatory redemption at a

* Preliminary; subject to change.

redemption price equal to 100% of the Principal Component of Base Rentals represented by the Series 2021 Certificates being redeemed plus the Interest Component of Base Rentals accrued to the redemption date, as follows:

| <u>Redemption Date (January 1)</u> | <u>Principal Amount*</u> |
|--|--------------------------|
| 2036 | \$255,000 |
| 2037 ⁺ | 255,000 |

⁺Stated Maturity

| <u>Redemption Date (January 1)</u> | <u>Principal Amount*</u> |
|--|--------------------------|
| 2038 | \$270,000 |
| 2039 ⁺ | 275,000 |

⁺Stated Maturity

| <u>Redemption Date (January 1)</u> | <u>Principal Amount*</u> |
|--|--------------------------|
| 2040 | \$290,000 |
| 2041 ⁺ | 290,000 |

⁺Stated Maturity

| <u>Redemption Date (January 1)</u> | <u>Principal Amount*</u> |
|--|--------------------------|
| 2042 | \$300,000 |
| 2043 ⁺ | 315,000 |

⁺Stated Maturity

| <u>Redemption Date (January 1)</u> | <u>Principal Amount*</u> |
|--|--------------------------|
| 2044 | \$320,000 |
| 2045 ⁺ | 330,000 |

⁺Stated Maturity

* Preliminary; subject to change.

| <u>Redemption Date</u> <u>(January 1)</u> | <u>Principal Amount*</u> |
|--|--------------------------|
| 2046 | \$955,000 |
| 2047 ⁺ | 980,000 |

⁺Stated Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory redemption date, the District may: (1) deliver to the Trustee for cancellation Term Certificates in any aggregate principal amount desired or (2) receive a credit with respect to the mandatory redemption obligation of the Trustee pursuant to the Declaration of Trust for any Term Certificates which prior to such date have been redeemed (other than through the operation of the requirements therein) and cancelled by the Trustee and not theretofore applied as a credit against any redemption obligation pursuant therein. Each Term Certificate so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the Trustee to redeem Term Certificates of the same series and payment date on such redemption date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Certificates of the same series and payment date in chronological order, and the principal amount of Certificates of the same series and payment date to be redeemed by operation of the requirements therein shall be accordingly reduced. If the District intends to exercise any option granted by the provisions of clauses (1) or (2) above, the District will, on or before the 45th day next preceding each mandatory redemption date, furnish the Trustee a certificate signed by an Authorized Representative indicating to what extent the provisions of said clauses (1) or (2) are to be complied with in respect to such mandatory redemption.

Extraordinary Optional Redemption.

Damage, Destruction, Condemnation of Title. The Series 2021 Certificates are subject to optional redemption prior to maturity, at the option of the Trustee, upon instructions from the District, in whole or in part, on any date, at a redemption price equal to the Principal Component of the Base Rentals represented by the Series 2021 Certificates to be redeemed plus the Interest Component of the Base Rentals evidenced by such Series 2021 Certificates accrued to the redemption date, upon the occurrence of any of the following conditions or events: (a) if title to, or the use for a limited period of, all or any portion of the Leased Premises is condemned by any authority having the power of eminent domain (see the caption “**SUMMARY OF THE AGREEMENT - Deficiency in Title; Condemnation**” in *Appendix D* hereto); (b) if title to all or any portion of the Leased Premises is found to be deficient or nonexistent to the extent that the efficient utilization of the Leased Premises by the District is impaired (see the caption “**SUMMARY OF THE AGREEMENT - Deficiency in Title; Condemnation**” in *Appendix D* hereto); (c) if all or any portion of the Leased Premises is damaged or destroyed by fire or other casualty (see the caption “**SUMMARY OF THE AGREEMENT - Damage or Destruction**” in *Appendix D* hereto); or (d) if as a result of changes in the Constitution of the State of Missouri or the United States, or of legislative or administrative action by the State of Missouri or any political subdivision thereof, or by the United States, or by reason of any action instituted in any court, the Agreement shall become void, unenforceable, impossible of performance without unreasonable delay, or unreasonable burdens or excessive liabilities are imposed on the District or the Trustee with respect to the Agreement.

Consolidation or the Sale of the Leased Premises. The Series 2021 Certificates are subject to optional redemption prior to maturity, at the option of the Trustee, upon instructions from the District, (1) in whole but not in part, at a redemption price equal to the Principal Component of the Base Rentals

* Preliminary; subject to change.

represented by the Series 2021 Certificates to be redeemed plus the Interest Component of the Base Rentals evidenced by such Series 2021 Certificates accrued to the redemption date, without premium, upon and on any date within twenty-four (24) months following either (a) the effective date of a final decree of consolidation of the District with another public water supply district or (b) the effective date of any acquisition, merger or other joinder of the District with another provider of water and/or sewer services, or (2) in whole or in part, on any date within one hundred twenty (120) days following the sale of all or any portion of the System in accordance with the Agreement, at a redemption price equal to the Principal Component of the Base Rentals represented by the Series 2021 Certificates to be redeemed plus the Interest Component of the Base Rentals evidenced by such Series 2021 Certificates accrued to the redemption date, without premium. See the caption “**SUMMARY OF THE AGREEMENT – Sale of the Leased Premises**” in *Appendix D* hereto.

Redemption of Series 2021 Certificates with Excess Proceeds. The Series 2021 Certificates are subject to redemption and payment prior to maturity at any time from and to the extent that proceeds deposited in the Construction Fund are transferred to the Certificate Fund upon completion of the Project, or if the Board of Directors of the District determines in the exercise of reasonable judgment that the District will be unable to complete the Project for reasons beyond the control of the District. Series 2021 Certificates to be redeemed in accordance with this provision shall be redeemed in inverse order of maturity at a redemption price of 100% of the Principal Component of Base Rentals represented by such Series 2021 Certificates to be so redeemed plus an amount equal to the Interest Component of the Base Rentals represented by the Series 2021 Certificates accrued to the redemption date, without premium.

Selection of Certificates for Redemption

The Series 2021 Certificates shall be redeemed only in the stated principal amount of \$5,000 or any integral multiple thereof. Except as otherwise described herein, when less than all of the Outstanding Series 2017 Certificates and the Outstanding 2015 Certificates are to be redeemed, such Series 2021 Certificates shall be redeemed in the order of maturity designated by the District and by \$5,000 stated principal amounts selected by the Trustee by lot or other manner deemed fair within a maturity.

In the case of a partial redemption of the Series 2021 Certificates, upon notice of intention to redeem such \$5,000 unit or units, the Owner of such Certificate or his duly authorized agent shall present and surrender such Series 2021 Certificate to the Trustee (1) for payment of the redemption price (including amounts representing premium, if any, and interest to the date fixed for redemption) of each \$5,000 unit of stated principal amount called for redemption, and (2) for exchange, without charge to such Owner, for one or more new Series 2021 Certificates of the aggregate stated principal amount of the unredeemed portion of such Series 2017 Certificate. If the Owner of any such Series 2021 Certificate of a denomination greater than \$5,000 fails to present such Series 2021 Certificate to the Trustee for payment and exchange as aforesaid, such failure shall not affect the validity or effect of proceedings for redemption of the portion of such Series 2021 Certificate called for redemption.

Notice and Effect of Redemption

Notice of redemption shall be mailed by the Trustee to the Underwriter (as defined herein) and each Owner of the Series 2021 Certificates called for redemption by first class mail, postage pre-paid, at least 30 days prior to the date fixed for redemption to the Underwriter and the Owner of each Certificate to be redeemed; provided that failure to give such notice by mailing, or any defect therein, shall not affect the validity of proceedings for the redemption of any Series 2021 Certificate or portion thereof with respect to which no such defect or failure has occurred. The Trustee, as long as a book entry-only method is used for the Series 2021 Certificates, will send notices of redemption only to DTC, as the registered owner of the

Series 2021 Certificates, with a request that DTC so notify its DTC Participants and request the DTC Participants to notify the Beneficial Owners of such Series 2021 Certificates of such redemption. Any failure of DTC to advise any of its DTC Participants, or of any DTC Participant or any nominee to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of such Series 2021 Certificates called for redemption.

Upon the giving of such notice, the principal amount of the Series 2017 Certificate or portion thereof called for redemption shall become due and payable on the redemption date at the redemption price, and, if the funds necessary to effect such redemption are on deposit with the Trustee and available therefor, interest on the Series 2021 Certificates or portions thereof so called for redemption shall cease to accrue from and after the redemption date; and such Series 2021 Certificates or portions thereof shall thereafter cease to be entitled to any benefit or security under the Declaration of Trust, and Owners of the Series 2021 Certificates or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price plus accrued interest to the date fixed for redemption. Series 2021 Certificates that have been redeemed will not be reissued but will be canceled and either surrendered to or destroyed by the Trustee.

Transfer Outside Book-Entry Only System

If the book-entry only system is discontinued the following provisions would apply. The Series 2021 Certificates are transferable only upon the Register upon presentation and surrender of the Series 2021 Certificates, together with instructions for transfer. The Series 2021 Certificates may be exchanged for other Series 2021 Certificates of any denomination authorized by the Declaration of Trust in the same aggregate principal amount, series, payment date and interest rate, upon presentation to the Trustee, subject to the terms, conditions and limitations and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer.

SECURITY FOR THE SERIES 2021 CERTIFICATES

Nature of Series 2021 Certificates; Limited Obligations

The Series 2021 Certificates, when issued, evidence the proportionate, undivided interest of the Owner thereof in the right to receive Base Rentals and certain other payments, revenues and receipts payable under the Agreement. The Principal Component of the Base Rentals represented by the Series 2021 Certificates and the Interest Component thereof are special, limited obligations, payable solely from (1) amounts paid as the Base Rentals by the District to the Trustee for the lease of the Leased Premises pursuant to the Agreement, which may but are not required to be budgeted and appropriated annually by the Board of Directors of the District, and (2) to the extent received by the Trustee, interest earnings, proceeds of insurance and condemnation awards, moneys on deposit in the Reserve Fund and proceeds of the sale of the Leased Premises. Under the Declaration of Trust, the Trustee will pledge and assign the Base Rentals paid under the Agreement for the benefit of the Certificate Owners, as security for the payment of the Series 2021 Certificates and the interest thereon.

THE SERIES 2021 CERTIFICATES SHALL NOT CONSTITUTE A DEBT OR LIABILITY OF THE DISTRICT BEYOND THE THEN-CURRENT RENEWAL TERM. THE CERTIFICATES SHALL NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF MISSOURI OR OF ANY POLITICAL SUBDIVISION THEREOF AND SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. THE DELIVERY OF THE SERIES 2021 CERTIFICATES SHALL NOT OBLIGATE THE DISTRICT TO LEVY ANY FORM OF TAXATION THEREFOR OR TO BUDGET OR MAKE

ANY APPROPRIATION FOR THEIR PAYMENT IN ANY FISCAL YEAR SUBSEQUENT TO A FISCAL YEAR FOR WHICH THE AGREEMENT HAS BEEN RENEWED AND IS IN EFFECT. THE DISTRICT IS NOT OBLIGATED TO RENEW THE AGREEMENT BEYOND THE INITIAL TERM.

Under the terms of the Agreement, if the District elects to renew the Agreement at the end of any Renewal Term, the District is obligated to budget, appropriate and set aside a portion of the revenues of the District, which appropriation shall be sufficient to pay the Base Rentals due during the next Renewal Term of the Agreement. The District is obligated to make payments of annual Base Rentals to the Trustee on June 15 and December 15 during any Renewal Term for which the Agreement remains in effect, which payments shall be sufficient to enable the Trustee to meet its obligation to pay the principal, premium, if any, and interest with respect to the Series 2021 Certificates becoming due during the next Renewal Term (but only if the District elects to renew the Agreement for such Renewal Term).

Base Lease

The District will, pursuant to the Base Lease, lease all its interest in the Leased Premises to the Trustee, as lessee. The Base Lease is for a term ending January 1, 2065* (which is 18 years after the latest scheduled maturity date of the Series 2021 Certificates), unless sooner terminated if the District makes all payments required by the Agreement. If an Event of Default or Event of Nonappropriation occurs under the Declaration of Trust or the Agreement, the Trustee has the right to possess and use the Leased Premises for the remainder of the term of the Base Lease, and has the right to sublease or assign its interests under the Base Lease upon such terms as it deems prudent.

The proceeds from any assignment of the Base Lease and the Trustee's rights thereunder or any sublease of the Leased Premises are required to be paid to the Trustee and applied in accordance with the Declaration of Trust. **Owners of the Series 2021 Certificates are cautioned, however, that the proceeds from any such assignment or sublease may not be sufficient to pay the Principal Component and the Interest Component represented by all Series 2021 Certificates then Outstanding.** See the caption **"RISK FACTORS AND INVESTMENT CONSIDERATIONS – Delays in Selling or Subleasing the Leased Premises; Limited Value of Leased Premises"** herein.

Reserve Fund

Amounts in the Reserve Fund are to be used to pay the Principal Component and Interest Component represented by the Certificates (including the Series 2021 Certificates) to the extent of any deficiency in the Certificate Fund and to pay and retire a portion of the Principal Component of the last Outstanding Certificates unless the Certificates and all interest thereon are otherwise paid. All of the Certificates are secured by a single Reserve Fund. Therefore, if the money in the Certificate Fund is not sufficient to pay the principal of and interest on the Certificates (including the Series 2021 Certificates) when due, the money in the Reserve Fund will be transferred to the Certificate Fund for such purpose. See the caption **"SUMMARY OF THE DECLARATION OF TRUST - Reserve Fund"** in *Appendix D* hereto.

At the delivery of the Series 2021 Certificates, the Reserve Fund will have approximately \$700,000 (including \$123,000* from the proceeds of the Series 2021 Certificates). The value of the Reserve Fund may vary due to day-to-day market fluctuations. If future parity Certificates are delivered without additional Reserve Fund deposits, Certificate Owners' interest in the Reserve Fund may become diluted.

* Preliminary; subject to change.

No portion of the Reserve Fund has been or will be at the time of delivery of the Series 2021 Certificates funded with a reserve fund surety policy.

Parity Obligations

Following the delivery of the Series 2021 Certificates, the District will have Outstanding \$9,050,000 principal amount of the Series 2015 Certificates, \$6,015,000 principal amount of the Series 2017 Certificates, and \$7,075,000* of the Series 2021 Certificates. The Series 2021 Certificates will be secured on a parity basis with the Outstanding Series 2015 Certificates and the Outstanding Series 2017 Certificates.

Additional Certificates may be issued under and be equally and ratably secured by the Declaration of Trust on a parity with the Certificates and any other Additional Certificates Outstanding, at any time and from time to time while no Event of Default or Event of Nonappropriation has occurred and is continuing under the Declaration of Trust, after adoption of a resolution by the District, upon compliance with the conditions provided in the Declaration of Trust. See “**SUMMARY OF THE DECLARATION OF TRUST – Authorization of Additional Certificates**” in *Appendix D* hereto.

Rate Covenant

The District has covenanted that it will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or through the System, as will produce Revenues sufficient to (a) pay the cost of the operation and maintenance of said System, including Base Rentals payable under the Agreement during the current year, (b) pay the principal of and interest on the additional System Revenue Obligations issued by the District as and when the same become due, (c) enable the District to have in the then-current fiscal year, Net Revenues Available for Debt Service in an amount that will not be less than 110% of the amount required to be paid by the District in such fiscal year on account of both principal of and interest on all System Revenue Obligations at the time outstanding, and (d) provide reasonable and adequate reserves for the payment of all System Revenue Obligations and the interest thereon and for the protection and benefit of the System as provided in the Agreement and the Declaration of Trust. The District will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges.

The Leased Premises

The Trustee holds, pursuant to the Base Lease, a leasehold interest in the Leased Premises until January 1, 2065 (subject to earlier termination upon payment in full of all amounts due under the Agreement and represented by the Certificates), which leasehold interest has been pledged under the Declaration of Trust for the benefit of the Certificate Owners. The Leased Premises consist of eight wells, three water towers, two ground storage tanks, an office/shop building, a pressure tank building, eight wastewater treatment facilities and lift stations. The insurable (i.e., above-ground) portions of the Leased Premises are insured for approximately \$4.7 million. The Leased Premises are described in greater detail under the caption “**OPERATIONS OF THE DISTRICT**” in *Appendix A* hereto. The Leased Premises also include the District’s right, title and interest in all easements and rights-of-way in Camden County, and any transmission lines, services lines and other equipment and fixtures located therein.

The District believes that the Leased Premises are essential to its ongoing operations, and that the Leased Premises are integral to the various water and sewer facilities that it operates.

* Preliminary; subject to change.

If an Event of Default occurs under the Declaration of Trust, the Trustee is authorized to (1) sell or sublease its interest in the Leased Premises to a third party, and (2) apply the proceeds from such sale or sublease, if any, to the payment of principal and interest then due and unpaid on the Certificates then Outstanding, ratably, according to the amounts due respectively for principal and interest. Certificate Owners are cautioned that the nature of the Leased Premises may impair or inhibit the Trustee's ability to sell or lease its interest therein upon the occurrence of an Event of Default or preclude the Trustee from obtaining an amount therefor that would be sufficient to pay the Principal Components and Interest Components represented by the Certificates then-Outstanding. See the caption "**RISK FACTORS AND INVESTMENT CONSIDERATIONS – Delays in Selling or Subleasing the Leased Premises; Limited Value of Leased Premises**" herein.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

The following is a discussion of certain risks that could affect payment of the Base Rentals and other payments to be made by the District with respect to the Series 2021 Certificates and the Agreement. Such discussion is not, and is not intended to be, exhaustive and should not be considered as a complete description of all risks that could affect such payment. Prospective purchasers of the Series 2021 Certificates should analyze carefully all the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the completed documents summarized herein and in the Appendices hereto, copies of which are available as described herein.

Limited Obligations

The Base Rentals do not constitute a general obligation or an indebtedness of the District within the meaning of any constitutional or statutory provision, limitation or restriction. The taxing power of the District is not pledged to the payment of the Base Rentals or the Series 2021 Certificates.

The District is obligated under the Agreement to appropriate, prior to the beginning of each fiscal year, sufficient funds to pay the Base Rentals becoming due and payable during the next Renewal Term under the Agreement.

The District is not obligated to renew the Agreement beyond the Renewal Term ending on December 31, 2021, or any subsequent Renewal Term for which the Agreement has been renewed. Neither the payment of the Base Rentals by the District under the Agreement nor any payments on the Series 2021 Certificates constitutes a mandatory payment obligation of the District in any fiscal year beyond the fiscal year for which the Agreement has been renewed and is then in effect. The District may terminate the Agreement at the end of any Renewal Term by failing to appropriate Base Rentals for the next succeeding Renewal Term.

Nonappropriation

The Series 2021 Certificates, the Base Rentals and other amounts due under the Agreement do not constitute an obligation of the District in any fiscal year subsequent to a fiscal year for which the Agreement has been renewed and as to which the District has budgeted and appropriated funds to pay Base Rentals and other amounts reasonably anticipated to come due under the Agreement. If the District fails to budget, appropriate or otherwise provide for sufficient funds to pay Base Rentals and other amounts reasonably anticipated to come due during the immediately following Renewal Term, the Agreement will terminate at the end of the Renewal Term for which funds have been appropriated. Upon termination of the Agreement, the Series 2021 Certificates will be payable solely from moneys, if any, held by the Trustee under the Declaration of Trust, and any amounts resulting from a sale or subleasing of the Trustee's interest in the

Leased Premises pursuant to the Base Lease, the Agreement and the Declaration of Trust. The obligation of the District to pay Base Rentals and, thus, payment of the Series 2021 Certificates, will constitute a current expense of the District and is not a debt of the District within the meaning of any constitutional or statutory debt limitation, and does not constitute a pledge of general tax revenues, if any, funds, properties or moneys of the District beyond any then-current fiscal year for which the Agreement has been renewed. The District is not obligated to levy any taxes in order to raise revenue to pay Base Rentals.

The District's obligations under the Agreement to pay Base Rentals may be terminated on an annual basis by the District without penalty, and there is no assurance that the District will budget and appropriate funds for such purpose. Base Rentals will be made only from the revenues, receipts, reserves and other funds derived by the District from the operation of its waterworks and sewerage systems and any other available moneys of the District. Such revenues, receipts, reserves and funds are not, however, pledged for such purpose. Accordingly, the likelihood that there will be sufficient funds to pay or redeem the Principal Components and Interest Components of Base Rentals represented by the Series 2021 Certificates is dependent upon certain factors which are beyond the control of the Series 2021 Certificate Owners, including (a) the continuing need of the District for the Leased Premises, (b) demographic conditions within the District, including future development of property within the District and the number of persons requiring water and sewer service residing within the District, (c) the ability of the District to generate sufficient funds from its waterworks and sewerage systems to pay its obligations under the Agreement and all other obligations of the District, and (d) the ability of the Trustee to sublease the Leased Premises or sell its leasehold interest therein, in the event of a termination of the Agreement by reason of nonappropriation or an Event of Default.

While the District's present Board of Directors has approved the delivery of the Series 2021 Certificates, subsequent members of the Board of Directors may elect not to budget and appropriate moneys to pay Base Rentals under the Agreement even if sufficient revenues of the waterworks and sewerage systems are available therefor.

Results of Nonappropriation

Upon termination of the Agreement, the Trustee may take possession of and sublease the Leased Premises or sell its leasehold interest therein. The net proceeds received from such sublease or the net proceeds from such sale, together with other moneys then held by the Trustee under the Declaration of Trust (with certain exceptions as provided in the Agreement and the Declaration of Trust), are required to be used to pay the Principal Component and the Interest Component of the Series 2021 Certificates.

The Leased Premises consist of eight wells, three water towers, two ground storage tanks, an office/shop building, a pressure tank building and eight wastewater treatment facilities and lift stations. The insurable (i.e., above-ground) portions of the Leased Premises are insured for approximately \$4.7 million. The Leased Premises also include the District's right, title and interest in all easements and rights-of-way in Camden County, and any transmission lines, services lines and other equipment and fixtures located therein. (See the captions "**SECURITY FOR THE CERTIFICATES - The Leased Premises**" herein and "**OPERATIONS OF THE DISTRICT**" in *Appendix A* hereto.) A potential purchaser of the Series 2021 Certificates should not assume that, after a termination of the Agreement, it will be possible for the Trustee to sublease the Leased Premises or sell its leasehold interest therein for an amount equal to the aggregate Base Rentals represented by the all Certificates then Outstanding.

Reliance on Large Users of the System

Lodge of the Four Seasons and Four Seasons Racquet and Country Club Property Owners Association, Inc. ("**Racquet Club POA**") are two of the largest customers of the District comprising 15.6%

of the revenue for the District. See the caption “**OPERATIONS OF THE DISTRICT - Volume Sold**” in *Appendix A* hereto. The Lodge of the Four Seasons and Racquet Club POA are under no obligation to purchase water from the District; however, the District believes that there does not currently exist another adequate provider or source of water that could meet the demands of the Lodge of the Four Seasons and Racquet Club POA. The revenues of the System would likely be materially adversely affected by any significant reduction in the amount of water provided to Lodge of the Four Seasons and Racquet Club POA, which could, in turn, increase the likelihood of nonappropriation of Base Rentals by the District under the Agreement.

Other Factors Affecting Revenues of the District

Base Rentals will be made from the revenues, receipts, reserves and other funds derived by the District from the operation of the waterworks and sewerage systems. One or more of the following factors or events, or the occurrence of other unanticipated factors or events, could adversely affect the District’s operations and financial performance to an extent that cannot be determined at this time:

1. *Changes in Management.* Changes in key management personnel could affect the capability of management of the District.

2. *Competition from Other Service Providers.* Missouri law does not prohibit other providers of water and sewer services from operating within the boundaries of the District. For-profit providers of water and sewer services, however, are subject to regulation by the Missouri Public Service Commission (the “PSC”), and are limited to operations within certificated service areas.

Although the District is not aware of any initiative by any other service provider to compete with the District, there can be no assurance that, at some time in the future, the PSC will not permit such competition. Increased competition within the District’s boundaries could adversely affect the District’s ability to impose rates or otherwise generate revenues at a level sufficient to pay Base Rentals.

3. *Future Economic Conditions.* Increased unemployment declines in the housing development market or other adverse economic conditions or changes in demographics in the service area of the District, cost and availability of energy, an inability to control expenses in periods of inflation and difficulties in increasing charges may affect the revenues of the District.

4. *Less Demand for Water.* Nationally, water sales per customer are declining due to high-efficiency indoor appliances and water conservation measures. The District is aware that certain efficiencies and conservation measures are taking place and that over time, per customer usage is expected to decline. The District takes these factors into account when projecting demand and determining rates.

5. *Insurance Claims.* Increases in the cost of general liability insurance coverage and the amounts paid in settlement of liability claims not covered by insurance may affect the revenues of the District.

6. *Environmental Regulation.* Utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that facilities in operation will remain subject to the regulations currently in effect, will always be in compliance with further regulations, or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels or the complete shutdown of facilities not in compliance. Legislative, regulatory, administrative or enforcement action involving environmental

controls could adversely affect the operations of the facilities of the District. For example, if property of the District is determined to be contaminated by hazardous materials, the District could be liable for significant cleanup costs even if it were not responsible for the contamination.

7. *Natural Disasters.* The occurrence of natural disasters, such as floods, droughts or earthquakes, could damage the facilities of the District, affect water supply, interrupt services or otherwise impair operations and the ability of the District to produce revenues.

8. *Variations in Weather.* Water usage is normally the highest in the hotter and drier months of the year. Variations in rain and temperature patterns from year-to-year can adversely affect water usage and, therefore, the revenues of the System. Higher-than-average precipitation can also contribute to a decrease in the demand for water and cause a reduction in revenues to the District.

9. *Access to Capital.* The District continues to experience growth, and many areas of the District remain available for new development. The District's ability to sustain growth, to serve new developments and to adequately serve existing customers will be dependent, in part, on the District's ability to access capital through new financings.

10. *Miscellaneous Factors.* The utility industry in general has experienced, and may in the future experience, problems including (a) the effects of inflation upon the cost of operation of facilities, (b) the effects of the economy on investment income of the District, (c) uncertainties in predicting future demand requirements, (d) increased financing requirements coupled with the increased cost and uncertain availability of capital, and (e) unexpected significant repair and replacement costs, and (f) compliance with rapidly changing environmental, safety, rate and licensing regulations and requirements.

If revenues, receipts, reserves and other funds are not sufficient to provide for the payment of the costs of operating the District, including the payment of Base Rentals under the Agreement and any Additional Certificates and other amounts reasonably anticipated to come due under the Agreement, and debt service on other revenue obligations of the District standing on a parity with the Series 2021 Certificates, nonappropriation or default in the payment of the Series 2021 Certificates could occur. In addition, the District's decision to budget and appropriate funds for any fiscal year in an amount sufficient to make Base Rentals could be adversely affected by such a deficiency in revenues of the waterworks and sewerage systems.

Delays in Selling or Subleasing the Leased Premises; Limited Value of Leased Premises

A termination of the Agreement as a result of nonappropriation or an Event of Default will give the Trustee the right to (a) possess, sell or sublease its interest in the Leased Premises to a third party, and (b) apply the proceeds from such possession, sale or sublease, if any, to the payment of principal and interest then due and unpaid on all Certificates then Outstanding, ratably, according to the amounts due respectively for principal and interest, in accordance with the provisions of the Agreement and the Declaration of Trust.

It may be difficult or impossible for the Trustee to sell or sublease its interest in the Leased Premises upon the occurrence of an Event of Default or Event of Nonappropriation for an amount that would be sufficient to pay the Principal Component and the Interest Component represented by all Certificates then Outstanding.

The District believes the Leased Premises are essential to its ongoing operations, and that the Leased Premises are integral to the various water and sewer facilities that it operates.

The enforceability of the Base Lease and the Agreement is also subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, and the police powers of the State of Missouri and its political subdivisions. Because of the possible delays and practical limitations in such subleasing or sale of the Leased Premises, a potential purchaser of the Series 2021 Certificates should not anticipate that the subletting of the Leased Premises or sale of the leasehold interest therein by the Trustee are remedies that could be accomplished rapidly or at all.

Sale of Leased Premises

The District may sell portions of the Leased Premises under the terms of the Agreement under the following circumstances: (1) the property has become obsolete, nonproductive or otherwise unusable to the advantage of the District or the property has been replaced by other similar property of at least equal value, or the property has ceased to be necessary for the efficient operation of the System; (2) the property has a fair market value of less than \$50,000 (as determined by appraisal), if the District determines that the property is not required for the continued efficient operation of the System; and (3) the District obtains a certificate of a consultant to the effect that the estimated Net Revenues Available for Debt Service of the System for the fiscal year following the year in which a portion of the System is disposed of, is equal to at least 110% of the average amount required to be paid on account of principal and interest on all System Revenue Obligations that will remain Outstanding following the disposition of the property. See the caption **“SUMMARY OF THE AGREEMENT – Sale of the Leased Premises”** in *Appendix D* hereto.

Tax Limitation: The Hancock Amendment

An amendment to the Missouri Constitution limiting taxation and government revenue was approved by Missouri voters on November 4, 1980. The amendment (popularly known as the Hancock Amendment) places limitations on governmental revenues and the levying or increasing of taxes without voter approval. The amendment also includes provisions for rolling back tax rates. If the assessed valuation of property, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each political subdivision must be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

Since the Hancock Amendment was adopted in 1980, the Missouri Supreme Court has rendered numerous opinions addressing the question of whether certain types of fees and charges are subject to voter approval. In *Keller v. Marion County Ambulance District*, 820 S.W.2d 301 (Mo. 1991) (en banc), the Supreme Court analyzed the question under a five-prong test and concluded that an increase in fees charged by an ambulance district for transporting patients did not require voter approval. Subsequently, in *Beatty v. Metropolitan St. Louis Sewer District*, 867 S.W.2d 217 (Mo. 1993) (en banc), the Supreme Court applied the five-prong test developed in *Keller* and concluded that sewerage fees that were not directly related to the amount of service a customer received required voter approval. Applying the same analysis to different billing structures, however, the Missouri Court Appeals in *Missouri Growth Association v. Metropolitan St. Louis Sewer District*, 941 S.W.2d 615 (Mo. App. E.D. 1997) and *Mullenix - St. Charles Properties v. City of St. Charles*, 983 S.W.2d 550 (Mo. App. E.D. 1998), found that the water and sewer charges at issue in these cases did not require voter approval. The District believes that, based on these and other cases, volume-based increases in charges for users of the System are not subject to the voter approval requirement of the Hancock Amendment. Nevertheless, if the Missouri Supreme Court were to subsequently change its interpretation of the Hancock Amendment, or if future initiatives limited the ability of the District to raise its charges without voter approval, the District's ability to raise revenues to pay the Series 2021 Certificates could be adversely impacted.

Reserve Fund

A Reserve Fund has been established pursuant to the Declaration of Trust for the benefit of the Owners of all of the Certificates (including the Series 2021 Certificates). Amounts in the Reserve Fund are to be used to pay Principal Components and Interest Component represented by all Certificates (including the Series 2021 Certificates) to the extent of any deficiency in the Certificate Fund and to pay and retire a portion of the Principal Component of the last Outstanding Certificates unless the Certificates and all interest thereon are otherwise paid. See the caption “**SECURITY FOR THE CERTIFICATES - Reserve Fund**” herein and the caption “**SUMMARY OF THE DECLARATION OF TRUST - Reserve Fund**” in *Appendix D* hereto. There can be no assurance that the amounts on deposit in the Reserve Fund will be available if needed for payment of the Certificates in the full amount of the Reserve Requirement because (1) of fluctuations in the market value of the securities deposited therein and/or (2) if funds are transferred for the payment of debt service on the Certificates, the System may not generate sufficient revenues to replenish the Reserve Fund to the Reserve Requirement. Additionally, the District is under no obligation to replenish the Reserve Fund if its value declines due to market conditions.

Assumptions in Projections

This Official Statement contains certain projected results of operations of the District and projections regarding the ability of the District to generate revenues sufficient to pay the Base Rentals under the Agreement. Such projections are based on certain assumptions made by the District and its management that may not materialize due to unanticipated events or circumstances. No financial or feasibility study has been performed by the District’s accountants or any other independent persons.

No Title Insurance

The District has not obtained either separate or additional title insurance insuring the Trustee’s interest in the Leased Premises against loss arising from or relating to risks normally and customarily covered by a title insurance policy, including but not limited to defects in ownership of the Leased Premises and encumbrances which may impact the Project or improvements located on the Leased Premises.

Defeasance Risks

When any or all of the Series 2021 Certificates or the interest payments thereon have been paid and discharged, then the requirements contained in the Declaration of Trust and the pledge of revenues made thereunder and all other rights granted thereby shall terminate with respect to the Series 2021 Certificates so paid and discharged. Series 2021 Certificates shall be deemed to be paid within the meaning of the Declaration of Trust when payment of the Principal Component on such Series 2021 Certificates, plus premium, if any, plus interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Declaration of Trust, or otherwise), either (a) has been made or caused to be made in accordance with the terms of the Declaration of Trust, or (b) provision therefore has been made by depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) non-callable Government Securities maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment and the Trustee shall have received an opinion of Special Tax Counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that such deposit of interest on any Series 2021 Certificates will not result in the interest on any Series 2021 Certificates then Outstanding and exempt from taxation for federal income tax purposes becoming subject to federal income taxes then in effect and that all conditions precedent to the satisfaction of the Declaration of Trust have been met. Any money and non-callable Government Securities that at any time shall be deposited with the Trustee by or on behalf of the District, for the purpose of paying and discharging any of

the Series 2021 Certificates or the interest payments thereon, shall be assigned, transferred and set over to the Trustee in trust for the respective Owners of the Series 2021 Certificates, and such moneys shall be irrevocably appropriated to the payment and discharge thereof. Non-callable Government Securities include, in addition to cash and obligations pre-refunded with cash, bonds, notes, certificates of indebtedness, treasury bills and other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. Historically, such United States obligations have been rated in the highest rating category by the rating agencies. There is no legal requirement in the Declaration of Trust that Government Securities consisting of such United States obligations be or remain rated in the highest rating category by any rating agency. Prices of municipal securities in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and that could include any rating of the Series 2021 Certificates defeased with Government Securities to the extent the Government Securities have a change or downgrade in rating.

Tax-Exempt Status of Series 2021 Certificates; Continuing Compliance with Certain Covenants

The District has agreed to comply with certain legal requirements in order to maintain the tax-exempt status of the Interest Component represented by the Series 2021 Certificates. Failure to comply with such requirements could result in interest with respect to the Series 2021 Certificates becoming subject to federal and State of Missouri income taxation retroactive to the date of delivery thereof. See “**TAX MATTERS**” herein. The Series 2021 Certificates do not provide for the payment of any additional interest or penalty in the event that the Interest Component of the Base Rentals represented by the Series 2021 Certificates becomes includable in gross income for federal income tax purposes or becomes subject to Missouri income taxation. Under such circumstances, Owners of the Series 2021 Certificates would continue to hold such securities, receiving principal and interest as and when due, but would be required to include to such interest payments in gross income for federal and/or State of Missouri income tax purposes.

Risk of Audit

The Internal Revenue Service (the “**Service**”) has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal income tax purposes. No assurance can be given that the Service will not commence an audit of the Series 2021 Certificates. Owners of the Series 2021 Certificates are advised that, if an audit of the Series 2021 Certificates were commenced, in accordance with its current published procedures, the Service is likely to treat the District as the taxpayer, and the Owners of the Series 2021 Certificates may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Series 2021 Certificates during the pendency of the audit, regardless of the ultimate outcome of the audit.

Effects on the Tax Exemption of the Series 2021 Certificates upon Termination

Special Tax Counsel expresses no opinion as to the treatment for federal or State of Missouri income tax purposes of any moneys received by an Owner of the Series 2021 Certificates other than from Base Rentals by the District made pursuant to the Agreement. There is no assurance that other moneys received by the Owners of the Series 2021 Certificates in such event will be excludable from gross income for federal income tax purposes or be exempt from Missouri income taxes.

Loss of Premium from Redemption

Any person who purchases the Series 2021 Certificates at a price in excess of their principal amount or who holds such Series 2021 Certificates trading at a price in excess of par should consider the fact that

the Series 2021 Certificates are subject to redemption prior to maturity at the redemption prices described herein if such Series 2021 Certificates are redeemed prior to maturity. See the section herein captioned **“THE SERIES 2021 CERTIFICATES – Redemption Provisions.”**

Secondary Markets and Prices

The Series 2021 Certificates are not readily liquid, and no person should invest in the Series 2021 Certificates with funds such person may need to convert readily into cash. Owners of the Series 2021 Certificates should be prepared to hold their Series 2021 Certificates to the stated maturity date. The Underwriter will not be obligated to repurchase any of the Series 2021 Certificates, and no representation is made concerning the existence of any secondary market for the Series 2021 Certificates. No assurance can be given that any secondary market will develop following the completion of the offering of the Series 2021 Certificates as no assurance can be given that the initial offering price for the Series 2021 Certificates will continue for any period of time.

Investment Ratings

A downward revision or withdrawal of the investment rating initially assigned to the Series 2021 Certificates could adversely affect the market price for, and the marketability of, the Series 2021 Certificates.

Cybersecurity Risks

The District relies on its information systems to provide security for processing, transmission and storage of certain confidential information. It is possible that the District’s security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create disruptions or shutdowns of the District and the services it provides or the unauthorized disclosure of information. If protected information is improperly accessed, tampered with or distributed, the District may incur significant costs to remediate possible injury to the affected persons, and the District may be subject to sanctions and civil penalties if it is found to be in violation of federal or State laws or regulations. Any failure to maintain proper functionality and security of information systems could interrupt the District’s operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations. Because the District does not store confidential personal, health-related, credit or other information, and has security protocols for customer billing and other operational-related information, the District has determined that there is not a material risk that its day-to-day operations will be compromised through cybersecurity breaches. Accordingly, the District does not carry cybersecurity insurance.

Potential Risks Relating to COVID-19

Since December 2019, a novel strain of coronavirus (which leads to the disease known as **“COVID-19”**), has spread throughout the world and has been characterized by the World Health Organization as a pandemic. The impact of the COVID-19 pandemic on the U.S. economy has been and is expected to continue to be broad based and to negatively impact national, state and local economies.

In response to the pandemic, the President of the United States and the Governor of the State of Missouri made various declarations of emergency. The State is not currently under a statewide public health order. However, despite the expiration of statewide public health orders, the State remains under a “State

of Emergency” through August 31, 2021 per Executive Order 21-07, and cities and counties have the ability, and continue, to impose local public health orders restricting economic activities within the State.

The District did not suffer financially from the COVID-19 pandemic. Both water and sewer revenue increased from 2019 to 2020 and have remained normal in 2021 to date. Historical income and expenses for the years 2016-20 are set forth in *Appendix A* hereto.

Nevertheless, the proliferation of COVID-19 throughout the State could adversely affect the State’s revenues and the District’s revenues. With a large portion of the District’s revenues connected with tourism, any continued reduction in travel or other economic activities within the District’s boundaries may have a lasting impact on the economy in and around the District, which could adversely impact the District’s revenues. Other developments regarding COVID-19 continue to occur on a daily basis and the extent to which COVID-19 will impact the District in the future is highly uncertain and cannot be predicted.

PLAN OF FINANCING

General

Proceeds from the sale of the Series 2021 Certificates will be used to pay the costs of (1) expanding the Shawnee Bend and Racquet Club sewer plants, upgrading lift stations, constructing a new tower and other capital improvements within the District and (2) delivering the Series 2021 Certificates.

Sources and Uses of Funds

The following table summarizes the estimated sources of funds, including the proceeds from the sale of the Series 2021 Certificates, and the expected uses of such funds, in connection with the plan of financing:

Source of Funds:

| | |
|--|----------------------|
| Principal Amount of the Series 2021 Certificates | \$ |
| Plus: Net Original Issue Premium | _____ |
| Total Sources of Funds | \$ <u> </u> |

Use of Funds:

| | |
|--|----------------------|
| Costs of Issuance (including Underwriter’s Discount) | \$ |
| Deposit to Series 2021 Construction Fund | |
| Deposit to Reserve Fund | |
| Total Uses of Funds | \$ <u> </u> |

The Project

The District plans to use \$7,000,000 of the proceeds of the Series 2021 Certificates as follows: (1) \$2,500,000 to expand the Shawnee Bend sewer plant, (2) \$1,350,000 to expand the Racquet Club sewer plant, (3) \$2,000,000 for lift station upgrades throughout the system, (4) \$850,000 for construction of a new Shawnee Bend water tower, and (5) \$300,000 to acquire and update a building to house District equipment.

LITIGATION

There is not now pending or, to the District's knowledge, threatened any litigation (a) seeking to restrain or enjoin the delivery of the Series 2021 Certificates, (b) challenging the proceedings or authority under which the Series 2021 Certificates are to be delivered, (c) materially affecting the security for the Series 2021 Certificates, (d) challenging or threatening the District's powers to enter into or carry out the transactions contemplated by the Declaration of Trust, the Agreement, the Base Lease and this Official Statement, or (e) that would otherwise materially adversely affect the District's financial condition or its ability to repay the Series 2021 Certificates.

FINANCIAL ADVISOR

Ranson Financial Corp, Overland Park, Kansas (the "**Financial Advisor**"), is employed as financial advisor to the District to render certain professional services, including advising the District on a plan of financing and assisting in the preparation of this Official Statement for the sale of the Series 2021 Certificates. In its capacity as financial advisor, the Financial Advisor has read and participated in the drafting of certain portions of this Official Statement and has supervised the compilation and editing thereof. The Financial Advisor has not, however, independently verified the factual information contained in this Official Statement.

CERTAIN RELATIONSHIPS

Gilmore & Bell, P.C., Special Tax Counsel to the District, has represented the Underwriter in transactions unrelated to the delivery of the Series 2021 Certificates, but is not representing the Underwriter in connection with the delivery of the Series 2021 Certificates.

FINANCIAL INFORMATION

The District's audited financial statements for the fiscal year ended December 31, 2020, are set forth in *Appendix B* hereto.

APPROVAL OF LEGALITY

Certain legal matters incident to the authorization and delivery of the Series 2021 Certificates are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Special Tax Counsel to the District. Special Tax Counsel will also pass upon certain legal matters relating to this Official Statement. Certain legal matters will be passed upon for the District by its counsel, Pohl & Pohl, P.C., Lake Ozark, Missouri.

TAX MATTERS

The following is a summary of the material federal and State of Missouri income tax consequences of holding and disposing of the Series 2021 Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2021 Certificates as a capital asset, tax-exempt

organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2021 Certificates in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2021 Certificates.

Opinion of Special Tax Counsel

In the opinion of Gilmore & Bell, P.C., Special Tax Counsel, under existing law as of the delivery date of the Series 2021 Certificates:

Federal and Missouri Tax Exemption. The Interest Component of Base Rentals paid by the District and distributed by the Trustee to the Owners of the Series 2021 Certificates (including any original discount properly allocable to an Owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

Alternative Minimum Tax. The Interest Component of Base Rentals received with respect to the Series 2021 Certificates is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The District's obligation to pay Base Rentals under the Lease has been designated a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.

Special Tax Counsel's opinions are provided as of the date of the initial delivery of the Series 2021 Certificates, subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Series 2021 Certificates in order that the Interest Component of Base Rentals be, or continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Component of Base Rentals represented by the Series 2021 Certificates in gross income for federal and Missouri income tax purposes retroactive to the date of initial delivery of the Series 2021 Certificates. Special Tax Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2021 Certificates but has reviewed the discussion under the heading "**TAX MATTERS.**"

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2021 Certificate over its issue price. The stated redemption price at maturity of a Series 2001 Certificate is the sum of all payments on the Series 2021 Certificate other than "qualified stated interest" (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2021 Certificate is generally the first price at which a substantial amount of the Series 2021 Certificates of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Series 2021 Certificate during any accrual period generally equals (a) the issue price of that Series 2021 Certificate, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (b) the yield to maturity on that Series 2021 Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (c) any interest payable on that Series 2021 Certificate during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income

for federal income tax purposes, and will increase the owner's tax basis in that Series 2021 Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2021 Certificate over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2021 Certificate is the sum of all payments on the Series 2021 Certificate other than "qualified stated interest" (*i.e.*, interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2021 Certificate is generally the first price at which a substantial amount of the Series 2021 Certificates of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Series 2021 Certificate using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2021 Certificate and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2021 Certificate prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of certificate premium.

Sale, Exchange or Retirement of Series 2021 Certificates. Upon the sale, exchange or retirement (including prepayment) of a Series 2021 Certificate, an owner of the Series 2021 Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2021 Certificate (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2021 Certificate. To the extent a Series 2021 Certificate is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2021 Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2021 Certificates, and to the proceeds paid on the sale of the Series 2021 Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2021 Certificates should be aware that ownership of the Series 2021 Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2021 Certificates. Special Tax Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2021 Certificates should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2021 Certificates, including the possible application of state, local, foreign and other tax laws.

RATING

The Series 2021 Certificates have been assigned the rating stated on the cover hereof by S&P Global Ratings, a division of S&P Global, Inc. (the “**Rating Agency**”), based on the Rating Agency’s evaluation of the creditworthiness of the District. An explanation of the significance of such rating may be obtained only from the Rating Agency. The District has furnished the Rating Agency with certain information and materials relating to the Series 2021 Certificates and the District that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that this rating will remain in effect if, in the judgment of the rating service, circumstances warrant. Except as described in the Disclosure Undertaking, neither the District nor the Underwriter has undertaken any responsibility to bring to the attention of the Owners of the Series 2021 Certificates any proposed revision or withdrawal of a rating of the Series 2021 Certificates or to oppose any such proposed revision or withdrawal. Any downward revision or withdrawal of the rating may have an adverse effect on the market price and marketability of the Series 2021 Certificates.

UNDERWRITING

Piper Sandler & Co. (the “**Underwriter**”) has agreed to purchase the Series 2021 Certificates at the purchase price of \$ _____ (being equal to the principal amount thereof, less an underwriting discount of \$ _____, plus net original issue premium of \$ _____). The Underwriter is purchasing the Series 2021 Certificates for resale in the normal course of the Underwriter’s business activities. The Underwriter reserves the right to offer any of the Series 2021 Certificates to one or more purchasers on such terms and at such a price or prices as the Underwriter, in its discretion, determines.

The Underwriter has entered into a distribution agreement (the “**Distribution Agreement**”) with Charles Schwab & Co., Inc. (“**CS&Co.**”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase the Series 2021 Certificates from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any of the Series 2021 Certificates that CS&Co. sells.

MISCELLANEOUS

Simultaneously with the delivery of and payment for the Series 2021 Certificates, the President of the Board of Directors of the District will furnish to the Underwriter a certification that will state that, to the best of his knowledge and belief, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of the certification does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

Information set forth in this Official Statement has been furnished or reviewed by certain officials of the District, certified public accountants and other sources, as referred to herein, which are believed to be reliable. Any statements made in this Official Statement involving matters of opinion, estimates or projections, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or projections will be realized.

The form of this Official Statement and its distribution and use by the Underwriter has been approved by the District. Neither the District nor any of its directors, officers or employees, in either their official or personal capacities, has made any warranties, representations or guarantees regarding the financial condition of the District or the District's ability to make payments required of it; and further, neither the District nor any of its directors, officers or employees assumes any duties, responsibilities or obligations in relation to the delivery of the Series 2021 Certificates other than those either expressly or by fair implication imposed on the District by the Declaration of Trust.

**CAMDEN COUNTY PUBLIC WATER SUPPLY
DISTRICT NUMBER FOUR**

By: _____
President

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APPENDIX A

INFORMATION CONCERNING THE DISTRICT

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GENERAL INFORMATION CONCERNING THE DISTRICT

Location of the District

Camden County Public Water Supply District Number Four (the “**District**”) is situated in Camden County, Missouri (the “**County**”). The District encompasses approximately 11 square miles serving the communities of Horseshoe Bend and Shawnee Bend at the Lake of the Ozarks (the “**Lake**”). Horseshoe Bend and Shawnee Bend are home to many golf courses, restaurants, condominiums and resort hotels, including the Four Seasons Resort community. The District is adjacent to the cities of Lake Ozark and Osage Beach. The District is approximately 170 miles southeast of Kansas City, Missouri and approximately 160 miles southwest of St. Louis, Missouri. For more information about the Lake area including the County, see *Appendix C* hereto.

Description of the District

On April 2, 2002, the voters of the District authorized the formation of the District to provide water and sewer facilities and services on a non-profit basis to the residents and businesses of the District. On May 7, 2002, the Circuit Court decreed that the election was assented to by a majority of the qualified electors of the District and ordered that the decree of incorporation entered into on December 11, 2001 was final and conclusive. The water system collects, transmits, treats and distributes high-quality water to the Horseshoe Bend area within the County. The District’s service area covers the entirety of Horseshoe Bend and much of the eastern half of Shawnee Bend, which many consider to be the most popular area of the Lake in which to live and to vacation. The District has approximately 2,935 water customers and 1,147 sewer customers. The District recovers cost of service through user fees.

OPERATIONS OF THE DISTRICT

Management of the System

The general manager of the District and other members of the District’s staff supervise, operate, maintain and perform day-to-day management of the District’s systems. The District has a current staff of a General Manager, part-time Senior Advisor, two full-time office personnel and six full-time field employees. The staff consists of professionals with many years of experience in the water and sewer utility operations and is available to serve the needs of the customers 24 hours a day. The District’s staff provides the following services: supervision, management, operation and maintenance of facilities, meter reading, monthly billing and collection, inspection services, emergency services, and marketing and business promotion.

Anthony Butt is the General Manager of the District. Mr. Butt has over 20 years of combined experience in the operations, supervision and management of water and wastewater utilities. He holds a Class C Wastewater Treatment license, Class A Water Treatment license, and a DSIII Water Distribution license issued by the Missouri Department of Natural Resources.

John Summers is employed as a Senior Advisor to the District on a part-time basis. He has over 35 years’ experience in the utilities industry, including 12 years as the General Manager of the District and 2 years as a consultant before his employment as Senior Advisor.

Water Supply and Facilities

The District obtains its water from eight deep wells, which have a maximum production capacity of approximately 3,700,000 gallons per day. The District’s average daily demand is 1,560,000 gallons per day with a peak demand of 2,900,000 gallons per day. Thus, the District believes it has an ample supply of water for the next five years. The District has five storage facilities with a combined storage capacity of 1,936,000 gallons of water. The Leased Premises consist of eight wells, three elevated water towers and two ground storage tanks, an office/shop building, a pressure tank building, eight wastewater treatment facilities and over 45 lift stations. The Leased Premises also include the District’s right, title and interest in all easements and rights-of-way in the County, and any transmission lines, services lines and other equipment and fixtures located therein. See the caption “**SECURITY FOR THE SERIES 2015 CERTIFICATES – The Leased Premises**” in the Official Statement.

The District also owns personal property including various items of construction equipment including a Vac truck, backhoe, trucks, excavators, loaders and asphalt equipment; such personal property is not a part of the Leased Premises.

Volume Sold

The following table shows the number of gallons of water billed (in thousands) by the District for each of the following fiscal years:

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|-----------|----------------|----------------|----------------|
| January | 17,001 | 18,094 | 19,642 |
| February | 15,384 | 14,787 | 13,788 |
| March | 15,755 | 15,340 | 15,154 |
| April | 19,356 | 22,263 | 17,778 |
| May | 24,968 | 25,615 | 28,651 |
| June | 32,113 | 33,395 | 39,699 |
| July | 45,138 | 40,226 | 41,669 |
| August | 38,014 | 39,467 | 39,797 |
| September | 36,135 | 32,202 | 28,830 |
| October | 27,598 | 26,071 | 30,126 |
| November | 17,036 | 20,751 | 17,809 |
| December | 18,576 | 13,958 | 14,710 |
| Total | <u>307,074</u> | <u>302,169</u> | <u>307,653</u> |

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District's Largest 2020 Sewer Users

The following table shows the total gallons of water used by and the amount billed to the 10 largest sewer customers of the District for the fiscal year ended December 31, 2020.

| <u>Customer Name</u> | <u>Gallons Used</u> | <u>Dollar Billing</u> |
|------------------------------------|---------------------|-----------------------|
| Racquet Club Property Owners Assn. | 29,820,143 | \$176,932.21 |
| Lodge of Four Seasons | 22,069,356 | 129,961.52 |
| Monarch Cove | 7,095,000 | \$42,339.00 |
| Palisades Condos | 5,072,000 | \$31,629.00 |
| Racquet Club Hotel | 4,939,000 | \$30,812.20 |
| Waters Edge Homeowners | 5,131,960 | \$30,778.16 |
| Charleston Condo | 1,831,632 | \$11,240.22 |
| The Club at Porto Cima | 1,987,000 | \$11,073.66 |
| Treetop Village | 1,985,032 | \$10,241.75 |
| Vintage Landing | 1,294,000 | \$8,367.82 |
| Total | <u>81,225,123</u> | <u>\$483,375.54</u> |

District's Largest 2020 Water Users

The following table shows the total gallons of water used by and the amount billed to the 10 largest customers of the District (by amount billed) for the fiscal year ended December 31, 2020.

| <u>Customer Name</u> | <u>Gallons Used</u> | <u>Dollar Billing</u> |
|------------------------------------|---------------------|-----------------------|
| Racquet Club Property Owners Assn. | 29,742,000 | \$ 85,322.20 |
| Lodge of Four Seasons | 20,391,000 | 56,889.09 |
| Regatta Bay Condos | 8,537,000 | 23,748.45 |
| Emerald Bay Amenities | 9,295,000 | 23,154.72 |
| Racquet Club Hotel | 4,939,000 | 21,885.29 |
| Waters Edge Homeowners | 6,106,000 | 20,791.86 |
| Camden Resort | 3,590,600 | 18,876.55 |
| Palisades Condos | 5,072,000 | 18,361.11 |
| Change Academy | 3,177,900 | 12,574.70 |
| Charleston Condos | 2,333,000 | 11,442.37 |
| Total | <u>93,183,500</u> | <u>\$293,046.34</u> |

The Lodge of Four Seasons and Four Seasons Racquet and Country Club Property Owners Association account for 15.6% of the revenue of the District. For a discussion on the risks associated upon reliance on large users of the system see the caption **“RISK FACTORS AND INVESTMENT CONSIDERATIONS – Reliance on Large Users of the System”** in the forepart of this Official Statement.

The following table shows the District’s revenue earned, volume sold and customers by class:

| <u>Year</u> | <u>RESIDENTIAL</u> | | | <u>COMMERCIAL</u> | | |
|---------------------|----------------------|---------------------|------------------|----------------------|---------------------|------------------|
| | <u>Dollar Amount</u> | <u>Gallons Sold</u> | <u>Customers</u> | <u>Dollar Amount</u> | <u>Gallons Sold</u> | <u>Customers</u> |
| 2020 | \$1,303,681 | 278,324,106 | 2,869 | \$187,376 | 48,942,617 | 66 |
| 2019 | 1,149,106 | 250,358,225 | 2,836 | 178,289 | 52,526,510 | 66 |
| 2018 | 1,116,964 | 249,479,000 | 2,829 | 199,295 | 53,310,562 | 66 |
| 2017 ⁽¹⁾ | 888,586 | 212,571,533 | 2,819 | 149,734 | 48,401,642 | 61 |
| 2016 ⁽²⁾ | 723,523 | 196,329,157 | 2,095 | 148,191 | 40,211,996 | 32 |

⁽¹⁾ Reflects addition of revenue earned, the volume sold and the customers formerly served directly by Lake Region Water & Sewer Company (“LRWSC”), which the District acquired in 2017.

⁽²⁾ Reflects addition of revenue earned, the volume sold and the customers formerly served directly by Ozark Shores Water Company (“OSWC”), which the District acquired in 2016.

Growth of Customers

The table below sets forth the number of water and sewer customers of the District for the years indicated:

| <u>Year</u> | <u>Total Number of Water Customers</u> | <u>Percentage Increase</u> | <u>Total Number of Sewer Customers</u> | <u>Percentage Increase</u> |
|---------------------|--|----------------------------|--|----------------------------|
| 2020 | 2,935 | +1.14% | 1,147 | +1.59% |
| 2019 | 2,902 | +0.24 | 1,129 | +4.44 |
| 2018 | 2,895 | +0.52 | 1,081 | +5.77 |
| 2017 ⁽¹⁾ | 2,880 | +35.40 | 1,022 | +698.44 |
| 2016 | 2,127 | N/A | 127 | N/A |

⁽¹⁾ Reflects addition of customers formerly served directly by LRWSC.

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Water Rates

The District is operating pursuant to a rate resolution adopted on March 18, 2021. The current standard rate structure is as follows:

HORSESHOE BEND

Includes 2,000 gallons usage

| | |
|------------|---------|
| 3/4" Meter | \$18.61 |
| 1" Meter | 26.27 |
| 1.5" Meter | 53.01 |
| 2" Meter | 73.57 |
| 3" Meter | 133.76 |
| 4" Meter | 219.87 |
| 6" Meter | 435.06 |
| 8" Meter | 651.64 |

SHAWNEE BEND

| | |
|---|---------|
| 3/4" Meter (Includes 2,000 gal/month) | \$18.61 |
| 1" Meter (Includes 2,000 gal/month) | 26.27 |
| 1 1/2" Meter (Includes 2,000 gal/month) | 53.01 |
| 2" Meter (Includes 14,000 gal/month) | 73.57 |
| 4" Meter (Includes 55,000 gal/month) | 219.87 |
| 6" Meter (Includes 25,000 gal/month) | 435.06 |

Unit Multiplier: Meters serving more than one unit shall have a \$1.50 charge per unit added to the minimum bill.

Usage Charge: Greater than 2,000 gallons \$2.58 per 1000-gal usage.

All water bills are prepared and distributed monthly. Bills are due 21 days after the date the bill is mailed. If not paid by the due date, a 10% fee is added to the first \$15.00 of each bill and a 5% fee on amounts in excess of \$15.00.

All residential customers are charged a one-time connection charge of \$1,865 connection fee and \$1,865 impact fee when applying for water service. Commercial customers are charged a connection fee based upon estimated usage.

Sewer Rates

The District is operating pursuant to a sewer rate resolution that was adopted on January 21, 2021. The current rate structure is as follows:

Single Family Residential Rate

\$34.07 flat rate per month

Commercial Rate

Base charge of \$34.07 per month plus usage charge ranging from \$5.76 per 1,000 gallons to \$6.57 per 1,000 gallons dependent upon customer's location

All sewer bills are prepared and distributed monthly. Bills are due 21 days after the date the bill is mailed. If not paid by the due date, a 10% fee is added to the minimum charge portion of each bill and 5% on amounts in excess of the minimum charge.

All residential customers are charged a one-time connection charge of \$1,565 connection fee and \$1,865 impact fee when making application for service. Commercial customers are charged a connection fee based upon estimated usage.

FINANCIAL INFORMATION CONCERNING THE DISTRICT

Internal Control Structure and Budgetary Controls

The financial statements of the District are prepared on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The District maintains budgetary controls. An annual budget is prepared to ensure compliance with legal provisions. Financial personnel provide interim reports to the Board of Directors that allows the Board to monitor the budget for any cost overruns. The financial personnel continually strive to provide accurate and timely financial information as well as to maintain an adequate system of controls in order to meet its responsibility of sound financial management.

Outstanding Debt

In November 2015, the District issued \$9,245,000 Certificates of Participation (Public Water Supply District No. 4 of Camden County, Missouri Project), Series 2015 (the "Series 2015 Certificates") for the purpose of (1) currently refunding all of the District's Certificates of Participation (Public Water Supply District No. 4 of Camden County, Missouri Project) Series 2006, (2) purchasing the water distribution system owned by OSWC within the boundaries of the District, and (3) purchasing an office building owned by North Suburban Public Utility Co. The Series 2015 Certificates are currently outstanding in the aggregate principal amount of \$9,050,000.

In June 2017, the District issued \$6,500,000 Certificates of Participation (Public Water Supply District No. 4 of Camden County, Missouri Project), Series 2017 (the “**Series 2017 Certificates**”) for the purpose of purchased the water distribution system and wastewater collection and treatment system owned by LRWSC. The Series 2017 Certificates are currently outstanding in the aggregate principal amount of \$6,015,000.

Cash Management

Allowable investments for Certificate proceeds are limited to those included in the Declaration of Trust. Cash temporarily idle is invested in direct obligations of or obligations guaranteed by the United States of America, obligations of specific agencies of the United States of America, secured repurchase agreements and secured certificates of deposits.

Risk Management

It is the District’s policy to eliminate or transfer risk where possible. The District’s insurance coverage includes general liability, earthquake coverage, general, property, casualty and public officials’ liability.

Independent Audit

Pursuant to Missouri law, an audit of the books, accounts and financial statements has been completed by the District’s independent certified public accountants, Graves and Associates, CPAs, LLC, Jefferson City, Missouri. The District’s financial statements and the independent auditor’s report for the fiscal year ended December 31, 2020 appear in *Appendix B* hereto.

Historical Revenues and Expenses

The table below details the total operating revenues, operating expenses and debt service of the District for the fiscal years ending December 31, 2016 through 2020. This table has been derived from the audited financial statements of the District December 31, 2016 through 2020. The information with respect to the fiscal year ending December 31, 2020 should be read in conjunction with the audited financial statements of the District contained in *Appendix B* to this Official Statement.

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HISTORIC INCOME AND EXPENSE STATEMENT
(Fiscal Years Ended December 31, 2016 through 2020)

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| OPERATING REVENUES | | | | | |
| Water Connection Fees | \$ 41,053 | \$ 48,812 | \$ 75,238 | \$ 122,322 | \$ 106,542 |
| Sewer Connection Fees | -0- | 14,835 | 62,129 | 68,248 | 40,973 |
| Rental – Equipment | 30,900 | 9,450 | 0 | 0 | 0 |
| Revenue – Water | 931,706 | 1,112,785 | 1,328,898 | 1,379,274 | 1,432,553 |
| Revenue – Sewer | 49,458 | 469,065 | 859,538 | 992,231 | 1,036,278 |
| OSWC – Surcharge Fees | -0- | -0- | 0 | 0 | 0 |
| LRWSC – Surcharge Fees | 32,717 | 16,490 | 0 | 0 | 0 |
| Contract Operations | 254,880 | 118,407 | 3,520 | 16,855 | 17,112 |
| Interest Income | | 4,669 | 25,670 | 75,964 | 48,547 |
| Availability and Other Income | <u>221,363</u> | <u>222,527</u> | <u>241,439</u> | <u>223,976</u> | <u>192,353</u> |
| Total Operating Revenues | <u>\$1,562,077</u> | <u>\$2,017,040</u> | <u>\$2,596,432</u> | <u>\$2,878,871</u> | <u>\$2,874,358</u> |
| OPERATING EXPENSES | | | | | |
| Power for Pumping and Utilities | \$ 127,937 | \$ 144,793 | \$167,503 | \$ 166,447 | \$ 168,030 |
| Power for Pumping and WWTP | 5,107 | 37,901 | 69,339 | 67,706 | 71,022 |
| Salary & Benefit Expenses | 437,307 | 459,459 | 459,678 | 505,145 | 574,077 |
| Outside Services | 65,226 | 33,176 | 40,004 | 48,537 | 11,111 |
| Operation, Repairs and Maintenance | 69,667 | 182,956 | 263,234 | 359,756 | 350,598 |
| Insurance | <u>38,265</u> | <u>45,377</u> | <u>56,130</u> | <u>45,560</u> | <u>56,535</u> |
| Total Operating Expenses | <u>\$ 814,943</u> | <u>\$ 903,661</u> | <u>\$1,055,887</u> | <u>\$1,193,151</u> | <u>\$1,231,373</u> |
| NET REVENUES AVAILABLE FOR DEBT SERVICE | <u>\$ 747,134</u> | <u>\$1,113,379</u> | <u>\$1,540,545</u> | <u>\$1,685,720</u> | <u>\$1,642,985</u> |
| DEBT SERVICE | | | | | |
| Interest Expense | \$ 351,529 | \$ 489,541 | \$ 608,188 | \$ 603,328 | \$ 602,896 |
| Principal Payments | -0- | -0- | <u>65,000</u> | <u>165,000</u> | <u>205,000</u> |
| Total Debt Service | <u>\$ 351,529</u> | <u>\$ 489,541</u> | <u>\$ 673,188</u> | <u>\$ 768,328</u> | <u>\$ 807,896</u> |
| DEBT SERVICE COVERAGE | 2.13x | 2.27x | 2.29x | 2.19x | 2.03x |

Source: Audited Financial Statements of the District.

PRO-FORMA INCOME AND EXPENSE STATEMENT
(Fiscal Years Ending December 31, 2021 through 2025)

The table shown below sets forth the projected revenues and expenses of the District for the fiscal years shown. This information should be read in conjunction with the financial information set forth herein and with the audited financial statements of the District, copies of which are available from the District upon request. Reference is hereby made to such financial statements, including the notes hereto. The projected results of operation described in the table below were prepared by management of the District, without assistance from or consultation with independent engineers or accountants. **The projections are based on certain assumptions that the District believes to be reasonable, but which may or may not prove to be correct, and no warranty is made that such projections will be realized. Because events and circumstances frequently do not occur as expected, there will usually be differences between the projected and actual results and those differences may be material. A difference between the projected and actual result in any one of the income or expense items can affect the net revenues available for debt service. Potential investors must expect that the actual results will vary from the projected results shown below.**

| | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| OPERATING REVENUES⁽¹⁾ | | | | | |
| Revenue – Water | \$1,467,082 | \$1,599,119 | \$1,727,049 | \$1,865,213 | \$2,014,430 |
| Revenue – Sewer | 1,015,012 | 1,040,387 | 1,066,397 | 1,093,057 | 1,120,383 |
| Contract Operations | 4,200 | 4,200 | 4,200 | 4,200 | 4,200 |
| Interest Income | 22,500 | 22,500 | 22,500 | 22,500 | 22,500 |
| Availability and Other Income | <u>226,974</u> | <u>226,368</u> | <u>225,676</u> | <u>225,089</u> | <u>224,612</u> |
| Total Operating Revenues | <u>\$2,735,768</u> | <u>\$2,892,574</u> | <u>\$3,045,821</u> | <u>\$3,210,058</u> | <u>\$3,386,125</u> |
| OPERATING EXPENSES⁽²⁾ | | | | | |
| Power for Pumping and Utilities | \$ 177,962 | \$ 182,411 | \$ 186,972 | \$ 191,646 | \$ 196,437 |
| Power for Pumping and WWTP | 74,441 | 76,302 | 78,209 | 80,164 | 82,168 |
| Salary & Benefit Expenses | 662,002 | 678,552 | 695,516 | 712,904 | 730,726 |
| Outside & Contractual Services | 49,778 | 51,022 | 52,298 | 53,605 | 54,945 |
| Operation, Repairs and Maintenance | 472,499 | 484,942 | 495,306 | 505,929 | 516,818 |
| Insurance | <u>63,983</u> | <u>65,583</u> | <u>67,222</u> | <u>68,903</u> | <u>70,626</u> |
| Total Operating Expenses | <u>\$1,500,665</u> | <u>\$1,538,812</u> | <u>\$1,575,523</u> | <u>\$1,613,151</u> | <u>\$1,651,721</u> |
| NET REVENUES AVAILABLE FOR DEBT SERVICE | \$1,235,103 | \$1,353,762 | \$1,470,299 | \$1,596,906 | \$1,734,404 |
| DEBT SERVICE⁽³⁾ | | | | | |
| Interest Expense | \$593,513 | \$ 786,611 | \$ 789,319 | \$ 779,284 | \$ 766,144 |
| Principal Payments | <u>245,000</u> | <u>285,000</u> | <u>325,000</u> | <u>420,000</u> | <u>515,000</u> |
| Total Debt Service | <u>\$838,513</u> | <u>\$1,071,611</u> | <u>\$1,114,319</u> | <u>\$1,199,284</u> | <u>\$1,281,144</u> |
| DEBT SERVICE COVERAGE | 1.47x | 1.26x | 1.32x | 1.33x | 1.35x |

(1) Assumes annual rate increase for water and sewer of 3% in 2021, 9% in 2022 and 8% 2023 through 2026. Assumes zero customer growth and, therefore, no water or sewer connection fees.

(2) Assumes expenses increase 2.5% annually.

(3) Actual debt service for the Series 2015 Certificates and the Series 2017 Certificates. Expected debt service for the Series 2021 Certificates, which is preliminary and subject to change.

Debt Service Requirements

The following schedule shows the yearly principal and interest requirements for the Series 2015 Certificates and the Series 2017 Certificates, as well as the yearly principal and interest requirements for the Series 2021 Certificates:

| Fiscal Year Ended <u>December 31</u> | Outstanding Certificates | <u>Series 2021 Certificates*</u> | | |
|---|-----------------------------|----------------------------------|--------------------|---------------------|
| | | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2021 | \$ 838,513 | - | - | \$ 838,513 |
| 2022 | 870,563 | - | \$ 201,048 | 1,071,611 |
| 2023 | 902,069 | - | 212,250 | 1,114,319 |
| 2024 | 937,784 | \$ 50,000 | 211,500 | 1,199,284 |
| 2025 | 971,894 | 100,000 | 209,250 | 1,281,144 |
| 2026 | 993,963 | 180,000 | 205,050 | 1,379,013 |
| 2027 | 994,506 | 180,000 | 199,650 | 1,374,156 |
| 2028 | 989,034 | 195,000 | 194,025 | 1,378,059 |
| 2029 | 982,425 | 205,000 | 188,025 | 1,375,450 |
| 2030 | 989,809 | 205,000 | 181,875 | 1,376,684 |
| 2031 | 986,075 | 215,000 | 175,575 | 1,376,650 |
| 2032 | 996,313 | 210,000 | 169,200 | 1,375,513 |
| 2033 | 984,856 | 230,000 | 162,600 | 1,377,456 |
| 2034 | 986,756 | 235,000 | 155,625 | 1,377,381 |
| 2035 | 992,556 | 235,000 | 148,575 | 1,376,131 |
| 2036 | 982,203 | 255,000 | 141,225 | 1,378,428 |
| 2037 | 985,684 | 255,000 | 133,575 | 1,374,259 |
| 2038 | 983,044 | 270,000 | 125,700 | 1,378,744 |
| 2039 | 984,281 | 275,000 | 117,525 | 1,376,806 |
| 2040 | 979,394 | 290,000 | 109,050 | 1,378,444 |
| 2041 | 988,181 | 290,000 | 100,350 | 1,378,531 |
| 2042 | 985,544 | 300,000 | 91,500 | 1,377,044 |
| 2043 | 980,156 | 315,000 | 82,275 | 1,377,431 |
| 2044 | 981,741 | 320,000 | 72,750 | 1,374,491 |
| 2045 | 981,544 | 330,000 | 63,000 | 1,374,544 |
| 2046 | 377,250 | 955,000 | 43,725 | 1,375,975 |
| 2047 | <u>379,250</u> | <u>980,000</u> | <u>14,700</u> | <u>1,373,950</u> |
| TOTAL | <u>\$25,005,388</u> | <u>\$7,075,000</u> | <u>\$3,709,623</u> | <u>\$35,790,011</u> |

Pension and Employee Retirement Plans

The District participates in the Missouri Local Government Employees' Retirement System ("LAGERS"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS was created and is governed by state statute, and is a defined-benefit pension plan that provides retirement, disability and death benefits. The plan is qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and is tax-exempt. LAGERS is governed by a seven-member Board of Trustees ("LAGERS'

* Preliminary; subject to change.

Board”) consisting of three trustees elected by participating employees, three trustees elected by participating employers and one trustee appointed by the Missouri Governor.

LAGERS issues a publicly-available financial report that includes financial statements and required supplementary information. The LAGERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020 (the “**2020 LAGERS CAFR**”) is available at <http://www.molagers.org/financial-reports/> The link to the 2020 LAGERS CAFR is provided for general background information only, and the information in the 2020 LAGERS CAFR is not incorporated by reference into this Official Statement. The 2020 LAGERS CAFR provides detailed information about LAGERS, including its financial position, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plan.

For information specific to the District’s participation in LAGERS, including the District’s past contributions, net pension liability, and pension expense, see Note 7 to the District’s financial statements included in *Appendix B* to this Official Statement. For additional information regarding LAGERS, see the 2020 LAGERS CAFR.

MANAGEMENT’S ANALYSIS OF OPERATIONS

Historical Operations

The District provides water services by collecting, transmitting, treating and distributing high-quality water to the Horseshoe Bend area within the County.

Projected Operations

Since incorporation, the District has expanded to supply certain residences, condominiums and commercial operations with water and sewer service. The vast majority of residences, condominiums and commercial operations outside the District’s current service territory are served by private wells. Fewer than 10% of the District’s potential customer base have central sewer service.

The District believes that as regulations for water and sewer service become more stringent and these private systems begin failing due to age, there will be increased demand for central water and sewer service throughout the Horseshoe Bend area. The District is the only continuing authority (as defined by Missouri Department of Natural Resources regulations) which has authority to serve all of Horseshoe Bend as well as the eastern half of Shawnee Bend with both water and sewer service. Therefore, the District is well positioned to serve the growing needs of the area.

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APPENDIX B

**DISTRICT FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020**

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**CAMDEN COUNTY PUBLIC
WATER SUPPLY DISTRICT NO. 4**

Lake Ozark, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Camden County Public Water Supply District No. 4
Camden County, Missouri:

We have audited the accompanying financial statements of the business-type activities of the Camden County Public Water Supply District No. 4 (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District, as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios - LAGERS, and the Schedule of Employer Contributions - LAGERS, as listed in the table of contents, is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

April 8, 2021

Camden County Public Water Supply District Number Four

Management's Discussion and Analysis

December 31, 2020

This section presents management's analysis of the Camden County Public Water Supply District Number Four (the District's) financial condition and activities as of and for the year ended December 31, 2019. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to the District's basic financial statements.

This information should be read in conjunction with the audited financial statements that follow this section.

The information in this MDA is presented under the following headings.

- Organization and Business
- Overview of the Financial Statements
- Financial Analysis
- Capital Assets
- Long-Term Debt
- Request for Information

ORGANIZATIONAL AND BUSINESS

The District provides water and sewer services. The Water System collects, transmits, treats, and distributes high-quality water to the Horseshoe Bend & Shawnee Bend area within Camden County, Missouri. The District has 2,935 water and 1,147 sewer connections. The water and sewer are supplied to both commercial and residential users. The District recovers cost of service through user fees.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The District's basic financial statements are comprised of two components: 1) Fund Financial Statements, and 2) Notes to Basic Financial Statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other special purpose governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements.

Proprietary Funds

The District's proprietary fund consists of one enterprise fund, the Water and Sewer System. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises— where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The District's proprietary fund statements include:

The balance sheet presents information on the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

While the balance sheet provides information about the nature and amount of resources and obligations at year end, the statement of revenues, expenses, and changes in net assets presents the results of the District's operations over the course of the fiscal year and information as to how the net assets changed during the year. This statement can be used as an indicator of the extent to which the District has successfully recovered its costs through user fees and other charges. All changes in net assets are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, such as delayed collection of operating revenues and the expense of employee earned but unused vacation leave.

The statement of cash flows presents changes in cash and cash equivalents resulting from operation, capital, noncapital, and investing activities. This statement summarizes the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipts and excludes noncash accounting measures of depreciation or amortization of assets.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements and supplemental information can be found on pages 14 to 31 of this report.

Pension Plan

Beginning with 2015, the District implemented GASB Statement 68. With the issuance of GASB 68, the Governmental Accounting Standards Board (GASB) released new accounting standards for public pension plans and participating employers. The standards have substantially revised the accounting requirements previously mandated related to public pension reporting for participating employers. GASB Statement 68 requires a liability for pension obligations, net pension liability (NPL), to be recognized on the balance sheets of the plan and participating employers. NPL is the difference between total pension liability (actuarial accrued liability) and plan assets (at fair value). Additionally, a pension expense is to be recognized on the income statement. Pension expense is based on the net pension liability change between reporting dates, with some sources of the change recognized immediately in expense and others amortized over years. Service cost, interest on net pension liability, and expected investment earnings— as well as liability for any plan benefit change related to past service since the last reporting period— must also be expensed immediately.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and

additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The District defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The District participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401 (a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issue a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

For more detailed discussion of the amounts reflected on the accompanying financial statements, please review Note 7 to the Financial Statements.

FINANCIAL ANALYSIS

Financial Highlights

- The total assets of the District exceeded the total liabilities by \$6,498,134 (net assets)
- Net assets increased by \$492,579 or 7.6% during the fiscal year
- Capital assets decreased by \$35,484 to \$18,322,920
- During the year, operating revenues increased by \$21,969 or 1% to \$2,825,811
- Operating expenses increased by \$72,469 or 3% to \$2,188,809

Financial Position

The District's net assets increased by \$492,579 or 7.6% during the year (see Table 1 below). Current and other assets, primarily cash, were used for capital investments during the year with an increase of \$1,168,506. This year, the District changed the policy of recording semi-annual bond payments by applying the payment as recorded by UMB. Bond payments are paid December 15th, but not applied until January 1st the following year. By far the largest portion of the District's net assets, \$18,322,920 represents its investment in capital assets necessary to provide services.

Table 1
Net Assets
December 31, 2020 and 2019

| | 2020 | 2019 | Variance | |
|-------------------------------|------------|------------|-----------|------|
| Current and Other Assets | 4,932,619 | 3,764,114 | 1,168,506 | 31% |
| Capital Assets | 18,322,920 | 18,358,404 | (35,484) | 0% |
| Total Assets | 23,255,540 | 22,122,518 | 1,133,022 | 5% |
| Current and Other Liabilities | 675,596 | 123,292 | 552,304 | 448% |
| Long-term Liabilities | 15,589,231 | 15,501,092 | 88,139 | 1% |
| Total Liabilities | 16,264,827 | 15,624,384 | 640,442 | 4% |
| | | | - | |
| Total Net Assets | 6,990,713 | 6,498,134 | 492,579 | 7.6% |

Results of Operations

The following table (Table 2) shows changes in the District's net assets for the year.

Table 2
Changes in Net Assets
December 31, 2020 and 2019

| | 2020 | 2019 | Variance | % |
|--|-----------|-----------|----------|--------|
| Revenues: | | | | |
| Water Service Revenues | 1,584,228 | 1,550,739 | 33,489 | 2% |
| Wastewater Service Revenues | 1,036,278 | 1,060,479 | (24,200) | -2% |
| Other Revenues | 205,305 | 192,625 | 12,680 | 7% |
| Total Operating Revenues | 2,825,811 | 2,803,842 | 21,969 | 1% |
| Expenses: | | | | |
| Water Operations | 694,189 | 711,785 | (17,596) | -2.47% |
| Wastewater Operations | 537,184 | 481,366 | 55,817 | 12% |
| Depreciation (Excluding amounts reported within the Water & Wastewater operations) | 957,436 | 923,188 | 34,248 | 4% |
| Total operating expenses | 2,188,809 | 2,116,339 | 72,469 | 3% |
| Net operating income | 637,002 | 687,503 | (50,501) | -7% |
| Non-operating expenses, net | (567,671) | (538,428) | (29,243) | -5% |
| Income before contributions | 69,332 | 149,075 | (79,743) | 53% |
| Contributions | 423,249 | 0 | 423,249 | 100% |
| Changes in net assets | 492,580 | 149,075 | 343,505 | -230% |
| Total net assets - beginning | 6,498,134 | 6,349,058 | 149,076 | 2.3% |
| Total net assets - ending | 6,990,713 | 6,498,134 | 492,579 | 7.6% |

The District's total operating revenues of \$2,825,811 for the year increased by \$21,969 and total operating expenses increased by \$72,469 resulting in a 7% decrease in net operating income. The District's net assets increased \$492,579 or 7.6%. The major components of these increases/decreases were:

- There were revenue increases in 2020 due to increased rates and an increase of customers.
- There were expenses increases in payroll and plant maintenance.
- There were Contributions of \$423,419 to plant.

CAPITAL ASSETS

The District had \$18,250,152 (net of accumulated depreciation) invested in a broad range of utility capital assets as of December 31, 2020. The investment in capital assets includes buildings, improvements, water transmission and distribution mains, water storage facilities, machinery, sewer plant and equipment (see Table 3 below). The amount represents a decrease of \$50,922 or -.3% from the prior fiscal year primarily due to depreciation. The District's net revenue, long-term debt, and contributions from customers are used to finance capital investments. More detailed information about the District's capital assets is presented in Note 9 to the basic financial statements.

Table 3
Capital Assets, Net of Depreciation
Water and Wastewater
December 31, 2020 and 2019

| | 2020 | 2019 | Increase / (Decrease) | |
|---------------------------------|---------------|------------|-----------------------|-------|
| | District Wide | | | |
| Structures, Buildings and Equip | 12,886,609 | 13,177,126 | (290,517) | -2.2% |
| Wastewater Plant | 4,785,582 | 4,545,987 | 239,595 | 5.3% |
| Land and Rights-of-way | 577,961 | 577,961 | - | 0.0% |
| Construction Work in Progress | - | - | - | 0.0% |
| Totals | 18,250,152 | 18,301,074 | (50,922) | -0.3% |

LONG-TERM DEBT

As of December 31, 2020, the District had total long-term debt outstanding of \$15,392,770 a \$82,770 increase from previous year as shown in Table 4. This increase is due to the purchase of a hydro excavating truck (Vac-Con).

Table 4
Long-Term Debt Outstanding
December 31, 2020 and 2019

| | 2020 | 2019 | Increase / (Decrease) | |
|-------------------------------|-------------------|-------------------|-----------------------|-------------|
| | District Wide | | | |
| Certificates of Participation | 15,065,000 | 15,310,000 | (245,000) | -1.6% |
| Loans | 327,770 | - | 327,770 | 100.0% |
| Totals | <u>15,392,770</u> | <u>15,310,000</u> | <u>82,770</u> | <u>0.5%</u> |

It is the policy of the District to maintain a reasonable balance between debt and current revenue financing of capital projects. Net Assets are positive primarily due to the acquisitions of Lake Region Water & Sewer and Ozark Shores Water Company, donated water mains and wastewater assets.

Additional information on the District's long-term debt can be found in Note 3 on the basic financial statements.

REQUEST FOR INFORMATION

The financial report is designed to provide ratepayers and creditors with a general overview of the District's finances and demonstrate the District's ability to effectively utilize the monies it receives. If you have any questions about this report or need additional information, please contact the General Manager at 573-365-6792 or P.O. Box 9, Lake Ozark, Missouri 65049.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4

STATEMENT OF NET POSITION

December 31, 2020

| Assets | |
|--|---------------------|
| Current Assets: | |
| Cash and Cash Equivalents | \$ 287,311 |
| Certificate Funds - Restricted | 543,594 |
| Prepaid Insurance | 35,472 |
| Accounts Receivable - Customer Accounts | 193,434 |
| Accounts Receivable - Due from Other Companies | 393 |
| Inventory | 117,261 |
| Total Current Assets | <u>1,177,465</u> |
| Noncurrent Assets: | |
| Investments: | |
| Debt Reserve Funds - Restricted | 577,736 |
| Outstanding Investments | 3,177,418 |
| Total Investments | <u>3,755,155</u> |
| Nondepreciable Capital Assets | 586,789 |
| Depreciable Capital Assets, Net | 17,536,961 |
| Amortizable Capital Assets, Net | 126,402 |
| Total Capital Assets, Net | <u>18,250,152</u> |
| Total Noncurrent Assets | <u>22,005,307</u> |
| Total Assets | <u>23,182,771</u> |
| Deferred Outflows of Resources: | |
| Pension Related Deferred Outflows | 72,768 |
| Liabilities | |
| Current Liabilities: | |
| Accounts Payable | 53,046 |
| Interest Payable | 298,594 |
| Accrued Wages | 2,038 |
| Customer Meter Deposit | 44,830 |
| Payroll Taxes Payable | 961 |
| Accrued Sales and Use Tax | 2,655 |
| Accrued Vacation | 9,074 |
| Bonds Admin Payable | 855 |
| Bonds Payable - Current | 245,000 |
| Notes Payable | 327,770 |
| Total Current Liabilities | <u>984,823</u> |
| Noncurrent Liabilities: | |
| Net Pension Liability | 68,498 |
| Deferred Revenue | 18,543 |
| Bond Premium | 25,735 |
| Bonds Payable | 15,065,000 |
| Total Noncurrent Liabilities | <u>15,177,776</u> |
| Total Liabilities | <u>16,162,599</u> |
| Deferred Inflows of Resources: | |
| Pension Related Deferred Inflows | 102,228 |
| Net Position | |
| Net Investment in Capital Assets | 2,913,562 |
| Restricted | 1,091,871 |
| Unrestricted | 2,985,281 |
| Total Net Position | <u>\$ 6,990,713</u> |

The accompanying notes are an integral part of these financial statements.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

| | |
|--|-----------|
| Operating Revenues: | |
| Connection Fees | \$ 43,547 |
| Project Charge | 10,407 |
| Contract Operations | 17,112 |
| Water Revenue | 1,432,553 |
| Water Impact Fees | 62,995 |
| Water Late Fees | 17,614 |
| Availability PWSD #4 | 196,410 |
| Sewer Revenue | 1,036,278 |
| Live Tap Revenue | 800 |
| Miscellaneous Income | 8,095 |
| | <hr/> |
| Total Operating Revenues | 2,825,811 |
| | |
| Operating Expenses: | |
| Accounting Expense | 11,500 |
| Amortization Expense | 5,560 |
| Bad Debt Expense | 355 |
| Bank Service Charges | 5,779 |
| Chemical Expense | 21,249 |
| Contractual Services | 10,396 |
| Depreciation Expense | 951,876 |
| Dues and Subscriptions | 1,472 |
| Health Insurance | 80,970 |
| Insurance Expense - Other | 448 |
| Insurance Expense - Auto | 12,594 |
| Insurance Expense - Directors | 4,159 |
| Insurance Expense - General Liability | 6,154 |
| Insurance Expense - Property Insurance | 20,025 |
| Insurance Expense - Workers Compensation | 13,156 |
| Legal Expense | 19,439 |
| Licenses and Permits | 20,434 |
| Materials and Supplies | 19,460 |
| Miscellaneous Expenses | 1,013 |
| Office Supplies | 22,351 |
| Outside Services | 715 |
| Payroll Administrative Fees | 600 |
| Payroll Taxes | 33,193 |

The accompanying notes are an integral part of these financial statements.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

| | (Continued) |
|---|----------------------------|
| Operating Expenses: | |
| Postage Expense | \$ 11,041 |
| Power for Lift Stations | 33,597 |
| Power for Treatment Plant | 37,425 |
| Pump Expense - Power | 168,030 |
| Rent Expense - Building | 3,606 |
| Retirement | 26,349 |
| Safety Supplies | 2,290 |
| Salaries | 423,832 |
| Service Repairs | 31,129 |
| Sewer Maintenance and Operations | 41,422 |
| Sewer Testing Samples | 17,930 |
| Sludge Hauling | 30,200 |
| Telephone Expense | 7,646 |
| Transportation - Fuel Expense | 22,588 |
| Travel and Entertainment | 121 |
| Vehicle Expense | 26,778 |
| Water Main Repairs | 32,666 |
| Water Meter Repairs | 300 |
| Water Tower Repairs | 3,000 |
| Water Testing Expense | 1,780 |
| Well Repairs | 4,183 |
| Total Operating Expenses | <u>2,188,809</u> |
| Income From Operations | 637,002 |
| Non-Operating Revenues (Expenses): | |
| Gain (Loss) on Disposal of Assets | (12,380) |
| Bond Premium Amortization | 936 |
| Interest Income | 48,547 |
| Donation-Supply Main | 423,249 |
| Bond Administration Expense | (1,878) |
| Interest Expense | (602,896) |
| Total Non-Operating Revenues (Expenses) | <u>(144,422)</u> |
| Change in Net Position | 492,580 |
| Net Position, Beginning of Year | <u>6,498,134</u> |
| Net Position, End of Year | <u><u>\$ 6,990,713</u></u> |

The accompanying notes are an integral part of these financial statements.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | |
|--|--------------|
| Cash Flows from Operating Activities: | |
| Receipts from Customers and Users | \$ 2,798,185 |
| Payments to Suppliers | (624,779) |
| Payments to Employees | (579,239) |
| Net Cash Provided (Used) by Operating Activities | 1,594,167 |
| | |
| Cash Flows from Capital and Related Financing Activities: | |
| Gain (Loss) on Sale on Disposal of Capital Assets | (12,380) |
| Acquisition and Construction of Capital Assets | (920,610) |
| Donation of Plant | 423,249 |
| Bond Administration Expense | (1,878) |
| Bonds Admin Payable | (4,273) |
| (Increase) Decrease in Interest Receivable | 2,463 |
| Interest Paid on Bonds Payable | (602,896) |
| Increase (Decrease) in Interest Payable | 298,594 |
| Bond Premium | (936) |
| Note Payable | 327,770 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (490,898) |
| | |
| Cash Flows from Investing Activities: | |
| (Purchase) Sale of Investments | (1,399,164) |
| Investment Income | 48,547 |
| Net Cash Provided (Used) by Investing Activities | (1,350,617) |
| | |
| Net Increase (Decrease) in Cash and Cash Equivalents | (247,348) |
| | |
| Cash and Cash Equivalents, Beginning of Year | 534,659 |
| Cash and Cash Equivalents, End of Year | \$ 287,311 |

The accompanying notes are an integral part of these financial statements.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | | (Continued) |
|--|----|-------------------------|
| Reconciliation of Operating Income to Net Cash Provided by Operating | | |
| Activities: | | |
| Income from Operations | \$ | 637,002 |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by | | |
| Operating Activities: | | |
| Depreciation | | 951,876 |
| Amortization | | 5,560 |
| (Increase) Decrease in Accounts Receivable | | (22,745) |
| (Increase) Decrease in Inventory | | 35,900 |
| (Increase) Decrease in Prepaid Insurance | | (17,276) |
| (Increase) Decrease in Deferred Outflow of Resources | | (15,439) |
| Increase (Decrease) in Accounts Payable | | 23,822 |
| Increase (Decrease) in Accrued Wages | | (2,867) |
| Increase (Decrease) in Accrued Vacation | | (2,436) |
| Increase (Decrease) in Customer Meter Deposit | | 1,759 |
| Increase (Decrease) in Accrued Sales/Use Tax Payable | | (196) |
| Increase (Decrease) in Payroll Taxes Payable | | (459) |
| Increase (Decrease) in Deferred Inflow of Resources | | 26,013 |
| Increase (Decrease) in Net Pension Liability | | (19,708) |
| Increase (Decrease) in Deferred Revenue | | (6,640) |
| Total Adjustments | | <u>957,165</u> |
| Net Cash Provided (Used) by Operating Activities | \$ | <u><u>1,594,167</u></u> |

The accompanying notes are an integral part of these financial statements.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES:

General Information

The voters of the Horseshoe Bend area of the Lake of the Ozarks, Missouri, approved the incorporation of Camden County Public Water Supply District No. 4 (the “District”), on April 2, 2002. The purpose and objective of the District is to provide needed facilities and services in the use of water and sewer on a non-profit basis to the inhabitants of the District. The District is located in Camden County, Missouri, approximately 170 miles southeast of Kansas City, Missouri, and approximately 160 miles southwest of St. Louis, Missouri. The District is adjacent to the cities of Lake Ozark and Osage Beach. The District’s service area covers the entirety of Horseshoe Bend and much of the eastern half of Shawnee Bend. All of the facilities and golf courses of the Four Seasons Resort community are within the boundaries of the District. The District has approximately 2,935, water customers and 1,147, sewer customers.

Reporting Entity

The District’s financial statements include the accounts of all District operations. The following criteria regarding manifestation of oversight were considered by the District in its evaluation of District organizations and activities:

Election of Government Authority – The locally elected Board of Directors is exclusively responsible for all public decisions and accountable for the decisions it makes.

Ability to Significantly Influence Operations – The Board of Directors has the statutory authority under the provisions of the Revised Statutes to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, control over all assets, including facilities and properties, short-term borrowing, signing contracts, and developing the programs to be provided.

Accountability of Fiscal Matters – The responsibility and accountability over all funds is vested in the District’s Board of Directors.

Financial Statement Presentation and Basis of Accounting

The District prepares its financial statements on an enterprise fund basis. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private businesses. The intent is that all costs of providing certain goods and services to the general public be financed or recovered primarily through user charges, or where it has been deemed that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Accordingly, the District’s financial statements are presented on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Budgetary Basis of Accounting

Budgets are approved by the District at the beginning of each year on the accrual basis. Budget amendments are approved by the District during the year on an as-needed basis.

Cash and Cash Equivalents

The District considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased, to be cash equivalents.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets, Depreciation, and Amortization

Capital assets, which includes land, buildings, distribution systems, machinery and equipment, and improvements, are stated at cost. The District defines capital assets as assets with an initial individual cost of more than \$1,000, and an estimated useful life of more than one year. Public domain property (i.e. water lines) and other capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

Interest is capitalized on constructed assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Depreciation is provided using the straight-line method over the estimated useful lives of 3 to 30 years.

Inventory

Inventory consists of materials and supplies and is recorded at an average cost. Inventory is capitalized when placed into service.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Unbilled Services Receivable

Revenue is recorded when earned. The estimated value of services provided but unbilled at year end has been included in the accompanying financial statements.

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and the useful lives of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Allowance for Doubtful Accounts

The District collects meter deposits from customers, in part, to cover any defaults on accounts. Management has determined an allowance is not required due to the fact they collect these deposits.

Compensated Absences

General leave for the District includes both vacation and sick pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued vacation leave earned.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the District.

Other Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred in the period incurred. Debt issuance costs are expensed in the period incurred.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Net Position

Net position comprises the various net earnings from operating income and non-operating revenues and expenses. Net position is classified in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of Net Investment in Capital Assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as needed.

Operating Revenues

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the District’s principal on-going operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for the District include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Pensions

Financial reporting information pertaining to the District's participation in the Missouri Local Government Employees Retirement System (LAGERS) is prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of LAGERS have been determined on the same basis as they are reported by LAGERS. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitment and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing LAGERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the District's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

NOTE 2 – METER DEPOSITS:

Meter deposits are generally required from customers only after the original project has changed hands. The applicable connection and impact fees are paid by the original property owner and generally a deposit is required. Deposits are applied first to balances due and the remainder, if any, is refunded to the customers when services are no longer provided or after two years with good payment history.

NOTE 3 – CHANGES IN LONG-TERM DEBT:

Bond Issuance

On May 3, 2006, the District issued certificates of participation in the amount of \$3,000,000. Proceeds from the sale of the Series 2006 Certificates were used by the District to (1) refinance an outstanding line of credit originally drawn to fund improvements to the District's combined waterworks and sewerage system, (2) acquire, construct, and improve the system, (3) pay interest on the portion of the Series 2006 Certificates attributable to financing the project through January 1, 2009, (4) fund a reserve fund for the Series 2006 Certificates, and (5) pay the costs of delivery of the Series 2006 Certificates. The certificates mature January 1, 2036, and interest rates vary between 4.15% and 5.25%. During the year ended December 31, 2015, the Series 2006 Certificates were paid off with the issuance of Series 2015 Certificates.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 – CHANGES IN LONG-TERM DEBT: (Continued)

Bond Issuance (Continued)

On November 3, 2015, the District issued certificates of participation in the amount of \$9,245,000. Proceeds from the sale of the Series 2015 Certificates were used by the District to (1) refinance an outstanding Series 2006, originally drawn to fund improvements to the District’s combined waterworks and sewerage system, (2) acquire Ozark Shores Water Company and building, (3) pay interest on the portion of the Series 2015 Certificates attributable to financing the project through January 1, 2019, (4) fund a reserve fund for the Series 2015 Certificates, and (5) pay the costs of delivery of the Series 2015 Certificates. The certificates mature January 1, 2045, and interest rates vary between 3.000% and 4.125%. There will be an economic gain of \$224,486.

On June 27, 2017, the District issued certificates of participation in the amount of \$6,500,000, at a premium of \$28,075. Proceeds from the sale of the Series 2017 Certificates were used by the District to acquire Lake Region Water and Sewer Company. The certificates mature January 15, 2045, and interest rates vary between 3.0% and 5.0%.

The following is a summary of bond transactions as of the year ended:

| | |
|---------------------|----------------------|
| | <u>Bonds</u> |
| Balance - Beginning | \$ 15,310,000 |
| Additions | - |
| Reductions | - |
| Balance - Ending | <u>\$ 15,310,000</u> |

Participation Certificates requirements as of the year ended:

| <u>Year Ended</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------|----------------------|---------------------|----------------------|
| 2021 | \$ 245,000 | \$ 593,512 | \$ 838,512 |
| 2022 | 285,000 | 585,562 | 870,562 |
| 2023 | 325,000 | 577,069 | 902,069 |
| 2024 | 370,000 | 567,785 | 937,785 |
| 2025 | 415,000 | 556,894 | 971,894 |
| 2026-2030 | 2,385,000 | 2,564,739 | 4,949,739 |
| 2031-2035 | 2,855,000 | 2,091,556 | 4,946,556 |
| 2036-2040 | 3,455,000 | 1,459,606 | 4,914,606 |
| 2041-2045 | 4,255,000 | 662,166 | 4,917,166 |
| 2046-2047 | 720,000 | 36,500 | 756,500 |
| | <u>\$ 15,310,000</u> | <u>\$ 9,695,388</u> | <u>\$ 25,005,388</u> |

Interest expense for the year ended was \$597,189.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 – CHANGES IN LONG-TERM DEBT: (Continued)

Lease Payable

On May 15, 2020, the District entered into a lease-purchase agreement for a Vac-Con combination vacuum truck. Original cost of the equipment is \$382,439; 2.94% interest; for 7 years; due November 15th of each year. The minimum lease payments are as follows:

| <u>Year Ended</u> | <u>Minimum Lease Payments</u> |
|----------------------|---------------------------------------|
| 2021 | \$ 60,376 |
| 2022 | 60,376 |
| 2023 | 60,376 |
| 2024 | 60,376 |
| 2025 | 60,376 |
| 2026 | 60,376 |
| Total Lease Payments | <u>362,259</u> |
| Less: Interest | (34,489) |
| Lease Payments, Net | <u>\$ 327,770</u> |

Interest expense for the year ended was \$5,707.

NOTE 4 – CASH AND INVESTMENTS:

CUSTODIAL CREDIT RISK – Deposits in financial institutions, reported as components of cash and cash equivalents, had a carrying balance of \$287,311, and an institution balance of \$300,163, as of the year ended. Of these deposits, \$300,163, was fully insured by the Federal Deposit Insurance Corporation (“FDIC”) or secured with collateral held by the Districts’ agent in its name. The remaining certificates of deposit of \$525,420, were fully insured by FDIC. All investments, evidenced by individual securities, are registered in the name of the District. The investments include money market and repurchase agreements that invest in United States Government securities.

Certificates of Deposit

| <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Carrying Value</u> |
|----------------------|----------------------|-----------------------|
| 3/24/2021 | 2.0% | \$ 262,710 |
| 3/24/2020 | 2.0% | 262,710 |
| Total | | <u>\$ 525,420</u> |

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 – CASH AND INVESTMENTS: (Continued)

INVESTMENT INTEREST RATE RISK – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the District’s investments to this risk, using the segmented time distribution model, is as follows:

| <u>Type of Investment</u> | <u>Fair Value</u> | <u>Investment Maturities (in Years)</u> | | | |
|---------------------------|-------------------|---|------------------------|-------------------------|--------------------------|
| | | <u>Less Than 1 Year</u> | <u>1 - 5 Years</u> | <u>6 - 10 Years</u> | <u>Over 10 Years</u> |
| Money Market Funds | \$ 1,121,330 | \$1,121,330 | \$ - | \$ - | \$ - |
| US Government Bonds | \$ 2,649,879 | \$2,649,879 | \$ - | \$ - | \$ - |

CONCENTRATION OF INVESTMENT CREDIT RISK – The District places no limit on the amount it may invest in any one issuer. As of the year ended, the District had no concentration of credit risk.

INVESTMENT CREDIT RISK – State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, collateralized certificates of deposit, and the State Treasurer's Investment Pool.

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The District’s investments are carried at cost. The investments include repurchase agreements that invest in United States Government securities (money market funds) and certificates of deposit.

The District’s investments had the following credit risk structure as of the year ended:

| <u>Investment Type</u> | <u>Credit Rating (1)</u> | <u>Fair Value</u> | <u>Percent of Grand Total</u> |
|------------------------|--------------------------|-------------------|-----------------------------------|
| UMB: | | | |
| Money Market Funds | AAA | \$ 1,121,330 | 30.0% |
| Central Bank: | | | |
| US Government Bonds | AAA | \$ 2,649,879 | 70.0% |

(1) Per Standard and Poor's

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 – RESTRICTED ASSETS:

The District ordinance authorizing the issuance of the District's Participation Certificates require that certain accounts be established.

The amounts restricted as of the year ended were:

| <u>Account</u> | <u>Restricted</u> |
|---|---------------------|
| Certificate Funds | \$ 543,594 |
| Debt Reserve Funds | 577,736 |
| Net Pension Deferred Outflows (Inflows) | <u>(29,460)</u> |
| | <u>\$ 1,091,871</u> |

NOTE 6 – RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for all risks of loss. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

NOTE 7 – PENSION PLAN:

A. Plan Description

The District participates in the LAGERS, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries.

LAGERS was created and is governed by Missouri statute, Section RSMo.70.600 – 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax-exempt.

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, PO Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 – PENSION PLAN: (Continued)

B. Funding Status

Full-time employees of the District do not contribute to the pension plan. The June 30th statutorily required contribution rate was 9.5% (General) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

The District’s annual pension cost and net pension obligation for the current year were as follows:

| | |
|--|--------------------|
| Annual Required Contribution | \$26,349 |
| Interest on Net Pension Obligation | - |
| Adjustment to Annual Required Contribution | <u>-</u> |
| Annual Pension Cost | 26,349 |
| Less: Actual Contributions | <u>(26,349)</u> |
| Increase (Decrease) in NPO | - |
| NPO Beginning of Year | <u>-</u> |
| NPO End of Year | <u><u>\$ -</u></u> |

The annual required contribution (ARC) was determined as part of the February 29, 2020, annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2020, included: (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.25% per year, compounded annually, attributable to inflation, c) additional projected salary increases ranging from 3.25% to 6.55% per year, depending on age and division, attributable to seniority/merit, (d) both post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period as of February 29, 2020, was multiple bases from 10 to 16 years.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 – PENSION PLAN: (Continued)

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO) (Continued)

| Three-Year Trend Information | | | |
|------------------------------|------------------------------|-------------------------------------|---------------------------|
| Year Ended June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 2018 | 31,219 | 100.0 | 0 |
| 2019 | 26,990 | 100.0 | 0 |
| 2020 | 26,349 | 100.0 | 0 |

For the year ended, the District’s annual pension cost of \$26,349, was equal to the required and actual contributions. The required schedule of funding progress follows the notes to the financial statements and presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

D. Calculation of the Single Discount Rate

GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses, and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

The single discount rate (“SDR”) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 2.45% (based on the weekly rate closest to but not later than the measurement date of the “20-Year Municipal GO AA Index” rate from Fidelity; and the resulting single discount rate is 7.25% for General.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 – PENSION PLAN: (Continued)

D. Calculation of the Single Discount Rate (Continued)

| Discount Rate | 1% Decrease (6.25%) | Current Rate (7.25%) | 1% Increase (8.25%) |
|---------------------------------------|------------------------|-------------------------|------------------------|
| Total Pension Liability (TPL) | \$806,315 | \$691,846 | \$599,400 |
| Less: Plan Fiduciary Net Position | 623,347 | 623,347 | 623,347 |
| Net Pension Liability / (Asset) (NPL) | \$182,968 | \$68,499 | \$(23,947) |

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of the year ended, the District reported a liability of \$68,498, for its proportionate share of the net pension liability. The \$68,498, net pension liability was measured as of June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The District’s proportion of the net pension liability was based on the District’s actual share of contributions to the pension plan relative to the actual contributions of all participating employers for the pension plan year ended June 30, 2020. As of June 30, 2020, the District’s proportion as a percentage of the whole pension plan was not readily available.

There were no changes in benefit terms during the LAGERS plan year ended June 30, 2020, that affected the measurement of total pension liability.

For the year ended June 30, 2020, the District recognized pension expense of \$26,349, relative to actual contributions of \$223,365,800, from all participating employers. As of the year ended, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 – PENSION PLAN: (Continued)

D. Calculation of the Single Discount Rate (Continued)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 11,943 | \$ (88,312) |
| Changes of assumptions | 24,306 | (13,916) |
| Net difference between projected and actual earnings on pension plan investments | 19,166 | - |
| District contributions subsequent to the measurement date | 17,354 | - |
| Total | \$ 72,769 | \$ (102,228) |

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of June 30, 2020, will be recognized as a reduction to the net pension liability in the year ended December 31, 2020. Other amounts reported as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the District’s fiscal year following LAGERS’ fiscal year as follows:

| Plan Year ending June 30: | |
|----------------------------------|-------------------|
| 2021 | \$ (10,285) |
| 2022 | (6,654) |
| 2023 | (2,104) |
| 2024 | (3,047) |
| 2025 | (10,314) |
| Thereafter | (14,409) |
| Total | \$(46,813) |

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 – CAPITAL ASSETS:

Capital assets activities for the year ended were as follows:

Business-type activities:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------------|--------------------|----------------------|
| Capital Assets not being depreciated/amortized: | | | | |
| Land | \$ 577,961 | \$ - | \$ - | \$ 577,961 |
| Construction in Progress | (2,060) | 10,888 | - | 8,828 |
| Total capital assets not being depreciated/amortized | 575,901 | 10,888 | - | 586,789 |
| Capital Assets being depreciated/amortized: | | | | |
| Annexation Costs | 62,477 | - | - | 62,477 |
| OSWC Acquisition Costs | 66,692 | - | - | 66,692 |
| LRWS Acquisition Cost | 37,621 | - | - | 37,621 |
| Office Furniture and Fixtures | 1,819 | - | - | 1,819 |
| Vehicles and Equipment | 443,323 | 412,591 | (21,054) | 834,860 |
| Utility Plant | 22,037,649 | 500,363 | (42,809) | 22,495,203 |
| Total capital assets being depreciated/amortized | 22,649,581 | 912,954 | (63,863) | 23,498,672 |
| Less accumulated depreciation/amortization: | | | | |
| Annexation Costs | 22,043 | 2,083 | - | 24,126 |
| OSWC Acquisition Costs | 9,263 | 2,223 | - | 11,486 |
| LRWS Acquisition Costs | 3,526 | 1,254 | - | 4,780 |
| Office Furniture and Fixtures | 1,819 | - | - | 1,819 |
| Vehicles and Equipment | 397,182 | 8,381 | 21,054 | 384,509 |
| Utility Plant | 4,490,575 | 943,495 | 25,482 | 5,408,588 |
| Total depreciation/amortization | 4,924,408 | 957,436 | 46,536 | 5,835,308 |
| Depreciable/amortizable capital assets, net | 17,725,173 | (44,482) | (17,327) | 17,663,364 |
| Business-type activities, net | <u>\$ 18,301,074</u> | <u>\$ (33,594)</u> | <u>\$ (17,327)</u> | <u>\$ 18,250,152</u> |

Total depreciation and amortization expense for the year was \$951,876 and \$5,560, respectively.

CAMDEN COUNTY PUBLIC WATER SUPPLY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 – COMMITMENTS:

On April 20, 2017, the District entered into contract for labor with Lake Utility Availability (“LUA”). LUA collects a fee for vacant lots with water and sewer system access (“availability fees”) on Shawnee Bend. The District will assist in the billing and collection of such fees. LUA reimburses the District each month in the amount of \$320, as its portion of the employees’ wage and benefit costs. In February 2020, the monthly reimbursement increased to \$350. During the year ended, LUA paid the District \$4,170. The contract expired December 31, 2020, and has been extended through December 31, 2021.

On May 18, 2017, the District entered into a contract for operations with Lake of the Ozarks Water and Sewer Authority (the “Authority”), a Missouri Non-Profit Corporation. The Authority has developed a public water and sewer supply system serving part of the Shawnee Bend area of Camden County and the District has been formed to assist in the development and operation of a public water supply system. The District has employed such construction, operation, and administrative personnel as are necessary to operate both the District and the Authority. The Authority has agreed to reimburse the costs of operating the Authority. During the year ended, the Authority paid the District \$42,494. LOWSA territory was annexed in March 2021, at which time the LOWSA customers became those of the District.

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through April 8, 2021, the date which the financial statements were available to be issued.

As of the date of the audit report, the District was in the process of issuing \$6,600,000, in bonds for system repairs and upgrades.

As of the date of the audit report, the District is committed to purchasing property to be used in operations in the amount of \$250,000.

The World Health Organization (the “WHO”) did not declare the Corona Virus (“COVID-19”) outbreak a public health emergency until January 30, 2020. However, events that caused the outbreak had occurred before the end of 2019. On March 11, 2020, COVID-19 was declared a pandemic by the WHO.

As of the date of this report, any potential effects of COVID-19, whether operational or financial, for the District are unknown.

REQUIRED
SUPPLEMENTARY
INFORMATION

Camden County Public Water Supply District No. 4
Notes to the Schedules of Trend Information
December 31, 2020

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

| | |
|-------------------------------|--|
| Valuation Date | February 29, 2020* |
| Actuarial Cost Method | Entry Age Normal and Modified Terminal Funding |
| Amortization Method | A level percentage of payroll amortization method is used to amortize the UAAL over a closed period of years. If the UAAL (excluding UAAL associated with benefit changes) is negative, then this amount is amortized over the greater of (i) the remaining initial amortization period or (ii) 15 years. |
| Remaining Amortization Period | Multiple bases from 10 to 16 years |
| Asset Valuation Method | 5-Year smoothed market; 20% corridor |
| Inflation | 3.25% wage inflation; 2.5% price inflation |
| Salary Increases | 3.25% to 6.55% including wage inflation |
| Investment Rate of Return | 7.25%, net of investment expenses |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition |
| Mortality | The healthy retiree mortality tables, for post-retirement mortality, were the RP-2014 Healthy Annuitant mortality table for males and females. The disabled retiree mortality tables, for post-retirement mortality, were the RP-2014 disabled mortality table for males and females. The pre-retirement mortality tables used were the RP-2014 employees mortality table for males and females. Both the post-retirement and pre-retirement tables were adjusted for mortality improvement back to the observation period base year of 2006. The base year for males was then established to be 2017. Mortality rates for a particular calendar year are determined by applying MP-2015 mortality improvement scale to the above described tables. |
| Other Information | None |

*The roll-forward of total pension liability from February 29, 2020, to December 31, 2020, reflects expected service cost and interest reduced by actual benefit payments and administrative expenses.

Camden County Public Water Supply District No. 4
Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios
Missouri Local Government Employees Retirement System (LAGERS)
December 31, 2020

| Year Ended* | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Actual Covered Member Payroll | Net Pension Liability (Asset) as a Percentage of Covered Payroll | Fiduciary Net Position as a Percentage of Total Pension Liability |
|-------------|---|--|-------------------------------|--|---|
| 6/30/15 | N/A | \$ 89,603 | \$311,573 | 28.76% | 81.33% |
| 6/30/16 | N/A | 180,280 | 334,751 | 53.85% | 69.44% |
| 6/30/17 | N/A | 134,041 | 342,152 | 39.18% | 78.09% |
| 6/30/18 | N/A | 93,793 | 326,796 | 28.70% | 85.45% |
| 6/30/19 | N/A | 88,207 | 335,864 | 26.26% | 87.21% |
| 6/30/20 | N/A | 68,499 | 396,489 | 17.28% | 90.10% |

Note: These Schedules are intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in these Schedules are based as of the measurement date of LAGERS' net pension liabilities.

Camden County Public Water Supply District No. 4
 Schedule of Employer Contributions
 Missouri Local Government Employees Retirement System (LAGERS)
 December 31, 2020

| Year Ending | Contractually Required to Contribute | Actual Employer Contributions | Contribution Excess/(Deficiency) | Actual Covered Member Payroll | Contributions as a Percentage of Covered Payroll |
|----------------|--|-------------------------------------|-------------------------------------|--|--|
| 2011 | \$ 31,246 | \$ 31,246 | \$ 0 | \$ 376,459 | 8.30% |
| 2012 | 35,055 | 35,055 | 0 | 385,218 | 9.10% |
| 2013 | 36,973 | 36,973 | 0 | 420,152 | 8.80% |
| 2014 | 34,583 | 34,583 | 0 | 411,706 | 8.40% |
| 2015 | 28,790 | 28,790 | 0 | 342,743 | 8.40% |
| 2016 | 32,671 | 31,990 | 681 | 340,320 | 9.40% |
| 2017 | 32,888 | 32,888 | 0 | 335,591 | 9.80% |
| 2018 | 29,901 | 29,901 | 0 | 314,752 | 9.50% |
| 2019 | 30,071 | 30,071 | 0 | 319,902 | 9.40% |
| 2020 | 35,483 | 35,483 | 0 | 381,533 | 9.30% |

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APPENDIX C

CERTAIN INFORMATION REGARDING THE LAKE OF THE OZARKS AREA AND CAMDEN COUNTY

Description of the Lake of the Ozarks

The Lake of the Ozarks (the “**Lake**”) is a body of water 97 miles long located in central Missouri. The Lake is situated in portions of the following counties: Morgan, Miller, Camden, Benton Hickory, St. Clair and Henry and has more shoreline than the entire West Coast of the United States. With its central location, it draws substantial numbers of tourists, vacation homeowners and retirees from the Kansas City and St. Louis metropolitan areas. It also draws substantial visitors and homeowners from all of Missouri, Kansas, Illinois and Iowa.

Union Electric Corporation (now Ameren UE) (“**Ameren**”) designed and constructed the Lake as part of a hydro-electric project during the 1920s. The Lake was formed under a permit from the Federal Energy Regulatory Commission by constructing a dam at Bagnell, Missouri, on the Osage River. Construction of the dam was completed in 1931 and the Lake was filled by 1933. Ameren continues to operate the power plant and regulate the water level of the Lake. However, a large portion of the Lake’s shoreline is now owned by private individuals and businesses.

The economy of the area consists of a mixture of tourism, commercial business, retail and extensive recreational activities. Development of the land around the Lake started in the 1950s when the PSC ordered Ameren to divest itself of portions of land surrounding the Lake that were not being used to generate electricity, making a large amount of shoreline available for purchase. Major highways in central Missouri were constructed allowing residents of Kansas City and St. Louis easy access to the Lake. Development at the Lake continued in the 1960s and 1970s. A four-lane highway was developed from Interstate 70 to Osage Beach, greatly increasing the accessibility to this part of the Lake. The result was a boom in the commercial and residential development in the 1980s.

Development at the Lake slowed in the early 1990s due largely to the recession. But currently residential and commercial development in the Lake area has again increased. New commercial and residential developments have been planned for the area. The Missouri Highway and Transportation Department estimates that the traffic in the Lake area will increase by seven times during the next 30 years.

General Information Regarding Camden County

The District provides service to approximately 10 square miles or approximately 1% of Camden County, Missouri (the “**County**”), which is located in the south-central part of the State of Missouri. Its economy is diversified and is made up of a mixture of recreation, tourism, agriculture, manufacturing and commercial activity. This part of Missouri is known for its many recreational and tourist attractions including the Lake, the Lodge of Four Seasons, the Ha Ha Tonka State Park, as well as many others, including Horseshoe Bend which is a 7 mile long peninsula of the Lake. Horseshoe Bend is home to many lush golf courses, restaurants, condos and resort hotels.

Historical Assessed Valuations

The following table shows the assessed valuation of the County for the last five calendar years (including values associated with tax increment financing areas):

| <u>Year</u> | Camden County <u>Assessed Valuation</u> | <u>% Change</u> |
|-------------|--|-----------------|
| 2020 | \$1,754,166,532 | +1.59% |
| 2019 | 1,726,680,700 | +2.63 |
| 2018 | 1,682,461,013 | +1.37 |
| 2017 | 1,659,700,161 | +1.15 |
| 2016 | 1,640,892,746 | N/A |

Source: Camden County Assessor’s Office.

Employment Information

Major Employers. Listed below are the major employers in the Lake area:

| <u>Major Employers</u> | <u>Type of Business/Products</u> | <u>Number of Employees</u> |
|-----------------------------------|----------------------------------|--------------------------------|
| Lake Regional Health System | Health Care Management | 1,753 |
| Camdenton R-III School District | School | 750 |
| Lake Regional Hospital | Medical | 624 |
| Margaritaville Lake Resort | Resort/Hotel | 500 |
| Margarita Ville | Resort/Hotel | 450 |
| Walmart Supercenter (Osage Beach) | Retail | 335 |
| Lodge of Four Seasons | Resort/Hotel | 300 |
| Walmart Supercenter (Camdenton) | Retail | 300 |
| H Toad’s Bar & Grill | Restaurants | 200 |
| Dierbergs Markets | Grocery Store | 175 |

Source: Data Axle Genie.

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Unemployment. The following tables set forth the total labor force, number of employed and unemployed workers in the County and the unemployment rates for the County, the State of Missouri and the United States for 2016 through 2021:

| <u>Year</u> | <u>Employed</u> | <u>Camden County</u> | | <u>Total</u> | <u>Unemployment Rate</u> | | |
|---------------------|-----------------|----------------------|--|--------------|--------------------------|-----------------|-------------|
| | | <u>Unemployed</u> | | | <u>Camden County</u> | <u>Missouri</u> | <u>U.S.</u> |
| 2021 ⁽¹⁾ | 16,832 | 1,323 | | 18,155 | 7.3% | 5.0% | 6.6% |
| 2020 ⁽²⁾ | 17,771 | 1,402 | | 19,173 | 7.3 | 6.1 | 8.1 |
| 2019 | 18,013 | 848 | | 18,861 | 4.5 | 3.3 | 3.7 |
| 2018 | 17,828 | 777 | | 18,605 | 4.2 | 3.2 | 3.9 |
| 2017 | 18,019 | 900 | | 18,919 | 4.8 | 3.8 | 4.4 |

⁽¹⁾ Estimate as of February, 2021.

⁽²⁾ Estimate as of December, 2020 for the County only. Figures for the State of Missouri and the United States are annualized.

Source: U.S. Department of Commerce and U.S. Department of Labor.

Income

The following table presents per capita personal income for the County and the State of Missouri for 2015 through 2019, the latest date for which information is available:

| <u>Year</u> | <u>Camden County Per Capita Personal Income</u> | <u>State of Missouri Per Capita Personal Income</u> |
|-------------|---|---|
| 2019 | \$38,352 | \$48,656 |
| 2018 | 37,108 | 47,109 |
| 2017 | 36,764 | 45,342 |
| 2016 | 35,327 | 44,318 |
| 2015 | 34,647 | 43,153 |

⁽¹⁾ "Per Capita Personal Income" is the annual total personal income of residents divided by the resident population as of March 1. "Personal Income" is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and transfer payments. "Net Earnings" is earnings by place of work - the sum of wage and salary disbursements (payrolls), other labor income, and proprietors' income - less personal contributions for social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal Income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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Housing

The following table below sets forth information from the American Community Survey regarding the median (owner-occupied) house values for the County and the State of Missouri:

| | Median Value of Owner <u>Occupied Housing</u> |
|-------------------|---|
| Camden County | \$200,800 |
| State of Missouri | 157,200 |

Source: U.S. Bureau of the Census, 2015-2019 American Community Survey, 5-year estimates.

Population

The historical populations of the County and the State of Missouri are set forth in the following table:

| <u>Year</u> | <u>Camden County</u> | | <u>State of Missouri</u> | |
|-------------|----------------------|-----------------------|--------------------------|-----------------------|
| | <u>Population</u> | <u>Percent Change</u> | <u>Population</u> | <u>Percent Change</u> |
| 2019 | 45,466 | +3.33% | 6,104,910 | +1.94% |
| 2010 | 44,002 | +18.76 | 5,988,927 | +7.04 |
| 2000 | 37,051 | +34.75 | 5,595,211 | +9.34 |
| 1990 | 27,495 | N/A | 5,117,073 | N/A |

Source: U.S. Department of Commerce, Bureau of Census.

The following table shows population distribution by age categories, according to the 2010 Census, for the County and the State of Missouri:

| <u>Age</u> | <u>Camden County</u> | <u>State of Missouri</u> |
|--------------------|----------------------|--------------------------|
| Under 5 | 1,947 | 371,570 |
| 5-19 years | 7,141 | 1,168,897 |
| 20-24 years | 1,982 | 414,394 |
| 25-44 years | 8,113 | 1,551,590 |
| 45-64 years | 13,701 | 1,591,734 |
| 65 years and older | <u>12,582</u> | <u>1,006,725</u> |
| Total | <u>45,466</u> | <u>6,104,910</u> |
| Median Age | 51.5 | 38.6 |

Source: U.S. Department of Commerce, Bureau of Census, 2015-2019 American Community Survey, 5-year estimates.

County Services

Education. Primary and secondary education are provided by four public school districts in the County: Camdenton R-III School District, Climax Springs R-IV School District, Macks Creek R-V School District and Stoutland R-II School District. All four districts are accredited by the Missouri Department of Elementary and Secondary Education, the highest accreditation status given.

Post-secondary education is provided by universities in the Central Missouri area: Lincoln University; Missouri University of Science and Technology-Rolla; Southwestern Baptist University; University of Missouri-Columbia; University of Central Missouri; and Columbia College. State Fair Community College offers classes in Eldon and Lake of the Ozarks.

Medical Services. Lake Regional Health System consists of a 116-bed hospital, regional clinics, pharmacies and other health care facilities. The hospital is equipped with state-of-the-art diagnostic equipment. The hospital services include cardiovascular services and cancer treatment options. The hospital runs specialty clinics located throughout the Lake area, offering a wide variety of services. The facility features a 35-bed emergency department, an 18-bed intensive care/cardiac care unit and a 22-bed stepdown unit.

Communications and Media. Phone service is provided by Century Link Phone, AT&T Lake of the Ozarks and many other providers. Internet Service is provided by multiple companies. Cable television is provided by Charter Communications, AT&T U-verse, Lake Cable and Mediacom Cable.

Police and Fire Protection. Police protection is provided by the various police forces within the municipalities and county. Fire protection is provided by the following fire protection districts and fire departments: Camdenton Fire Department, Mid-County Fire Protection, Osage Beach Fire Protection District, Sunrise Beach Fire Protection District, Lake Ozark Fire Protection District, Northwest Fire Protection District and Southwest Camden County Fire Protection District.

Transportation. U.S. Highway 54 traverses the entire north-south length of Lake area. Highway 54 also provides access to the many roads that serve the Lake of the Ozarks. State Highways 42, Business 54, KK and HH, along with numerous county roads, provide additional routes that flow traffic to the Lake of the Ozarks area. The roads connect with Interstate 44 and Interstate 70 and U.S. Highway 50. In addition, the area is served by Camdenton Memorial Airport, Eldon Model Airpark, Roy Otten Memorial Airport in Versailles, Missouri and Lee C. Fine Memorial Airport in Osage Beach.

Recreational Facilities. The Lake area provides many opportunities for recreation. Residents and visitors can enjoy boating, water sports and fishing. The region contains numerous marinas and over 100 restaurants of which nearly half are located on the water. Tourists and residents can also enjoy the many golf courses in the area. Close to Bagnell Dam, residents and visitors can enjoy shopping at the many crafts, souvenirs and specialty shops. A variety of restaurants offer casual and fine dining experiences. The City of Osage Beach in Camden and Miller Counties is home to the Lake of the Ozarks State Park. The County is home to Ha Ha Tonka State Park.

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APPENDIX D

DEFINITIONS AND SUMMARIES OF DOCUMENTS

In addition to the words and terms defined elsewhere in this Official Statement, the following are definitions of certain words and terms as used in the Base Lease, Lease, the Declaration of Trust and the Continuing Disclosure Undertaking

“Additional Certificates” means any additional parity Certificates or other obligations issued pursuant to the Declaration of Trust

“Additional Payments” means the additional payments described in the Lease.

“Arbitrage Instructions” means the arbitrage instructions set forth in any arbitrage or federal tax certificate provided by the District or Bond Counsel to the Trustee, as the same may be amended or supplemented in accordance with the provisions thereof.

“Authorized District Representative” means such person at the time designated to act on behalf of the District as evidenced by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the District by its President of the Board of Directors.

“Authorized Trustee Representative” means such person at the time designated to act on behalf of the Trustee as evidenced by written certificate furnished to the Trustee containing the specimen signature of such person and signed on behalf of the Trustee by the President or any Vice President of the Trustee.

“Base Lease” means the Original Base Lease, as amended by the First Base Lease Amendment and as further amended or supplemented from time to time.

“Base Rentals” means the rental payments payable by the District under the Lease representing amounts due with respect to the Certificates.

“Beneficial Owner” shall mean, whenever used with respect to Certificates issued pursuant to the Declaration of Trust, the person in whose name such Certificates is recorded as the beneficial owner of such Certificates by a Participant on the records of such Participant, or such person’s subrogee.

“Bond Counsel” or **“Special Tax Counsel”** means an attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the District.

“Certificate Fund” means “Public Water Supply District No. 4 of Camden County, Missouri Certificates of Participation Certificate Fund” created by the Declaration of Trust.

“Certificate Owner” or **“Owner”** means the registered owner of any Certificate issued under the Declaration of Trust.

“Certificate Purchase Agreement” means the Purchase Contract Dated _____, 2021, among the District, the Trustee and the Original Purchasers.

“Certificates” means collectively the Series 2015 Certificates, the Series 2017 Certificates and the Series 2021 Certificates delivered pursuant to the Declaration of Trust and any Additional Certificates issued.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable Treasury Regulations.

“Completion Date” means the date of completion of the acquisition, construction, renovation, remodeling, improvement, furnishing and equipping of any Project Additions established as such pursuant to the Lease.

“Construction Contracts” means the construction contracts which have been or will be entered into by the District with respect to the Project and which will incorporate the Plans and Specifications.

“Construction Fund” means “Public Water Supply District No. 4 of Camden County, Missouri Certificates of Participation Construction Fund” created by the Declaration of Trust.

“Construction Period” means the period from the beginning of construction of the Project to the Completion Date.

“Contractor” means any contractor for any Project selected by the District, and its successors and assigns.

“Consultant” means a Consulting Engineer or an independent certified public accountant or firm of certified public accountants with experience in accounting for operations of public entities.

“Consulting Engineer” means an independent engineer or engineering firm, having a reputation for skill and experience in the construction, financing and operation of public utilities, at the time employed by the District for the purpose of carrying out the duties imposed on the Consultant by the Declaration of Trust.

“Cost of Issuance” means all costs and expenses incident to the delivery of the Certificates, including but not limited to all printing, signing and mailing expenses, legal fees, accounting expenses incurred in connection with determining that the Certificates are not arbitrage bonds and any payments due the United States government in respect thereto, and other costs, fees and expenses incurred in connection with the issuance of the Certificates.

“Current Expenses” means all reasonable and necessary expenses of operation, maintenance and repair of the System, including Base Rentals payable under the Lease, and keeping the System in good repair and working order.

“Costs of Issuance Fund” means “Public Water Supply District No. 4 of Camden County, Missouri Certificates of Participation Costs of Issuance Fund” created by the Declaration of Trust.

“Dated Date” means with respect to the Series 2021 Certificates, the date of original delivery to the Original Purchasers.

“Declaration of Trust” means the Original Declaration, as amended and supplemented by the Second Supplemental Declaration, and as further amended and supplemented from time to time.

“Depository” shall mean The Depository Trust Company, New York, New York.

“District” means Camden County Public Water Supply District Number Four (also known as Public Water Supply District No. 4 of Camden County, Missouri), and its successors and assigns.

“Event of Default” means any Event of Default as described in the Declaration of Trust or in the Lease, respectively.

“First Base Lease Amendment” means the First Amendment to Base Lease Agreement between the Trustee and the District, dated as of June 1, 2017.

“First Project Lease Amendment” means the First Amendment to Project Lease Agreement between the District and the Trustee, dated as of June 1, 2017.

“First Supplemental Declaration” means the First Supplemental Declaration of Trust by the Trustee, dated as of June 1, 2017.

“Fiscal Year” means the fiscal year adopted by the District for accounting purposes, which as of the date hereof commences on January 1 of each year and ends on December 31 of the succeeding calendar year.

“Full Insurable Value” means the actual replacement cost of the Leased Premises less amounts on deposit in the Reserve Fund and physical depreciation and exclusive of land, excavations, footings, foundations and parking lots.

“Government Securities” means direct obligations of (including obligations issued or held in book-entry form on the books of the Department of Treasury, and CATS and TGRS) or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Holder” or **“Holders”** means the registered owner or owners of any of the Certificates.

“Initial Term” means the initial term of the Lease, which begins on the effective date of the Lease and ends on the first December 31 following the effective date.

“Lease” means the Original Lease, as amended by the Second Project Lease Amendment and as further amended and supplemented from time to time.

“Lease Term” means the period from the effective date of the Lease until the expiration thereof.

“Leased Premises” means the real property of the District described in the Base Lease and the buildings, structures and improvements, equipment and fixtures now owned or hereafter acquired, constructed, installed or located thereon, which includes the Project, the Project Site, the Project Improvements and the Project Equipment. The Leased Premises also include the District’s right, title and interest in all easements and rights-of-way in Camden County, and any transmission lines, service lines and other equipment and fixtures located therein.

“Moody’s” means Moody’s Investors Service, Inc., its successors and assigns.

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

“Net Revenues Available for Debt Service” means for the period of determination, Revenues less all Current Expenses, all as determined in accordance with generally accepted accounting principles, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investment or fixed or capital assets.

“Opinion of Bond Counsel” means the written opinion of Special Tax Counsel to the effect that the proposed action or the failure to act will not adversely affect the exclusion of interest on the Certificates from gross income for federal income tax purposes.

“Original Base Lease” means the Base Lease Agreement between the Trustee and the District dated as of November 1, 2015.

“Original Declaration” means the Declaration of Trust dated as of November 1, 2015, as amended and supplemented by the First Supplemental Declaration.

“Original Project Lease” means the Project Lease Agreement between the District and the Trustee dated as of November 1, 2015, as amended by the First Project Lease Amendment

“Original Purchasers” with respect to the Series 2021 Certificates, Piper Sandler & Co., or, with respect to any series of Additional Certificates, the original purchaser of such series of Additional Certificates.

“Outstanding” means, when used with reference to Certificates, as of any particular date of determination, all Certificates theretofore authenticated and delivered under the Declaration of Trust, except:

(a) Certificates theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Certificates paid or deemed to be paid in accordance with the provisions of Article XIII of the Declaration of Trust; and

(c) Certificates in exchange for or in lieu of which other Certificates have been authenticated and delivered pursuant to the Declaration of Trust.

“Participant” shall mean any broker-dealer, bank or other financial institution for which Depository holds Certificates as securities depository.

“Payment Date” means any date on which any amount representing principal or interest with respect to any Certificates is payable to the Owners thereof.

“Permitted Encumbrances” means, as of any particular time, (a) liens for ad valorem taxes and special assessments not then delinquent, (b) the Base Lease and the Lease, (c) the Declaration of Trust, (d) a purchase money security interest in any personal property used in connection with the Leased Premises, (e) utility, access and other easements and rights of way, mineral rights, restrictions, exceptions and encumbrances that the District certifies in writing will not materially interfere with or impair the operations being conducted on the Leased Premises or easements granted to the Trustee, or (f) such minor defects, irregularities, encumbrances, easements, mechanic’s liens, rights of way and clouds on title as normally exist with respect to properties similar in character to the Leased Premises and as the District certifies in writing do not in the aggregate materially impair the property affected thereby for the purpose for which it was acquired or is held by the Trustee.

“Permitted Investments” means, to the extent legal for the investment of the District’s funds, any of the following:

(A) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations of the principal of and interest on which are unconditionally guaranteed by the United States of America.

(B) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself or the Federal Reserve):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (FmHA)
Certificates of Beneficial Ownership

3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
Participation certificates
6. Government National Mortgage Association (GNMA or Ginnie Mae)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations
(these obligations are not acceptable for certain cash-flow sensitive issues)
7. U.S. Maritime Administration
Guaranteed Title XI financings
8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures – U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds

(C) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following United States government agencies (non-full faith and credit agencies) (stripped securities are only permitted if they have been stripped by the agency itself or the Federal Reserve):

1. Federal Home Loan Bank System
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac)
Participation certificates
Senior debt obligations
3. Federal National Mortgage Association (FNMA or Fannie Mae)
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or Sallie Mae)
Senior debt obligations
5. Resolution Funding Corporation (REFCORP)
Debt Obligations
6. Farm Credit System
Consolidated systemwide bonds and notes

(D) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAAm; or AAm and if rated by Moody's rated Aaa, Aa1 or Aa2.

(E) Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the Certificate Owners or the Trustee must have a perfected first security interest in the collateral.

(F) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Banking Insurance Fund or Savings Association Insurance Fund, as administered by the Federal Deposit Insurance Corporation.

(G) Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements.

(H) Commercial paper rated, at the time of purchase, Prime-1 by Moody's or A-1 or better by S&P.

(I) Bonds or notes issued by the State of Missouri or any municipality or political subdivision (excluding the District) or any other state or municipality thereof which are rated A- or better by S&P or A2 or better by Moody's.

(J) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation of rating of Prime-1 or A3 or better by Moody's or A-1 or A or better by S&P.

(K) Repurchase agreements ("Repos") which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the District (buyer/lender), and the transfer of cash from the District to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the District in exchanged for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria:

1. Repos must be between the District and a dealer bank or securities firm which are either

(a) Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by S&P and A2 or better by Moody's, or

(b) Banks rated "A" or above by S&P and A2 or better by Moody's.

2. The written Repo contract must include the following:

(a) Securities which are acceptable for transfer are:

(1) Direct obligations of the United States of America referred to in Section A above, or

(2) Obligations of federal agencies referred to in Section B above

(3) Obligations of FNMA and FHLMC

(b) The term of the Repo may be up to thirty (30) days.

(c) The collateral must be delivered to the District, the Trustee (if the Trustee is not supplying the collateral) or a third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

(d) Valuation of Collateral. The securities must be valued weekly, marked-to-market at the current market price plus accrued interest and the value of

collateral must be equal to 104% of the amount of cash transferred by the District to the dealer bank or security firm under the Repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the District, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of the collateral must equal 105%.

3. A legal opinion must be delivered to the District which states that the Repo meets guidelines under State law for legal investment of public funds.

“Person” means any natural person, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof or other public body.

“Project” means the Project described in the recitals hereof and in the Exhibits attached hereto, including the Project Site, the Project Improvements, the Project Equipment, any Project Additions and all additions, modifications, improvements, replacements and substitutions made to the Project pursuant to the Lease, as they may at any time exist.

“Project Additions” means all additions, improvements, extensions, alterations, expansions or modifications of the System, or any part thereof financed with the proceeds of Additional Certificates issued pursuant to the Declaration of Trust.

“Project Costs” means all costs of acquisition, construction, renovation, remodeling, improvement, furnishing and equipping of the Project, including the following:

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

(b) all costs and expenses of every nature incurred in constructing, renovating, remodeling, improving and equipping the Project and otherwise improving the Project Site, including the actual cost of labor and materials, as payable to contractors, builders, suppliers, vendors and materialmen in connection with the construction, renovation, remodeling, improvement, furnishing and equipping of the Project;

(c) the cost of insurance policies referred to in Article VI of the Lease and any insurance or performance and payment bonds maintained during any Construction Period in accordance with Article VI of the Lease;

(d) expenses of administration, supervision and inspection properly chargeable to the Project, underwriting expenses, legal fees and expenses, fees and expenses of accountants and other consultants, and publication and printing expenses to the extent said fees are necessary or incident to the issuance of the Certificates or construction, renovation, remodeling, improvement, furnishing or equipping of the Project;

(e) all other items of expense not elsewhere specified in this definition as may be necessary or incident to the construction, renovation, remodeling, improvement, furnishing, equipping and financing of the Project; and

(f) reimbursement to the District or those acting for it for any of the above enumerated costs and expenses incurred and paid by them before or after the execution of the Lease, including the cost of the Project financed through any prior lease or indebtedness of the District if such reimbursement is approved by Bond Counsel.

“Project Equipment” means all items of machinery, equipment or other personal property acquired or installed or to be acquired for installation in the Project Improvements or elsewhere on the Project Site pursuant to Article IV of the Lease and paid for in whole or in part from the proceeds of Certificates, and all replacements thereof and substitutions therefor made pursuant to the Lease.

“Project Improvements” means all buildings, structures, improvements and fixtures located on or to be purchased, constructed and otherwise improved on the Project Site pursuant to the Lease and paid for in whole or in part from the proceeds of Certificates, as described in the Lease, and all additions, alterations, modifications and improvements thereof made pursuant to the Lease.

“Project Site” means the Leased Premises and the real property and interests in real property on which the Project and the various components thereof are located, situated or installed.

“Rebate Fund” means “Public Water Supply District No. 4 of Camden County, Missouri Certificates of Participation Rebate Fund” created by the Declaration of Trust.

“Record Date” means the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the interest payment date.

“Renewal Term” means any one year renewal term of the Lease commencing on January 1 of any year and expiring on December 31 of such calendar year, except the final Renewal Term shall commence on January 1, 20__ and shall end on January 15, 20__.

“Reserve Fund” means “Public Water Supply District No. 4 of Camden County, Missouri Certificates of Participation Reserve Fund” created by the Declaration of Trust.

“Reserve Requirement” means, (i) with respect to the Series 2015 Certificates, \$557,000, (ii) with respect to the Series 2017 Certificates, \$0, (iii) with respect to the Series 2021 Certificates, \$123,000* and (iv) with respect to any other series of Additional Certificates, the amount specified in the Supplemental Declaration authorizing such series of Additional Certificates.

“Resolution” means the Resolution of the Board of Directors authorizing the issuance of the Certificates.

“Revenues” means all income and revenues derived by the District from the operation of the System, including investment and rental income, net proceeds of business interruption insurance, and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of facilities of the System to be applied during the period of determination to pay interest on Certificates or Bonds of the District.

“S&P” or “Standard & Poor’s” means S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC, wholly owned by S&P Global, Inc., its successors and assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Trustee.

* Preliminary; subject to change.

“Second Project Lease Amendment” means the Second Amendment to Project Lease Agreement between the District and the Trustee, dated as of July 1, 2021, amending the Original Project Lease.

“Second Supplemental Declaration” means the Second Supplemental Declaration of Trust by the Trustee, dated as of July 1, 2021, amending the Original Declaration.

“Series 2015 Certificates” means the Certificates of Participation (Public Water Supply District No. 4 of Camden County, Missouri Project), Series 2015, in the aggregate stated principal amount of \$9,245,000.

“Series 2017 Certificates” means the Certificates of Participation (Public Water Supply District No. 4 of Camden County, Missouri Project), Series 2017, in the aggregate stated principal amount of \$6,500,000.

“Series 2021 Certificates” means the Certificates of Participation (Camden County Public Water Supply District Number Four Project), Series 2021, in the aggregate stated principal amount of \$7,075,000*.

“Supplemental Declaration” means any declaration of trust supplemental or amendatory to the Declaration of Trust by the Trustee.

“System” means the entire waterworks system owned and operated by the District for the production, storage, treatment and distribution of water and, if permitted by its decree of incorporation to operate the same, all facilities for the collection and treatment of sewage or other revenue producing facilities operated by the District, now owned or hereafter acquired and constructed by the District, to serve the needs of the District and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the District.

“System Revenue Obligations” means collectively the Certificates and all bonds, notes and other obligations of the District, whether or not secured by the Declaration of Trust, which are payable from or secured by an interest in Revenues.

“Trustee” means UMB Bank, N.A., Kansas City, Missouri, and its successor or successors and any other corporation which at the time may be substituted in its place pursuant to and at the time serving as Trustee hereunder.

SUMMARY OF THE BASE LEASE

The following is a summary of certain provisions of the Base Lease. Reference is made to the Base Lease in its entirety for a full recital of the provisions thereof. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Base Lease for a full recital of the provisions thereof.

Lease of the Leased Premises

Under the Base Lease, the District has granted a leasehold interest in the Leased Premises to the Trustee extending to January 1, 2065. The Base Lease will terminate at the earlier of its expiration or upon payment in full of all amounts due under the Lease and represented by the Certificates.

Rent

As and for Base Lease Rent and in consideration for the leasing of the Leased Premises to the Trustee, the Trustee shall:

* Preliminary; subject to change.

- (a) cause the Certificates to be delivered to the purchasers thereof having such terms as set forth in the Declaration of Trust; and
- (b) deposit the proceeds of the sale of the Certificates as provided in the Declaration of Trust.

Assignments, Subleases and Mortgages

Except as contemplated by the Declaration of Trust or permitted by the Lease, and so long as no Event of Default has occurred or is continuing, the Trustee may not (a) mortgage or otherwise assign or encumber its rights under this Base Lease or (b) sublet the Leased Premises or any portion thereof, without the consent of the District.

Termination

The Base Lease shall terminate upon the completion of the Base Lease Term; provided, however, in the event the District exercises the option to purchase the Trustee's interest in the Leased Premises as provided in the Lease and satisfies the conditions thereof, then the Base Lease shall be considered assigned to the District and terminated through merger of the leasehold interest with the fee simple or other interest of the District, provided the District elects to terminate the leasehold interest so acquired from the Trustee.

(a) The Base Lease shall terminate as to any portion of the Leased Premises sold or otherwise disposed of, at the election of the District and released, as provided in and upon satisfaction of the requirements of the Lease.

(b) The Trustee agrees, upon any such assignment and termination or upon termination or completion of the Base Lease Term, to quit and surrender the Leased Premises and that such title as it then may have to the Leased Premises shall vest in the District.

If an Event of Default under the Lease occurs or if the District fails to renew the Lease for any Renewal Term for any reason, the Trustee shall have the right to possession of the Leased Premises for the remainder of the Base Lease Term and shall have the right to sublease the Leased Premises or sell its leasehold interest in the Leased Premises and in this Base Lease upon whatever terms and conditions it deems prudent.

Default by the Trustee

The District shall not have the right to exclude the Trustee from the Leased Premises or to take possession of the Leased Premises (except pursuant to the Lease) or to terminate this Base Lease prior to the termination of the Base Lease Term upon any default by the Trustee hereunder; except that if, upon exercise of the option to purchase the Trustee's interest in the Leased Premises granted to the District in the Lease and after the payment of the purchase price specified therein and the other sums payable under the Lease, the Trustee fails to convey its interest in the Leased Premises to the District pursuant to said option, then the District shall have the right to terminate this Base Lease, such termination to be effective thirty (30) days after delivery of written notice of such termination to the Trustee. However, in the event of any default by the Trustee hereunder, the District may maintain an action, if permitted in equity, for specific performance.

SUMMARY OF THE DECLARATION OF TRUST

Trust Estate

In order to secure the payment of amounts representing principal, premium, if any, and interest payable with respect to the Certificates issued and Outstanding under the Declaration of Trust from time to time according to their tenor and effect, and to secure the performance and observance by the Trustee of all the covenants, agreements and conditions herein and in the Base Lease and the Lease contained, does hereby

declare that it will hold in trust, except as otherwise provided, all of the assets, property and interests received by it under the terms of the Base Lease, the Lease and the Declaration of Trust (said property being herein called the “**Trust Estate**”), to wit:

(a) all right, title and interest of the Trustee in, to and under the Base Lease and the Lease, including all Base Rentals and other payments, revenues and receipts derived by the Trustee under and pursuant to and subject to the provisions of the Lease (except for the rights of the Trustee to receive money for its own account and to indemnity under the Lease and any amounts required under Section 148(f) of the Code to be paid to the United States); and

(b) all money and securities (except money in the Rebate Fund) from time to time held by the Trustee under the terms of the Declaration of Trust, and any and all other real or personal property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder by or on behalf of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

Authorization of Additional Certificates

Additional Certificates may be issued under and shall be equally and ratably secured by the Declaration of Trust on a parity with the Series 2015 Certificates, the Series 2017 Certificates, the Series 2021 Certificates and any other Additional Certificates Outstanding, at any time and from time to time. See the Official Statement for more information regarding Additional Certificates.

Creation of Funds

The following special trust funds are created and ordered to be established in the name of the District under the Declaration of Trust, to be designated as follows:

- (a) Costs of Issuance Fund.
- (b) Certificate Fund, and within such fund a Series 2021 Certificate Fund Subaccount.
- (c) Reserve Fund.
- (d) Rebate Fund.
- (e) Construction Fund, and within such fund a Series 2021 Construction Fund Subaccount.

Series 2021 Certificate Proceeds

The net proceeds of the sale of the Series 2021 Certificates (\$ _____) pursuant to the Certificate Purchase Agreement shall be deposited with the Trustee and disbursed as follows:

- (a) The accrued interest, if any, received with respect to the Series 2021 Certificates shall be deposited in the Series 2021 Certificate Fund Subaccount to be used to pay interest coming due on the Series 2021 Certificates on and prior to _____, 2021;
- (b) the sum of \$ _____ shall be deposited to the Costs of Issuance Fund to be used in accordance with the terms of the Declaration of Trust to pay Costs of Issuance of the Series 2021 Certificates;
- (c) the sum of \$ _____ shall be deposited to the Reserve Fund; and

(d) the balance of the proceeds \$_____ deposited in the Series 2021 Construction Fund Subaccount to be used as provided in the Declaration of Trust.

On January 20, 2022, any amounts remaining in the Costs of Issuance Fund shall be transferred to the Series 2021 Certificate Fund Subaccount.

Deposits in the Construction Fund

The following money shall be paid over to and deposited by the Trustee in the Construction Fund, as and when received: (a) the proceeds from the sale of the Certificates as required by the Declaration of Trust; (b) the proceeds from the sale of Additional Certificates (except Additional Certificates issued to refund Outstanding Certificates), to the extent provided in the Supplemental Declaration of Trust authorizing such Additional Certificates, (c) the Net Proceeds of casualty insurance, title insurance or condemnation awards required to be deposited into the Construction Fund pursuant to the Lease, (d) all payment and performance and labor and material bond payments and any and all payments from any contractors or other suppliers by way of breach of contract, refunds or adjustments required to be deposited into the Construction Fund pursuant to the Lease, (e) any amounts remaining in the Costs of Issuance Fund and transferred to the Construction Fund pursuant to the Declaration of Trust, and (f) except as otherwise provided herein or in the Lease, any other money received by or to be paid to the Trustee from any other source for the acquisition and construction of the Project, to the extent directed by the District to be deposited into the Construction Fund.

Disbursements from the Construction Fund

The money in the Construction Fund shall, subject to the provisions of the Declaration of Trust, be disbursed by the Trustee for the payment of Project Costs upon receipt of requisition certificates signed by an Authorized District Representative and otherwise completed and accompanied by appropriate documentation, if required, in accordance with the provisions of the Lease, and the Trustee hereby covenants and agrees to disburse such money in accordance with such provisions. In paying any requisition under the Declaration of Trust, the Trustee may rely as to the completeness and accuracy of all statements in such requisition certificate if such requisition certificate is signed by an Authorized District Representative. All disbursements of Construction Fund money shall, at the option of the District, be made either directly to the appropriate payees or to the District.

Disposition upon Acceleration

If the Certificates shall have become due and payable pursuant to the Declaration of Trust, upon the date of payment by the Trustee of any money due as provided in the Declaration of Trust, any balance remaining in the Construction Fund (other than amounts required to be transferred to the Rebate Fund) shall without further authorization be deposited in the Certificate Fund by the Trustee with written notice to the District of such action.

Application of Money in Costs of Issuance Fund

Money in the Costs of Issuance Fund shall be used to pay the Costs of Issuance upon the submission of written requests of an Authorized District Representative stating the amount to be paid, to whom it is to be paid and the reason for such payment, and stating that the amount of such requisition is justly due and owing and has not been the subject of another requisition which was paid and is a proper expense of issuing such Certificates. Any funds remaining in the Cost of Issuance Fund after payment of all Costs of Issuance of the Certificates shall be transferred to the Certificate Fund.

Disposition upon Completion of the Project

The completion of the acquisition and construction of any Project and payment of all costs and expenses incidental thereto shall be evidenced by the filing with the Trustee by an Authorized District Representative of the certificate required by the Lease. As soon thereafter as practicable, any balance

remaining in the Construction Fund (other than amounts retained by the Trustee as specified in said certificate) shall without further authorization be deposited in the Certificate Fund and applied by the Trustee as directed by the District solely: (a) to pay Base Rentals, or (b) at the option of the District, to redeem or purchase Certificates at such earlier date or dates as the District may elect.

Certificate Fund

The Declaration of Trust provides for the establishment of a separate trust fund designated therein as the "Certificate Fund" into which shall be deposited: (a) any accrued interest, if any, any amount of capitalized interest provided for by the Declaration of Trust and any premium received from the Original Purchasers upon initial sale and delivery of the Certificates, (b) all Base Rentals payable by the District to the Trustee specified in the Lease, (c) any amount remaining in the Construction Fund to be transferred to the Certificate Fund pursuant to the Declaration of Trust and any amount remaining in the Construction Fund to be transferred to the Certificate Fund pursuant to the Declaration of Trust, (d) the balance of any Net Proceeds received by the Trustee pursuant to the Lease, (e) amounts to be deposited therein pursuant to the Lease, (e) interest and other income derived from investments of money in the Certificate Fund, the Construction Fund and the Reserve Fund as provided in the Declaration of Trust, (f) any amounts in the Reserve Fund in excess of the Reserve Requirement and required to be transferred to the Certificate Fund pursuant to the Declaration of Trust, (g) all other money received by the Trustee under and pursuant to any of the provisions of the Lease directed by the person depositing such money to be paid into the Certificate Fund.

Except as otherwise provided in the Declaration of Trust, money in the Certificate Fund shall be expended solely for the payment of amounts payable with respect to the Certificates as the same mature and become due or upon the redemption thereof or purchase for cancellation prior to maturity.

Application of Money in the Reserve Fund

Pursuant to the Declaration of Trust, a Reserve Fund has been created and established in the custody of the Trustee to be maintained at a level equal to the Reserve Requirement. The money in the Reserve Fund shall be disbursed and expended by the Trustee solely for the payments of the principal component, redemption premium, if any, and interest component of the Certificates to the extent of any deficiency on the Certificate Fund for such purpose and to pay and retire a portion of the principal component of the last outstanding Certificates unless the Certificates and all interest thereon are otherwise paid. The Trustee may disburse and expend moneys from the Reserve Fund for such purpose whether or not the amount in the Reserve Fund at that time equals the Reserve Requirement. If the Trustee disburses or expends money from the Reserve Fund for the purposes permitted in the Declaration of Trust, the Trustee shall immediately notify the District of the amount necessary to restore the balance in the Reserve Fund to the Reserve Requirement and the Trustee shall direct the District to restore such deficiency by paying Additional Payments pursuant to the Lease in an amount equal to one-sixtieth (1/60th) of the aggregate amount of such deficiency in the Reserve Requirement until the amount on deposit in the Reserve Fund shall have been restored to the Reserve Requirement, such Additional Payments to be payable on the first (1st) day of each month, commencing the first (1st) day of the first (1st) calendar month following such notice from the Trustee to the District.

On January 1 of each year while any Certificate remains Outstanding, the Trustee shall determine the value of all cash and Permitted Investments held in the Reserve Fund. If the value so determined exceeds the Reserve Requirement, the excess shall be promptly transferred to the Certificate Fund. If the value so determined is less than the Reserve Requirement, the Trustee shall not make any transfers to the Certificate Fund, except as provided in the Declaration of Trust, until such time as the value is determined to be greater than the Reserve Requirement.

Deposits into and Application of Money in the Rebate Fund

The Declaration of Trust provides for the establishment of a separate trust fund designated therein as the "Rebate Fund" in to which shall be deposited such amounts, if any, as are required to be deposited pursuant to the Arbitrage Instructions. All money at any time deposited in the Rebate Fund shall be held in trust, to the

extent required to satisfy the Rebate Amount (as defined in the Arbitrage Instructions), for payment to the United States of America, and neither the District nor the Registered Owner of any Certificate shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section and the Arbitrage Instructions.

The District shall periodically determine the rebatable arbitrage under Section 148(f) of the Code in accordance with the Arbitrage Instructions, and the District shall make payments to the United States Government at the times and in the amounts determined under the Arbitrage Instructions. Any funds remaining in the Rebate Fund after redemption and payment of all of the Certificates and the interest thereon and payment and satisfaction of any Rebate Amount, or provision made therefor, shall be released to the District.

Investment of Money

Money held in the Costs of Issuance Fund, the Construction Fund, the Certificate Fund, the Rebate Fund and the Reserve Fund shall, pursuant to the written direction of the District given by an Authorized District Representative, be separately invested and reinvested by the Trustee in Permitted Investments which mature or are subject to redemption by the holder thereof prior to the date when such money is needed; provided, however, that such money held in any such funds or accounts shall not be invested in any manner which would violate the provisions of the Declaration of Trust. Any such Permitted Investments shall be held by or under the control of the Trustee and shall be deemed at all times to be a part of the fund or account in which such money is originally held. Profits realized on Permitted Investments in the Certificate Fund and the Construction Fund and interest earnings thereon shall be credited to and accumulated in the Certificate Fund and the Construction Fund respectively. Profits realized on Permitted Investments in the Reserve Fund and interest earnings thereon shall be initially credited to the Reserve Fund and then transferred to the Certificate Fund. All earnings derived from the investment of money in the Rebate Fund shall be credited to and retained in the Rebate Fund. Any loss resulting from Permitted Investments shall be charged to the applicable fund or account. After the Trustee has notice of the existence of an Event of Default, the Trustee shall direct the investment of money in each fund established under the Declaration of Trust. The Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in any fund or account is insufficient for the purposes of such fund or account.

Events of Default

Under the provisions of the Declaration of Trust, each of the following events is deemed an Event of Default:

- (a) Default in the due and punctual payment of any amount representing interest with respect to any Certificate;
- (b) Default in the due and punctual payment of any amount of principal or redemption price with respect to any Certificate, whether at maturity, upon redemption or otherwise;
- (c) Failure by the District to appropriate funds sufficient to pay Base Rentals for any Renewal Term of the Lease, on or before November 30 of any Renewal Term;
- (d) Default in the performance or observance of any other covenants, agreements or conditions on the part of the Trustee in the Declaration of Trust contained, and the continuance thereof for a period of thirty (30) days after written notice thereof has been given to the Trustee and the District by the Owners of not less than a majority in aggregate stated principal amount of Certificates then Outstanding; provided, however, if any default shall be such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Trustee or the District within such period and diligently pursued until the default is corrected;

- (e) Certain events of bankruptcy or insolvency of the District; or
- (f) Default under the Lease.

With regard to any alleged default specified in paragraph (d) above concerning which notice is given to the District under the provisions of the Declaration of Trust, the Trustee grants the District full authority to perform any covenant or obligation, the nonperformance of which is alleged in said notice to constitute a default, in the name and stead of the Trustee, with full power to do any and all things and acts to the same extent that the Trustee could do and perform any such things and acts in order to remedy such default.

Acceleration of Maturity in Event of Default

If an Event of Default shall have occurred and be continuing, the Trustee may, and upon the written request of the Owners of not less than a majority in aggregate stated principal amount of Certificates then Outstanding shall, by notice in writing delivered to the District, declare the stated principal component of the Base Rentals represented by all Certificates then Outstanding and amounts representing the interest component of the Base Rentals accrued with respect thereto immediately due and payable, and such amounts shall thereupon become and be immediately due and payable.

If, at any time after such declaration, but before the Certificates shall have matured by their terms, all overdue installments representing principal and interest with respect to the Certificates, together with the reasonable and proper expenses of the Trustee, and all other sums then payable under the Declaration of Trust, either have been paid or provision satisfactory to the Trustee for such payment has been made, then and in every such case the Trustee shall rescind such declaration and annul such default in its entirety. In such event, the Trustee shall rescind any declaration of acceleration of installments of Base Rentals as provided in the Lease.

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

Limitation on Exercise of Remedies by Certificate Owners

No Certificate Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Declaration of Trust or for the execution of any trust thereunder or for the appointment of a receiver or any other remedy hereunder, unless (a) a default has occurred of which the Trustee has been notified or is deemed to have notice as provided in the Declaration of Trust, (b) such default has become an Event of Default, (c) the Owners of not less than a majority in aggregate stated principal amount of Certificates then Outstanding have made written request to the Trustee and have furnished the Trustee reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and have furnished to the Trustee indemnity as provided in the Declaration of Trust, and (d) the Trustee thereafter fails or refuses to exercise the powers and remedies herein granted or to institute such action, suit or proceeding in its own name; it being understood and intended that no one or more Certificate Owners shall have any right in any manner whatsoever to affect, disturb or prejudice the Declaration of Trust or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Certificates then Outstanding. Nothing in the Declaration of Trust contained shall, however, affect or impair the right of any Certificate Owner to payment of amounts representing principal and interest with respect to any Certificate at and after the maturity thereof or the obligation of the District to provide for payment of amounts representing the principal, premium, if any, and interest with respect to any Certificate issued hereunder to the respective Owners thereof at the time, place, from the source and in the manner herein and in the Certificates expressed.

Right of Certificate Owners to Direct Proceedings

Anything in the Declaration of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate stated principal amount of Certificates Outstanding shall have the right, at any time upon an Event of Default, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Declaration of Trust, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and (to the extent not inconsistent with this Section) of the Declaration of Trust.

Application of Money in Event of Default

All money received by the Trustee upon the occurrence of an Event of Default shall, after payment of the costs and expenses of the proceedings resulting in the collection of such money and of the fees, expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Certificate Fund. All money so deposited in the Certificate Fund shall be applied as follows:

(a) Unless the stated principal amount of all the Certificates shall have become or shall have been declared due and payable, all such money shall be applied:

First – To the payment to the persons entitled thereto of all amounts representing interest then due and payable with respect to the Certificates, in the order in which such interest installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular interest installment, then to the payment, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second – To the payment to the persons entitled thereto of the unpaid amounts representing principal with respect to any of the Certificates which have become due and payable (other than Certificates called for redemption for the payment of which money is held pursuant to the provisions of the Declaration of Trust), in the order of their due dates and, if the amount available shall not be sufficient to pay in full amounts representing principal due with respect to Certificates on any particular date, then to the payment, ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the stated principal amount of all Outstanding Certificates has become due or been declared due and payable, all such money shall be applied to the payment of amounts then due and unpaid with respect to all of the Certificates, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest or of any Certificate over any other Certificate, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or privilege.

(c) If the stated principal amount of all the Outstanding Certificates has been declared due and payable, and if such declaration thereafter has been rescinded and annulled under the provisions of the Declaration of Trust hereof, then, subject to the provisions of paragraph (b) above the event that the stated principal amount of all the Outstanding Certificates later becomes due or is declared due and payable, the money shall be applied in accordance with the provisions of paragraph (a) above.

Whenever money is to be applied pursuant to the provisions of the foregoing paragraphs, such money shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such money available and which may become available for such application in the future. Whenever the Trustee shall apply such money, it shall fix the date (which shall be a Payment Date unless the

Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such money and of the fixing of any such date, and shall be required to make payment to the Owner of any unpaid Certificate until such Certificate shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

When all amounts representing principal and interest with respect to all the Outstanding Certificates have been paid, and all expenses and charges of the Trustee have been paid, any balance remaining in the Certificate Fund shall be paid to the District.

Remedies Cumulative

No remedy herein conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Certificate Owners hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, power or remedy accruing upon any Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right, power or remedy may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by the Trustee or by the Certificate Owners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Waivers of Events of Default

Except as provided in the Declaration of Trust, the Trustee may in its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of the outstanding Certificates, and shall do so upon the written request of the Owners of at least a majority in aggregate stated principal amount of all Certificates then Outstanding. In case of any such waiver or rescission, or in case any proceedings taken by the Trustee under the Declaration of Trust on account of any such Event of Default are discontinued or abandoned for any reason, or are determined adversely, then and in every such case the Trustee and the Certificate Owners shall be restored to their former positions, rights and obligations hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been undertaken.

Resignation of the Trustee

The Trustee and any successor Trustee may at any time resign from the trusts created by giving thirty (30) days' written notice to the District and the Certificate Owners whose names and addresses are on file with the Trustee, and such resignation shall take effect upon the earlier of (a) the end of such thirty (30) days or (b) the appointment of a successor Trustee in accordance with the Declaration of Trust.

Removal of the Trustee

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and the District and signed by the Owners of a majority in aggregate principal amount of Certificates or so long as no Event of Default has occurred and is continuing, by the District, but such removal shall not take effect until the appointment of a successor Trustee by the Certificate Owners or by the District.

Appointment of Successor Trustee

In case the Trustee shall resign or be removed, or shall otherwise become incapable of acting, or in case it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, a successor Trustee may be appointed by the District (so long as no Event of Default has occurred and is continuing) or the Owners of a majority in aggregate principal amount of Certificates then Outstanding, by an instrument or concurrent instruments in writing delivered to the District and the retiring Trustee; provided that notwithstanding any other provision of the Declaration of Trust, no removal, resignation or termination of the Trustee shall take effect until a successor shall be appointed. If no successor Trustee is appointed within 60 days of any such resignation or removal, the Trustee or any Owner may petition any court of competent jurisdiction for the appointment of a successor Trustee until a successor shall have been appointed as forth above. The successor so appointed by the court shall immediately and without further acts be superseded by any successor so appointed in the manner set forth above. Every such Trustee appointed pursuant to this Section shall be a trust company or bank in good standing and qualified to accept such trusts, subject to examination by a federal or state regulatory authority and having a reported capital and surplus and undivided profits of not less than \$75,000,000.

Supplemental Declarations Not Requiring Consent of Certificate Owners

The Trustee may from time to time, without the consent of or notice to any of the Certificate Owners enter into a Supplemental Declaration, not inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Declaration of Trust;
- (b) To grant to or confer upon the Trustee for the benefit of the Certificate Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Certificate Owners or the Trustee or either of them;
- (c) To more precisely identify the Project or the Trust Estate or to substitute or add property thereto;
- (d) To subject to the Declaration of Trust additional revenues, properties or collateral;
- (e) To issue Additional Certificates as provided in the Declaration of Trust;
- (f) To comply with any requirements of the Code applicable to the Certificates in order to maintain the exclusion from gross income of amounts comprising the interest component of the Base Rentals evidenced by the Certificates for federal income tax purposes, if in the opinion of counsel nationally recognized in the area of municipal finance, such amendment will not adversely affect the interests of the Certificate Owners; and
- (g) To make any other change not prejudicial to the Certificate Owners.

Supplemental Declarations Requiring Consent of Certificate Owners

Exclusive of Supplemental Declarations described under the above caption “**Supplemental Declarations Not Requiring Consent of Certificate Owners**” and subject to the terms and provisions contained in the Declaration of Trust, and not otherwise, the Owners of not less than a majority in aggregate stated principal amount of the Certificates then Outstanding shall have the right, from time to time, anything contained in the Declaration of Trust to the contrary notwithstanding, to consent to and approve the execution by the Trustee of such other Supplemental Declaration as shall be deemed necessary and desirable by the Trustee for the purpose of modifying, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Declaration of Trust or in any Supplemental Declaration; provided, however, that

nothing in the Declaration of Trust contained shall permit or be construed as permitting (a) an extension of the maturity of any installment representing principal or the interest with respect to any Certificate issued hereunder, (b) a reduction in the stated principal amount of any Certificate or the rate of interest with respect thereto, (c) a privilege or priority of any Certificate or Certificates over any other Certificate or Certificates, (d) a reduction in the aggregate stated principal amount of Certificates, the consent of the Owners of which is required for the execution of any such Supplemental Declaration or (e) an alteration of any optional redemption date of any Certificate.

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

Amendments to the Lease and Base Lease Not Requiring Consent of Certificate Owners

The Trustee shall, without the consent of or notice to the Certificate Owners, consent to any amendment, change or modification of the Lease or the Base Lease as may be required (a) by the provisions of the Lease or the Base Lease or the Declaration of Trust, (b) for the purpose of curing any ambiguity or formal defect or omission in the Lease or the Base Lease or in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Certificate Owners, (c) so as to more precisely identify the Project or substitute or add property thereto, or (d) in connection with the issuance of Additional Certificates under the Declaration of Trust.

Amendments to the Lease and Base Lease Requiring Consent of Certificate Owners

Except for the amendments, changes or modifications as described under the above caption “**Amendments to the Lease and Base Lease Not Requiring Consent of Certificate Owners**”, the Trustee shall not consent to any other amendment, change or modification of the Lease or the Base Lease without the giving of notice and the obtaining of the written approval or consent of the Owners of not less than a majority in aggregate stated principal amount of the Certificates at the time Outstanding given and obtained as provided in the Declaration of Trust. If at any time the District shall request the consent of the Trustee to any such proposed amendment, change or modification of the Lease or the Base Lease, the Trustee shall cause notice of such proposed amendment, change or modification to be given in the same manner as provided in the Declaration of Trust with respect to Supplemental Declaration. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the same are on file at the principal office of the Trustee for inspection by all Certificate Owners.

Satisfaction and Discharge of the Declaration of Trust

When the principal of, premium, if any, and interest represented by the Certificates has been paid in accordance with their terms or provision has been made for such payment, as provided in the Declaration of Trust, and provision has also been made for paying all other sums payable hereunder, including the fees and expenses of the Trustee to the date of retirement of the Certificates, and the payment of amounts to the United States as required by the Declaration of Trust, then the right, title and interest of the Trustee under the Declaration of Trust shall thereupon cease, determine and be void, and thereupon the Trustee shall cancel, discharge and release the Declaration of Trust and shall execute, acknowledge and deliver such instruments of satisfaction and discharge or release as shall be requisite to evidence such release and the satisfaction and discharge of the Declaration of Trust, and shall assign and deliver to the District any property at the time subject to the Declaration of Trust which may then be in the Trustee's possession, except amounts or funds or securities in which such moneys are invested and held by the Trustee for the payment of amounts representing principal, premium, if any, or interest with respect to the Certificates.

Certificates Deemed to Be Paid

Certificates shall be deemed to be paid within the meaning of the Declaration of Trust when payment of the stated principal amount thereof, and amounts representing the premium, if any, and interest with respect thereto to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Declaration of Trust, or otherwise), either (a) shall have been made or caused to be made in accordance with the terms hereof, or (b) provision therefor shall have been made by depositing with the Trustee or such other banking organization, in trust and irrevocably setting aside exclusively for such payment, (1) money sufficient to make such payment or (2) Government Securities maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient money to make such payment. At such time as a Certificate shall be deemed to be paid hereunder, as aforesaid, such Certificate shall no longer be secured by or be entitled to the benefits of the Declaration of Trust, except for the purposes of any such payment from such moneys or direct noncallable obligations of the United States.

Notwithstanding the foregoing, in the case of any Certificate which by its terms may be redeemed prior to the stated maturity thereof, no deposit under provision (2) above shall be deemed a payment of such Certificate as aforesaid until, as to all such Certificates which are to be redeemed prior to their respective stated maturities, (i) proper notice of such redemption shall have been given in accordance with the Declaration of Trust or irrevocable instructions shall have been given to the Trustee to give such notice and (ii) in the case of Certificates which do not mature or will not be redeemed within 90 days of the deposit referred to in the paragraph above, a verification report of an independent certified public accounting firm as to the adequacy of the trust funds to fully pay the Certificates deemed to be paid.

Notwithstanding any provision of any other Section of the Declaration of Trust which may be contrary to the provisions of this Section, all money or direct non-callable obligations of the United States of America set aside and held in trust pursuant to the provisions of this Section for the payment of the stated principal amount, premium, if any, and interest with respect to any Certificates shall be held in trust exclusively for the payment of such amounts with respect to such Certificates.

SUMMARY OF THE LEASE

The following is a summary of certain provisions of the Lease. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Lease for a full recital of the provisions thereof.

Lease Term

The Lease shall become effective as provided in the Base Lease, and subject to earlier termination pursuant to the provisions of the Lease, shall have an Initial Term terminating on the first December 31 following the effective date.

The initial term of the Lease may be extended for successive one-year Renewal Terms that begin on January 1 of each year, solely at the option of the District, the final Renewal Term to expire on the earlier of (a) the date when all of the Outstanding Certificates have been paid in full or provision for payment thereof shall have been made as provided in the Declaration of Trust, or (b) on January 15, 20__.

In the event that the District determines, for any reason, not to renew the Lease, the District shall give written notice to such effect to the Trustee and the Original Purchaser of the Certificates not later than November 30 of the Initial Term or the then current Renewal Term. The District's option to renew or not to renew the Lease shall be conclusively determined by whether or not the Board of Directors of the District has, during the Initial Term or any Renewal Term, budgeted and appropriated, specifically with respect to the Lease, money sufficient to pay all the Base Rentals and reasonably estimated Additional Payments for the next ensuing Renewal Term. The Treasurer of the District (or any other officer at any time charged with the responsibility of formatting budget proposals) is hereby directed to include in the budget proposal submitted to the Board of Directors of the District, in any year in which the Lease shall be in effect, items for all payments required for the next ensuing Renewal Term under the Lease; it being the intention of the Board of Directors of the District that the decision to renew or not to renew the Lease shall be made solely by the Board of Directors of the District and not by any other official of the District.

The terms and conditions during any Renewal Term shall be the same as the terms and conditions during the Initial Term except that the Base Rentals payable during each Renewal Term shall be as provided in the schedules attached to the Lease.

Termination

If the District fails to renew the Lease pursuant to the provisions thereof, all of the District's right, title and interest in and to the Lease and its obligations hereunder shall terminate without penalty on the last day of the Initial Term or Renewal Term then in effect.

Base Rentals

The District covenants and agrees to make Base Rentals to the Trustee at its principal corporate trust office during the Initial Term of the Lease and during any Renewal Term for which the District has exercised its option to renew the Lease, for deposit in the Certificate Fund, on or before June 15 and December 15 of each calendar year during the Lease Term, beginning on December 15, 2016, in the amounts shown in the exhibits to the Lease, and on or before any date on which any amount may come due with respect to the Certificates during the Lease Term in accordance with the provisions of the Declaration of Trust and the Lease. All Base Rentals provided for in this Section shall be deposited in the Certificate Fund and shall be used and applied by the Trustee in the manner and for the purposes set forth in the Declaration of Trust.

Each Base Rental payment under this Section shall at all times be calculated to be sufficient to pay the total amount representing principal (whether at maturity, by acceleration or by redemption as provided in the

Declaration of Trust), premium, if any, and interest payable with respect to the Certificates as the same become due on January 1 and July 1 of the then current Renewal Term, but not during any subsequent period of time; provided that the Excess Amount (as hereinafter defined) held by the Trustee in the Certificate Fund on a Payment Date shall be credited against the Base Rental payment due on such date. The term "Excess Amount" as of any date shall mean the amount in the Certificate Fund on such date in excess of the amounts representing principal payable with respect to the Certificates which have matured or which have been called for redemption and past due interest in all cases where Certificates have not been presented for payment.

If at any time during the Lease Term the Net Revenues available for Debt Service are insufficient to pay when due all payments required to be made on all System Parity Bonds at the time outstanding, the Revenues available for such purpose shall be divided proportionately on the basis of the amounts then due and payable among all such System Parity Bonds including the Base Rentals payable with respect to the Certificate then outstanding. The foregoing provisions of this paragraph notwithstanding, the District shall remain obligated to pay in full Base Rentals at the times and in the amounts required by the first paragraph above and the exhibit to the Lease during the Initial Term and each Removal Term for which the Lease remains in effect.

Additional Payments

The District shall pay as Additional Payments the following amounts:

- (a) All fees, charges and expenses, including agent and counsel fees, of the Trustee incurred under the Declaration of Trust, as and when the same become due.
- (b) All costs incident to the payment of amounts representing principal component, premium, if any, and interest component payable with respect to the Certificates as the same become due and payable, including all costs and expenses in connection with the call, redemption and payment of Certificates.
- (c) All expenses incurred in connection with the enforcement of any rights under the Lease or the Declaration of Trust by the Trustee or the Certificate Owners.
- (d) Upon notice by the Trustee that moneys have been disbursed and expended from the Reserve Fund to pay principal, premium or interest on the Certificates, as provided in the Declaration of Trust, an amount equal to one-sixtieth ($1/60^{\text{th}}$) of the aggregate amount of deficiency in the Reserve Requirement, such payments to be payable on the first (1^{st}) day of each month, commencing the first (1^{st}) day of the first (1^{st}) calendar month following such notice from the Trustee to the District and continuing until the Reserve Fund shall have been restored to the Reserve Requirement. All Reserve Fund deposits shall be deposited in the Reserve Fund and shall be used and applied by the Trustee in the manner and for the purposes set forth in the Declaration of Trust.
- (e) All other payments of whatever nature which the District has agreed to pay or assume under the provisions of the Lease.

Rate Covenant

The District will fix, establish, maintain and collect such rates, fees and charges for the use and services furnished by or through the System, as will produce Revenues sufficient to (a) pay the cost of the operation and maintenance of said System, including Base Rentals payable under the Lease during the current year; (b) pay the principal of and interest on the additional System Revenue Obligations hereafter issued by the District as and when the same become due; (c) enable the District to have in the then current fiscal year, Net Revenues Available for Debt Service in an amount that will not be less than 110% of the amount required to be paid by the District in such fiscal year on account of both principal of and interest on all System Revenue Obligations at the time outstanding; and (d) provide reasonable and adequate reserves for the payment of all

System Revenue Obligations and the interest thereon and for the protection and benefit of the System as provided herein and in the Declaration of Trust. The District will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges.

Maintenance, Repairs and Utilities

The District shall throughout the Lease Term and at its own expense (a) keep and maintain the Project Site and all parts thereof in good repair and operating condition, making from time to time all necessary repairs thereto and renewals and replacements thereof, and (b) keep the Project Site and all parts thereof in safe condition and free from filth, nuisance or conditions unreasonably increasing the danger of fire or other casualty.

The District shall contract in its own name and pay for all utilities and utility services used by the District in, on or about the Project Site, and the District shall, at its sole cost and expense, procure any and all permits, licenses or authorizations necessary in connection therewith. The cost of said permits, licenses and authorizations shall be payable out of the Construction Fund.

Taxes, Assessments and Other Governmental Charges

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

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

Casualty Insurance

The District shall at all times during any construction period maintain at its sole cost and expense, or cause the contractors under all Construction Contracts to maintain, in full force and effect a policy or policies of Builder's Risk Completed Value Form Insurance insuring the Project Site against fire, lightning and all other risks covered by the extended coverage endorsement then in use in the State of Missouri to the Full Insurable Value of the District's insurable interest in the Project (subject to a loss deductible provision not to

exceed \$5,000). Prior to or simultaneously with the expiration of said Builder's Risk Insurance and at all times during the Initial Term and any Renewal Term, the District shall at its sole cost and expense obtain and shall maintain at all times thereafter during the Lease Term, a policy or policies of insurance to keep the District's insurable interest in the Project Site constantly insured against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State of Missouri in an amount equal to the Full Insurable Value thereof (subject to a loss deductible clause not to exceed \$5,000). The Full Insurable Value of the District's insurable interest in the Project Site shall be determined from time to time at the request of the District or the Trustee (but not more frequently than once in every three years) by an architect, contractor, appraiser, appraisal company or one of the insurers, to be selected, subject to the Trustee's approval, and paid by the District. The insurance required pursuant to this Section shall be maintained at the District's sole cost and expense, and shall be maintained with one or more generally recognized responsible insurance companies authorized to do business in the State of Missouri and selected by the District. Copies of the insurance policies required under this Section, or originals or certificates thereof, each bearing notations evidencing payment of the premiums or other evidence of such payment, shall be delivered by the District to the Trustee. All such insurance policies required by this Section, and all renewals thereof, shall name the District and the Trustee as insureds as their respective interests may appear (and in addition, during the Construction Period the Builders Risk insurance policies required by this Section shall name the Contractors and all sub-contractors as insureds as their respective interests may appear), shall contain a provision that such insurance may not be cancelled by the issuer thereof without at least thirty (30) days' advance written notice to the District and Trustee, and shall be payable to the Trustee.

Public Liability Insurance

The District shall at its sole cost and expense maintain or cause to be maintained at all times during the Lease Term general accident and public liability insurance, under which the District shall be named as insured and the Trustee shall be named as additional insured, properly protecting and indemnifying the Trustee, in an amount as would normally be maintained by a private corporation engaged in a similar type of business, subject to a reasonable loss deductible clause. The policies of said insurance shall contain a provision that such insurance may not be cancelled by the issuer thereof without at least fifteen (15) days' advance written notice to the District and the Trustee. Such policies or copies or certificates thereof shall be furnished to the Trustee upon request.

Workers' Compensation Insurance

The District agrees throughout the Lease Term to maintain or cause to be maintained, in connection with the Project, the workers' compensation coverage required by the laws of the State of Missouri.

Blanket Insurance Policies

The District may satisfy any of the insurance requirements set forth in the Lease by using blanket policies of insurance, provided that the District complies with each and all of the requirements and specifications of the Lease respecting insurance.

Additions, Modifications and Improvements to the Leased Premises

The District shall have and is hereby given the right, at its sole cost and expense, to make such additions, modifications and improvements in and to any part of the Leased Premises as the District from time to time may deem necessary or desirable for its purposes; provided, however, the District shall not make any additions, modifications or improvements which will materially reduce the value of the Leased Premises. All additions, modifications and improvements made by the District pursuant to the authority of this Section shall (a) be made in workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be prosecuted to completion with due diligence, and (c) when completed, be deemed a part of the Leased Premises; provided, however, that additions of machinery and equipment installed on the

Leased Premises by the District and not purchased or acquired from funds deposited with the Trustee under the Declaration of Trust shall remain the property of the District and may be removed by the District at any time.

No addition, modification or improvement to the Leased Premises made pursuant to this Section shall entitle the District to any reimbursement of any Base Rentals or Additional Payments from the Trustee or the Certificate Owners, nor shall the District be entitled to any abatement or diminution in Base Rentals or Additional Payments under the Lease by reason of any such addition, modification or improvement.

Additional Improvements on the Leased Premises

The District shall have and is hereby given the right, at its sole cost and expense, to construct on portions of the Leased Premises not theretofore occupied by buildings or improvements such additional buildings and improvements as the District from time to time may deem necessary or desirable for its business purposes. All additional buildings and improvements constructed on the Leased Premises by the District pursuant to the authority of this Section shall, during the term of the Lease, remain the property of the District, and the District may add to, alter or raze and remove the same at any time. The District covenants and agrees (a) to make any repairs and restorations required to be made to the Project because of the construction of, addition to, alteration or removal of said additional buildings or improvements, (b) to keep and maintain said additional buildings and improvements in good condition and repair, ordinary wear and tear excepted, and (c) to promptly and with due diligence either raze and remove from the Leased Premises in a good workmanlike manner, or repair, replace or restore any of said additional buildings and improvements as may from time to time be damaged by fire or other casualty.

Damage and Destruction of the Leased Premises

If at any time during the Lease Term, the Leased Premises is damaged or destroyed, in whole or in part, by fire or other casualty, to such extent that the claim for loss (including any deductible amount pertaining thereto) resulting from such damage or destruction is greater than \$25,000, the District shall promptly notify the Trustee in writing as to the nature and extent of such damage or loss and whether it is practicable and desirable to rebuild, repair, restore or replace such damage or loss.

If the District shall determine that such rebuilding, repairing, restoring or replacing is practicable and desirable, the District shall proceed promptly with and complete with reasonable dispatch such rebuilding, repairing, restoring or replacing of the property damaged or destroyed so as to place that portion of the Leased Premises in substantially the same condition as existed prior to the event causing such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the District and as will not impair utility of the Leased Premises. In such case, any Net Proceeds of casualty insurance required by the Lease thereof and received with respect to any such damage or loss to the Project Site, if such Net Proceeds exceed \$25,000, shall be paid to the Trustee and shall be deposited into a separate account to be established in the Construction Fund and shall be used and applied in accordance with the disbursement requirements specified by the Trustee for the purpose of paying the cost of such rebuilding, repairing, restoring or replacing such damage or loss. Any amount remaining after completion of such rebuilding, repairing, restoring or replacing shall be deposited into the Certificate Fund. If said Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding or restoration, the District shall nonetheless complete the work thereof and shall pay that portion of the costs thereof in excess of the amount of said Net Proceeds.

If the District shall determine that rebuilding, repairing, restoring or replacing such portion of the Leased Premises is not practicable and desirable, any Net Proceeds of casualty insurance required by the Lease thereof and received with respect to any such damage or loss to the Leased Premises shall be paid into the Certificate Fund and shall be used to redeem Certificates on the earliest possible redemption date or to pay the stated principal amount of any Certificates as the same become due. The District agrees to be reasonable in exercising its judgment pursuant to this Section.

The District shall not, by reason of damage or destruction of all or any part of the Project Site or its inability to use all or any part of the Project Site during any period in which the Project Site is damaged or destroyed, or is being repaired, rebuilt, restored or replaced, or by reason of the payment of the costs of such rebuilding, repairing, restoring or replacing, be entitled to any reimbursement from the Trustee or the Owners of the Certificates or any abatement or diminution of the Base Rentals payable by the District under the Lease or of any other obligations of the District under the Lease except as expressly provided in this Section.

Condemnation or Insured Deficiency of Title of the Leased Premises

In the event that title to all or any portion of the Leased Premises is challenged or threatened by means of competent legal or equitable action, the District covenants that it shall cooperate with the Trustee and shall take all reasonable actions, including where appropriate the lawful exercise of the District's power of eminent domain, in order to quiet title to the Leased Premises. If title to all or a portion of the Project Site is found to be deficient or non-existent by a court of competent jurisdiction, the District covenants that it shall, in such an event, deposit an amount in the Certificate Fund equal to the sum necessary to defease and thereby pay all amounts payable with respect to the Certificates as described in Article XIII of the Declaration of Trust. Under the Declaration of Trust, the Trustee is obligated to use such proceeds for the redemption of Certificates at the earliest permissible date.

If at any time during the Lease Term title to all or part of the Leased Premises is condemned by any authority having the power of eminent domain, the Net Proceeds of any condemnation award in connection with such event shall be deposited with the Trustee to be used by the Trustee to redeem Certificates pursuant to the Declaration of Trust. Any condemnation proceeds allocated to the Trustee which are in excess of the amount required to effect such redemption shall be remitted to the District.

The Trustee shall cooperate fully with the District in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project Site or any part thereof, and shall, to the extent the Trustee may lawfully do so, permit the District to litigate in any such proceeding in the name and on behalf of the Trustee. In no event will the Trustee voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project Site or any part thereof without the written consent of the District.

Option to Demand Conveyance of Title to the Leased Premises

The District shall have, and is hereby granted, the option to demand that the Trustee convey to the District such title as the Trustee may have to the Leased Premises and any interest in the Project Site at any time upon payment in full of all Certificates then Outstanding or provision for their payment having been made pursuant to the Declaration of Trust. To exercise such option the District shall give written notice to the Trustee, if any of the Certificates shall then be unpaid or provision for their payment shall not have been made in accordance with the provisions of the Declaration of Trust, and shall specify therein the date of closing such purchase, which date shall be not less than forty-five (45) nor more than ninety (90) days from the date when such notice is mailed, and in case of a redemption of the Certificates in accordance with the provisions of the Declaration of Trust the District shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption. The purchase price payable by the District in the event of its exercise of the option granted in this Section shall be the sum of the following:

- (a) an amount of money which, when added to the amount then on deposit in the Certificate Fund and the Reserve Fund, will be sufficient to redeem all of the then Outstanding Certificates on the earliest redemption date next succeeding the closing date of the purchase, including, without limitation, amounts representing principal, premium, if any, and interest to accrue to said redemption date and redemption expense; plus

(b) an amount of money equal to the Trustee's fees and expenses under the Declaration of Trust accrued and to accrue until said redemption date; plus

(c) the sum of \$10.00.

Events of Default

If any one or more of the following events shall occur or be continuing, it is hereby defined as and declared to be and to constitute an Event of Default under the Lease:

(a) Default in the due and punctual payment of a Base Rental payment during the Initial Term or any Renewal Term, or any Additional Payments; provided, however, nothing herein contained shall be construed to limit the District's right to terminate the Lease at the end of the Initial Term or any Renewal Term; or

(b) Default in the due observance or performance of any other covenant, agreement, obligation or provision of the Lease on the part of the District to be observed or performed, and the continuance thereof for a period of thirty (30) days after written notice thereof shall have been given to the District by the Trustee, or to the Trustee and the District by the Owners of not less than a majority in aggregate stated principal amount of Certificates then Outstanding; provided, however, if any default shall be such that it cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Trustee or the District within such period and diligently pursued until the default is corrected; or

(c) The District shall (1) admit in writing its inability to pay its debts as they become due; or (2) file a petition in bankruptcy or for reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the federal Bankruptcy Code as now or in the future amended or any other similar present or future Federal or State statute or regulation, or file a pleading asking for such relief; or (3) make an assignment for the benefit of its creditors generally; or (4) consent to the appointment of a trustee, receiver or liquidator which was made without the District's consent or acquiescence; or (5) be finally adjudicated as bankrupt or insolvent under any federal or State law; or (6) be subject to any proceeding or suffer the entry of a final and non-appealable court order, under any federal or State law appointing a receiver, trustee or liquidator for all or a major part of its property or ordering the winding up or liquidation of its affairs, or approving a petition filed against it under the federal Bankruptcy Code, as now or in the future amended, which order or proceeding, if not the subject of the District's consent, shall not be dismissed, vacated, denied, set aside or stayed within sixty (60) days after the day of entry or commencement; or (7) suffer a writ or warrant of attachment or any similar process to be issued by any court against all or any substantial portion of its property, and such writ or warrant of attachment or any similar process is not contested, stayed or is not released within sixty (60) days after the final entry, or levy or after any contest is finally adjudicated or any stay is vacated or set aside; or

(d) The District shall vacate or abandon the Project, and the same shall remain uncared for and unoccupied for a period of sixty (60) days.

Remedies on Events of Default

If any Event of Default specified in the Lease shall have occurred or be continuing, or if the District's obligations hereunder terminate pursuant to the Lease, then the Trustee may (subject, however, to any restrictions contained in the Declaration of Trust against acceleration of the maturity of the Certificates or termination of the Lease), then or at any time thereafter, and while such Event of Default shall continue, take any one or more of the following actions:

(a) cause the Base Rental payments and any Additional Payments for the remainder of the then current Initial Term or Renewal Term, as the case may be, to become due and payable, as provided in the Declaration of Trust; or

(b) give the District written notice of intention to terminate the Lease on a date specified in such notice, which date shall not be earlier than sixty (60) days after such notice is given, and if all defaults have not then been cured, on the date so specified, the District's rights to possession of the Leased Premises shall cease and the Lease shall thereupon be terminated, and the Trustee may re-enter and take possession of the Leased Premises; or

(c) without terminating the Lease, re-enter the Leased Premises or take possession thereof pursuant to legal proceedings or pursuant to any notice provided for by law, and having elected to re-enter or take possession of the Leased Premises or any portion thereof without terminating the Lease, the Trustee shall use reasonable diligence to relet the Leased Premises, or parts thereof, for such term or terms and at such rental and upon such other provisions and conditions as the Trustee may deem advisable, with the right to make alterations and repairs to the Leased Premises, and no such re-entry or taking of possession of the Leased Premises by the Trustee shall be construed as an election on the Trustee's part to terminate the Lease, and no such re-entry or taking of possession by the Trustee shall relieve the District of its obligation to pay Base Rentals or Additional Payments (at the time or times provided herein), or of any of its other obligations under the Lease, all of which shall survive such re-entry or taking of possession, and the District shall continue to pay the Base Rentals and Additional Payments specified in the Lease until the end of the then current Initial Term or Renewal Term, as the case may be, whether or not the Leased Premises shall have been relet, less the net proceeds, if any, of any reletting of the Leased Premises after deducting all of the Trustee's reasonable expenses in or in connection with such reletting, including without limitation all repossession costs, brokerage commissions, legal expenses, expenses of employees, alteration costs and expenses of preparation for reletting (such net proceeds of any reletting to be deposited in the Certificate Fund); or

(d) take whatever action at law or in equity may appear necessary or appropriate to collect the amounts then due and thereafter to become due, or to enforce performance and observation of any obligations, agreements or covenants of the District under the Lease.

Having elected to re-enter or take possession of the Leased Premises without terminating the Lease, the Trustee may (subject, however, to any restrictions in the Declaration of Trust against termination of the Lease), by notice to the District given at any time thereafter while the District is in default in the payment of Base Rentals or Additional Payments or in the performance of any other obligation under the Lease, elect to terminate the Lease on a date to be specified in such notice, which date shall not be earlier than thirty (30) days after re-entry under paragraph (c) above, and if all defaults shall not have then been cured, on the date so specified the Lease shall thereupon be terminated. If in accordance with any of the foregoing provisions of this Article the Trustee shall have the right to elect to re-enter and take possession of the Leased Premises, the Trustee may enter and expel the District and those claiming through or under the District and remove the property and effects of both or either (forcibly if necessary) without being guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or for any preceding breaches of covenants. The Trustee may take whatever action at law or in equity which may appear necessary or desirable to collect rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the District under the Lease.

SUMMARY OF CONTINUING DISCLOSURE UNDERTAKING

The District has covenanted in the Continuing Disclosure Undertaking to provide certain financial information and operating data and notices of certain events while the Obligations remain outstanding, in accordance with the requirements of the Rule. The following is a summary of certain provisions contained in

the Continuing Disclosure Undertaking and is qualified in its entirety by reference to the Continuing Disclosure Undertaking.

Definitions

“**Annual Report**” means any Annual Report provided by the District pursuant to, and as described in, the Continuing Disclosure Undertaking.

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

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

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

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

“**Fiscal Year**” means the 12-month period beginning on January 1 and ending on December 31 or any other 12-month period selected by the District as its Fiscal Year for financial reporting purposes.

“**Material Events**” means any of the events listed in the Continuing Disclosure Undertaking hereof.

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

“**Obligations**” means all bonds or other obligations of the District identified in the Continuing Disclosure Undertaking and, as context may require, the Obligations of any particular series identified in the Continuing Disclosure Undertaking. The District may make future series of Obligations subject to the Continuing Disclosure Undertaking by delivering the Adoption Agreement attached to the Continuing Disclosure Undertaking to the Dissemination Agent.

“**Participating Underwriter**” means each of the original underwriters of a series of Obligations required to comply with the Rule in connection with the offering of Obligations of that series.

“**Rule**” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Provision of Annual Reports

The District shall not later than 180 days after the end of the District's Fiscal Year, commencing with the District's Fiscal Year ended December 31, 2021, file with the MSRB, through EMMA, the following financial information and operating data:

- (a) The audited financial statements of the District for the prior Fiscal Year prepared in accordance with the accounting principles described in the audited financial statement. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to the Continuing Disclosure Undertaking, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statements relating to the Series 2015 Certificates, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
- (b) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in *Appendix A* to the final Official Statement under the captions: **“OPERATIONS OF THE DISTRICT – Volume Sold,” “- Growth of Customers,” and “FINANCIAL INFORMATION CONCERNING THE DISTRICT – Historical Revenues and Expenses.”**

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

Reporting of Material Events

No later than **10 Business Days** after the occurrence of any of the following events, the District shall give, or cause to be given, to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Obligations (**“Material Events”**):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Obligations, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the District;
- (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Termination of Reporting Obligation

The District's obligations under the Continuing Disclosure Undertaking for a particular series of Obligations shall terminate upon the legal defeasance, prior redemption or payment in full of all of that series of Obligations. If the District's obligations under the Continuing Disclosure Undertaking are assumed in full by some other entity, such entity shall be responsible for compliance with the Continuing Disclosure Undertaking in the same manner as if it were the District, and the District shall have no further responsibility hereunder. If such assumption occurs prior to the final maturity of such Obligations, the District shall give notice of such assumption in the same manner as for a Material Event.

Amendment; Waiver

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

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

Additional Information

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

Default

If the District fails to comply with any provision of the Continuing Disclosure Undertaking with respect to a series of Obligations, any Participating Underwriter or any Beneficial Owner of the Obligations of

such series may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under the Continuing Disclosure Undertaking. A default under the Continuing Disclosure Undertaking shall not be deemed an event of default under the Declaration of Trust or the Lease with respect to a series of Obligations. The sole remedy under the Continuing Disclosure Undertaking if there is any failure of the District to comply with the Continuing Disclosure Undertaking shall be an action to compel performance.

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“**DTC**”), New York, New York, will act as securities depository for the Series 2021 Certificates. The Series 2021 Certificates will be delivered as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2021 Certificate will be delivered for each maturity of the Series 2021 Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2021 Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Certificates on DTC’s records. The ownership interest of each actual purchaser of each Series 2021 Certificate (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2021 Certificates, except in the event that use of the book-entry system for the Series 2021 Certificates is discontinued.

To facilitate subsequent transfers, all Series 2021 Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2021 Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series

2021 Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2021 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Series 2021 Certificate documents. For example, Beneficial Owners of the Series 2021 Certificates may wish to ascertain that the nominee holding the Series 2021 Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2021 Certificates within maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2021 Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2021 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2021 Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2021 Certificates at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2021 Certificates are required to be printed and delivered.

Direct Participants holding a majority position in the Series 2021 Certificates may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. The District and the Underwriters take no responsibility for the accuracy thereof.