

**333rd MEETING OF THE  
STATE ENVIRONMENTAL IMPROVEMENT  
AND ENERGY RESOURCES AUTHORITY  
EIERA Office  
425 Madison Street, Second Floor  
Jefferson City, Missouri  
September 17, 2018  
10:00 a.m.**

1. Call to Order

2. Approval of Minutes

Approval of Minutes from the 332<sup>nd</sup> Meeting of the Authority held June 26, 2018, in Jefferson City, Missouri

3. State Revolving Program

A. Program Update

B. Resolution Authorizing the State Environmental Improvement and Energy Resources Authority to Issue and Sell Not to Exceed \$40,000,000 Principal Amount of Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) and Approving Other Documents and Authorizing the Authority to Take Certain Other Actions in Connection with the Issuance of Said Bonds

C. Series 1995C Rebate

D. Other

4. Missouri Market Development Program

A. Program Update

B. Other

5. Brownfields Revolving Loan Fund

A. Program Update

B. Authorization to Amend the Funding Agreement with Habitat for Humanity of Springfield, Missouri, Inc., Project

C. Other

6. Update on Benefits Issues

- Consideration of Contingencies in Retention Bonus Agreements

7. Rulemaking Update

8. Audit Update

9. Other Business
  - A. Opportunity for Public Comment (Limit of Four Minutes per Individual)
  - B. Next Meeting Date
  - C. Other
10. Closed Meeting Pursuant to Section 610.021(1), (3), (11) or (17) RSMo. (as needed)
11. Adjournment of Closed Meeting and Return to Open Meeting
12. Adjournment of Open Meeting

The Authority may vote to close a portion of the meeting in conjunction with the discussion of litigation matters (including possible legal actions, causes of action, any confidential or privileged communications with its attorneys and the negotiation of items of a contract), real estate matters, personnel matters (including the hiring, firing, disciplining or promoting of personnel), specification for competitive bidding or confidential communications with an auditor pursuant to Section 610.021 (1), (3), (11) or (17) RSMo.

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Members to be Present:	Andy Dalton, Chair LaRee DeFreece, Secretary Deron Cherry, Vice-Chair, Treasurer
Staff to be Present:	Karen Massey, Director Joe Boland, Deputy Director Kristin Allan Tipton, Development Director Mary Vaughan, Administration and Project Manager Genny Eichelberger, Office Support Assistant
Legal Counsel to be Present:	David Brown Lewis Rice LLC

**MINUTES OF THE 332nd MEETING OF THE  
STATE ENVIRONMENTAL IMPROVEMENT  
AND ENERGY RESOURCES AUTHORITY**

**EIERA Office**

**425 Madison Street, Second Floor**

**Jefferson City, Missouri**

**June 26, 2018**

**10:00 a.m.**

**EIERA MEMBERS:** Andy Dalton, Chair  
LaRee DeFreece, Secretary (phone participant)  
Deron Cherry, Vice-Chair, Treasurer (phone participant)

**EIERA STAFF:** Karen Massey, Director  
Joe Boland, Deputy Director  
Kristin Allan Tipton, Development Director  
Mary Vaughan, Administration and Project Manager  
Genny Eichelberger, Office Support Assistant

**LEGAL COUNSEL:** David Brown  
Lynn Hinrichs (phone participant)  
Lewis Rice LLC

**OTHER  
PARTICIPANTS:** Eric Cowan  
Bank of America Merrill Lynch

**(AGENDA ITEM #1) CALL TO ORDER**

Chair Dalton called the 332nd meeting of the Environmental Improvement and Energy Resources Authority (the "Authority") to order at 10:00 AM. Chair Dalton took roll call and asked that the meeting record reflect a quorum was present.

**(AGENDA ITEM #2) APPROVAL OF MINUTES**

The next order of business was to review and approve the minutes of the 331<sup>st</sup> meeting (March 8, 2018) of the Authority and the 331<sup>st</sup> closed meeting (March 8, 2018) of the Authority.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to approve the minutes of the open portion of the 331<sup>st</sup> meeting of the Environmental Improvement and Energy Resources Authority. By roll call vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to approve the minutes of the closed portion of the 331<sup>st</sup> meeting of the Environmental Improvement and Energy Resources Authority. By roll call vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**(AGENDA ITEM #3A) STATE REVOLVING PROGRAM**

**(AGENDA ITEM #3A) PROGRAM UPDATE**

Mr. Boland reported to the Board that Ms. Humphrey, the new Director of the Financial Assistance Center (FAC) has done a fantastic job in the short time she has been there. Ms. Humphrey and her staff are holding six workshops around the state to market the program to potential borrowers. She has been working to connect engineers with communities and has encouraged staff to be more proactive in dealing with them. Ms. Humphrey and her staff have spent the last four months looking for efficiencies and they are now implementing them. We are happy to report that the Authority has been much more involved now than in the past.

**(AGENDA ITEM #3B) CONSIDERATION AND ADOPTION OF RESOLUTION DECLARING THE INTENT OF THE STATE ENVIRONMENTAL IMPROVEMENT AND**

**ENERGY RESOURCES AUTHORITY TO ISSUE ITS REVENUE BONDS TO FINANCE FACILITIES ON BEHALF OF THE MISSOURI DEPARTMENT OF NATURAL RESOURCES**

Mr. Boland explained the Missouri Department of Natural Resources (MDNR) has recently requested that the Authority initiate steps to issue additional state match bonds for the State Revolving Fund program. The federal grant that capitalizes the program requires a twenty percent match. The amount of match needed is approximately \$32 to \$35 million at this time.

In order to meet spend down requirements as defined in federal tax law, the Authority intends to use the proceeds to reimburse DNR for direct loans they have already financed with program equity. The attached resolution documents this intent.

Mr. Brown noted that \$45 million was inserted as a cushion to cover any costs of issuance or additional proceeds needed by the program.

Mr. Boland stated that, if needed, the resolution to could be amended in the future.

Ms. Massey stated that this action is not for the approval to issue the bonds. It merely documents the intent to reimburse for existing loans. Staff will come back to the Board this fall with a formal issuance resolution and other documents that may be necessary for approving the transaction.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to Approve a Resolution Declaring the Intent of the State Environmental Improvement and Energy Resources Authority to Issue its Revenue Bonds to Finance Facilities on Behalf of the Missouri Department of Natural Resources. By roll call vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

(Said Resolution 18-01 is attached hereto and made a part of these minutes as "Exhibit A.")

**(AGENDA ITEM #4) MISSOURI MARKET DEVELOPMENT PROGRAM**

**(AGENDA ITEM #4A) CONSIDERATION AND ADOPTION OF THE TARGETED MATERIALS LIST REVISION RECOMMENDATION**

Ms. Tipton reported to the Board that the MMDP Steering Committee met in the spring for an annual review of the program's application, activities, and material targets. The current targets are still appropriate, but it was decided that tires were an increasing problem in the solid waste stream. By adding tires to the material targets, this would give applicants 25 more points for their evaluation eligibility criteria, possibly enabling them to receive additional funding. The Steering Committee and staff recommend adding tires to the MMDP targeted materials list.

Discussion followed.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to authorize the State Environmental Improvement and Energy Resources Authority to add tires to the Missouri Market Development Program's targeted materials list. By roll call vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**(AGENDA ITEM #4B) CONSIDERATION AND APPROVAL OF THE MORA CONFERENCE SPONSORSHIP REQUEST**

Ms. Tipton reported to the Board that the 2018 Missouri Recycling Association Annual Conference will be at Stoney Creek Hotel and Conference Center, in Independence, September 11-13. She said that the Missouri

Recycling Association (MORA) is requesting a \$2,500 conference sponsorship from the Missouri Market Development Program for this event.

Ms. Tipton explained that a \$2,500 sponsorship includes registration for two people and an ad in the conference program. The sponsorship would be drawn from the MMDP "Sponsorships" budget category which is \$10,000 for FY2018. To date, we have used \$1,000 from this budget category.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to approve the MORA Conference Sponsorship in the amount of \$2,500 from the Missouri Market Development Program. By roll call vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**(AGENDA ITEM #4C) CONSIDERATION AND APPROVAL OF THE FUNDING RECOMMENDATION FOR THE EXT, INC., PROJECT AND AUTHORIZING THE DIRECTOR OR HER DESIGNEE TO ENTER INTO AN AGREEMENT ON BEHALF OF THE AUTHORITY**

Ms. Tipton stated that EXT, Inc., a successful, past program participant, requested \$99,950 to purchase equipment costing \$149,925 that will enable the company to manufacture containers made with recovered plastics. The proposed project involves the creation of multiple tools which the company would use to manufacture popular sizes of engine and transmission shipping containers made entirely of recycled polyethylene.

Ms. Tipton noted that EXT anticipated diverting an additional 500 tons annually from the waste stream and creating twelve full time employee positions with this project.

The Missouri Market Development Program Steering Committee, which includes staff from the Missouri Department of Natural Resources, Missouri

Department of Economic Development, Missouri Department of Agriculture, Solid Waste Advisory Board, and the Authority, recommends funding this project in the amount of \$99,950 not to exceed 75% of the cost of the equipment. This funding recommendation was unanimous.

Discussion ensued.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to authorize the director or her designee to negotiate and enter into an agreement on behalf of the Authority with EXT, Inc., for an amount up to \$99,950, not to exceed 75 percent of the cost of the equipment. By roll call vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**(AGENDA ITEM #4D) CONSIDERATION AND APPROVAL OF THE FUNDING RECOMMENDATION FOR THE RE-POLY LLC PROJECT AND AUTHORIZING THE DIRECTOR OR HER DESIGNEE TO ENTER INTO AN AGREEMENT ON BEHALF OF THE AUTHORITY**

Ms. Tipton reported that Re-Poly LLC, located in St. Louis, requested \$250,000 to purchase equipment costing \$500,000 that will enable the company to recover flexible film and convert it to manufacturing feedstock that is in high demand by Evertrack LLC, a St. Louis company that is manufacturing railroad ties from plastics and fiberglass.

Ms. Tipton noted that the memo should have stated that Re-Poly anticipated diverting an additional 10,800 pounds annually from the waste stream, instead of 10,800 tons. Re-Poly also anticipates creating twelve full time employee positions with this \$1.6 million project.

Ms. Tipton stated that the Missouri Market Development Program Steering Committee recommends funding this project in the amount of \$250,000 not to



exceed 50% of the cost of the equipment. This funding recommendation was unanimous.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to authorize the director or her designee to negotiate and enter into an agreement on behalf of the Authority with Re-Poly LLC for an amount up to \$250,000, not to exceed 50 percent of the cost of the equipment. By roll call vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**(AGENDA ITEM #4E) OTHER**

**(AGENDA ITEM #5) BROWNFIELDS REVOLVING LOAN FUND**

**(AGENDA ITEM #5A) CONSIDERATION AND AUTHORIZATION FOR THE DIRECTOR OR HER DESIGNEE TO COMPETE FOR A NEW RLF GRANT ON BEHALF OF THE AUTHORITY**

Ms. Tipton explained to the Board that the agreement with the EPA for the Missouri Brownfields Revolving Loan Fund is scheduled to expire on September 30, 2019. The program was established on July 5, 2005, with a five year term and the agreement with EPA has been extended six times in conjunction with supplemental awards.

Ms. Tipton stated that staff feels that this has been a successful program and recommends that the Board authorize the Authority to compete for a new revolving loan fund.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to authorize the Authority to compete for funds to establish a new Brownfield Revolving Loan Fund program. By roll call vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**(AGENDA ITEM #5B) CONSIDERATION AND APPROVAL OF THE FUNDING RECOMMENDATION FOR THE NEAR SOUTHSIDE EMPLOYMENT COALITION PROJECT**

**AND AUTHORIZATION FOR THE DIRECTOR OR HER DESIGNEE TO ENTER INTO AN AGREEMENT ON BEHALF OF THE AUTHORITY**

Ms. Tipton stated that the Near Southside Employment Coalition (NSEC), a Missouri not-for-profit corporation, has submitted an application to the MBRLF, requesting a \$31,700 petroleum subgrant to address petroleum contamination on its St. Louis property. She noted that the Authority does not receive many petroleum project applications.

The petroleum related contamination on site includes benzo(a)pyrene, arsenic, and lead. An Analysis of Brownfield Cleanup Alternatives (ABCA) has been performed on the site. The ABCA provides estimates of \$31,700 to close the site through institutional controls and of around \$82,000 to close it through conventional excavation and removal. Ms. Tipton said that a subgrant of \$100,000 would completely clean the site and that the Authority had money remaining in the budget.

Staff reviewed the application and found the applicant and site to meet all eligibility criteria for the program and EPA has confirmed that eligibility.

The MBRLF Review Team, consisting of staff from MDNR's Brownfield Voluntary Cleanup Program, the Department of Economic Development's Business and Community Services Program, the Department of Agriculture, and the Authority, reviewed the application and unanimously recommends that the Board approve a subgrant of up to \$100,000 for this project and that the site be closed via removal of the contamination rather than the use of institutional controls.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to authorize the funding recommendation for the Near Southside Employment Coalition and for the director or her designee to enter into a subgrant on behalf of the Authority for an amount not to exceed \$100,000 for this project. By roll call vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**(AGENDA ITEM #5C) CONSIDERATION AND APPROVAL OF THE FUNDING RECOMMENDATION FOR THE CITY OF HOWARDVILLE PROJECT AND AUTHORIZATION FOR THE DIRECTOR OR HER DESIGNEE TO ENTER INTO AN AGREEMENT ON BEHALF OF THE AUTHORITY**

Ms. Tipton reminded the Board that at its May 12, 2016, meeting, the Authority awarded \$100,000 to the City of Howardville to complete the remediation of lead-based paint and asbestos-containing materials at the former Howardville school. The City had already received a grant directly from EPA and from the MBRLF for this project, but the project costs have exceeded both awards. The City has requested an additional \$100,000 to complete the cleanup.

Ms. Tipton explained that the site has historical significance, it is located in the Bootheel with a median income of \$20,000 and the community has limited resources to complete a project of this size. However, the City intends to redevelop the property and convert it to a multi-purpose center.

Ms. Tipton relayed that a representative of the City told her that due to their frustration with the stalled project, the city council had voted to withdraw from the BVCP. All Review Team members agreed that the project was worth completing.

The MBRLF Review Team reviewed the application and unanimously recommends that the Board approve increasing the subgrant from \$100,000 to up to \$200,000 for this project. The Review Team recommended that the award increase be contingent on the City agreeing to stay in MDNR's Brownfield Voluntary Cleanup Program and on receipt of a change order from the current contractor, or other licensed asbestos contractor, that details the nature and extent of contamination remaining to be removed and costs associated with that.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to authorize a conditional increase to the subgrant from \$100,000 to up to \$200,000 for the City of Howardville agreeing to not withdraw the property from MDNR's Brownfield Voluntary Cleanup Program and on receipt of a change order from the current contractor, or other licensed asbestos contractor, that details the nature and extent of contamination remaining to be removed and costs associated with that. By roll call vote, Chair Dalton, Ms. DeFreece and Mr. Cherry all voted in favor. Motion carried.

**(AGENDA ITEM #5D) OTHER**

**(AGENDA ITEM #6) EMPLOYMENT BENEFITS**

**(AGENDA ITEM #6A) STATUS UPDATE**

Ms. Massey reported to the Board that the State FY19 Budget passed without an appropriation for the EIERA. As a result, effective July 1, 2018, the EIERA will not be participating in the Missouri State Employees Retirement System (MOSERS) or in the Missouri Consolidated Health Care Plan (MCHCP) as MCHCP has determined that without being in MOSERS, they could not cover EIERA employees in the state plan. Ms. Massey asked Mr. Brown to confirm that he

had reviewed the statutes and agreed that there was a correlation between MOSERS and MCHCP. Mr. Brown confirmed the matter. She stated that benefits counselors at MOSERS and MCHCP worked hard to help the Authority and staff individually. MCHCP approached the Office of Administration (OA) and MOSERS with a plan to provide healthcare coverage to the Authority.

MCHCP suggested that OA seek a FY19 Supplemental Appropriation for the EIERA. If successful, MOSERS could then allow the Authority to participate in MOSERS retroactive to July 1, 2018. With assurances from OA that they would seek the Appropriation and treat Authority employees as State employees for insurance purposes, MCHCP would agree to allow the Authority to continue participation in the State healthcare plan without interruption.

MOSERS has agreed that with a Supplemental Appropriation, retirement plan participation can be granted retroactively to July 1, 2018, if all contributions are brought up to date. OA is supportive and has discussed the plan with House Budget leadership who is also supportive if certain conditions are met. OA will provide the appropriate assurance to MCHCP once they have the ok to do so from the new Administration.

Ms. Massey reminded the Board that being an appropriated agency is where everyone thought they would be in FY2018. The budget figures provided to and approved by the House last year were supersized to give the Board flexibility to be able to carry out its statutory duties. Ms. Massey also noted that

there was no guarantee a Supplemental Appropriation for the Authority would pass.

**(AGENDA ITEM #6B) CONSIDERATION AND APPROVAL OF RETIREMENT OR OTHER EMPLOYEE RETENTION INCENTIVES**

Ms. Massey introduced to the Board Lynn Hinrichs, of Lewis Rice LLC.

Ms. Massey stated that those eligible to retire from MOSERS can do so in benefits eligible positions and continue to work for the Authority; however, if they do and are placed back in MOSERS retroactively, they must repay all retirement benefits they have collected in the meantime, including taxes that were withheld. This has been a complicated decision with considerable risk and financial implications for each employee.

Ms. Massey offered three options to retain the Authority's current workforce. Not all of which are viable. The first option is to find a qualified retirement plan for the EIERA employees. She said a plan providing a MOSERS comparable benefit in which the Authority could participate in for the remainder of the year (due to IRS restrictions) could not be identified. A qualified plan could be implemented for 2019 if we are not accepted back in MOSERS.

The second option is to offer a monthly stipend to employees instead of a qualified retirement plan. The Authority would incur this expense in addition to MOSERS retirement expenses, adding strain to its financial position, if accepted back into MOSERS for FY19 and contributions are made to "catch up". Two examples were given and discussion ensued on this option.

The third option is to provide a retention agreement bonus, contingent upon not receiving a Supplemental Appropriation and not getting back into MOSERS retroactively to July 1, 2018. The bonus would increase incrementally if the employee stayed past certain milestone dates. Ms. Hinrichs noted that if the Supplemental Appropriation passed, employees might still have to pay taxes for 2018 if they left before January 1, 2019, or were terminated for cause. Ms. Massey stated that if employees want to stay, this option is no more expensive for the Authority.

Ms. Massey explained that the negative impact would be a taxable event to the employee and it would provide nothing for employees leaving before January 1, 2019, if there is no MOSERS participation. She stated the Authority would not be able to retroactively cover life insurance or long term disability through MOSERS. Likewise, the Deferred Compensation Plan, (457B Plan) would not be available to employees.

Ms. Massey stated that a Retention Agreement appeared to provide the best opportunity for the Authority to retain its current employees while exposing it to the least financial risk. All employees have indicated that they would sign a retention agreement.

Chair Dalton asked how this would be funded.

Ms. Massey asked Ms. Hinrichs if a trust could be created.

Ms. Hinrichs stated that it could not.

Mr. Brown stated that a comparable cost was already contained in the FY19 proposed budget under fringe.

Options for retention bonus were discussed. The Board agreed that the bonuses should be based on the following:

- o Employees are each paid 20% of the total compensation they received between July 1, 2018, and May 30, 2019, if they stay until June 1;
- o 15% if they stayed until March 15;
- o 10% if they stayed until January 1; and
- o No bonus if they leave prior to January 1, 2019.

After considerable discussion, Mr. Brown suggested that the motion should authorize both Ms. Massey and Chair Dalton to execute the Retention Agreements.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to authorize Chair Dalton, and the director or her designee to negotiate and enter into a Retention Agreements with employees as discussed. By voice vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**(AGENDA ITEM #6C) CONSIDERATION AND APPROVAL OF HEALTHCARE BENEFIT OPTIONS**

Ms. Massey explained to the Board that if employees are not eligible for MCHCP's State Employee plan after June 30, 2018, they have a short term and a long term problem. Ms. Massey deferred to Ms. Hinrichs.

Ms. Hinrichs stated that in the short term, all employees will have access to coverage on July 1 either through COBRA or retiree coverage through MCHCP, but if paid by the Authority, that this would be a taxable event to the employee.



She said that it may be pre-tax if a simple cafeteria plan was created and MCHCP agreed to take the payment from the Authority.

Ms. Massey added that until the Authority becomes appropriated, it is recommended that the Authority provide a monthly stipend/payment for all benefits eligible employees up to the MCHCP COBRA rate for individual coverage, partnership premium with tobacco-free incentive, under the PPO 600 Plan, which is currently \$641 per month. All employees currently are enrolled in the PPO 600 plan. Employees could use the stipend for healthcare or any other purpose.

It may be possible to set up a simple cafeteria plan which would make payments directly to MCHCP. If so, and if employees chose to run the stipend through the cafeteria plan, the payments would not be taxable to the employee. Any amounts not used for payments to MCHCP through a cafeteria plan would be taxable.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to authorize the director or her designee to provide a stipend of \$641 per month to employees and to establish a simple cafeteria plan, if possible, for payments to MCHCP if coverage under the State plan is not available for FY19. By voice vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to authorize the director or her designee to engage an insurance broker to identify healthcare plans for consideration of the Board if necessary. By voice vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**(AGENDA ITEM #6D) CONSIDERATION AND APPROVAL OF AMENDMENTS TO EMPLOYMENT POLICIES**

Ms. Massey stated that with the move from being an appropriated entity, certain Authority policies need to be clarified or amended. Certain items were covered under MOSERS requirements and as such, were not fully delineated in the Authority's policies.

It needs to be clarified that to be eligible for benefits, employees must work in permanent, benefits eligible positions on at least a half-time basis.

Additionally, the policies need to be clarified that if a benefits eligible, Authority employee moves into permanent, non-benefits eligible position that their accrued leave will be treated in the same manner as if the employee were leaving the employment of the Authority. This will allow annual leave to be paid off when the employee moves into a position that does not accrue leave.

After discussion, Mr. Cherry made a motion.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to authorize the director or her designee to work with General Counsel to amend the Authority's employment policies as discussed. By voice vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**(AGENDA ITEM #6E) OTHER**

**(AGENDA ITEM #7) CONSIDERATION AND APPROVAL OF FISCAL YEAR 2019 BUDGETS**

Ms. Vaughan directed the Board's attention to the final FY18 expenditures and FY19 proposed budgets.

Authority: The Authority Budget is similar to that of FY18. There will be SRF issuance activity in the fall, increasing issuance fee revenues. On the expense side, costs are generally in line with FY18 amounts. The budget amount for Computer Software is higher due to the renewal of accounting software licenses and to obtain a support contract. Staff opted out of the support contract last year, but decided to put it back in this year. The commitment for matching funds for the Brownfields Revolving Loan Fund totals \$217,442.

Mr. Cherry asked if there would be a rent increase.

Ms. Vaughan stated that the rent would go up to \$2,850 per month.

Chair Dalton asked for the length of the lease term.

Ms. Vaughan said it would be three years from November 2018.

Missouri Market Development Program: Ms. Massey called upon Ms. Tipton for comment.

Ms. Tipton stated that The Market Development Budget is not significantly different from FY18 and revenues reflect the FY19 allocation as well as the unspent funds from previous years.

Brownfields Revolving Loan Fund: The Brownfields Budget, as in past years, reflects all funds available under the remaining term of the grant rather than just what we expect to expend in FY19. No additional funds beyond the \$217,442 previously committed for match need to be committed at this time.

Ms. Massey said that staff anticipates returning to the Board at a later date with a revised budget proposal, should the benefits situation make that

necessary. Ms. Massey stated that staff recommends adoption of FY19 Budgets for the Authority, Market Development Program and Brownfields Revolving Loan Fund.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to approve Fiscal Year 2019 Budgets for the Authority, Market Development Program and Brownfields Revolving Loan Fund with the BRLF Match Commitment of \$217,442. By voice vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**(AGENDA ITEM #8) ELECTION OF OFFICERS**

Ms. Massey reminded the Board that the Authority By-laws require elections of Officers at first meeting of the Authority held after June 1<sup>st</sup> each year.

Mr. Cherry stated that his recommendation was to retain the current slate of officers.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to retain the current slate of officers including Chair Dalton as Chair, Ms. DeFreece as Secretary and Mr. Cherry as Vice-Chair, Assistant Secretary and Treasurer. By voice vote and with great enthusiasm, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**(AGENDA ITEM #9) OTHER BUSINESS**

**(AGENDA ITEM #9A) OPPORTUNITY FOR PUBLIC COMMENT (LIMIT OF FOUR MINUTES PER INDIVIDUAL)**

Chairman Dalton asked if anyone would like to make a public comment at this time. No comments were offered.

**(AGENDA ITEM #9B) NEXT MEETING DATE**

The next meeting will be held in the fall of 2018.

**(AGENDA ITEM #9C) OTHER**

Ms. Massey called upon Mr. Boland for comment on private activity bond issuance.

Mr. Boland stated that Raytown Water was working on it and Board action could be necessary in the fall.

Chair Dalton asked if the Board could receive the appropriate per diem for attending a teleconference Board meeting.

Ms. Massey stated that the Board could receive the appropriate per diem for a teleconference Board meeting and encouraged the members to submit an expense reimbursement form to start the payment process.

**(AGENDA ITEM #10) CLOSED MEETING PURSUANT TO SECTION 610.021(1), (3) AND (11) RSMO. (AS NEEDED)**

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to close the meeting for the purposes of discussing litigation confidential matters including contractual matters with the Authority's attorneys, and bid specifications pursuant to Section 610.021 (1) and (11) RSMo. By voice vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

**(AGENDA ITEM #11) ADJOURNMENT OF CLOSED MEETING AND RETURN TO OPEN MEETING**

**(AGENDA ITEM #12) ADJOURNMENT OF OPEN MEETING**

There being no further business to come before the Board, Chair Dalton asked for a motion to adjourn.

**MOTION:** Motion was made by Mr. Cherry and seconded by Ms. DeFreece to adjourn the meeting. By voice vote, Chair Dalton, Mr. Cherry and Ms. DeFreece all voted in favor. Motion carried.

Respectfully submitted,

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Chairman

(SEAL)

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Secretary

State Environmental Improvement and Energy Resources Authority  
333rd Board Meeting  
September 17, 2018

**Agenda Item #3B**  
**STATE REVOLVING FUND 2018A BOND ISSUANCE**

**Issue:**

The Department of Natural Resources (DNR) has requested the Authority to sell State Revolving Fund (SRF) Revenue Bonds to provide state match for the Clean Water and Drinking Water State Revolving Loan Fund programs. Bond pricing is scheduled for October 4<sup>th</sup> with an estimated closing date of October 18, 2018.

**Action Needed:**

Consideration and approval of the attached resolution authorizing the Authority to issue and sell State Revolving Fund Water Pollution Control and Drinking Water Revenue Bonds (Series 2015A) in a principal amount not to exceed \$40,000,000.

**Staff Recommendation:**

Staff recommends that the Board approve the resolution authorizing the issuance and sale of the 2018A bonds.

**Staff Contact:**

Joe Boland

**Background:**

The DNR receives a grant from the U.S. Environmental Protection Agency each year to help capitalize the SRF programs. There is a separate grant received for the Clean Water SRF and for the Drinking Water SRF. These grants provide funding not just for infrastructure projects, but for staffing and operations as well.

For each dollar drawn from this grant, the department must provide a twenty percent match. Historically this match was provided through state general obligation bonds or through a direct general revenue appropriation. Due to shrinking state budgets, those options were no longer available and beginning in 2003, state match has been generated through the sale of EIERS SRF revenue bonds. The bonds are considered *state match* because they are repaid with only the loan interest or earnings interest of the SRF program.

Match has now been exhausted and additional match needs to be generated in order to be able to draw upon the federal capitalization grants. The proceeds from this bond sale will be used to provide state matching funds for the 2018, 2019 and 2020 capitalization grants.

The senior managing underwriter for this transaction is Bank of America Merrill Lynch. They will have a representative available at the meeting to answer any questions.

Relevant portions of the Preliminary Official Statement (POS) are also attached to provide additional information on this transaction.

Attachments

JB:ge



STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY

(STATE OF MISSOURI)

RESOLUTION AUTHORIZING THE STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY TO ISSUE AND SELL NOT TO EXCEED \$40,000,000 PRINCIPAL AMOUNT OF WATER POLLUTION CONTROL AND DRINKING WATER REVENUE BONDS (STATE REVOLVING FUNDS PROGRAMS); APPROVING THE FORM OF AND AUTHORIZING THE AUTHORITY TO ENTER INTO A BOND INDENTURE, A TAX COMPLIANCE AGREEMENT, A BOND PURCHASE AGREEMENT; APPROVING THE FORM OF AND AUTHORIZING THE AUTHORITY TO EXECUTE AN OFFICIAL STATEMENT RELATING TO SAID BONDS; AND APPROVING CERTAIN OTHER DOCUMENTS AND AUTHORIZING THE AUTHORITY TO TAKE CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SAID BONDS.

WHEREAS, the State Environmental Improvement and Energy Resources Authority, a body corporate and politic and a governmental instrumentality of the State of Missouri (the "Authority") is authorized and empowered pursuant to the provisions of Sections 260.005 to 260.125, inclusive, and Appendix B(1), Revised Statutes of Missouri, as amended (the "Act"), to finance, acquire, construct and equip projects (as defined in the Act) for the purpose of preventing or reducing pollution or the disposal of solid waste or sewage and to provide for the furnishing of water facilities, to issue revenue bonds for the purpose of paying costs of such projects, and to refund its outstanding revenue bonds in whole or in part; and

WHEREAS, by resolutions adopted by the Authority on February 23, 1988 and September 22, 1998, the Authority has approved the development and implementation of the Missouri Leveraged State Water Pollution Control Revolving Fund Program (the "Clean Water SRF Program") and the Missouri Leveraged State Drinking Water Revolving Fund Program (the "Drinking Water SRF Program" and, collectively with the Clean Water SRF Program, the "SRF Programs") and has stated its intent to issue its bonds or notes, in cooperation with the Missouri Department of Natural Resources ("DNR") to finance projects pursuant to the SRF Programs, said bonds or notes to be payable solely out of the revenues and receipts derived by the Authority in connection with such projects; and

WHEREAS, Merrill Lynch, Pierce, Fenner & Smith, Incorporated, as senior book running underwriter (the "Senior Underwriter") has submitted an application (the "Application") to the Authority requesting the Authority issue bonds to reimburse DNR for costs advanced for the purpose of financing the costs of certain wastewater treatment or drinking water facilities (the "Projects"); and

WHEREAS, the Authority now desires to approve the Application and authorize the issuance, sale and delivery of bonds of the Authority to be known as "Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) Series 2018A", in the aggregate principal amount not to exceed \$40,000,000 (the "Bonds"); and

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

NOW, THEREFORE, BE IT RESOLVED BY THE STATE ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY OF THE STATE OF MISSOURI, AS FOLLOWS:

Section 1. Definitions. All capitalized terms not elsewhere defined herein shall have the meanings set forth in Section 1.1 of the herein-authorized Indenture.

Section 2. Findings and Determinations. The Authority hereby finds and determines that the issuance of its bonds under the Act to provide funds to reimburse DNR for costs incurred to finance the costs of construction of the Projects is in the public interest and within the power and authority vested in the Authority under the Act and will be in furtherance of the objectives and public purposes of the Act, in that the Projects consist of facilities for the reduction or prevention of water pollution, the disposal of solid waste or sewage, or to provide for the furnishing of water facilities, and will provide for the public health, safety and welfare of the residents of the State by promoting, developing and assisting in the construction of wastewater treatment, sanitary sewerage, water and water pollution control facilities in the State. The Authority hereby approves the Application, submitted by the Senior Underwriter, for the issuance and sale of the Bonds and declares the intent of the Authority to issue the Bonds pursuant to the Act and in accordance with the SRF Programs.

Section 3. Authorization of the Bonds. For the purposes of financing the costs of the construction of the Projects pursuant to the SRF Program, the Authority hereby authorizes the issuance and sale, pursuant to Section 260.040 of the Act, of its Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) Series 2018A in the aggregate principal amount not to exceed \$40,000,000. The Bonds shall be dated as of the Bond Issuance Date and shall be issued as fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. The Bonds shall bear interest at rates not to exceed 6.00% per annum, payable semiannually on each January 1 and July 1, commencing January 1, 2019, at such maturities and principal amounts as shall be approved by the Chairman or Vice Chairman by the execution of the hereinafter authorized Bond Purchase Agreement between the Authority and the Underwriters (within the meaning of the Bond Purchase Agreement). The Bonds shall be in such forms, shall have such terms and provisions, and shall be issued, executed and delivered in such manner and subject to such provisions, covenants and agreements, as are set forth in the Indenture. The Bonds shall be issued under and equally and ratably secured both as to principal and interest by the Indenture. The Indenture provides a complete description of the pledged property and revenues constituting the Trust Estate, the nature and extent of the security for the Bonds, a statement of the terms and conditions on which the Bonds are to be issued and secured, the rights, duties, obligations and immunities of the Authority, the rights, duties, obligations and immunities of the Trustee, and the rights of the holders of the Bonds. Because of the characteristics of the Bonds, the principal amount thereof, the acceptability in the public bond market of similar issues, the prevailing market conditions and the advice of the Underwriters hereinafter referred to that a negotiated sale will result in the most favorable interest rates on the Bonds, the Authority hereby finds that it is in the best interest of the Authority to sell the Bonds at a negotiated sale pursuant to the Bond Purchase Agreement.

Section 4. Limited Obligations. The Bonds shall be limited obligations of the Authority payable solely out of the payments, revenues and receipts to be derived by the Authority pursuant to the Master Trust Agreement dated as of November 1, 2010, as amended, (the “2010 Master Trust Agreement”) between the Authority and UMB Bank, N.A., as Master Trustee (the “Master Trustee”), and from certain other moneys pledged under the Indenture, and such payments, revenues and receipts shall be pledged and assigned to the Trustee as security for the payment of the Bonds as provided in the Indenture. The Bonds do not constitute or create an indebtedness, liability or moral obligation of any Participant, the State, any political subdivision thereof, the United States of America or any agency thereof, the United States Environmental Protection Agency (“EPA”), DNR, the Clean Water Commission, or the Safe Drinking Water Commission. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds nor is the State or any political subdivision thereof liable on the Bonds. No covenant, stipulation, obligation or agreement contained herein or in the Bonds shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future trustee, officer, member, director, employee or agent of the Authority in his or her individual capacity.

Section 5. Authorization of Authority Documents. The Authority is hereby authorized to enter into the following documents (the “Authority Documents”), in substantially the forms presented and reviewed by the Authority at this meeting (copies of which documents shall be filed with the records of the Authority), with such final terms and such changes therein as shall be approved by the officers of the Authority executing such documents, such officers’ signatures thereon being conclusive evidence of their approval thereof:

(a) Bond Indenture (the “Indenture”) dated as of the first day of the month in which the Bonds are issued or such other date as approved by the officers of the Authority executing the document (the “Document Date”), between the Authority and UMB Bank, N.A., as trustee (the “Trustee”);

(b) Bond Purchase Agreement to be dated the date of its execution and delivery (the “Bond Purchase Agreement”), among the Authority, the Senior Underwriter, and the other underwriters named therein (collectively the “Underwriters”); and

(c) Tax Compliance Agreement dated as of the Document Date, among the Authority, DNR, the Trustee and the Master Trustee.

Section 6. Authorization of Letter of Instructions and Certificates. The Chairman or Vice Chairman is hereby authorized and directed to execute letters of instructions or certificates (i) requesting and authorizing the Trustee to authenticate and deliver the Bonds to the Underwriters, (ii) ordering and directing the Trustee as to the deposit of the proceeds of the Bonds, (iii) directing the Trustee as to the application of the proceeds of the Bonds, and (iv) setting forth how proceeds deposited in certain funds and accounts shall be invested and, in connection with said investments, authorizing the purchase of certain securities in accordance with the terms of the Indenture. The Trustee is authorized to invest the Funds and Accounts established under the Indenture in accordance with the written directions of the Chairman, the Director or the Deputy Director. The Chairman, Vice Chairman, Director or Deputy Director is hereby authorized to approve the payment of the costs of issuing and selling the Bonds (including, without limitation, the Underwriters’ fees and expenses, counsel fees, Trustee fees, financial advisor fees, rating agency fees, the

Authority's fees and printing expenses) out of Bond proceeds; provided, however, that the aggregate of such costs shall not exceed 2% of the aggregate principal amount of the Bonds.

Section 7. Authorization of Preliminary Official Statement and Official Statement. The form and provisions of the Preliminary Official Statement relating to the sale of the Bonds, in the form presented at this meeting, is hereby approved, and the Authority authorizes the use of the Preliminary Official Statement and the information therein in connection with the offering and sale of the Bonds by the Underwriters in accordance with applicable legal requirements. The Authority hereby authorizes and directs the Underwriters to prepare and distribute a final Official Statement in connection with the offering and sale of the Bonds, said Official Statement to be substantially in the form of the Preliminary Official Statement with such changes therein as shall be necessary to complete the Preliminary Official Statement and as shall otherwise be deemed by the Underwriters to be necessary and as shall be authorized by the Chairman or the Vice Chairman, such approval to be conclusively evidenced by the delivery of the Bonds.

Section 8. Execution of Bonds and Documents. The Chairman or the Vice Chairman is hereby authorized and directed to execute the Bonds, manually or by facsimile signature, and to deliver the Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the Authority in the manner provided in the Indenture. The Chairman or the Vice Chairman is hereby authorized and directed to execute and deliver the Authority Documents and the Official Statement for and on behalf of and as the act and deed of the Authority. The Secretary or the Assistant Secretary is hereby authorized and directed to attest, manually or by facsimile signature, to the Bonds and the Authority Documents, and to such other documents, certificates and instruments, including any document with respect to the pledge of the Authority's interest in net participant payments to the Master Trustee under the Master Trust Agreement dated as of November 1, 2010, as amended between the Authority and the Master Trustee as may be necessary or desirable in connection with the issuance of the Bonds, and further, as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Section 9. Further Authority. The Authority shall, and the members, officers, directors, agents and employees of the Authority are hereby authorized and directed to, take such further action, and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution, including applications for the registration of the Bonds under state securities laws, and to carry out, comply with and perform the duties of the Authority with respect to the Bonds and the Authority Documents.

*[remainder of page left intentionally blank]*

Section 9. Effective Date. This Resolution shall take effect and be in full force from and after its adoption by the Authority.

ADOPTED this 17th day of September, 2018.

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Chairman of the Authority

(Seal)

ATTEST:

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Secretary of the Authority

NEW ISSUE  
Book-Entry Only

RATINGS: Moody's: \_\_\_\_\_  
Fitch: \_\_\_\_\_  
See "RATINGS" herein

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Authority, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, except as described in this Official Statement, and is not an item of tax preference for purposes of the federal alternative minimum tax, (2) the interest on the Bonds is exempt from income taxation by the State of Missouri and (3) the Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" in this Official Statement and the form of Bond Counsel opinion attached hereto as Appendix D.*



**\$31,200,000\***  
**State Environmental Improvement and Energy Resources Authority**  
**(State of Missouri)**  
**Water Pollution Control and Drinking Water Revenue Bonds**  
**(State Revolving Funds Programs)**  
**Series 2018A**

**Dated: Date of Delivery**

**Due: January 1 and July 1, as shown on inside cover**

The State Environmental Improvement and Energy Resources Authority (the "Authority") is issuing its Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) Series 2018A (the "Bonds") pursuant to a Bond Indenture dated as of October 1, 2018 (the "Indenture") between the Authority and UMB Bank, N.A., St. Louis, Missouri, as trustee and bond registrar (the "Trustee"). The Authority will use the proceeds of the Bonds to reimburse the Missouri Department of Natural Resources ("DNR") for certain expenditures made prior to the issuance of the Bonds in connection with the financing of wastewater treatment facilities or drinking water treatment facilities owned by governmental entities. Terms not otherwise defined on this cover page have the meanings set forth herein or in Appendix B or Appendix C attached hereto.

The Bonds are issuable only as fully-registered bonds and when issued will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. See "DESCRIPTION OF THE BONDS – Book-Entry System" herein. Principal of and redemption premium, if any, on the Bonds is payable to the registered owners of the Bonds at the maturity or redemption date thereof upon the surrender thereof at the principal payment office of the Trustee. Interest on the Bonds is payable semiannually on each January 1 and July 1, commencing on January 1, 2019.

The Bonds are limited obligations of the Authority, payable solely from and secured exclusively by revenues and receipts derived by the Authority consisting of: (1) moneys transferred to the Trustee by the 2010 Master Trustee from amounts available under the 2010 Master Trust Agreement, consisting of the interest components of Pledged Participant Obligations and Pledged Net Participant Payments of Clean Water Participants and Drinking Water Participants (collectively, the "Indenture Receipts"), (2) investment earnings on the Drinking Water Subsidy Fund and (3) income derived from investment of moneys held by the Trustee under the Indenture. See "SECURITY AND SOURCES OF PAYMENT OF THE BONDS" and "LIMITED SECURITY PROVIDED BY THE 2010 MASTER TRUST AGREEMENT" herein.

The Bonds do not constitute or create an indebtedness, liability or moral obligation of the Participants, the State of Missouri (the "State") or any political subdivision thereof, the United States of America or any agency thereof, the United States Environmental Protection Agency, DNR, the Missouri Clean Water Commission or the Missouri Safe Drinking Water Commission. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds nor is the State or any political subdivision thereof liable on the Bonds. The Authority has no taxing power.

The Bonds are subject to redemption prior to maturity as described under the section captioned "DESCRIPTION OF THE BONDS – Redemption; Notice of Redemption."

See the inside cover page for maturities, principal amounts, interest rates, prices, yields and CUSIP numbers

This cover page contains information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters, subject to prior placement, withdrawal or modification of the offer without notice and subject to the approval of their validity by Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed upon for the Authority, Lewis Rice LLC, St. Louis, Missouri, as counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by Thompson Coburn LLP, St. Louis, Missouri, and the Hardwick Law Firm, LLC, Kansas City, Missouri. Columbia Capital Management, LLC, Overland Park, Kansas, serves as Financial Advisor to the Authority. It is expected that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about October \_\_, 2018.

**BofA Merrill Lynch**

**Jefferies**

**Wells Fargo Securities**

**Ramirez & Co., Inc.**

**FTN Financial Capital Markets**

The date of this Official Statement is October \_\_, 2018.

\* Preliminary, subject to change.

**\$31,210,000\***  
**State Environmental Improvement and Energy Resources Authority**  
**(State of Missouri)**  
**Water Pollution Control and Drinking Water Revenue Bonds**  
**(State Revolving Funds Programs)**  
**Series 2018A**

**Maturity Schedule\***  
**Base CUSIP: 60636U<sup>1</sup>**

<u>Maturity*</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP<sup>1</sup></u>
January 1, 2019	\$1,950,000	%	%	%	
July 1, 2019	1,465,000				
January 1, 2020	1,455,000				
July 1, 2020	1,445,000				
January 1, 2021	1,440,000				
July 1, 2021	1,440,000				
January 1, 2022	1,350,000				
July 1, 2022	1,345,000				
January 1, 2023	1,260,000				
July 1, 2023	1,245,000				
January 1, 2024	1,150,000				
July 1, 2024	1,135,000				
January 1, 2025	1,035,000				
July 1, 2025	1,015,000				
January 1, 2026	870,000				
July 1, 2026	850,000				
January 1, 2027	825,000				
July 1, 2027	770,000				
January 1, 2028	775,000				
July 1, 2028	695,000				
January 1, 2029	715,000				
July 1, 2029	655,000				
January 1, 2030	660,000				
July 1, 2030	620,000				
January 1, 2031	595,000				
July 1, 2031	565,000				
January 1, 2032	525,000				
July 1, 2032	495,000				
January 1, 2033	455,000				
July 1, 2033	415,000				
January 1, 2034	370,000				
July 1, 2034	330,000				
January 1, 2035	285,000				
July 1, 2035	245,000				
January 1, 2036	205,000				
July 1, 2036	165,000				
January 1, 2037	130,000				
July 1, 2037	100,000				
January 1, 2038	85,000				
July 1, 2038	80,000				

\* Preliminary, subject to change.

<sup>1</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © 2018 CUSIP Global Services. The CUSIP numbers are included solely for the convenience of the owners of the Bonds only at the time of issuance of the Bonds. Neither the Authority nor the Underwriters shall be responsible for the selection or correctness of the CUSIP number set forth now or at any time in the future.

**State Environmental Improvement and Energy Resources Authority**

William “Andy” Dalton, Chairman  
Deron L. Cherry, Vice Chairman, Treasurer and Assistant Secretary  
LaRee DeFreece, Secretary  
Karen L. Massey, Director

**Department of Natural Resources**

Carol S. Comer, Director  
Ed Galbraith, Director – Division of Environmental Quality  
Chris Wieberg, Director – Water Protection Program  
Hannah Humphrey, Director – Financial Assistance Center

**Clean Water Commission**

Ashley McCarty, Chair  
John “Ben” Hurst, Vice Chair  
Stan Coday, Commissioner  
Patricia Thomas, Commissioner  
John Reece, Commissioner  
Allen Rowland, Commissioner

**Safe Drinking Water Commission**

Elizabeth Grove, Chair  
Susan E. Hazelwood, Vice Chair  
Susan McCray Armstrong, Commissioner  
D. Scott Bockenkamp, Commissioner  
Charli Jo Ledgerwood, Commissioner  
Bruce Manning, Commissioner  
Rodger Owens, Commissioner  
Fred W. Schmidt, Commissioner  
Curtis Skouby, Commissioner

**Advisors and Consultants**

**Financial Advisor to the Authority**

Columbia Capital Management, LLC  
Overland Park, Kansas

**Counsel to the Authority**

Lewis Rice LLC  
St. Louis, Missouri

**Bond Counsel**

Gilmore & Bell, P.C.  
St. Louis, Missouri

**Co-Underwriters’ Counsel**

Thompson Coburn LLP  
St. Louis, Missouri

Hardwick Law Firm, LLC  
Kansas City, Missouri



## **REGARDING USE OF THIS OFFICIAL STATEMENT**

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**THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(a)(2) OF SUCH ACT. THE INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT.**

**The information set forth herein has been obtained from the Authority and other sources which are deemed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Authority. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.**

**No dealer, broker, salesperson or any other person has been authorized by the Authority to give any information or make any representations, other than those contained in this Official Statement, in connection with the offering of the Bonds, and if given or made, such other information or representations must not be relied upon as having been authorized by 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 Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor the sale of any of the Bonds hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority, the Programs (as defined herein) or the other matters described herein since the date hereof.**

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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## **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

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**Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "budget" or other similar words.**

**THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INCLUDED IN SUCH RISKS AND UNCERTAINTIES ARE (i) THOSE RELATING TO THE POSSIBLE INVALIDITY OF THE UNDERLYING ASSUMPTIONS AND ESTIMATES, (ii) POSSIBLE CHANGES OR DEVELOPMENTS IN SOCIAL, ECONOMIC, BUSINESS, INDUSTRY, MARKET, LEGAL OR REGULATORY CIRCUMSTANCES, AND (iii) CONDITIONS AND ACTIONS TAKEN OR OMITTED TO BE TAKEN BY THIRD PARTIES, INCLUDING CUSTOMERS, SUPPLIERS, BUSINESS PARTNERS OR COMPETITORS, OR LEGISLATIVE, JUDICIAL AND OTHER GOVERNMENTAL AUTHORITIES AND OFFICIALS. ASSUMPTIONS RELATED TO THE FOREGOING INVOLVE JUDGMENTS WITH RESPECT TO, AMONG OTHER THINGS, FUTURE ECONOMIC, COMPETITIVE, AND MARKET CONDITIONS AND FUTURE BUSINESS DECISIONS, ALL OF WHICH ARE DIFFICULT OR IMPOSSIBLE TO PREDICT ACCURATELY. FOR THESE REASONS, THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT WILL PROVE TO BE ACCURATE.**

**UNDUE RELIANCE SHOULD NOT BE PLACED ON FORWARD-LOOKING STATEMENTS. ALL FORWARD-LOOKING STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT ARE BASED ON INFORMATION AVAILABLE TO THE AUTHORITY ON THE DATE HEREOF, AND THE AUTHORITY ASSUMES NO OBLIGATION TO UPDATE ANY SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN THE EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR FAIL TO OCCUR, OTHER THAN AS INDICATED UNDER THE CAPTION "CONTINUING DISCLOSURE."**

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## OFFICIAL STATEMENT

**\$31,210,000\***

**State Environmental Improvement and Energy Resources Authority  
(State of Missouri)  
Water Pollution Control and Drinking Water Revenue Bonds  
(State Revolving Funds Programs)  
Series 2018A**

### INTRODUCTION

The following introductory information 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, should be considered in its entirety. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The purpose of this Official Statement is to set forth certain information concerning (1) the State Environmental Improvement and Energy Resources Authority, a body corporate and politic and a governmental instrumentality of the State of Missouri (the “**Authority**”), (2) the \$31,210,000\* principal amount of Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) Series 2018A (the “**Bonds**”) to be issued by the Authority and (3) the source of repayment and security for the Bonds. See “**DESCRIPTION OF THE BONDS**,” “**SECURITY AND SOURCES OF PAYMENT OF THE BONDS**” and “**LIMITED SECURITY PROVIDED BY THE 2010 MASTER TRUST AGREEMENT**” herein.

#### **Authorization of and Purpose of the Bonds**

The Authority is authorized pursuant to Sections 260.005 through 260.125, and Appendix B(1), of the Revised Statutes of Missouri, as amended (the “**Act**”), and the resolution adopted by the Authority on September 17, 2018, to issue the Bonds under a Bond Indenture dated as of October 1, 2018 (the “**Indenture**”), by and between the Authority and UMB Bank, N.A., St. Louis, Missouri, as trustee and bond registrar (the “**Trustee**” and “**Bond Registrar**”). Capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings listed in **Appendix B** and **Appendix C** to this Official Statement. See “**THE AUTHORITY**” and “**DESCRIPTION OF THE BONDS**” herein.

The proceeds of the Bonds will be used to reimburse the Missouri Department of Natural Resources (“**DNR**”) for certain expenditures made prior to the issuance of the Bonds in connection with the financing of wastewater treatment facilities or drinking water treatment facilities owned by Missouri governmental entities. See “**SECURITY AND SOURCES OF PAYMENT OF THE BONDS**” herein.

#### **State Revolving Funds Programs**

**Direct Loan Programs.** In cooperation with the Clean Water Commission of the State of Missouri (the “**Clean Water Commission**”) and the Safe Drinking Water Commission of the State of Missouri (the “**Drinking Water Commission**”), DNR has developed and implemented the State of Missouri Direct Loan Program to provide financial assistance to Missouri governmental entities and other eligible entities to

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\* Preliminary, subject to change.

finance publicly owned and certain privately owned wastewater treatment facilities (the “**Clean Water SRF Direct Loan Program**”) and to provide financial assistance to Missouri governmental entities and other eligible entities to finance publicly and privately owned drinking water treatment facilities (the “**Drinking Water SRF Direct Loan Program**” and, collectively with the Clean Water SRF Direct Loan Program, the “**SRF Direct Loan Programs**”).

**Leveraged Loan Programs.** The Federal Water Quality Act of 1987, which amended the Clean Water Act of 1972 (as amended, the “**Federal Clean Water Act**”), provides for the establishment of state loan programs, the funds of which are used to provide financial assistance to various instrumentalities of the state or other eligible entities (including for profit companies) in connection with the construction of publicly owned and certain privately owned decentralized systems for transportation, collection, storage, treatment, recycling and reclamation of municipal sewage and certain other water pollution control projects. By resolutions adopted in 1988 and 1998, the Authority agreed to cooperate with DNR to implement the program contemplated by the Federal Clean Water Act and issue its bonds in connection with the Missouri Leveraged State Water Pollution Control Revolving Fund Program (the “**Clean Water SRF Leveraged Program**” and, collectively with the Clean Water SRF Direct Loan Program, the “**Clean Water SRF Program**”). For further information on the Clean Water SRF Program, see “**STATE REVOLVING FUNDS PROGRAMS**” herein.

The Federal Safe Drinking Water Amendments of 1996, which amended the Safe Drinking Water Act (as amended, the “**Federal Drinking Water Act**”), provides for the establishment of state loan programs, the funds of which are used to provide financial assistance to various instrumentalities of the state and to community water systems (including for-profit companies) and nonprofit non-community water systems in connection with the construction of drinking water projects. By a resolution adopted in 1998, the Authority agreed to cooperate with DNR to implement the program contemplated by the Federal Drinking Water Act and issue its bonds in connection with the Missouri Leveraged State Drinking Water Revolving Fund Program (the “**Drinking Water SRF Leveraged Program**” and, collectively with the Drinking Water SRF Direct Loan Program, the “**Drinking Water SRF Program**”). For further information on the Drinking Water SRF Program, see “**STATE REVOLVING FUNDS PROGRAMS**” herein.

The Clean Water SRF Program and the Drinking Water SRF Program are referred to herein collectively as the “**State Revolving Funds Programs**” or the “**Programs.**” All bonds issued by the Authority under the Programs, including refunding bonds, are referred to herein as “**Program Bonds.**” Missouri governmental entities participating in the Clean Water SRF Program are referred to herein individually as a “**Clean Water Participant**” and collectively as “**Clean Water Participants.**” Missouri governmental entities and other eligible entities participating in the Drinking Water SRF Program are referred to herein individually as a “**Drinking Water Participant**” and collectively as “**Drinking Water Participants.**” Clean Water Participants and Drinking Water Participants are referred to herein collectively as “**Participants.**”

#### **Program Bonds and the Master Trust Agreements**

Outstanding Program Bonds issued prior to November 2010 were issued under a separate indenture secured by the trust estate created under the applicable indenture and were further secured by the Amended and Restated Master Trust Agreement dated as of March 1, 2004, as amended by the First Amendment to Master Trust Agreement dated as of November 1, 2009, and the Second Amendment to Master Trust Agreement dated as of November 1, 2010 (collectively, the “**2004 Master Trust Agreement**”), between the Authority and UMB Bank, N.A., as master trustee (the “**2004 Master Trustee**”). All bonds issued by the Authority under the 2004 Master Trust Agreement are referred to herein as the “**2004 Master Trust Bonds.**”

Starting in November 2010, all Program Bonds have been issued under a separate indenture secured by the trust estate created under the applicable indenture and are further secured by the Master Trust Agreement dated as of November 1, 2010, as amended by the First Amendment to Master Trust Agreement dated as of November 1, 2011 (collectively, the **"2010 Master Trust Agreement"**), between the Authority and UMB Bank, N.A., as Master Trustee (the **"2010 Master Trustee"**). See **"SECURITY AND SOURCES OF PAYMENT OF THE BONDS"** and **"LIMITED SECURITY PROVIDED BY THE 2010 MASTER TRUST AGREEMENT"** herein and Appendix B – **"SUMMARY OF CERTAIN PROVISIONS OF THE 2010 MASTER TRUST AGREEMENT."**

The 2004 Master Trust Agreement and the 2010 Master Trust Agreement are collectively referred to herein as the **"Master Trust Agreements."**

#### **Program Bonds Issued Under the 2010 Master Trust Agreement**

Prior to the issuance of the Bonds, the Authority has issued five series of Program Bonds under the 2010 Master Trust Agreement: (1) \$65,920,000 Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) Series 2010B (the **"Series 2010B Bonds"**), (2) \$106,830,000 Water Pollution Control and Drinking Water Refunding Revenue Bonds (State Revolving Funds Programs) Series 2011A (the **"Series 2011A Refunding Bonds"**), (3) \$101,535,000 Water Pollution Control and Drinking Water Refunding Revenue Bonds (State Revolving Funds Programs) Series 2013A (the **"Series 2013A Refunding Bonds"**), (4) \$29,935,000 Water Pollution Control and Drinking Water Revenue Bonds (State Revolving Funds Programs) Series 2015A (the **"Series 2015A Bonds"**) and (5) \$136,105,000 Water Pollution Control and Drinking Water Refunding Revenue Bonds (State Revolving Funds Programs) Series 2015B (the **"Series 2015B Refunding Bonds"**). The Bonds will be the sixth series of Program Bonds to be issued under the 2010 Master Trust Agreement.

#### **Limited Security Provided by the 2010 Master Trust Agreement**

Not all Program Bonds issued by the Authority under the 2010 Master Trust Agreement are included in the definition of **"2010 Master Trust Bonds,"** as discussed below, because all or a portion of such Program Bonds may not be secured by all revenues available as security for 2010 Master Trust Bonds.

Program Bonds issued under the 2010 Master Trust Agreement may include a **"State Match Portion"** and a **"Leveraged Portion"** if so designated in the bond indenture pursuant to which such bonds are issued. A State Match Portion is a designated portion of a series of Program Bonds issued to (1) provide matching funds required to be contributed by the State of Missouri (the **"State"**) under the Federal Clean Water Act and the Federal Drinking Water Act in order to receive federal capitalization grants for the State Revolving Fund Programs or (2) refund a State Match Portion of a series of Program Bonds. A State Match Portion is secured by a priority pledge of the interest components of the Pledged Participant Obligations and the Pledged Net Participant Payments (as such terms are defined under the caption **"SECURITY AND SOURCES OF PAYMENT OF THE BONDS"**) but is not secured by the principal components of the Pledged Participant Obligations or the Pledged Net Participant Payments and, therefore, is not included within the definition of 2010 Master Trust Bonds. **The Bonds have been designated "State Match Portion" only and, therefore, are not 2010 Master Trust Bonds.**

A Leveraged Portion is a designated portion of a series of Program Bonds that is secured by the principal components and the remaining interest components of the Pledged Participant Obligations and the Pledged Net Participant Payments (after payment of the State Match Portions). If so designated, the Leveraged Portion is included within the meaning of 2010 Master Trust Bonds.

**The Bonds have been designated as State Match Portion only.** The Authority designated the Series 2015A Bonds as State Match Portion only. The Series 2010B Bonds and the Series 2015B Refunding Bonds consisted of a State Match Portion and a Leveraged Portion. All of the Bonds, all of the Series 2015A Bonds, the State Match Portion of the Series 2010B Bonds, the State Match Portion of the Series 2015B Refunding Bonds and the State Match Portions of any future Program Bonds issued under the 2010 Master Trust Agreement (collectively referred to herein as the **"State Match Portions"**) are (1) secured on a parity basis by a priority pledge of the interest components of the Pledged Participant Obligations and the Pledged Net Participant Payments, (2) secured on a series basis by earnings on any subsidy fund or reserve fund associated with that series, (3) not secured by the principal components of the Pledged Participant Obligations or the Pledged Net Participant Payments, (4) not secured by certain amounts pledged under the 2004 Master Trust Agreement, consisting primarily of certain amounts released from reserve funds securing the 2004 Master Trust Bonds, and (5) not included in the definition of 2010 Master Trust Bonds. See **"SECURITY AND SOURCES OF PAYMENT OF THE BONDS"** and **"LIMITED SECURITY PROVIDED BY THE 2010 MASTER TRUST AGREEMENT"** herein.

The 2010 Master Trust Agreement contains conditions that must be satisfied for future series of Program Bonds to be secured by the 2010 Master Trust Agreement. All future series of Program Bonds will be secured by the 2010 Master Trust Agreement to the extent provided in the Authority's bond indenture authorizing such series of Program Bonds.

### **Security for the Bonds**

The Bonds are limited obligations of the Authority, payable solely from and secured exclusively by revenues and receipts derived by the Authority consisting of, subject to priority of, or limitations with respect to application of, certain revenues as provided in the Indenture and the 2010 Master Trust Agreement and further described herein: (1) moneys transferred to the Trustee by the 2010 Master Trustee from amounts available under the 2010 Master Trust Agreement, consisting of the interest components of Pledged Participant Obligations and Pledged Net Participant Payments of Clean Water Participants and Drinking Water Participants (collectively, the **"Indenture Receipts"**), (2) investment earnings on the Drinking Water Subsidy Fund and (3) income derived from investment of moneys held by the Trustee under the Indenture. If moneys from the applicable clean water or drinking water source are not sufficient, the cross-collateralization provisions of the 2010 Master Trust Agreement will be implemented. See **"SECURITY AND SOURCES OF PAYMENT OF THE BONDS"** and **"LIMITED SECURITY PROVIDED BY THE 2010 MASTER TRUST AGREEMENT"** herein and **Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Summary of Bond Indenture – State Match Portion Debt Service Fund."**

The Bonds do not constitute or create an indebtedness, liability or moral obligation of the Participants, the State or any political subdivision thereof, the United States of America or any agency thereof, the United States Environmental Protection Agency (**"EPA"**), DNR, the Clean Water Commission or the Drinking Water Commission. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds nor is the State or any political subdivision thereof liable on the Bonds. The Authority has no taxing power.

### **Other Information**

There follows in this Official Statement brief descriptions of the Bonds, certain of the Bond documents, the Programs and the Authority. **Appendix A** to this Official Statement is in two parts. Part 1 provides a list of all Pledged Participant Obligations. Part 2 includes information on the Material Master Trust Participants (see **"CONTINUING DISCLOSURE"** herein).

**Appendix B** contains a summary of the 2010 Master Trust Agreement. **Appendix C** contains a summary of certain provisions of the Indenture. **Appendix D** is the proposed form of the opinion which is anticipated to be rendered by Bond Counsel at the time of delivery of the Bonds.

Such descriptions, information and summaries provided herein do not purport to be comprehensive or definitive. All references herein to any documents are qualified by the terms of such documents in their entirety. Until the issuance and delivery of the Bonds, copies of the documents described herein may be obtained from Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Underwriters of the Bonds. After delivery of the Bonds, copies of the documents summarized in **Appendix B** and **Appendix C** will be available for inspection at the principal corporate trust office of the Trustee.

## **DESCRIPTION OF THE BONDS**

### **General Description**

The Bonds will be issued as fully-registered bonds in the denominations of \$5,000 or any integral multiple of \$5,000 (“**Authorized Denominations**”). The Bonds will be dated the date of initial issuance and delivery of the Bonds (the “**Bond Issuance Date**”), will mature on the dates and in the principal amounts and will bear interest at the interest rates per annum set forth on the inside cover hereof. Each Bond shall bear interest from the Bond Issuance Date or from the most recent date to which interest has been paid or duly provided for, payable semiannually on each January 1 and July 1, commencing January 1, 2019 (each an “**Interest Payment Date**”). Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The principal of and redemption premium, if any, and interest on the Bonds shall be payable in any currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts, and, except as otherwise provided in the Indenture, such principal and redemption premium, if any, shall be payable by check or draft at the principal payment office of the Trustee or at the office of any duly appointed alternate Paying Agent, upon presentation and surrender of such Bonds. Payment of the interest on any Bond shall be made to the person appearing on the Bond Register as the Bondholder thereof as of the commencement of business of the Trustee on the Record Date for such Interest Payment Date, and shall be paid by check or draft of the Trustee mailed to such Bondholder at such Bondholder’s address as it appears on the Bond Register or at such other address as is furnished to the Trustee in writing by such Bondholder. Notwithstanding the foregoing, the principal of and redemption premium, if any, and interest on the Bonds is payable by electronic transfer in immediately available federal funds pursuant to instructions from any Bondholder of \$500,000 or more in aggregate principal amount of Bonds as of the commencement of business of the Trustee on the Record Date for a particular Interest Payment Date. Any such instructions for electronic transfer shall be in writing, signed by such Bondholder and given by such Bondholder to the Trustee not less than 15 days prior to the applicable Record Date and shall include the name of the bank (which shall be in the continental United States), its address, its ABA routing number and the name, number and contact name related to such Bondholder’s account at such bank to which the payment is to be credited and shall acknowledge that an electronic transfer fee is payable. Electronic transfers will be made to such electronic transfer address for which instructions were properly given irrespective of any transfer or exchange of the Bonds subsequent to such Record Date and prior to such Interest Payment Date. Unless the Bonds are in book-entry form, no principal of or redemption premium, if any, on the Bonds is payable unless the Bondholder thereof shall have surrendered such Bonds at the principal payment office of the Trustee. All checks, drafts or, at the best efforts of the Trustee, electronic transfers for the payment of the principal of or redemption premium, if any, and interest on the Bonds shall include or have enclosed therewith the CUSIP number and appropriate payment amount for each CUSIP number. If a default in payment of interest due on an Interest Payment Date shall occur, such

defaulted interest shall be payable to the persons in whose names the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by the Trustee as Bond Registrar, which special record date shall not be less than 10 days preceding the date of payment of such defaulted interest.

#### **Redemption; Notice of Redemption**

***Mandatory Sinking Fund Redemption.*** The Bonds maturing on \_\_\_\_\_ 1, 20\_\_\_\_ are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Indenture at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, on the dates and in the principal amounts as follows:

Redemption Date

Principal Amount

\_\_\_\_\_  
†Maturity

The Bonds maturing on \_\_\_\_\_ 1, 20\_\_\_\_ are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of this Section at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date, on the dates and in the principal amounts as follows:

Redemption Date

Principal Amount

\_\_\_\_\_  
†Maturity

***Optional Redemption.*** The Bonds maturing on and after \_\_\_\_\_ 1, 20\_\_, are subject to redemption in whole or in part on any date, at the option of the Authority, on and after \_\_\_\_ 1, 20\_\_, at the redemption price of 100% of the principal amount redeemed, plus accrued interest thereon to the redemption date. Bonds to be redeemed pursuant to the optional redemption provisions above shall be selected from the maturities and in the principal amounts as shall be determined by the Authority. Upon any optional redemption of the Bonds maturing \_\_\_\_\_ 1, 20\_\_\_\_ or \_\_\_\_\_ 1, 20\_\_\_\_ in part, the sinking fund installments described above under the subheading “*Mandatory Sinking Fund Redemption*” shall be reduced in the years and in the amounts on a proportionate basis unless the Authority makes a different written allocation, subject to rounding to Authorized Denominations.

***Notice of Redemption.*** The Trustee shall select the Bonds, or portions thereof, to be redeemed from each maturity by lot, in such manner as it shall in its discretion determine.



Unless waived by any Bondholder of Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Bond Registrar on behalf of the Authority by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the Bondholder of the Bond or Bonds to be redeemed at the address shown on the Bond Register; provided, however, that failure to give such notice by mail as aforesaid to any Bondowner or any defect therein as to any particular Bond shall not affect the validity of any proceedings for the redemption of any other Bonds. All official notices of redemption shall be dated and shall state (1) the redemption date, (2) the redemption price, (3) the CUSIP number (provided, however, that such notice may contain a disclaimer as to the accuracy of such numbers), (4) if less than all Outstanding Bonds are to be redeemed, the identification and the respective principal amounts of the Bonds to be redeemed, (5) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and (6) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal payment office of the Trustee.

In addition to the foregoing notice, further notice shall be given by the Trustee on behalf of the Authority as set out in the Indenture, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

In addition to the foregoing notice, the Trustee shall also comply with any mandatory requirements or guidelines published by the Securities and Exchange Commission relating to providing notices of redemption. The failure of the Trustee to comply with any such requirements shall not affect or invalidate the redemption of said Bonds.

So long as the Securities Depository is effecting book-entry transfers of the Bonds, the Trustee shall provide the notices specified in the Indenture only to the Securities Depository in the manner required by the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Direct Participants (as defined in the subsection below captioned "**Book-Entry System**") and that the Direct Participants, in turn, will notify or cause to be notified the beneficial owners. Any failure on the part of the Securities Depository or a Direct Participant, or failure on the part of a nominee of a beneficial owner of a Bond to notify the beneficial owner of the Bond so affected, shall not affect the validity of the redemption of such Bond.

In the case of Bonds called for redemption as described above under the subheading "**Optional Redemption,**" any notice of redemption may be conditional upon moneys being on deposit with the Trustee on or prior to the redemption date in an amount sufficient to pay the redemption price of the Bonds being redeemed on the redemption date. The Trustee shall rescind such notice of the optional redemption of Bonds in accordance with the Indenture if moneys available solely for such optional redemption in accordance with the requirements of the Indenture and sufficient to pay the Bonds called for optional redemption and accrued interest thereon to the redemption date and the redemption premium, if any, shall not have been deposited with the Trustee by the close of business of the fifth Business Day next preceding such optional redemption date.

Upon the happening of the above conditions, and notice having been given as provided in the Indenture, the Bonds or the portions of the principal amount of Bonds thus called for redemption shall cease to bear interest on the specified redemption date, provided moneys sufficient for the payment of the redemption price are on deposit at the place of payment at the time, and shall no longer be entitled to the protection, benefit or security of the Indenture and shall not be deemed to be Outstanding under the provisions of the Indenture.

### **Non-Presentation of Bonds; Unclaimed Moneys**

Except as provided in the following paragraph, in the event any Bonds shall not be presented for payment when the principal thereof becomes due, if funds sufficient to pay such Bonds shall be held by the Trustee for the benefit of the holder or holders thereof, all liability of the Authority to the holder or holders thereof for the payment of such Bonds shall forthwith cease, determine and be completely discharged and thereupon it shall be the duty of the Trustee to hold such funds without liability for interest thereon, for the benefit of the holder or holders of such Bonds, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on the holder's part under the Indenture or on, or with respect to, such Bonds.

All moneys which the Trustee shall have withdrawn from the Debt Service Fund or shall have received from any other source and set aside for the purpose of paying any of the Bonds secured by the Indenture shall be held in trust for the respective holders of such Bonds, but any moneys which shall be so set aside or deposited by the Trustee and which shall remain unclaimed by the holders of such Bonds for a period of one year after the date on which such Bonds shall have become due and payable shall be paid to the Authority; provided, however, that the Trustee, before making any such payment shall send a letter to the last known address for such Bondholders that said moneys have not been claimed and that after a date named therein any unclaimed balance of said moneys then remaining will be returned to the Authority and thereafter the holders of such Bonds shall look only to the Authority for payment and then only to the extent of the amount so received without any interest thereon, and the Trustee shall have no responsibility with respect to such moneys.

### **Mutilated, Lost, Stolen or Destroyed Bonds**

If any Outstanding Bond, whether temporary or definitive, is mutilated, lost, stolen or destroyed, the Authority may execute and, upon its request, the Trustee may authenticate a new Bond of the same principal amount and series and of like tenor as the mutilated, lost, stolen or destroyed Bond; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Authority and the Trustee evidence of the ownership thereof and of such loss, theft or destruction in form satisfactory to the Authority and the Trustee, together with an indemnity satisfactory to them. In the event any such Bond shall have matured or been called for redemption, instead of issuing a substitute Bond the Authority may authorize the payment of the same. The Authority and the Trustee may charge the holder or owner of such Bond with their reasonable fees and expenses in this connection. Any Bond issued under the provisions of this paragraph in lieu of any Bond alleged to be destroyed, lost or stolen shall constitute an original contractual obligation on the part of the Authority, whether or not the Bond so alleged to be destroyed, lost or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of the Indenture together with all other Bonds in substitution for which such Bonds were issued.

### **Exchange and Transfer of Bonds**

As long as any of the Bonds remain Outstanding, the exchange of Bonds shall be permitted at the principal payment office of the Trustee. Any Bond or Bonds, upon surrender thereof at the principal payment office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or his legal representative duly authorized in writing, may, at the option of the owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same series of any other Authorized Denominations.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Authority shall execute and the Trustee shall deliver Bonds in accordance with the provisions of the Indenture. For

every such exchange or transfer of Bonds, whether temporary or definitive, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

### **Book-Entry System**

**General.** The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the “**Book-Entry System**”) maintained by The Depository Trust Company (“**DTC**”), New York, New York. The following information in this section concerning DTC and DTC’s Book-Entry System has been obtained from sources the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each principal maturity of the Bonds, each in the aggregate principal amount of such principal maturity of the Bonds, and will be deposited with the Trustee as DTC’s Fast Agent.

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

**Purchases of Ownership Interests.** Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect

Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

**Transfers.** To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

**Redemption notices will be sent to DTC.** Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

**Voting.** Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

**Payments of Principal, Redemption Price and Interest.** Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable 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 Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority 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.

**Discontinuation of Book-Entry System.** DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required

to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfer through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

## SOURCES AND USES OF FUNDS

The following sets forth the expected sources and uses of funds relating to the issuance of the Bonds, together with other available funds of DNR and the 2010 Master Trustee:

### Sources of Funds

Par amount of Bonds	\$
Transfer from Master Trust Bonds Expense Fund <sup>1</sup>	
Equity from Drinking Water Revolving Fund <sup>2</sup>	
[Plus original issue premium][Less original issue discount]	
Total	<u>\$</u>

### Uses of Funds

Deposit to the Bond Proceeds Fund	\$
Deposit to Clean Water Account of the State Match Portion of the Debt Service Fund	
Deposit to the Drinking Water Account of the State Match Portion of the Debt Service Fund	
Deposit to Drinking Water Subsidy Fund <sup>2</sup>	
Costs of Issuance (including Underwriters' fee) <sup>3</sup>	
Total	<u>\$</u>

<sup>1</sup> Held by the 2010 Master Trustee under the 2010 Master Trust Agreement.

<sup>2</sup> Funded from Drinking Water Revolving Fund Equity.

<sup>3</sup> Funded from Master Trust Bonds Expense Fund transfer.

## SECURITY AND SOURCES OF PAYMENT OF THE BONDS

### **Limited Obligations**

The Bonds are limited obligations of the Authority, payable solely from and secured exclusively by revenues and receipts derived by the Authority consisting of, subject to priority of, or limitations with respect to application of, certain revenues as provided in the Indenture and the 2010 Master Trust Agreement: (1) Indenture Receipts, (2) investment earnings on the Drinking Water Subsidy Fund and (3) income derived from investment of moneys held by the Trustee under the Indenture. If moneys from the applicable clean water or drinking water source are not sufficient, the cross-collateralization provisions of the 2010 Master Trust Agreement will be implemented. See **"LIMITED SECURITY PROVIDED BY THE 2010 MASTER TRUST AGREEMENT"** herein and **Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Summary of Bond Indenture – State Match Portion Debt Service Fund."**

The Bonds do not constitute or create an indebtedness, liability or moral obligation of the Participants, the State or any political subdivision thereof, the United States of America or any agency thereof, EPA, DNR, the Clean Water Commission or the Drinking Water Commission. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment

of the principal of or interest on the Bonds nor is the State or any political subdivision thereof liable on the Bonds. The Authority has no taxing power.

#### **Limited Security Provided by the 2010 Master Trust Agreement**

**The Bonds have been designated as State Match Portion only.** The Authority designated the Series 2015A Bonds as State Match Portion only. The Series 2010B Bonds and the Series 2015B Refunding Bonds consisted of a State Match Portion and a Leveraged Portion. The State Match Portions are (1) secured on a parity basis by a priority pledge of the interest components of the Pledged Participant Obligations and the Pledged Net Participant Payments, (2) secured on a series basis by earnings on any subsidy fund or reserve fund associated with that series, (3) not secured by the principal components of the Pledged Participant Obligations or the Pledged Net Participant Payments, (4) not secured by certain amounts pledged under the 2004 Master Trust Agreement, consisting primarily of certain amounts released from reserve funds securing the 2004 Master Trust Bonds, and (5) not included in the definition of 2010 Master Trust Bonds.

The Bonds and the other State Match Portions are secured on a parity basis solely by the interest components of the Pledged Participant Obligations and the Pledged Net Participant Payments held by the 2010 Master Trustee in the Clean Water Interest Account and the Drinking Water Interest Account of the Repayment Fund. The Bonds are also secured by the interest earnings on the Drinking Water Subsidy Fund and other income derived from investment of moneys held by the Trustee under the Indenture. See the subsection below captioned **"Drinking Water Subsidy Fund."**

The Series 2015A Bonds and the State Match Portion of the Series 2010B Bonds are secured in the same manner as described in the subsection below captioned **"Drinking Water Subsidy Fund"** by earnings on a drinking water subsidy fund created under the indentures pursuant to which each such series of bonds were issued. The State Match Portion of the Series 2015B Refunding Bonds is secured on a priority basis to the Leveraged Portion of the Series 2015B Refunding Bonds by interest earnings on a reserve fund created under the indenture pursuant to which the Series 2015B Refunding Bonds were issued.

The principal component of the Pledged Participant Obligations and the Pledged Net Participant Payments are pledged (on a parity basis) to the 2010 Master Trust Bonds. The Bonds are not 2010 Master Trust Bonds and, therefore, are not secured by the principal component of the Pledged Participant Obligations or the Pledged Net Participant Payments.

#### **Indenture Receipts Transferred from the 2010 Master Trustee**

**Pledged Participant Obligations.** Under the SRF Direct Loan Programs, each Participant issues a bond to DNR evidencing the Participant's obligation to repay the loan from DNR (each a **"DNR Participant Obligation"** and collectively, the **"DNR Participant Obligations"**). Pursuant to the Master Pledge Agreement dated as of November 1, 2010, as amended by the First Amendment to Master Pledge Agreement dated as of February 1, 2015, between the Authority and DNR (collectively, the **"Pledge Agreement"**), DNR granted, assigned and transferred to the Authority a security interest in all of its right, title and interest in and to the principal and interest payments (the **"Repayments"**) on certain of its DNR Participant Obligations (the **"Pledged Participant Obligations"**) as security for the payment of Program Bonds issued under the 2010 Master Trust Agreement. The interest component of the Repayments on the Pledged Participant Obligations are first pledged (on a parity basis) to the payment of the State Match Portions, including the Bonds, and then (on a subordinate basis) to the 2010 Master Trust Bonds.

DNR has covenanted in the Pledge Agreement that it is the sole owner of all Pledged Participant Obligations, free and clear of the lien of any third party, and that it will not create, or allow any third party

to create, any lien or encumbrance on the Pledged Participant Obligations or the Repayments pledged under the Pledge Agreement.

DNR has further covenanted that, in connection with the designation of Pledged Participant Obligations from time to time, it will deliver a certificate, executed by an Authorized Officer of DNR, to the Authority, the 2010 Master Trustee and each paying agent for the Pledged Participant Obligations, directing the applicable paying agents to transfer the Repayments to the 2010 Master Trustee for deposit to the Repayment Fund held under the 2010 Master Trust Agreement no later than each Interest Payment Date. See **“LIMITED SECURITY PROVIDED BY THE 2010 MASTER TRUST AGREEMENT”** and **Appendix B - “SUMMARY OF CERTAIN PROVISIONS OF THE 2010 MASTER TRUST AGREEMENT - Deposits to Repayment Fund”** and **“- Withdrawals from the Repayment Fund.”**

DNR may substitute or add DNR Participant Obligations to the Pledged Participant Obligations by delivering (i) a certificate (a **“Substitution Certificate”**) executed by an Authorized Officer of DNR showing that each of the semiannual principal and interest payments on the substituted Pledged Participant Obligations is at least equal to each of the semiannual principal and interest payments on the replaced Pledged Participant Obligations or (ii) a certificate executed by an Authorized Officer of the Authority (a **“Cash Flow Certificate”**), showing that, after the substitution, expected payments of principal of and interest on the Pledged Participant Obligations and Pledged Net Participant Payments, and expected earnings on reserve, subsidy or other funds available for the payment of debt service are sufficient to timely pay the debt service on the outstanding 2010 Master Trust Bonds and that expected payments of interest on the Pledged Participant Obligations and Pledged Net Participant Payments and expected earnings on reserve, subsidy or other funds available for the payment of debt service are sufficient to timely pay debt service on the currently outstanding State Match Portions. See **Appendix A, Part 1 – “PLEGDED PARTICIPANT OBLIGATIONS”** for a listing of Pledged Participant Obligations as of the date of issuance of the Bonds. See also **Appendix B - “SUMMARY OF CERTAIN PROVISIONS OF THE 2010 MASTER TRUST AGREEMENT.”**

***Pledged Net Participant Payments.*** The Authority has issued three series of refunding bonds under the 2004 Master Trust Agreement (referred to collectively herein as the **“2004 Master Trust Refunding Bonds”**) and three series of refunding bonds under the 2010 Master Trust Agreement (the Series 2011A Refunding Bonds, the Series 2013A Refunding Bonds and the Series 2015B Refunding Bonds) (collectively, the **“2010 Master Trust Refunding Bonds”**), the proceeds of which were used to refund certain portions of prior Program Bonds issued under the 2004 Master Trust Agreement (the **“Original Bonds”**). Portions of the Original Bonds that were not refunded by the 2004 Master Trust Refunding Bonds or the 2010 Master Trust Refunding Bonds are referred to herein as the **“Remaining Original Bonds.”**

At the time of issuance of each series of Original Bonds, the Authority loaned the proceeds thereof to certain Participants. The Participant loans were evidenced by bonds, promissory notes or other repayment obligations of each of the Participants (individually, an **“Authority Bond Participant Obligation”** and collectively, the **“Authority Bond Participant Obligations”**) in an aggregate principal amount and bearing interest at rates sufficient to pay the principal of, premium, if any, and interest on an allocable portion of the Original Bonds when due. These Authority Bond Participant Obligations are subsidized by interest earnings on reserve funds established in connection with the issuance of the Original Bonds, with an account for each Participant in the reserve fund (each a **“Reserve Account”** and collectively, the **“Reserve Accounts”**). Notwithstanding the refunding or defeasance of all or portions of the Original Bonds, each Participant continues to be obligated to make payments on its Authority Bond Participant Obligation in accordance with the schedule of principal and interest payments set forth in the documents for such obligation, taking into account the subsidy from the interest earnings on the Reserve Accounts.

Following the issuance of the applicable series of refunding bonds, debt service on the Remaining Original Bonds is paid first, from the earnings on the applicable Reserve Accounts and second, from payments made by Participants on the related Authority Bond Participant Obligations. After the payment of debt service on the Remaining Original Bonds and, in the case of Original Bonds issued on or before April 9, 2003, the 2004 Master Trust Refunding Bonds, any excess payments of principal and interest made by Participants on the Authority Bond Participant Obligations related to the Original Bonds refunded by the 2010 Master Trust Refunding Bonds (collectively, the “**Pledged Net Participant Payments**”) have been pledged by the Authority to the 2010 Master Trustee pursuant to the Authority Master Pledge Agreement dated as of November 1, 2011, between the Authority and the 2010 Master Trustee (the “**Authority Pledge Agreement**”).

Under the Authority Pledge Agreement, the Authority has agreed to cause the Pledged Net Participant Payments to be transferred to the 2010 Master Trustee for deposit to the Repayment Fund held under the 2010 Master Trust Agreement no later than each Interest Payment Date. See **Appendix B – “SUMMARY OF CERTAIN PROVISIONS OF THE 2010 MASTER TRUST AGREEMENT – Deposits to Repayment Fund”** and “– Withdrawals from the Repayment Fund.”

*Transfer of Indenture Receipts from the 2010 Master Trustee.* The 2010 Master Trust Agreement established a Repayment Fund consisting of a Clean Water Principal Account, a Clean Water Interest Account, a Drinking Water Principal Account and a Drinking Water Interest Account. Only monies on deposit in the Clean Water Interest Account and the Drinking Water Interest Account of the Repayment Fund are available for the payment of the Bonds and, on a parity basis, other State Match Portions. See “**LIMITED SECURITY PROVIDED BY THE 2010 MASTER TRUST AGREEMENT**” herein and **Appendix B – “SUMMARY OF CERTAIN PROVISIONS OF THE 2010 MASTER TRUST AGREEMENT.”** No later than each Interest Payment Date or other date on which debt service is due on the Bonds, the 2010 Master Trustee will transfer the interest components of the debt service payments on the Pledged Participant Obligations and the Pledged Net Participant Payments, and investment earnings on the Drinking Water Subsidy Fund, to the Trustee for application as provided in the Indenture and described in the next paragraph.

Moneys received by the Trustee attributable to interest payments on Pledged Participant Obligations and Pledged Net Participant Payments of Clean Water Participants will be deposited into the Clean Water Account of the State Match Portion Debt Service Fund and applied to pay debt service on the portion of the Bonds issued to provide the State Match for the Clean Water SRF Program and designated as the “Clean Water State Match Portion” in the Indenture. Moneys received by the Trustee attributable to interest payments on Pledged Participant Obligations and Pledged Net Participant Payments of Drinking Water Participants, and investment earnings on the Drinking Water Subsidy Fund, will be deposited into the Drinking Water Account of the State Match Portion Debt Service Fund and applied to pay debt service on the portion of the Bonds issued to provide the State Match for the Drinking Water SRF Program and designated as the “Drinking Water State Match Portion” in the Indenture. If moneys from the applicable clean water or drinking water source are not sufficient, the cross-collateralization provisions of the 2010 Master Trust Agreement will be implemented. See “**LIMITED SECURITY PROVIDED BY THE 2010 MASTER TRUST AGREEMENT,**” **Appendix B – “SUMMARY OF CERTAIN PROVISIONS OF THE 2010 MASTER TRUST AGREEMENT”** and **Appendix C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Summary of Bond Indenture – State Match Portion Debt Service Fund.”**



## Drinking Water Subsidy Fund

On the date of issuance and delivery of the Bonds (the “**Bond Issuance Date**”), DNR will transfer \$43,800,000\* from the Drinking Water Revolving Fund to the Trustee for deposit in the Drinking Water Subsidy Fund, which amount will be invested pursuant to the terms of the Indenture. On each Interest Payment Date or other date on which debt service is due on the Drinking Water State Match Portion of the Bonds, the Trustee will transfer excess investment earnings on the Drinking Water Subsidy Fund (after transferring investment earnings, if any, that are required to be transferred to the Rebate Fund pursuant to the Tax Agreement) to the Drinking Water Account of the State Match Portion of the Debt Service Fund to be applied to the payment of debt service on the Drinking Water State Match Portion of the Bonds. Pursuant to the Indenture, and provided payment of the Drinking Water State Match Portion has been made or provided for, the Trustee shall transfer a portion of the amounts on deposit in the Drinking Water Subsidy Fund as set forth in the following table (the “**Release Amount**”) to the Master Trustee for deposit in the Drinking Water Principal Account under the 2010 Master Trust Agreement. The following table also includes anticipated interest earnings on the Drinking Water Subsidy Fund, through July 1, 2025, at which time the investment earnings on the Drinking Water Subsidy Fund will no longer be available as security for the Bonds.

### **Schedule of Releases and Anticipated Earnings (Drinking Water Subsidy Fund)\***

<u>Date</u>	<u>Release Amount</u>	<u>Anticipated Earnings</u>
January 1, 2019		
July 1, 2019		
January 1, 2020		
July 1, 2020		
January 1, 2021		
July 1, 2021		
January 1, 2022		
July 1, 2022		
January 1, 2023		
July 1, 2023		
January 1, 2024		
July 1, 2024		
January 1, 2025		
July 1, 2025		

## **DEBT SERVICE SCHEDULE AND CASH FLOW SUFFICIENCY**

The following table sets forth (a) projected cash flows for payment of debt service on the Bonds and the other State Match Portions, which includes the projected (i) interest components of Pledged Participant Obligations, (ii) interest earnings on each drinking water subsidy fund securing the State Match Portion of the Series 2010B Bonds and the Series 2015A Bonds, respectively, and interest earnings on the Drinking Water Subsidy Fund available to pay debt service on the Bonds and (iii) interest earnings on the debt service reserve fund available to pay debt service on the State Match Portion of the Series 2015B Refunding Bonds, (b) debt service requirements for the State Match Portions other than the Bonds, (c) debt service on the Bonds and (d) projected State Match Portion debt service coverage. The interest component of Pledged Net Participant

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\* Preliminary, subject to change.

Payments is also available to pay debt service on the Bonds and the other State Match Portions, but this source of payment is not reflected below in the column captioned "Projected Cash Flow."

<b>Payment Date</b>	<b>Projected Cash Flow<sup>(1)</sup></b>	<b>Outstanding State Match Debt Service</b>	<b>2018A Bonds Principal</b>	<b>2018A Bonds Interest</b>	<b>Total State Match Debt Service</b>	<b>Projected State Match Debt Service Coverage</b>
1/1/2019	\$ 7,906,853	\$ 2,236,347	\$ 1,950,000	\$ 246,635	\$ 4,432,982	1.78
7/1/2019	7,690,554	2,752,847	1,465,000	698,525	4,916,372	1.56
1/1/2020	7,502,911	2,080,472	1,455,000	676,550	4,212,022	1.78
7/1/2020	7,278,372	2,582,672	1,445,000	647,450	4,675,122	1.56
1/1/2021	7,086,757	1,942,497	1,440,000	618,550	4,001,047	1.77
7/1/2021	6,847,990	2,404,297	1,440,000	582,550	4,426,847	1.55
1/1/2022	6,584,552	1,785,672	1,350,000	546,550	3,682,222	1.79
7/1/2022	6,335,663	2,207,797	1,345,000	512,800	4,065,597	1.56
1/1/2023	6,067,886	1,628,547	1,260,000	479,175	3,367,722	1.80
7/1/2023	5,806,261	2,026,997	1,245,000	447,675	3,719,672	1.56
1/1/2024	5,531,582	1,460,747	1,150,000	416,550	3,027,297	1.83
7/1/2024	5,271,081	1,832,622	1,135,000	387,800	3,355,422	1.57
1/1/2025	4,992,493	1,299,497	1,035,000	359,425	2,693,922	1.85
7/1/2025	4,717,023	1,643,747	1,015,000	333,550	2,992,297	1.58
1/1/2026	4,408,865	1,123,747	870,000	308,175	2,301,922	1.92
7/1/2026	4,125,584	1,435,872	850,000	286,425	2,572,297	1.60
1/1/2027	3,902,222	944,622	825,000	265,175	2,034,797	1.92
7/1/2027	3,618,117	1,234,872	770,000	244,550	2,249,422	1.61
1/1/2028	3,390,302	767,372	775,000	225,300	1,767,672	1.92
7/1/2028	3,122,498	1,031,022	695,000	205,925	1,931,947	1.62
1/1/2029	2,889,586	632,522	715,000	188,550	1,536,072	1.88
7/1/2029	2,661,754	804,047	655,000	170,675	1,629,722	1.63
1/1/2030	2,426,131	515,997	660,000	154,300	1,330,297	1.82
7/1/2030	2,193,829	578,947	620,000	137,800	1,336,747	1.64
1/1/2031	1,964,762	404,784	595,000	122,300	1,122,084	1.75
7/1/2031	1,756,804	343,456	565,000	107,425	1,015,881	1.73
1/1/2032	1,561,428	293,056	525,000	93,300	911,356	1.71
7/1/2032	1,371,844	243,416	495,000	80,175	818,591	1.68
1/1/2033	1,180,620	189,534	455,000	67,800	712,334	1.66
7/1/2033	1,019,072	141,497	415,000	56,425	612,922	1.66
1/1/2034	858,632	104,219	370,000	46,050	520,269	1.65
7/1/2034	711,500	67,531	330,000	36,800	434,331	1.64
1/1/2035	578,602	41,434	285,000	28,550	354,984	1.63
7/1/2035	476,680	25,759	245,000	21,425	292,184	1.63
1/1/2036	391,673	20,338	205,000	15,300	240,638	1.63
7/1/2036	302,001	-	165,000	11,200	176,200	1.71
1/1/2037	239,357	-	130,000	7,900	137,900	1.74
7/1/2037	184,932	-	100,000	5,300	105,300	1.76
1/1/2038	156,717	-	85,000	3,300	88,300	1.77
7/1/2038	146,369	-	80,000	1,600	81,600	1.79
<b>Total</b>	<b>\$135,259,859</b>	<b>\$38,828,802</b>	<b>\$31,210,000</b>	<b>\$9,845,510</b>	<b>\$79,884,312</b>	

<sup>(1)</sup> Projected Cash Flow amounts consist of the interest components of Pledged Participant Obligations and projected interest earnings on each drinking water subsidy fund securing the State Match Portion of the Series 2010B Bonds and the Series 2015A Bonds, respectively, projected interest earnings on the Drinking Water Subsidy Fund available to pay debt service on the Bonds, and projected interest earnings on the reserve fund available to pay debt service on the State Match Portion of the Series 2015B Refunding Bonds. Although the interest component of Pledged Net Participant Payments is also available to pay debt service on the Bonds, such amounts are not included in the amounts shown.

\* Preliminary, subject to change.

## **Projected Sufficiency of Indenture Receipts**

Upon the issuance of the Bonds, the Authority will deliver to the Trustee a Cash Flow Certificate, executed by an Authorized Officer of the Authority showing that (1) the expected payments of interest on the Pledged Participant Obligations and Pledged Net Participant Payments, (2) the expected earnings on the Drinking Water Subsidy Fund and the expected earnings on each drinking water subsidy fund securing the Series 2015A Bonds and the State Match Portion of the Series 2010B Bonds, respectively, are sufficient to timely pay debt service on the State Match Portions, including the Bonds; and (2) the expected remaining interest payments and principal payments on the Pledged Participant Obligations and Pledged Net Participant Payments are sufficient to timely pay debt service on the Master Trust Bonds. The actual amounts received by the 2010 Master Trustee are subject to various factors, including general economic conditions, the demand for loans, the credit of the Participants, the credit quality of the issuers of investment securities in which moneys are invested, the availability of investment securities in which to invest moneys at sufficient rates and possible early termination of investments. As a result of these and other factors, the actual cash flow received by the 2010 Master Trustee may differ from the assumed cash flow, and these differences may be material, which may affect the ability to pay debt service on the Bonds when due.

## **LIMITED SECURITY PROVIDED BY THE 2010 MASTER TRUST AGREEMENT**

**General.** The 2010 Master Trust Agreement establishes a Repayment Fund, consisting of a Clean Water Principal Account, a Clean Water Interest Account, a Drinking Water Principal Account and a Drinking Water Interest Account. Under the Pledge Agreement, DNR has granted, assigned and transferred to the Authority a security interest in all of its rights, title and interest in and to Repayments on the Pledged Participant Obligations. Under the Authority Pledge Agreement, the Authority has granted, assigned and transferred to the 2010 Master Trustee a security interest in all of its rights, title and interest in and to the Pledged Net Participant Payments, subject in all respects to prior pledges by the Authority securing payment of the Remaining Original Bonds and the 2004 Master Trust Refunding Bonds. **Only moneys deposited in the Clean Water Interest Account and the Drinking Water Interest Account held under the 2010 Master Trust Agreement are security for the Bonds.**

**Flow of Funds.** Moneys transferred to the 2010 Master Trustee are deposited in the applicable accounts of the Repayment Fund. The interest portions of payments on Pledged Participant Obligations and Pledged Net Participant Payments of Clean Water Participants are deposited into the Clean Water Interest Account and the interest portions of payments on Pledged Participant Obligations and Pledged Net Participant Payments of Drinking Water Participants are deposited into the Drinking Water Interest Account. The principal portions of payments on Pledged Participant Obligations and Pledged Net Participant Payments of Clean Water Participants are deposited into the Clean Water Principal Account and the principal portions of payments on Pledged Participant Obligations and Pledged Net Participant Payments of Drinking Water Participants are deposited into the Drinking Water Principal Account.

The 2010 Master Trustee will make withdrawals from the Repayment Fund for (i) the payment of debt service on the State Match Portions (i.e., all of the Bonds, all of the Series 2015A Bonds, the State Match Portion of the Series 2015B Refunding Bonds, the State Match Portion of the Series 2010B Bonds and the State Match Portion of any future series of Program Bonds issued under the 2010 Master Trust Agreement) but solely from amounts in the Clean Water Interest Account and the Drinking Water Interest Account, (ii) after the payment on the State Match Portions, the payment of debt service on the 2010 Master Trust Bonds (i.e., the Leveraged Portion of the Series 2015B Refunding Bonds, all of the Series 2013A Refunding Bonds, all of the Series 2011A Refunding Bonds, the Leveraged Portion of the Series 2010B Bonds and Leveraged Portions of any future Program Bonds that are designated as 2010 Master Trust Bonds), and (iii) with any remaining funds, the funding of any required carry-forward balances within the

accounts of the Repayment Fund (which is an amount that the 2010 Master Trustee is instructed to maintain in the debt service accounts for debt service on the next Interest Payment Date). See **Appendix B – “SUMMARY OF CERTAIN PROVISIONS OF THE 2010 MASTER TRUST AGREEMENT – Withdrawals from Repayment Fund”** for a more detailed discussion of withdrawals from the Repayment Fund.

***Additional 2010 Master Trust Bonds and State Match Portions.*** The 2010 Master Trust Agreement contains conditions that must be satisfied for future series of 2010 Master Trust Bonds or State Match Portions to be secured by the 2010 Master Trust Agreement. Assuming such conditions are satisfied and such series are so designated by the Authority, the Authority anticipates that future series of 2010 Master Trust Bonds and State Match Portions will be secured by the 2010 Master Trust Agreement to the extent provided in the bond indentures pursuant to which such bonds are issued. However, the State Match Portions, including the Bonds, are secured solely (1) on a parity basis, by a priority pledge of the interest components of Pledged Participant Obligations and Pledged Net Participant Payments received by the 2010 Master Trustee and (2) on a series basis, by earnings on any subsidy fund or reserve fund associated with that series. See **Appendix B – “SUMMARY OF CERTAIN PROVISIONS OF THE 2010 MASTER TRUST AGREEMENT.”**

## **THE AUTHORITY**

### **General**

The Authority is a body corporate and politic and a governmental instrumentality of the State organized and existing under the laws of the State. Pursuant to the Act, the Authority is authorized to issue the Bonds and to provide for the security of the Bonds as herein described. To accomplish such actions the Authority is authorized to enter into the Indenture and the Master Trust Agreements.

The purpose of the Authority is to provide for the conservation of the air, land and water resources of the State by the prevention or reduction of pollution and by proper methods of disposal of solid waste or sewage and to provide for the furnishing of water facilities. The Act confers upon the Authority the power to acquire, construct, improve and finance facilities for the reduction of pollution or disposal of solid waste or sewage and to provide for the furnishing of water facilities, and to issue bonds or notes to pay the costs of such facilities. The Authority also has general powers which include the power to make and execute contracts and other instruments necessary or convenient to carry out its purposes. The Authority has no taxing power.

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## Membership of the Authority

The current members of the Authority, their titles and expiration dates of their terms of office are as follows:

<u>Name</u> <sup>1</sup>	<u>Title</u>	<u>Term Expires</u>
William "Andy" Dalton	Chairman	January 22, 2012 <sup>2</sup>
Deron L. Cherry	Vice Chairman, Treasurer and Assistant Secretary	January 22, 2007 <sup>2</sup>
LaRee DeFreece	Secretary	January 1, 2011 <sup>2</sup>

<sup>1</sup> There are currently two vacancies on the Board.

<sup>2</sup> Members continue to serve until reappointed or replaced as provided by Missouri law.

Karen L. Massey serves as Director of the Authority. The principal office of the Authority is located at 425 Madison Street, 2<sup>nd</sup> Floor, Jefferson City, Missouri 65102. The Authority's telephone number is (573) 751-4919.

## Other Indebtedness

The Authority has heretofore sold and delivered other bonds and notes secured by instruments separate and apart from the Program Bonds secured by the Master Trust Agreements. The holders and owners of such bonds and notes have no claim on assets, funds or revenues of the Authority held under the Indenture pursuant to which the Bonds are issued and the owners of the Bonds will have no claim on assets, funds or revenues of the Authority securing other bonds and notes.

With respect to additional indebtedness of the Authority, the Authority intends to enter into separate agreements in the future with other entities for the purpose of providing financing for other eligible projects and programs. Bonds which may be issued by the Authority for such other entities in the future will be created under separate and distinct bond indentures or resolutions and, except as provided herein, secured by instruments, properties and revenues separate from those securing the Bonds.

## MISSOURI DEPARTMENT OF NATURAL RESOURCES, MISSOURI CLEAN WATER COMMISSION AND MISSOURI SAFE DRINKING WATER COMMISSION

### Missouri Department of Natural Resources

DNR has authority to administer the programs of the State relating to environmental control and the conservation and management of natural resources. DNR has entered into Capitalization Grant Agreements (as defined herein) with EPA to administer the Clean Water SRF Program and has entered into separate Capitalization Grant Agreements with EPA to administer the Drinking Water SRF Program. With respect to the Clean Water SRF Program, DNR annually prepares an intended use plan ("Clean Water IUP"), which is subsequently adopted by the Clean Water Commission through a public hearing process, identifying wastewater treatment projects that are eligible for assistance from the Clean Water SRF Program. Similarly, with respect to the Drinking Water SRF Program, DNR annually prepares an intended use plan ("Drinking Water IUP"), which is subsequently adopted by the Drinking Water Commission through a public meeting process, identifying drinking water projects that are eligible for assistance from the Drinking Water SRF Program.

After the issuance of a series of Program Bonds or DNR Participant Obligations, DNR monitors projects, conducts environmental reviews, approves loan disbursement requests for construction costs incurred by participants that receive financial assistance from the Programs, requests transfers of appropriate amounts to the reserve accounts of the applicable participants and reviews annual participant audits. DNR also requests appropriations of moneys on deposit in the State Revolving Funds (defined herein in the section captioned “STATE REVOLVING FUNDS PROGRAMS”) and monitors the balance of available State Match funds, as necessary.

The senior executives of DNR who have responsibilities with respect to the Programs are as follows:

<u>Name</u>	<u>Position</u>
Carol S. Comer	Director – Department of Natural Resources
Ed Galbraith	Director – Division of Environmental Quality
Chris Wieberg	Director – Water Protection Program
Hannah Humphrey	Director – Financial Assistance Center

#### **Missouri Clean Water Commission**

The Clean Water Commission, an agency of the State domiciled in DNR, is authorized under Missouri statutes to administer all State funds received by DNR for wastewater construction loans and drinking water projects, including funds held in the State Revolving Funds. Pursuant to State regulations, DNR prepares a Clean Water IUP annually, which is subsequently approved and adopted by the Clean Water Commission, for the funds available in the Water and Wastewater Loan Fund. Based upon information provided by DNR, the Clean Water Commission selects applicants to receive loan commitments from the Clean Water SRF Program using criteria set forth in State Clean Water Laws (as defined herein). The Clean Water Commission is responsible for implementation of both the Clean Water IUP, with respect to funds available from the Water and Wastewater Loan Fund, and the Drinking Water IUP, with respect to funds available from the Drinking Water Revolving Fund.

The members of the Clean Water Commission are as follows:

<u>Name</u>	<u>Position</u>	<u>Expiration of Term of Office<sup>1</sup></u>
Ashley McCarty	Chair	April 12, 2020
John “Ben” Hurst	Vice Chair	April 12, 2020
Stan Coday	Commissioner	April 12, 2020
Patricia Thomas	Commissioner	April 12, 2022
John Reece	Commissioner	April 12, 2019
Allen Rowland	Commissioner	April 12, 2022

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<sup>1</sup> Members continue to serve until reappointed or replaced as provided by Missouri law.

#### **Missouri Safe Drinking Water Commission**

The Drinking Water Commission, an agency of the State domiciled in DNR, is authorized under Missouri statutes to adopt rules necessary for the implementation, administration and enforcement of the State Drinking Water Laws (as defined herein) and the Federal Drinking Water Act. The Drinking Water Commission, in conjunction with DNR, is required by the State Drinking Water Laws to annually prepare a Drinking Water IUP for the funds available in the Drinking Water Revolving Fund. Based upon information provided by DNR, the Drinking Water Commission selects applicants to receive loan commitments from the Drinking Water SRF Program using criteria set forth in State Drinking Water Laws.

State Environmental Improvement and Energy Resources Authority  
333rd Board Meeting  
September 17, 2018

**Agenda Item #3C**  
**REBATE REQUEST FOR SERIES 1995C SRF BONDS**

**Issue:**

The Authority submitted a *Request for Recovery of Overpayments Under Arbitrage Rebate Provisions* to the Internal Revenue Service (IRS) earlier this year for SRF Series 1995C bonds. The refund is expected to be as much as \$184,000 and will be divided amongst the borrowers in that bond series.

**Action Needed:**

Information only

**Staff Recommendation:**

N/A

**Staff Contact:**

Joe Boland/Karen Massey

**Background:**

Under the SRF leveraged loan program each borrower had a reserve fund that generated revenue to help pay the interest portion of Authority bonds issued on their behalf. Under IRS rules, an arbitrage rebate analysis is performed on each series of bonds every year and payments are made every five years if necessary. If the reserve investment earned more than the Authority bond yield (arbitrage), then a payment must be made to Treasury for that overage. Our bond counsel, Gilmore & Bell, performs these calculations for each bond series annually.

The rebate calculations are not only done on the reserve investment itself, but on any accounts held by the Trustee related to that reserve. The analyst makes certain projections in regard to yield and market conditions when performing the analysis. Over the full term of the bonds, this can create an imperfect match between what was earned, and what was owed when closing out the rebate accounts of a matured series.

When the final calculation for 1995C was completed it was determined that more rebate was paid into the Treasury than was owed. Subsequently, a request to recover that overage was submitted to the IRS by Gilmore & Bell on behalf of the Authority for approximately \$193,000. Several weeks later an Information Document Request was received from the IRS requesting a considerable amount of documentation related to this series. Part of the request focused specifically on the rebate calculations related to one borrower's reserve accounts.

After compiling and reviewing the requested information, Gilmore & Bell determined that an error had been made in the reserve calculations for that borrower's account. An additional \$9,324.44 was owed to Treasury for that particular reserve. (That particular borrower had opted to use a rebate analyst other than Gilmore & Bell).

The results are still pending, however it is anticipated that the refund requested will be reduced by the additional amount owed resulting in a refund of \$184,209.55.

JB:ge



State Environmental Improvement and Energy Resources Authority  
333rd Board Meeting  
September 17, 2018

**Agenda Item #5B**  
**MISSOURI BROWNFIELDS REVOLVING LOAN FUND**  
**CONSIDERATION OF THE HABITAT FOR HUMANITY OF SPRINGFIELD MISSOURI**  
**REQUEST FOR INCREASE**

**Issue:**

Habitat for Humanity of Springfield, Missouri, Inc. is requesting a \$24,000 increase to the \$85,000 subgrant awarded in February of 2014.

**Action Needed:**

Consideration of the funding recommendation for the Habitat for Humanity of Springfield, Missouri, Inc. request and authorization for the director or her designee to amend the agreement on behalf of the Authority.

**Staff recommendation:**

Staff recommends that the Board approve increasing the subgrant up to \$24,000 for this project.

**Staff Contact:**

Kristin Tipton, Development Director

**Background:**

Habitat for Humanity of Springfield, Missouri, Inc. was awarded an \$85,000 hazardous substance subgrant in Fiscal Year 2015 to remediate a site located at 1909 N. Park Avenue in Springfield. The intent of the cleanup was to remove contaminated soil and eliminate runoff from the adjacent Burlington Northern Santa Fe Railroad.

Work on the site began shortly after the cleanup contract was awarded, with the removal of contaminated soils. Delays in completing the project have been due, in large part, to continued wet conditions of the property. After several months of negotiations, Springfield Habitat was able to convince the railroad to clean out the adjacent storm water drainage ditches, which has substantially reduced water ponding on the site. The current project contractor has requested the use of a subcontractor to complete the work on the property and it has been determined that installing a culvert as well as constructing the originally planned berm would be the most effective way to restrict storm water to the rail property. The addition of the culvert would enable the site to dry out so the project can be completed. The additional work will increase the total cost of the project by about \$24,000.

The installation of drainage controls is an eligible use of brownfield revolving loan fund money

according to the EPA and in this case will help prevent the future migration of hazardous substances onto the site from the rail corridor.

The MBRLF Review Team, consisting of staff from MDNR's Brownfield Voluntary Cleanup Program, the Department of Economic Development's Business and Community Services Program, the Department of Agriculture, and the Authority, reviewed the application and unanimously recommends that the Board approve increasing the subgrant up to an additional \$24,000 for this project.

KT:ge